



THE BLUE BOOK 2023

Putting 10-year cash flows in perspective

Foreword

Blue Book 2023 – Third edition



In the third edition of our annual report 'The Bluebook', we focus on the two major pillars of growth in India, viz., capex and consumption. Accordingly, we have bifurcated all the companies under our coverage i.e., 102 stocks into two baskets and tried to analyse how these two baskets fared in the last decade. Needless to say, our analysis revolves around fundamentals namely growth, profitability, cash-flows and return ratios over the last 10 years. We look into metrics like track record of growth, margins, working capital trends, OCF, EBITDA to OCF conversion, capex and acquisition intensity and finally FCF trends, leverage and return ratios.

Our broad philosophy driving this product is that while future is uncertain, past is a good guide to navigate a sector and companies within it. A deep dive in the past 10 years into these companies' fundamentals and thereby the industry will bring to the fore intrinsic strengths and weaknesses of businesses across various cycles. Such a study is also helping us in spotting any structural changes within the sector early. It also demonstrates managements' vision and prudence in capital allocation decisions. It helps us in making sense of the varying valuations of companies within and outside the sectors.

In the third edition of Blue Book, our analysis mainly focuses on cash flow, capex and working capital cycle trend over the past decade in consumption driven industries and capex (commodity) driven industries. Sectors such as FMCG, retail, building materials and consumer durables form part of our consumption basket. Sectors such as infrastructure, cement, metals, oil & gas, chemicals and sugar are the key components of our analysis of capex/commodity driven industries.

More importantly we would like to highlight some key trends, (1) over past five years capex intensity is rising for consumption basket led by incremental in-house manufacturing towards building efficiencies, PLI and M&A, while in commodity, rising capex cycle was driven by growing demand and also exports, (2) for the first time we noticed consumption basket saw positive net debt, though it remained steady for commodity sector, (3) we reckon although capex spends remain front ended the asset turn ratio has fallen in last five years, (4) NWC saw declining trend in consumption indicating squeezing of suppliers/credit, while in commodity basket it was driven largely by cement sector – as industry switched to upfront payment, yet metals sector saw reduction in credit period provided to buyers and cut in receivable cycle from govt. entities, and (5) despite steady to improving OCF/FCF conversion we saw declining trend in RoEs across consumption and commodity basket led by pressure on margins and lower asset turn.

Consumption and commodity basket - Key discoveries across various parameters

Rising OCF trend in consumption sectors; uptick in commodity cycle led to sharp rise in OCF in FY21/FY22

In consumption sector, OCF generation has consistently increased, barring a dip in FY22 owing to Covid impact and unabated cost inflation. Building material and FMCG sectors have seen consistent EBITDA to OCF conversion at an average rate of 85% and 77%, respectively over the past decade. However, retail sector's EBITDA to OCF conversion has improved at a slower pace from 55% over the first 5-year period of FY14-18 to 60% in the recent 5-year period of FY19-23. Consumer durable sector's EBITDA to OCF conversion has rather weakened from 79% in first 5 years to 72% in recent five years.

The capex driven sectors saw a gradual increase in OCF from FY14-19, but it shot up considerably from FY20-22 owing to high commodity prices. Oil & Gas sector saw highest EBITDA to OCF of 112% over the decade led by radically improved cash flows post price deregulation in FY15. Cement industry had healthy conversion rate of 73% with a sharp increase in OCF since FY20, as the industry focussed on margins through increased realizations. With rising exports, the chemicals sector had healthy conversion rate of 65% over the decade. Infrastructure remains the weakest at 11%. Metals exhibited improvement from 59% in first five years to 70% in recent five years due to sharp cyclical upturn. India witnessed pent up steel demand post Covid which led to sharp jump in steel prices by 16%/50% YoY in FY21/FY22, leading to windfall profits for the sector and OCF rising sharply compared to long term average. Sugar saw depletion from 79% in first five years to 58% in recent five years.

Capex intensity rising both in consumption (M&A, PLI, rising in-house mfg.) and commodity (recovery in industrial capex)

In the consumption sector, the capex was stable during FY14-19 but has seen a noticeable uptick over FY20-23 led by, (1) large M & A activities such as HUVR-Glaxo-CH/V-Wash, ITC-Sunrise, Dabur-Badshah Masala, Crompton-Butterfly, (2) rising in-house manufacturing, (3) capex driven toward improved efficiencies, and (4) PLI linked capacity expansion in products such as air-conditioners.

The commodity sectors have also seen capex recovery led by cement and metals and mining with notable examples of Tata Steel – Rs1,535bn, JSW Steel – Rs922bn and Vedanta – Rs891bn. Oil and Gas sector witnessed strong recovery over last three fiscals. The capex intensity of cement has been high over the past decade led by acquisitions, capacity expansion and investment towards efficiency improvements through WHR. For chemical companies, capex doubled in recent five years (Rs331bn vs. Rs145bn) owing to strong growth in profitability coupled with healthy OCF generation (Rs504bn vs. Rs165bn), led by China+1 opportunity.

Consumption sector saw consistent FCF generation with net debt turning positive first time in FY23; Capex heavy sectors saw bump up in FCF in FY21/FY22 led by commodity up cycle with steady net debt

FCF generation rose consistently, barring a dip in Covid period in FY22. The OCF to FCF conversion of FMCG sector has been exceptionally strong at 80% over the past decade. Consumer durables/retail/building materials have also posted healthy OCF to FCF conversion rates of 49%/42%/37%, respectively. FCF as a % of sales remained strong in FMCG at 15% over the past 10 years, while it is decent for building material/consumer durable/retail at 5%/3%/3%, respectively. However, the leverage has risen in FY23 for the first time over the past 10 years with both net-debt/equity and net-debt/EBITDA turning positive.

The FCF in commodity driven industries has largely remained low/negative over the past 10 years, barring a huge bump up in FY21/22 led by upcycle in commodity price leading to sharp rise in EBITDA and OCF. The OCF to FCF conversion in commodity sectors saw sharp increase in recent five years compared to first five years. Cement conversion rose from 13% to 40%, infra rose from negative 43% to positive 17% while metals rose from 12% to 40%. Similarly, FCF as a % of sales for cement rose from 1.7% over FY14-18 to 5.6% over FY19-23, while metals rose from 1.3% to 5.8% over a similar period. This aided in considerable reduction in net debt in our commodity sector coverage from Rs4tn in FY20 to Rs2.7tn in FY22. However, it has risen back to Rs3.4tn in FY23. In metals, companies like Tata Steel, JSW Steel and SAIL had negative FCF from FY14-20 but turned positive in FY21/22 amid commodity price driven EBITDA and OCF expansion.

Aggregate FCF for our coverage universe moved up from Rs0.46tn in FY20 to Rs2.0tn in FY22, but it deteriorated to Rs0.85tn in FY23 due to rising capex intensity.

NWC cycle fell both in Consumption sectors (squeezing suppliers/ credit) and Commodity sectors (metals and cement)

The working capital cycle of consumption sector has seen a steady decline over FY20-23 from 73 days to 53 days led by, (1) creating cost efficient supply chain, and (2) extracting better credit terms from suppliers, especially this is visible in sectors such as FMCG, building material and consumer durables. On the other hand, commodity sectors have seen a massive reduction in working capital cycle from 100 days in FY14 to 39 days in FY23. NWC for the cement sector has generally been negative given the higher payables days and lower debtors and inventory. The industry switched to upfront payment for delivery since FY20 and as a result, NWC days have further reduced from -5 days in FY19 to -20 days in FY23. In metals, imposition of anti-dumping duty on steel imports from China in 2016 helped companies to reduce credit period provided to buyers from FY17 onwards. Further, companies supplying to government entities, faced high receivable days earlier which has improved in recent years. Both these factors led to considerable decline in NWC cycle for metals.

Despite higher FCFs ROEs not expanding due to lower asset turn (front ended capex), and pressure on margins

Healthy cash generation across sectors has not necessarily translated into improvement in ROEs. Sectors such as FMCG, building material, consumer durables and retail have witnessed 120-570bps contraction in ROEs in the later five years vis-à-vis first five years of the 10-year period analysed by us. This has been primarily led by lower asset turns/weaker revenue growth and in some cases due to build-up of excess cash in the balance sheet. While attributing to cyclical upturn in commodity prices, certain sectors saw sharp improvement in ROEs – Oil and Gas (+500bps), Metals (+660bps) and Chemicals (290bps), the improvement in Sugar sector (+650bps) was led by improved demand-supply balance, which added to higher ethanol offtake and pricing, however, there has not been any considerable progress in ROE of other sectors. Cement and infrastructure maintained their ROEs over the two 5-year periods.

Stock returns are fundamentally driven by PBT growth; Few exceptions are led by greater prominence on cash flows/ RoEs

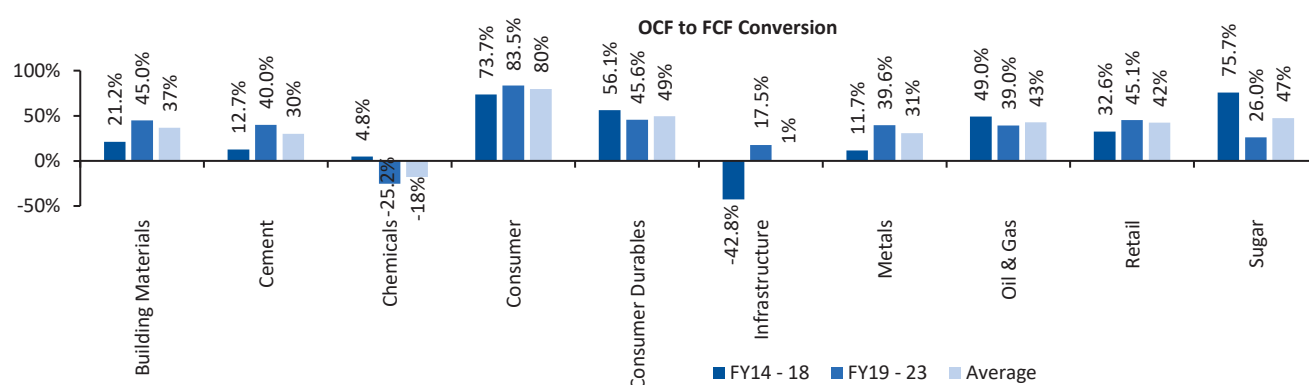
Our research study attempted to find co-relation for stock performance with the underlying fundamental trends if growth supersedes return ratios, which has suggested some key trends. PBT growth followed by ROEs have been the overriding driver of stock returns in sectors which are intrinsically not asset heavy. Equity markets have liberally rewarded companies with moderate to strong growth track record (12-20% CAGR) as long as such growth remains accompanied by strong ROEs. Resilient ROEs, though necessary, is not a sufficient condition for stock performance. We observe several instances of companies with strong cash conversion and high ROEs but poor growth and they have not been rewarded by the market. However, we noticed few exceptions where good cash generation and low to moderate leverage are key drivers of stock performance in capital intensive sectors despite moderate PBT growth.

Nischal Maheshwari
CEO, Centrum Broking Ltd.

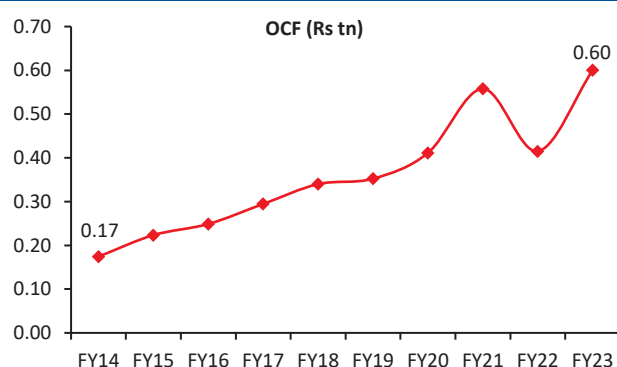
EBITDA to OCF conversion has largely remained constant or improved

Consistent	First 5 years	Last 5 years	Improvement	First 5 years	Last 5 years	Weakening	First 5 years	Last 5 years
Building Materials	84%	85%	Chemicals	60%	67%	Consumer Durables	79%	72%
Cement	73%	73%	Infrastructure	7%	13%	Sugar	79%	58%
Consumer	76%	78%	Metals	59%	70%			
			Oil & Gas	104%	117%			
			Retail	55%	60%			

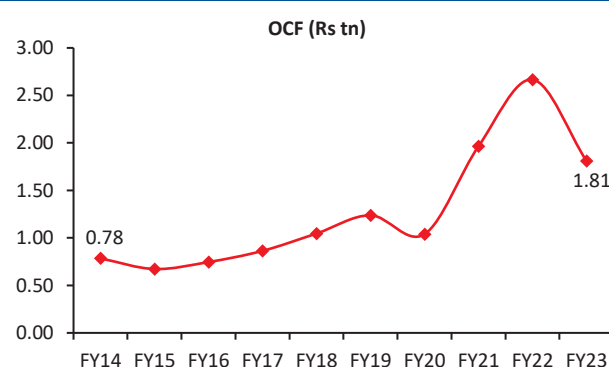
Source: Company, Centrum Broking

OCF/FCF conversion across sectors

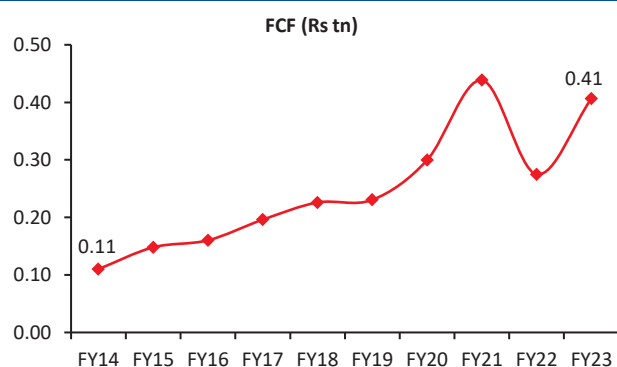
Source: Company, Centrum Broking

Aggregate operating Cash-Flow up: Consumption

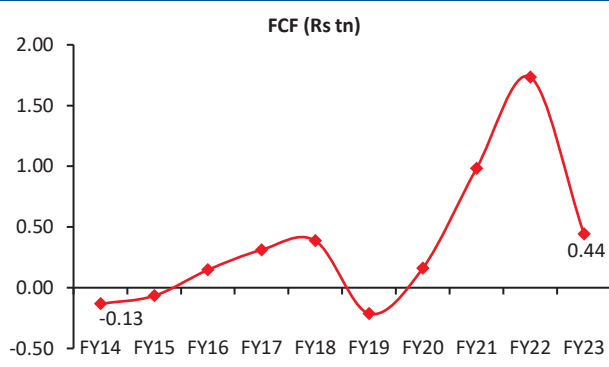
Source: Company, Centrum Broking

Aggregate operating Cash-Flow: Commodity

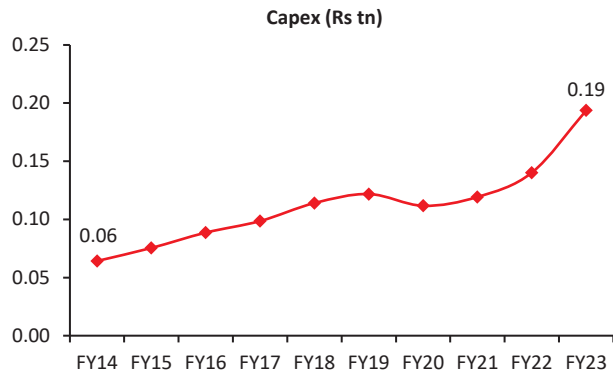
Source: Company, Centrum Broking

Aggregate FCF rising for Consumption

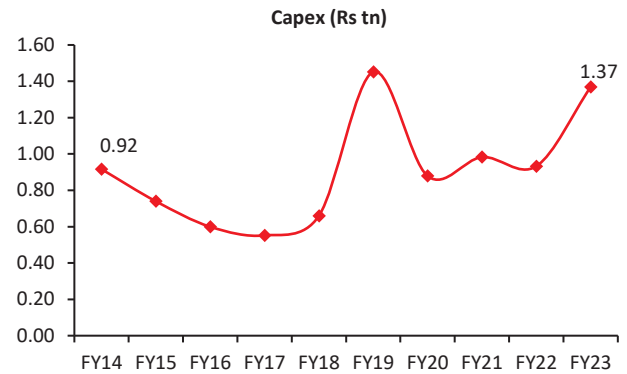
Source: Company, Centrum Broking

Aggregate FCF declining in Commodity

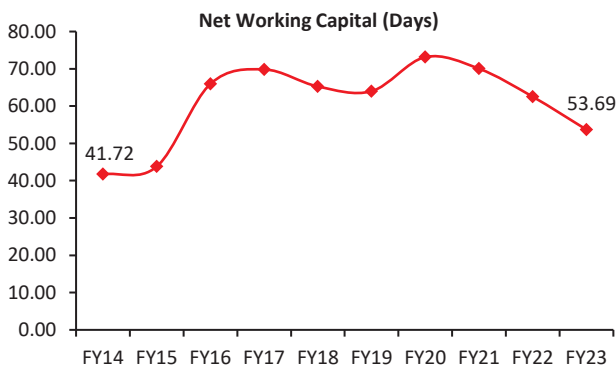
Source: Company, Centrum Broking

Aggregate Capex on rising trend: Consumption

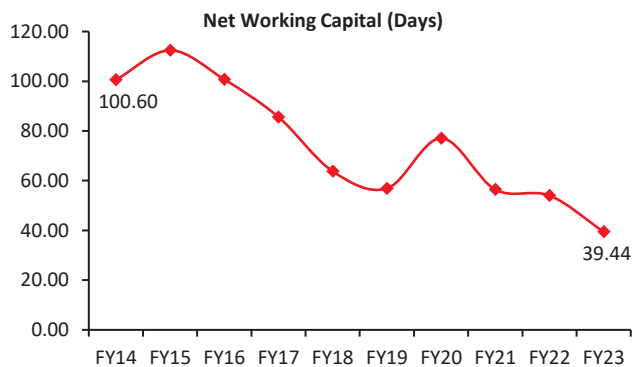
Source: Company, Centrum Broking

Aggregate Capex rising: Commodity

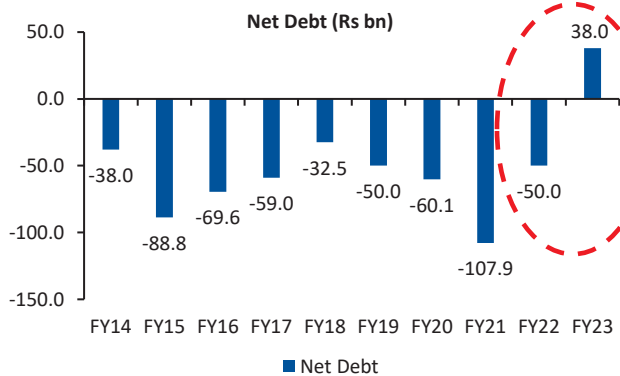
Source: Company, Centrum Broking

NWC days fallen: Consumption

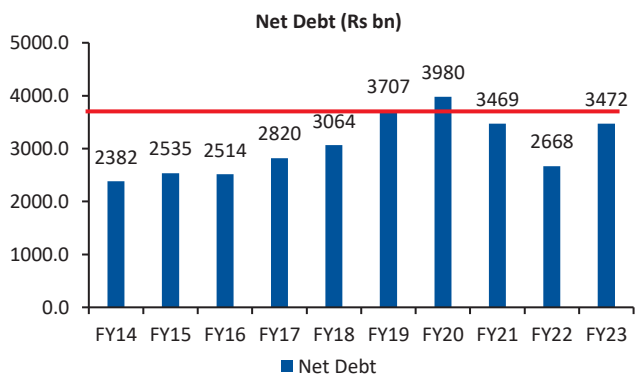
Source: Company, Centrum Broking

NWC days declined sharply: Commodity

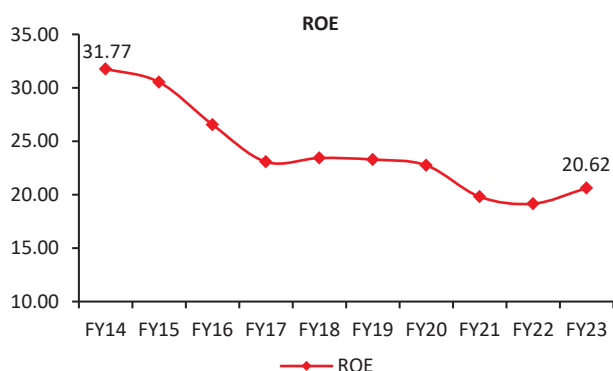
Source: Company, Centrum Broking

Aggregate net debt turns positive: Consumption

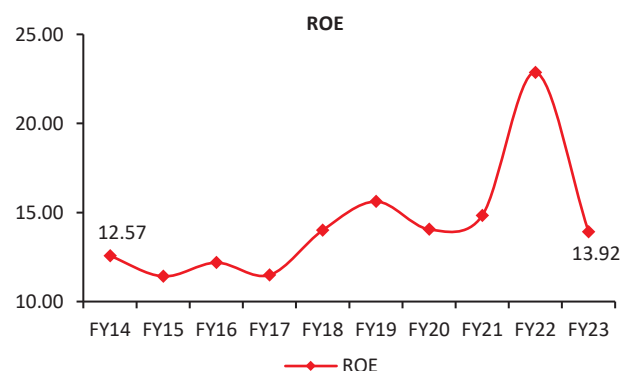
Source: Company, Centrum Broking

Aggregate net debt steady: Commodity

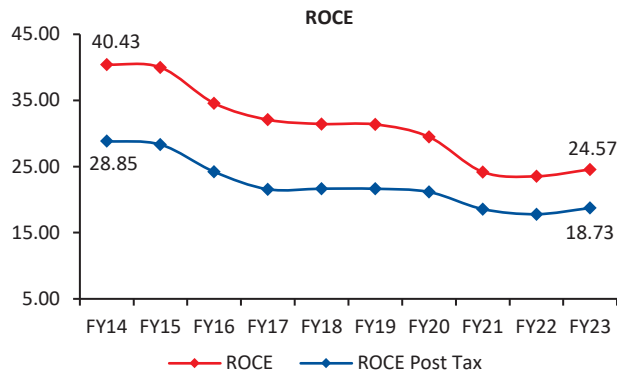
Source: Company, Centrum Broking

RoE on declining trend: Consumption

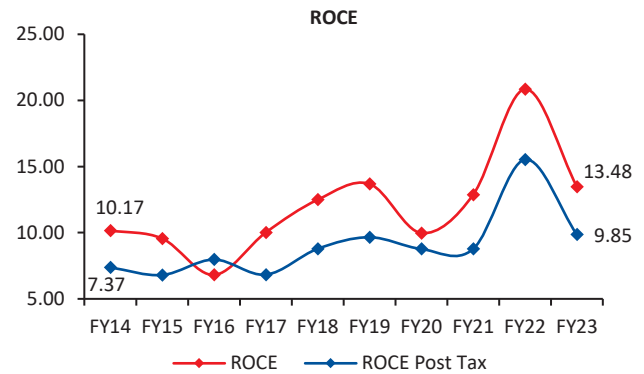
Source: Company, Centrum Broking

RoE remain volatile: Commodity

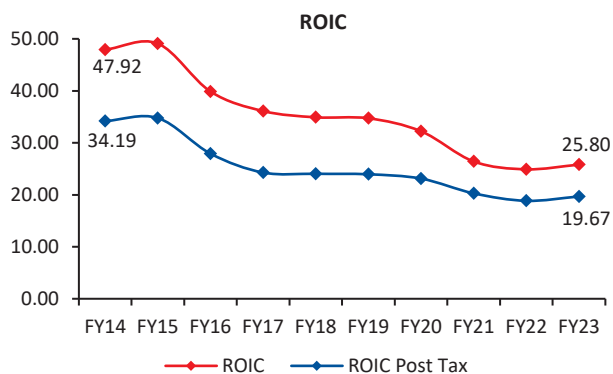
Source: Company, Centrum Broking

RoCE declined for Consumption

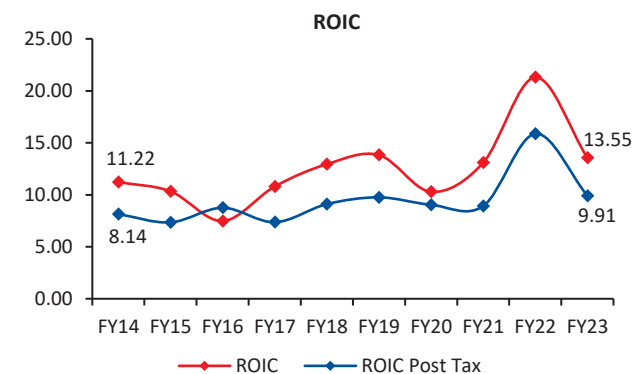
Source: Company, Centrum Broking

RoCE remain volatile for Commodity

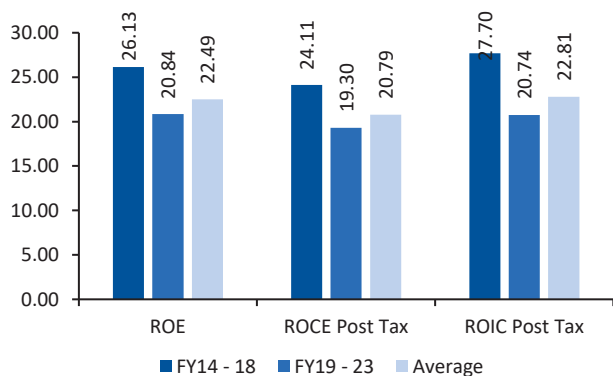
Source: Company, Centrum Broking

RoIC on the downward trend: Consumption

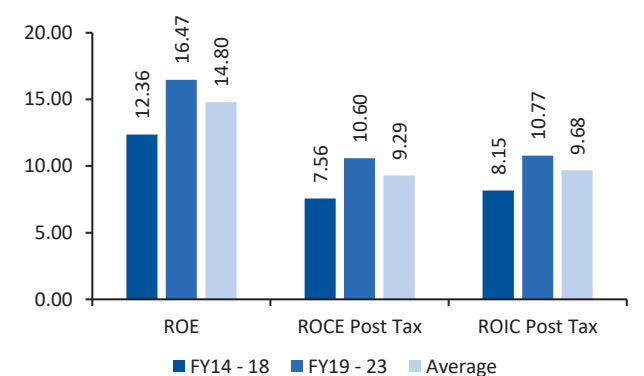
Source: Company, Centrum Broking

RoIC remain volatile: Commodity

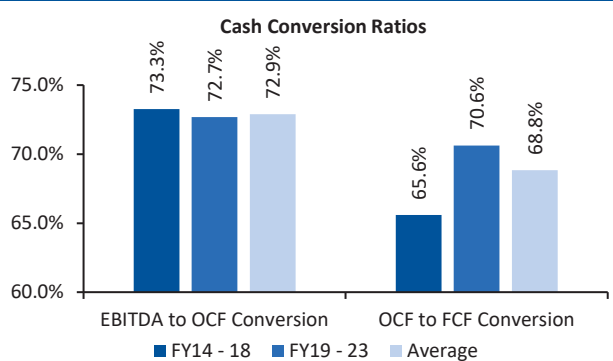
Source: Company, Centrum Broking

Return ratio comparison over 5 years: Consumption

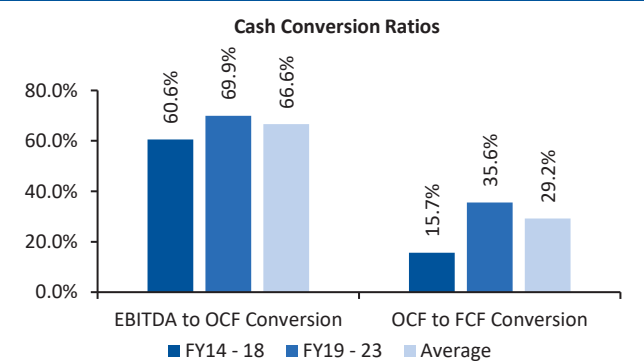
Source: Company, Centrum Broking

Return ratio comparison over 5 years: Commodity

Source: Company, Centrum Broking

EBITDA to OCF conversion over 5 years: Consumption

Source: Company, Centrum Broking

EBITDA to OCF conversion over 5 years: Commodity

Source: Company, Centrum Broking

Findings of our 10 year cash flow analysis at a glance

	>15%	<1.5	>20%	>20%
	10-15%	1.5-3x	15-20%	15-20%
	<10%	>3x	<15%	<15%

		PBT Growth	Net Debt/EBITDA	ROE	Stock return
Building Material	Astral				
	Cera Sanitaryware				
	Supreme Industries				
Cement	ACC				
	Ambuja Cement				
	Birla Corporation				
	Heidelberg Cement				
	JK Cement				
	JK Lakshmi Cement				
	Nuvoco Vistas Corporation	NA			
	Sagar Cement	NA			
	Shree Cement				
	Star Cement				
	The Ramco Cement				
	Ultratech Cement				
Chemicals	Aarti Industries				
	Atul				
	Deepak Nitrite				
	Dhanuka Agritech				
	Navin Fluorine				
	PI Industries				
	SRF				
	UPL				
	Vinati Organics				
Consumer	Asian Paints				
	Bajaj Consumer				
	Britannia Industries				
	Colgate Palmolive India				
	Dabur India				
	Emami				
	Godfrey Phillips				
	Hindustan Unilever				
	ITC				
	VST Industries				
Consumer Durables	Bajaj Electricals				
	Blue Star				
	Crompton Greaves Consumer Electricals				
	Havells India				
	IFB Industries				
	Johnson Controls-Hitachi Air Conditioning	NA			
	Orient Electric				
	Polycab India				
	V-Guard Industries				
	Voltas				
	Whirlpool of India				
Infrastructure	GR Infraprojects				
	HG Infrastructure				
	KNR Constructions				
	Larsen & Toubro				
	NCC				
	PNC Infratech				
Metals & Mining	APL Apollo				
	Coal India				
	Hindalco				
	Hindustan Zinc				
	Jindal Stainless				
	Jindal Steel & Power				
	JSW Steel				
	NMDC				
	Steel Authority of India				
	Tata Steel				
	Vedanta				
	Venus Pipes & Tubes				
Oil & Gas	GAIL				
	Gujarat Gas				
	Indraprastha Gas				
	Mahanagar Gas				
	Reliance Industries				

		PBT Growth	Net Debt/EBITDA	ROE	Stock return
Retail	Avenue Supermarts				
	Bata India				
	Devyani International	NA			
	Jubilant Foodworks				
	Kalyan Jewellers				
	Metro Brands				
	Page Industries				
	Relaxo Footwears				
	Restaurant Brands Asia	NA			
	Safari Industries				
	Sapphire Foods	NA			
	Titan Company				
	TRENT				
	VIP Industries				
	V-Mart Retail Ltd	NA			
	Westlife Foodworld				
Sugar	Balrampur Chini Mills				
	Triveni Engineering & Industries	NA			
Other Companies	AIA Engineering				
	CCL Products				
	KEC International				
	LA Opala				
	Mold-tek Packaging				
	Praj Industries				
	Solar Industries India				
	Triveni Turbine				

	>15%	>5%	>5%	<1%	>2.5%	>20%
	10-15%	4-5%	4-5%	1-2%	2-2.5%	15-20%
	<10%	<4%	<4%	>2%	<2%	<15%

		AUM growth (10-yr avg)	NIMs (10-yr avg)	PPOP (10-yr avg)	Credit costs (10-yr avg)	RoA (10-yr avg)	Stock Return (10 yr CAGR)
NBFC	Cholamandalam Investment & Finance						
	M&M Financial Services						
	Shriram Finance						
	Sundaram Finance						

	>25%	>5%	>3.5%	<1%	>1.5%	>20%
	10-25%	4-5%	3-3.5%	1-1.5%	1-1.5%	15-20%
	<10%	<4%	<3%	>1.5%	<1%	<15%

		AUM growth (5-yr avg)	NIMs (5-yr avg)	PPOP (5-yr avg)	Credit costs (5-yr avg)	RoA (5-yr avg)	Stock Return (5 yr CAGR)
Small Finance Bank	AU Small Finance Bank						
	Equitas Small Finance						
	Suryoday Small Finance Bank						
	Ujjivan Small Finance						

NA: Not applicable as PBT is negative

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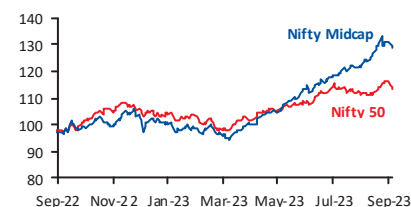
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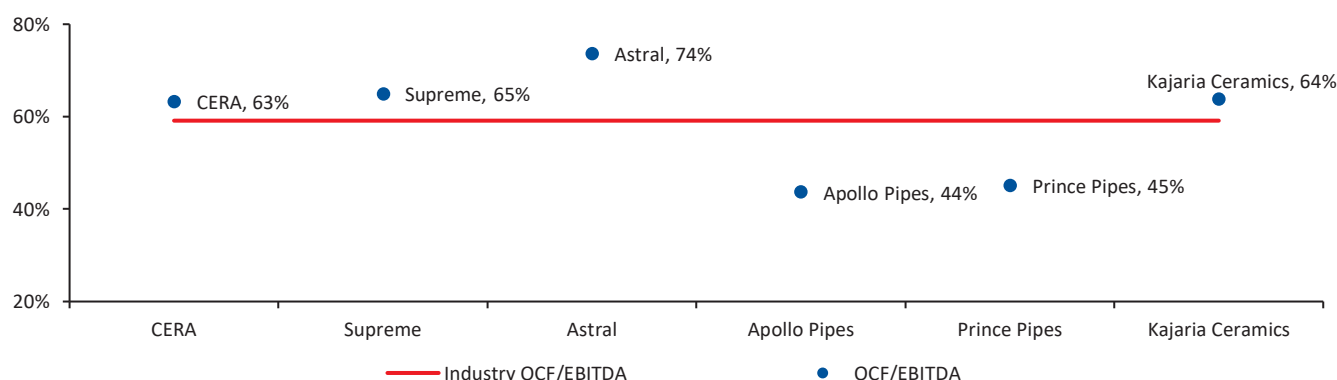
Building Materials sector

Our building materials sector universe posted revenue/EBITDA/PBT CAGR of 14.4%/12.7%/13.6% over FY14-23 with an average EBITDA margin of 15.3%. The cash flow from operating activities grew at a healthy 15.2% CAGR over FY14-23 with aggregate OCF of Rs147.1bn and EBITDA to OCF conversion of 68.1%. Led by several expansions within the industry at cumulative capex of Rs89.8bn, the OCF to FCF conversion stood lower at 38.9%. The cumulative FCF generation stood at Rs57.3bn. The average pre-tax RoCE stood at a healthy 26.1% over FY14-23. Among our universe, Astral performed better on most of the parameters. The market though rewarded the growth phase of Prince Pipes and Apollo Pipes higher despite their cash flows being impacted during the period.

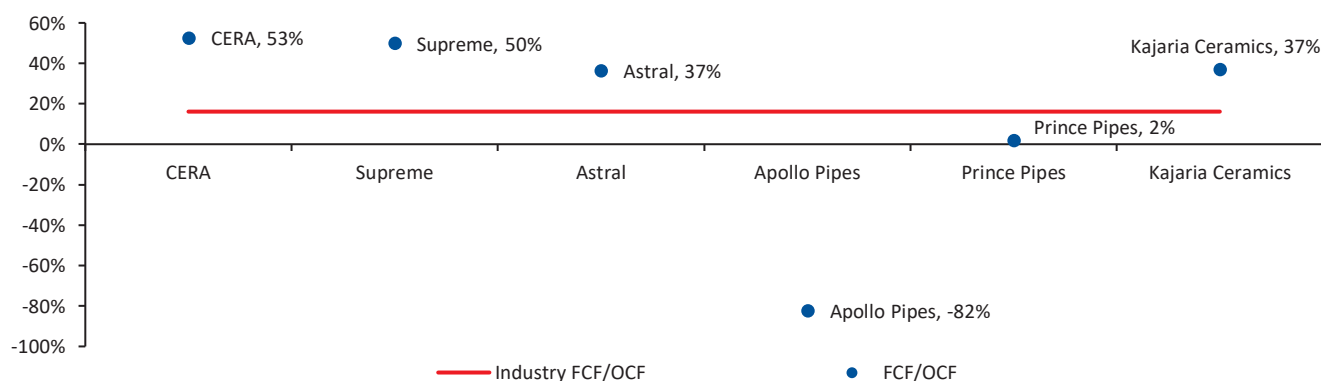
Nifty 50 vs NSE midcap



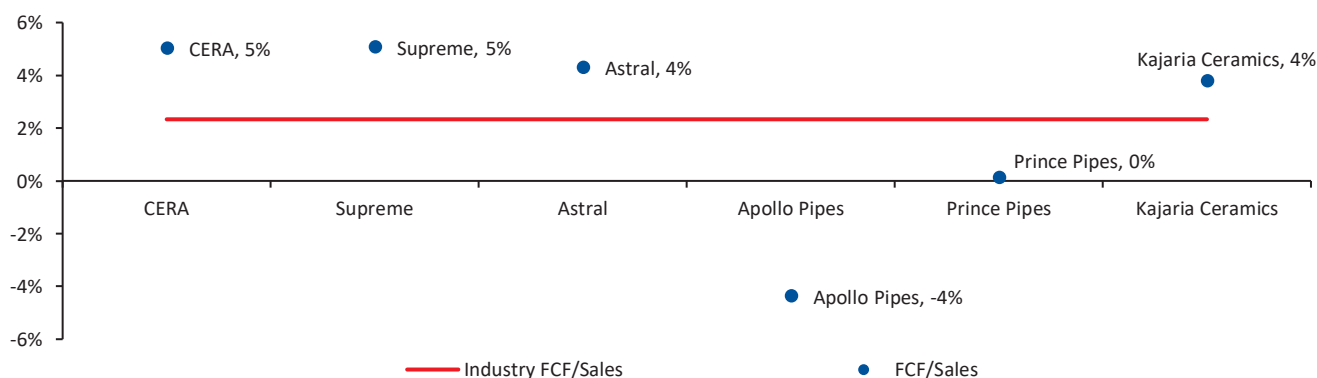
Source: Bloomberg

Exhibit 1: EBITDA to OCF conversion has been healthy for the industry with Astral leading the race


Source: Company, Centrum Broking

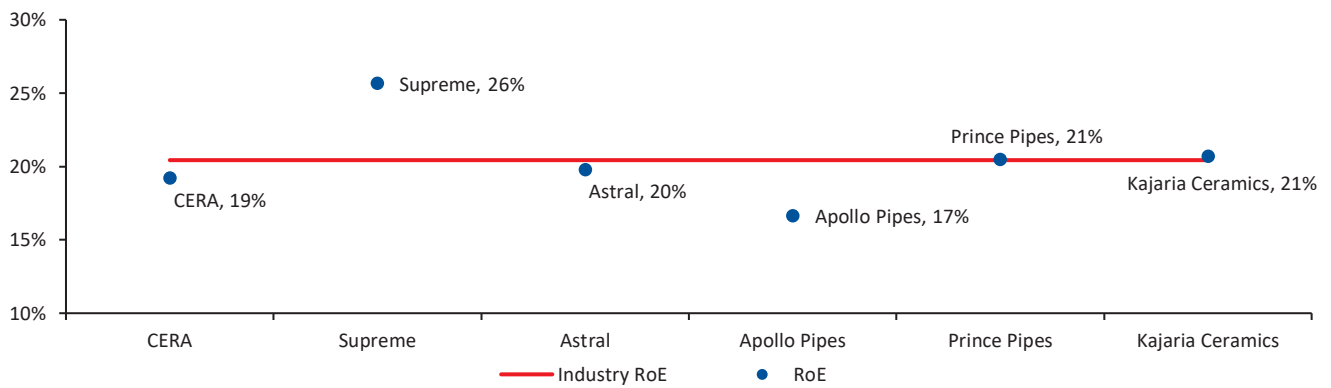
Exhibit 2: OCF to FCF conversion for market leaders above industry average


Source: Company, Centrum Broking

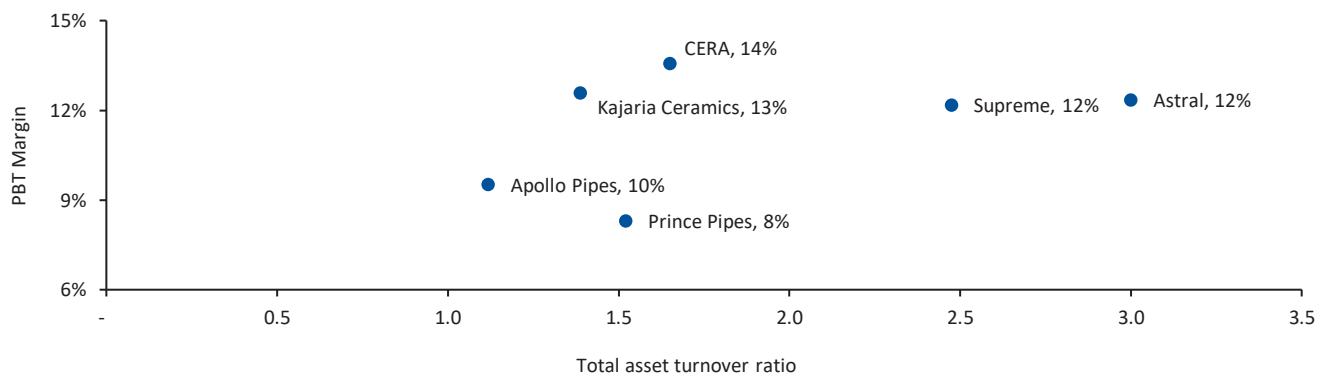
Exhibit 3: FCF to Sales conversion weakest for Apollo and Prince Pipes on account of healthy expansion spree


Source: Company, Centrum Broking

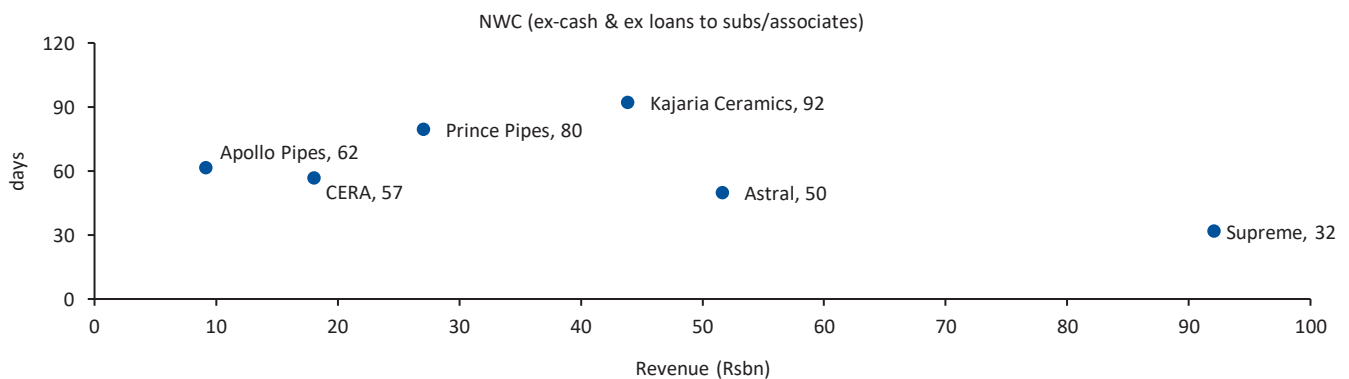
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 4: Healthy RoE for players across the industry; Supreme has the best RoE of 26%

Source: Company, Centrum Broking

Exhibit 5: Astral exhibits best in class operating leverage followed by Supreme

Source: Company, Centrum broking

Exhibit 6: Despite highest scale of operations, Supreme leads in terms of working capital days

Source: Company, Centrum Broking

Exhibit 7: Key performance metrics for 10 years ended FY23

	CERA	Supreme	Astral	Apollo Pipes	Prince Pipes	Kajaria
Revenue CAGR (%)^	14	10	20	27	12	11
EBITDA CAGR (%)^	15	8	22	24	10	9
PBT CAGR (%)^	16	9	23	23	20	11
Gross margin (%)	54	32	44	NA	NA	NA
EBITDA margin (%)	15	16	16	12	13	16
PBT margin (%)	14	12	12	10	8	13
Net Debt/Equity (x)	0.1	0.1	0.0	7.1	81.0	6.1
Net Debt/EBITDA (x)	0.2	0.1	0.1	0.3	1.3	0.1
OCF/EBITDA (%)	63	65	74	44	45	64
FCF/OCF (%)	53	50	37	(82)	2	37
FCF/Sales (%)	5	5	4	(4)	0	4
NWC (ex-cash & ex loans to subs/associates) – days	56	33	30	62	80	101
RoE (%)	19	26	20	17	21	21
Stock return (%)^	31	23	49	47	83	28

Source: Company, Centrum Broking; ^: FY13-23 CAGR; Note: Apollo pipes Sales, EBITDA and PBT data taken from FY17; Note: Prince Pipes data considered from FY14 and its stock return from FY20

Astral

Astral posted revenue/PBT CAGR of 20/23% over FY14-23. The ex-cash NWC reduced to half i.e., 17 days over FY14-23 led by improvement in receivables cycle. With consistent rise in operating profit, Astral's aggregate OCF was Rs30.6bn (CAGR: 26%) over FY14-23, with a healthy EBITDA to OCF conversion rate of 74%. Over FY14-23, 63% of the total OCF was spent on capex at an avg. of Rs1.9bn p.a., while 37% was converted to FCF at Rs11.2bn. The negligible avg. net debt/equity ratio at 0.03x helped avg. RoE/RoCE at 20%/19.6% over FY14-23. Distribution of FCF as dividend stood at an aggregate of 16.2% over FY14-23. Hence, market has rewarded healthy business performance with a handsome 49% CAGR returns over the decade.

22 September 2023

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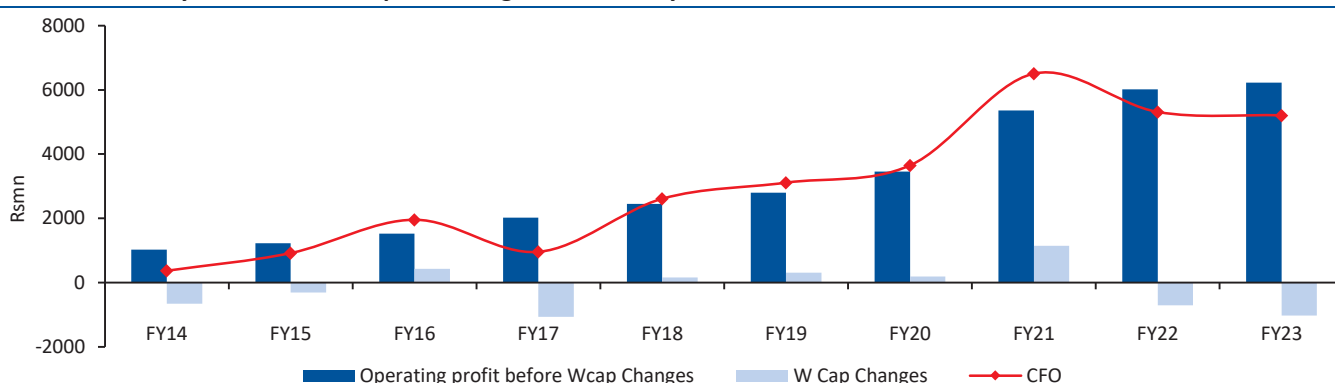
Institutional Research

Market data

Current price:	Rs1,903
Bloomberg:	ASTRA IN
52-week H/L:	Rs2,058/1,298
Market cap:	Rs511.1bn
Free float:	42.1%
Avg. daily vol. 3mth:	981106

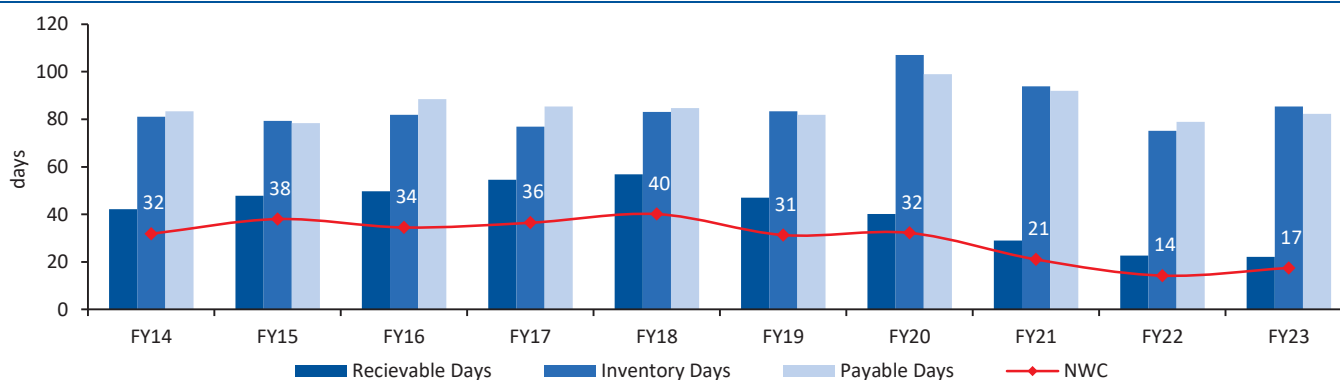
Source: Bloomberg

Exhibit 8: Healthy cash flow from operations, grew 14x in 10 years



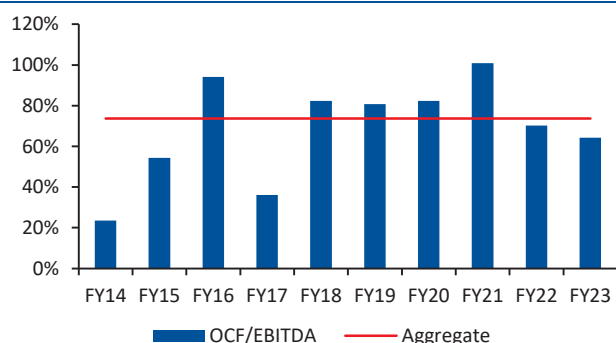
Source: Company, Centrum Broking

Exhibit 9: Working capital days remained stable throughout the decade, further improving in FY22 and FY23



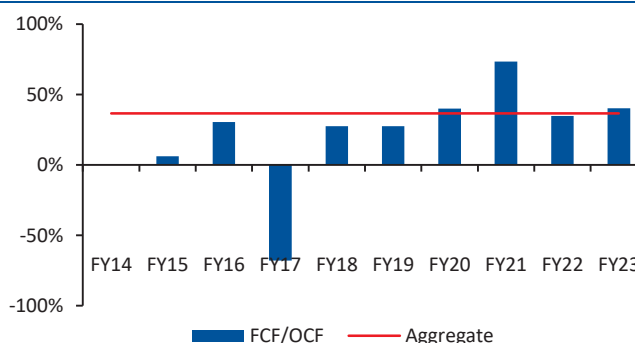
Source: Company, Centrum Broking

Exhibit 10: EBITDA to OCF conversion of 74% over 10 years



Source: Company, Centrum Broking

Exhibit 11: OCF to FCF conversion of 37% over 10 years



Source: Company, Centrum Broking

Exhibit 12: Leverage has been consistently low; Return ratios remains healthy

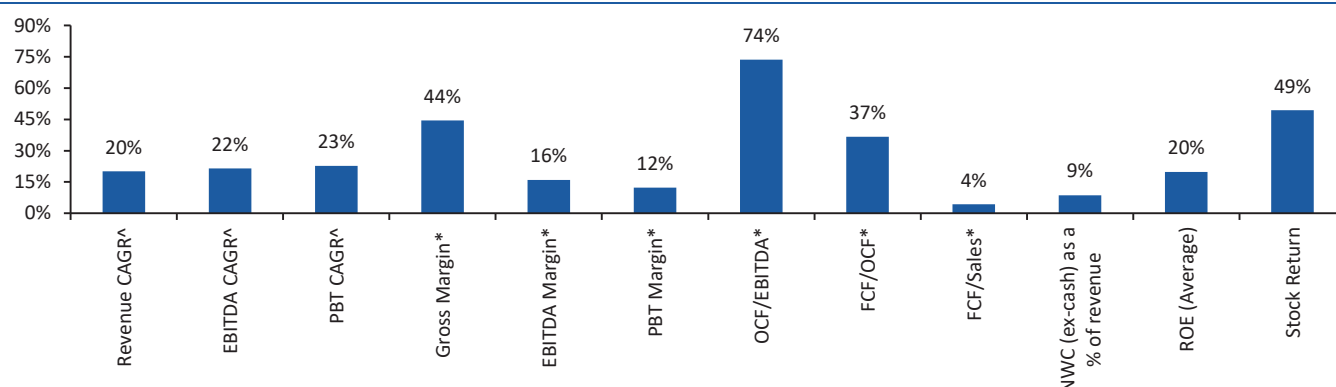
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.3	0.2	0.1	0.2	0.1	0.1	0.0	(0.2)	(0.2)	(0.2)	0.0
Net Debt/EBITDA	0.6	0.7	0.4	0.5	0.3	0.2	0.0	(0.7)	(0.7)	(0.7)	0.1
RoCE pre-tax	37.7%	22.7%	20.7%	23.8%	25.1%	24.2%	22.2%	30.7%	30.1%	24.0%	26.1%
RoCE	28.6%	16.2%	16.2%	17.3%	17.8%	16.9%	18.1%	23.6%	22.8%	18.0%	19.6%
RoIC (pre-tax)	37.8%	22.5%	21.2%	23.7%	24.6%	24.3%	23.1%	35.2%	38.2%	30.4%	28.1%
RoE	28.3%	16.2%	17.0%	18.7%	18.8%	17.2%	18.0%	24.0%	23.2%	18.7%	20.0%

Source: Company, Centrum Broking

Exhibit 13: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.76	0.71	0.79	0.73	0.71	0.70	0.82	0.77	0.76	0.75	0.75
Revenue/average total assets	9.55	3.10	2.01	1.97	1.86	1.84	1.59	1.72	1.95	1.85	2.74
Average total assets/Average NW	0.41	0.97	1.23	1.22	1.18	1.18	1.15	1.08	1.05	1.05	1.05
PBT/EBITDA	0.67	0.65	0.66	0.77	0.79	0.75	0.69	0.84	0.86	0.76	0.75
EBITDA/Revenue	0.14	0.12	0.12	0.14	0.15	0.15	0.17	0.20	0.17	0.16	0.15
RoE	28.4%	16.4%	15.9%	18.7%	18.9%	17.3%	17.9%	24.2%	23.0%	17.4%	19.8%

Source: Company, Centrum Broking

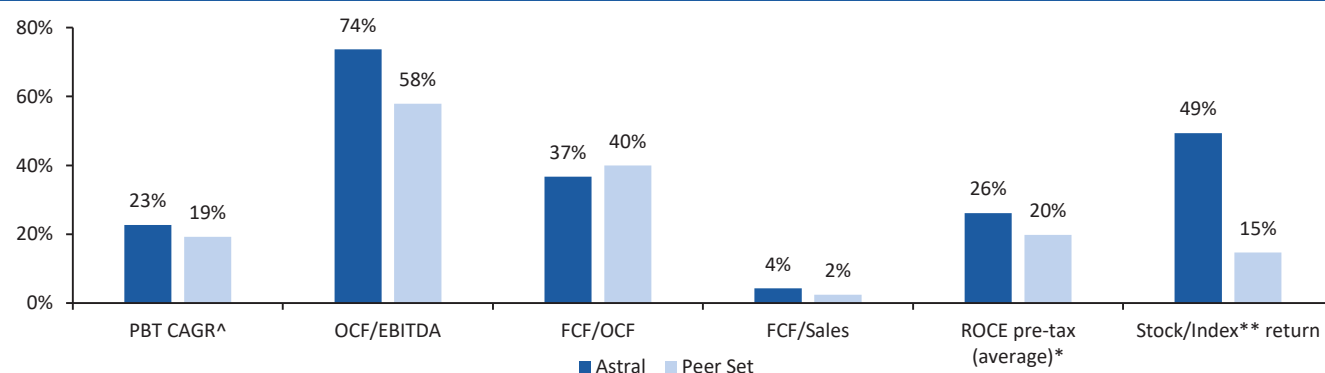
Exhibit 14: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 15: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(559)	58	598	(649)	717	859	1,463	4,784	1,848	2,093
FCF yield	NA	0%	1%	NA	1%	1%	1%	2%	0%	1%
Dividend + Buyback (b)	36	47	90	29	79	94	240	151	451	603
Distribution of FCF (b/a)	NA	81%	15%	NA	11%	11%	16%	3%	24%	29%
Cash & equivalents*/Capital employed	0.3%	1.9%	6.1%	1.8%	4.0%	7.4%	8.3%	26.4%	29.1%	24.9%

Source: Company, Centrum Broking *including liquid investments

Exhibit 16: Astral vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index; Note: For Prince Pipes, data considered FY14 onwards, Apollo Pipes ROCE average data considered FY18 onwards, FCF data for FY14 and FY15 not available for Apollo Pipes

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	31,763	43,940	51,585	60,394	68,756
Operating Expense	19,689	29,280	34,347	39,388	44,311
Employee cost	1,910	2,453	3,193	3,919	4,722
Others	3,719	4,654	5,946	7,082	8,269
EBITDA	6,445	7,553	8,099	10,006	11,453
Depreciation & Amortisation	1,165	1,269	1,781	1,609	1,692
EBIT	5,280	6,284	6,318	8,396	9,761
Interest expenses	131	129	400	285	275
Other income	251	349	267	571	648
PBT	5,400	6,504	6,185	8,682	10,134
Taxes	1,248	1,581	1,557	2,135	2,488
Effective tax rate (%)	23.1	24.3	25.2	24.6	24.5
PAT	4,152	4,923	4,628	6,547	7,646
Minority/Associates	(70)	(19)	86	0	0
Recurring PAT	4,082	4,904	4,714	6,547	7,646
Extraordinary items	0	0	(18)	0	0
Reported PAT	4,082	4,904	4,696	6,547	7,646
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	23.2	38.3	17.4	17.1	13.8
EBITDA	45.5	17.2	7.2	23.5	14.5
Adj. EPS	63.5	20.1	(3.9)	38.9	16.8
Margins (%)					
Gross	38.0	33.4	33.4	34.8	35.6
EBITDA	20.3	17.2	15.7	16.6	16.7
EBIT	16.6	14.3	12.2	13.9	14.2
Adjusted PAT	12.9	11.2	9.1	10.8	11.1
Returns (%)					
ROE	24.0	23.2	18.7	21.0	19.9
ROCE	23.6	22.8	18.0	19.6	18.8
ROIC	26.2	25.6	19.7	25.3	28.6
Turnover (days)					
Gross block turnover ratio (x)	2.3	2.6	2.5	2.8	3.1
Debtors	29	23	22	26	28
Inventory	94	75	85	85	83
Creditors	92	79	82	84	88
Net working capital	69	71	68	103	127
Solvency (x)					
Net debt-equity	(0.2)	(0.2)	(0.2)	(0.4)	(0.4)
Interest coverage ratio	49.2	58.6	20.2	35.1	41.7
Net debt/EBITDA	(0.7)	(0.7)	(0.7)	(1.3)	(1.6)
Per share (Rs)					
Adjusted EPS	15.2	18.2	17.5	24.3	28.4
BVPS	70.5	86.9	100.8	131.3	155.1
CEPS	19.5	22.9	24.1	30.3	34.7
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	125.3	104.3	108.5	78.1	66.9
P/BV	27.0	21.9	18.9	14.5	12.3
EV/EBITDA	78.7	67.0	62.4	49.8	43.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	201	201	269	269	269
Reserves & surplus	18,757	23,165	26,843	35,051	41,446
Shareholders fund	18,958	23,366	27,112	35,320	41,715
Minority Interest	212	278	2,477	2,477	2,477
Total debt	397	851	773	752	752
Non Current Liabilities	106	90	80	33	33
Def tax liab. (net)	401	401	409	409	409
Total liabilities	20,074	24,986	30,851	38,991	45,386
Gross block	13,894	16,890	20,618	21,568	22,519
Less: acc. Depreciation	(4,212)	(5,318)	(6,695)	(8,304)	(9,997)
Net block	9,682	11,572	13,923	13,264	12,522
Capital WIP	566	1,232	1,261	1,261	1,261
Net fixed assets	13,113	15,604	20,122	20,774	20,033
Non Current Assets	925	817	1,117	1,225	1,390
Investments	0	0	0	0	0
Inventories	4,721	7,334	8,746	9,499	10,629
Sundry debtors	2,767	2,691	3,545	4,925	5,616
Cash & Cash Equivalents	4,760	6,418	6,821	14,009	19,637
Loans & advances	3	4	206	206	206
Other current assets	439	1,004	3,174	3,329	4,113
Trade payables	5,172	7,484	8,000	10,095	11,359
Other current liab.	1,440	1,384	4,854	4,854	4,854
Provisions	42	18	26	26	26
Net current assets	6,036	8,565	9,612	16,993	23,962
Total assets	20,074	24,986	30,851	38,991	45,386
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	5,330	6,485	6,152	8,682	10,134
Depreciation & Amortisation	1,165	1,269	1,781	1,609	1,692
Net Interest	131	129	400	285	275
Net Change – WC	1,142	(705)	(1,026)	(348)	(1,507)
Direct taxes	(1,162)	(1,678)	(1,654)	(2,135)	(2,488)
Net cash from operations	6,641	5,431	5,569	7,523	7,459
Capital expenditure	(1,717)	(3,460)	(3,110)	(2,261)	(952)
Acquisitions, net	0	0	0	0	0
Investments	29	83	(30)	0	0
Others	(2,859)	4,078	(1,668)	571	648
Net cash from investing	(4,547)	701	(4,808)	(1,690)	(304)
FCF	2,094	6,132	761	5,833	7,155
Issue of share capital	1	0	0	0	0
Increase/(decrease) in debt	(1,188)	205	(384)	(21)	0
Dividend paid	(151)	(451)	(603)	1,661	(1,252)
Interest paid	(140)	(123)	(366)	(285)	(275)
Others	(54)	(71)	(553)	0	0
Net cash from financing	(1,532)	(440)	(1,906)	1,355	(1,527)
Net change in Cash	562	5,692	(1,145)	7,188	5,628

Source: Company, Centrum Broking

CERA Sanitaryware (CERA)

CERA posted revenue/PBT CAGR of 14%/16% over FY14-23. The ex-cash NWC stood within control at an average of 56 days over FY14-23. With consistent rise in operating profit, CERA's aggregate OCF was Rs11.1bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 63%. Over FY14-23, 47% of the total OCF was spent on capex at an avg. of Rs523mn p.a., while 53% was converted to FCF at Rs5.9bn. The negligible avg. net debt/equity ratio at 0.1x helped avg. RoE/RoCE at 19.2%/17.7% over FY14-23. Distribution of FCF as dividend stood at an aggregate of 30.6% over FY14-23. Though the stock has been rewarded well with 31% CAGR return over the decade, the aggressive capex lined up coupled with healthy demand still makes CERA favourable.

22 September 2023

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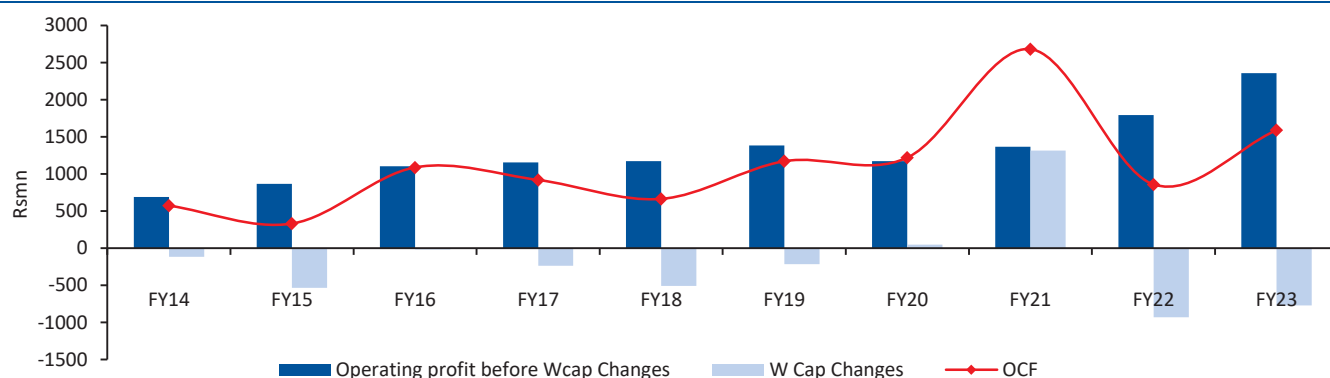
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Market data

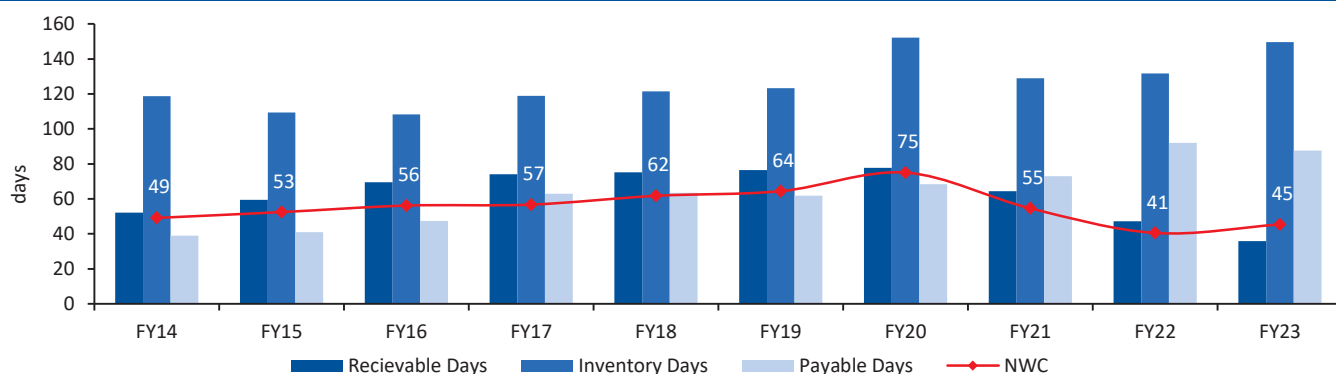
Current price:	Rs8,521
Bloomberg:	CRS IN
52-week H/L:	Rs9,782/4,950
Market cap:	Rs110.8bn
Free float:	64%
Avg. daily vol. 3mth:	26425
Source: Bloomberg	

Exhibit 17: Healthy cash flow from operations, grew 3x in 10 years



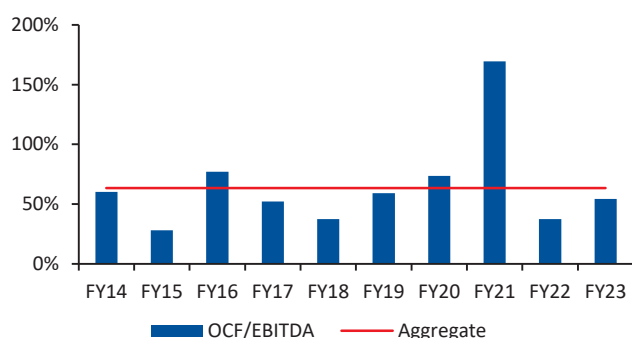
Source: Company, Centrum Broking

Exhibit 18: Working capital days remained stable throughout the decade, further improving in FY22 and FY23



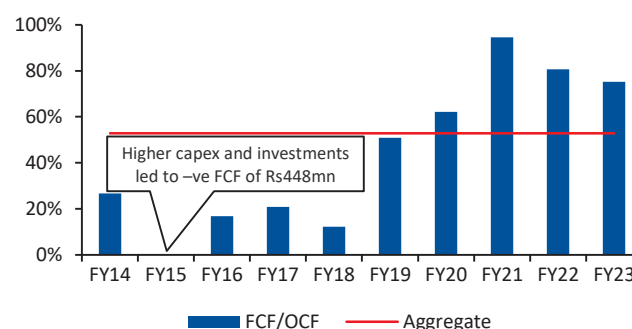
Source: Company, Centrum Broking

Exhibit 19: EBITDA to OCF conversion of 63% over 10 years



Source: Company, Centrum Broking

Exhibit 20: OCF to FCF conversion of 53% over 10 years



Source: Company, Centrum Broking

Exhibit 21: Leverage has been consistently low; Return ratios recovering from lows to near FY19 levels

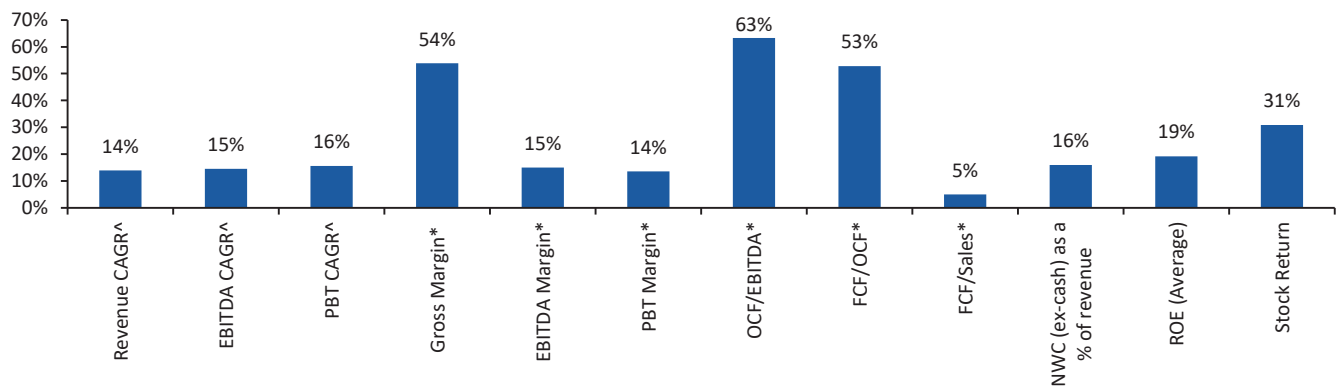
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.1
Net Debt/EBITDA	0.1	0.3	0.0	0.1	0.4	0.4	0.5	0.4	0.0	0.0	0.2
RoCE pre-tax	35.5%	32.1%	29.8%	30.2%	24.9%	25.2%	17.5%	15.8%	21.9%	26.1%	25.9%
RoCE	22.4%	21.5%	19.2%	19.1%	17.1%	16.1%	14.3%	11.8%	16.2%	19.5%	17.7%
RoIC (pre-tax)	39.7%	36.6%	34.7%	35.6%	28.7%	28.4%	19.5%	20.0%	38.6%	49.5%	33.1%
RoE	25.7%	23.5%	21.6%	21.2%	18.8%	17.6%	15.0%	12.2%	16.8%	19.8%	19.2%

Source: Company, Centrum Broking

Exhibit 22: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.63	0.67	0.64	0.63	0.68	0.64	0.82	0.75	0.74	0.75	0.70
Revenue/average total assets	2.21	2.07	1.74	1.55	1.59	1.65	1.35	1.24	1.33	1.48	1.62
Average total assets/Average NW	1.49	1.38	1.36	1.38	1.32	1.25	1.23	1.21	1.15	1.12	1.29
PBT/EBITDA	0.87	0.86	0.92	0.90	0.87	0.91	0.82	0.85	0.94	0.99	0.89
EBITDA/Revenue	0.14	0.14	0.15	0.17	0.15	0.15	0.14	0.13	0.16	0.16	0.15
RoE	25.7%	23.5%	21.6%	21.3%	18.9%	17.6%	15.0%	12.2%	16.8%	19.8%	19.2%

Source: Company, Centrum Broking

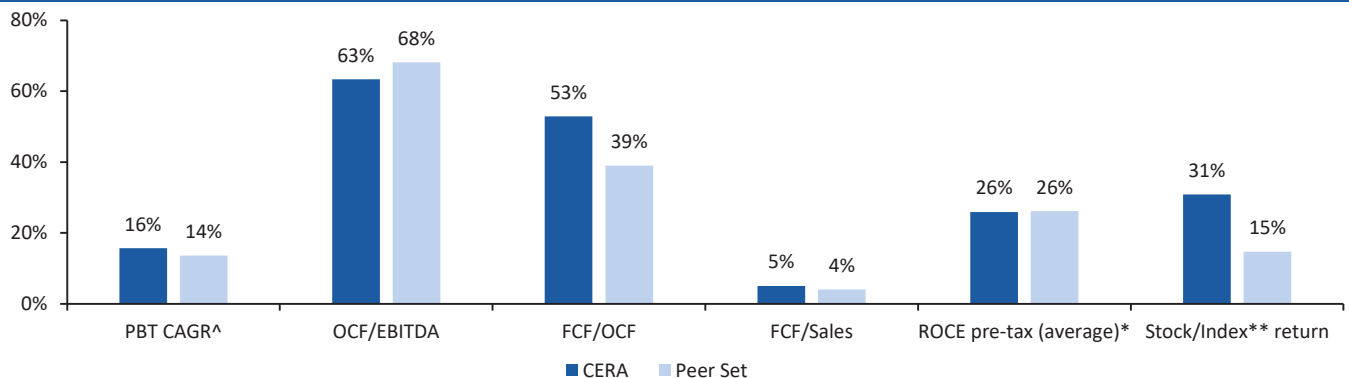
Exhibit 23: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 24: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	153	(523)	183	191	81	595	758	2,533	692	1,194
FCF yield	2%	NA	1%	1%	0%	2%	2%	7%	1%	2%
Dividend + Buyback (b)	59	74	98	142	188	196	411	-	169	455
Distribution of FCF (b/a)	39%	NA	53%	74%	232%	33%	54%	0%	24%	38%
Cash & equivalents*/Capital employed	12.3%	8.7%	13.3%	10.2%	3.6%	1.5%	0.3%	1.1%	2.4%	2.3%

Source: Company, Centrum Broking *including liquid investments

Exhibit 25: CERA vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index; Note: For Prince Pipes, data considered FY14 onwards, Apollo Pipes ROCE average data considered FY18 onwards, FCF data for FY14 and FY15 not available for Apollo Pipes

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	12,243	14,458	18,035	21,026	24,487
Operating Expense	6,268	6,836	8,246	9,672	11,264
Employee cost	1,537	1,936	2,147	2,447	2,790
Others	2,858	3,399	4,712	5,394	6,271
EBITDA	1,581	2,287	2,930	3,512	4,162
Depreciation & Amortisation	396	324	326	400	430
EBIT	1,185	1,963	2,604	3,113	3,732
Interest expenses	97	53	60	60	60
Other income	252	236	356	378	465
PBT	1,339	2,147	2,899	3,431	4,137
Taxes	340	560	738	889	1,072
Effective tax rate (%)	25.4	26.1	25.5	25.9	25.9
PAT	999	1,587	2,161	2,541	3,065
Minority/Associates	0	0	0	0	0
Recurring PAT	1,000	1,587	2,161	2,541	3,065
Extraordinary items	0	(57)	(50)	0	0
Reported PAT	1,000	1,530	2,111	2,541	3,065
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	0.1	18.1	24.7	16.6	16.5
EBITDA	(4.5)	44.7	28.1	19.9	18.5
Adj. EPS	(9.6)	58.8	36.1	17.6	20.6
Margins (%)					
Gross	48.8	52.7	54.3	54.0	54.0
EBITDA	12.9	15.8	16.2	16.7	17.0
EBIT	9.7	13.6	14.4	14.8	15.2
Adjusted PAT	8.2	10.6	11.7	12.1	12.5
Returns (%)					
ROE	12.2	16.8	19.8	20.2	21.1
ROCE	11.8	16.2	19.5	20.0	20.9
ROIC	15.0	24.7	30.1	30.5	32.6
Turnover (days)					
Gross block turnover ratio (x)	2.0	2.7	3.3	3.4	3.5
Debtors	64	47	36	36	37
Inventory	129	132	150	159	162
Creditors	73	92	88	85	85
Net working capital	34	53	49	52	52
Solvency (x)					
Net debt-equity	0.1	0.0	0.0	0.0	(0.1)
Interest coverage ratio	16.2	43.3	48.4	58.1	68.8
Net debt/EBITDA	0.4	0.0	0.0	(0.2)	(0.4)
Per share (Rs)					
Adjusted EPS	80.0	127.0	172.8	203.3	245.2
BVPS	697.4	812.1	938.1	1,075.3	1,248.1
CEPS	111.6	152.9	198.9	235.3	279.5
DPS	0.0	13.5	36.4	30.5	36.8
Dividend payout (%)	0.0	11.1	21.6	15.0	15.0
Valuation (x)					
P/E	106.5	67.1	49.3	41.9	34.7
P/BV	12.2	10.5	9.1	7.9	6.8
EV/EBITDA	67.7	46.5	36.3	30.1	25.1
Dividend yield (%)	0.0	0.2	0.4	0.4	0.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	65	65	65	65	65
Reserves & surplus	8,652	10,086	11,661	13,376	15,537
Shareholders fund	8,717	10,152	11,726	13,441	15,602
Minority Interest	117	142	106	106	106
Total debt	729	267	253	253	212
Non Current Liabilities	488	481	581	597	613
Def tax liab. (net)	303	354	376	376	376
Total liabilities	10,354	11,396	13,044	14,775	16,909
Gross block	6,124	5,304	5,441	6,241	7,041
Less: acc. Depreciation	(2,115)	(2,097)	(2,303)	(2,703)	(3,133)
Net block	4,009	3,207	3,138	3,538	3,909
Capital WIP	13	7	169	169	169
Net fixed assets	4,030	3,218	3,313	3,713	4,083
Non Current Assets	747	581	715	844	942
Investments	4,340	5,272	6,345	6,345	6,345
Inventories	1,997	2,937	3,825	4,608	5,367
Sundry debtors	2,095	1,648	1,892	2,304	2,683
Cash & Cash Equivalents	104	243	262	858	2,074
Loans & advances	266	48	40	40	40
Other current assets	198	1,571	375	375	375
Trade payables	1,554	1,893	2,069	2,419	2,818
Other current liab.	1,844	2,204	1,523	1,763	2,052
Provisions	25	24	131	131	131
Net current assets	1,237	2,325	2,671	3,872	5,539
Total assets	10,354	11,396	13,044	14,775	16,909
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,339	2,090	2,849	3,431	4,137
Depreciation & Amortisation	396	324	326	400	430
Net Interest	65	20	31	(318)	(405)
Net Change – WC	1,316	(933)	(770)	(606)	(462)
Direct taxes	(296)	(523)	(727)	(889)	(1,072)
Net cash from operations	2,680	890	1,624	2,018	2,628
Capital expenditure	(147)	(166)	(394)	(800)	(800)
Acquisitions, net	0	0	0	0	0
Investments	(2,313)	(697)	(816)	0	0
Others	37	113	264	249	367
Net cash from investing	(2,423)	(751)	(947)	(551)	(433)
FCF	257	139	677	1,467	2,195
Issue of share capital	49	8	6	(826)	(905)
Increase/(decrease) in debt	(83)	176	(13)	0	(42)
Dividend paid	0	(169)	(455)	0	0
Interest paid	0	(33)	(36)	(60)	(60)
Others	(155)	(87)	(98)	16	28
Net cash from financing	(188)	(106)	(596)	0	0
Net change in Cash	68	34	81	0	0

Source: Company, Centrum Broking

Supreme Industries

Supreme posted revenue/PBT CAGR of 10%/9% over FY14-23. The ex-cash NWC stood within control at an average of 33 days over FY14-23. With consistency in operating profit generation, Supreme's aggregate OCF was Rs55.9bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 65%. Over FY14-23, 50% of the total OCF was spent on capex at an avg. of Rs2.8bn p.a., while 50% was converted to FCF at Rs28bn. The negligible avg. net debt/equity ratio at 0.1x helped avg. RoE/RoCE at 25.7%/20.5% over FY14-23. Distribution of FCF as dividend is healthy at an aggregate of 69.2% over FY14-23. Market has appropriately rewarded the stock with a CAGR of 28% over FY14-23.

22 September 2023

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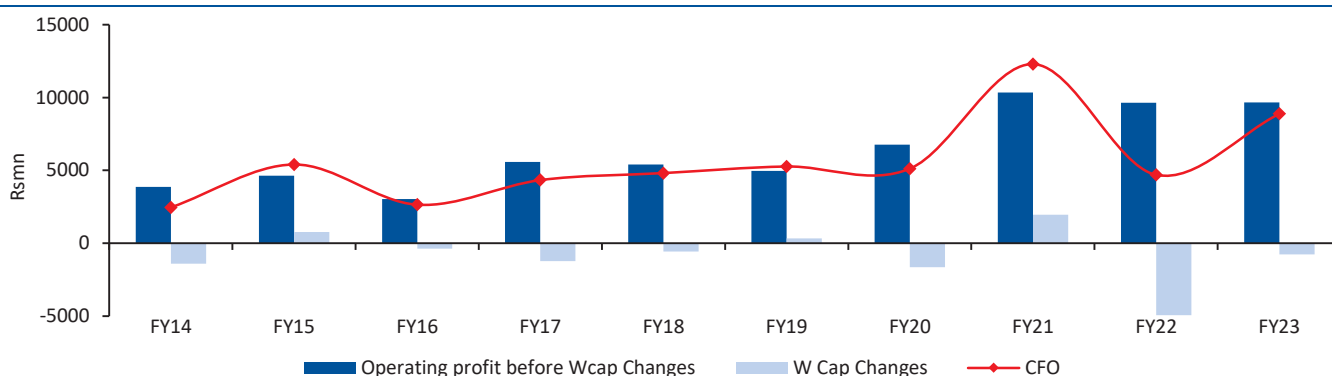
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institutional Research

Market data

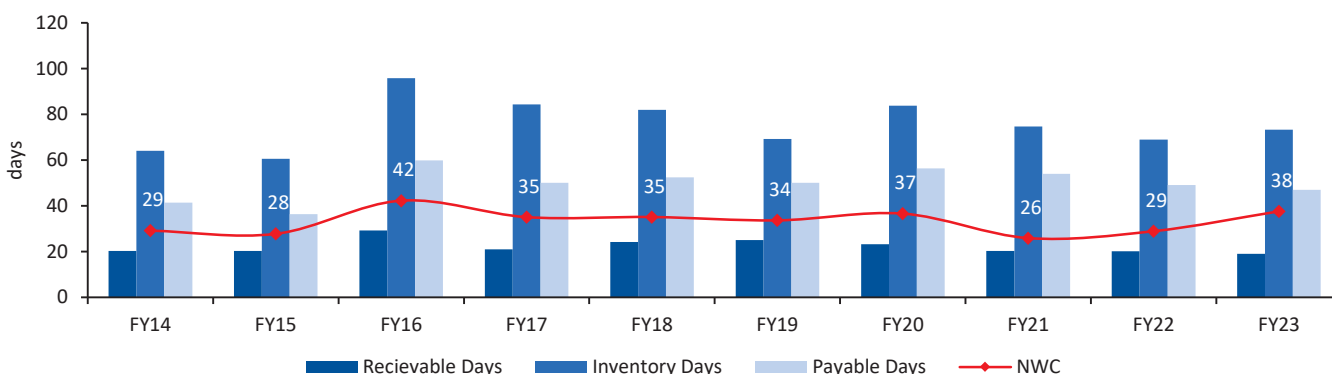
Current price:	Rs4,112
Bloomberg:	SI IN
52-week H/L:	Rs4705/1906
Market cap:	Rs522.4bn
Free float:	44.5%
Avg. daily vol. 3mth:	484548
Source: Bloomberg	

Exhibit 26: Steady cash flow from operations, major growth witnessed in recent years



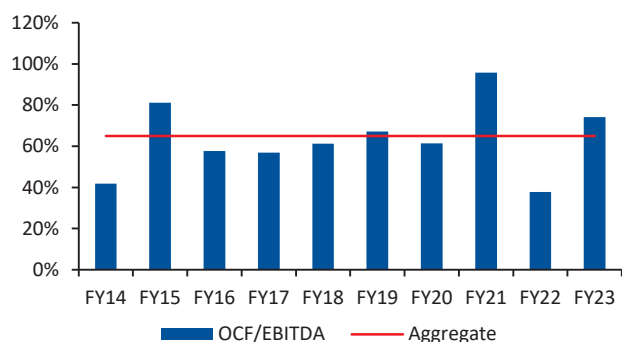
Source: Company, Centrum Broking

Exhibit 27: Healthy and stable working capital days throughout the decade



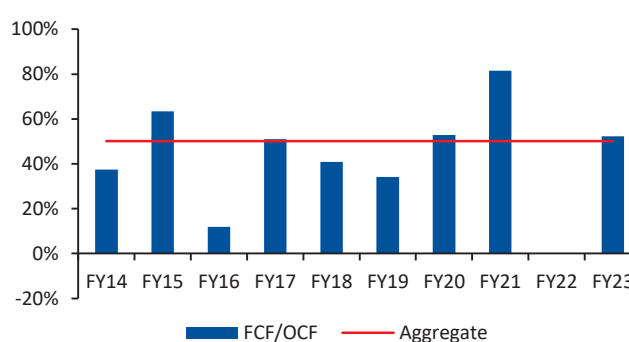
Source: Company, Centrum Broking

Exhibit 28: EBITDA to OCF conversion of 65% over 10 years



Source: Company, Centrum Broking

Exhibit 29: OCF to FCF conversion of 50% over 10 years



Source: Company, Centrum Broking

Exhibit 30: Leverage has been reducing over the decade to turn net cash; Return ratios remain strong throughout

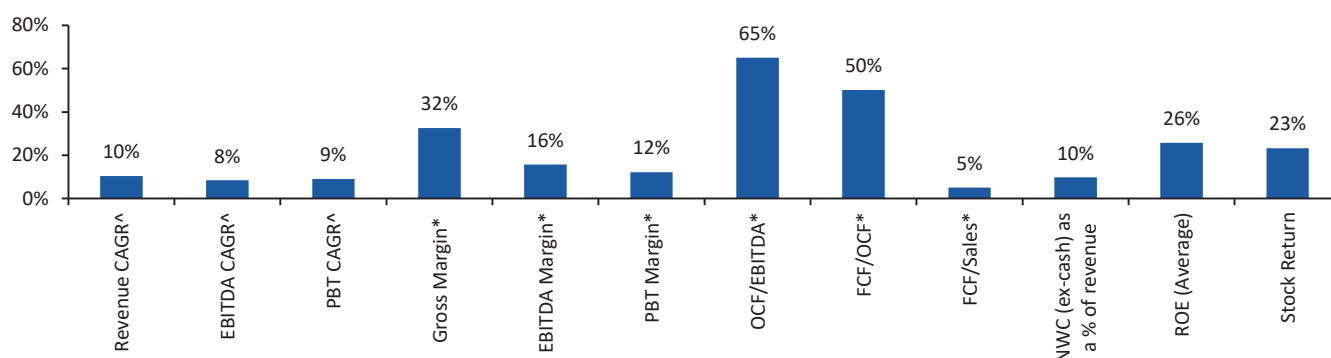
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.4	0.2	0.3	0.1	0.1	0.1	0.1	(0.2)	(0.1)	(0.2)	0.1
Net Debt/EBITDA	0.8	0.3	0.8	0.2	0.2	0.2	0.2	(0.6)	(0.4)	(0.6)	0.1
RoCE pre-tax	34.3%	34.0%	21.4%	33.5%	30.8%	27.4%	25.3%	36.8%	29.4%	23.4%	29.6%
RoCE	22.7%	22.5%	13.7%	21.7%	20.3%	18.3%	18.1%	28.7%	21.9%	17.4%	20.5%
RoIC (pre-tax)	34.7%	36.3%	22.7%	34.3%	31.6%	27.5%	26.7%	44.3%	35.4%	26.9%	32.0%
RoE	29.6%	28.6%	18.0%	28.6%	24.0%	22.2%	21.2%	36.0%	27.6%	21.0%	25.7%

Source: Company, Centrum Broking

Exhibit 31: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.68	0.68	0.69	0.74	0.72	0.69	0.77	0.92	0.94	0.90	0.77
Revenue/average total assets	2.58	2.56	1.68	2.30	2.32	2.40	2.09	2.07	2.14	2.16	2.23
Average total assets/Average NW	1.60	1.48	1.40	1.29	1.19	1.16	1.19	1.13	1.04	1.03	1.25
PBT/EBITDA	0.70	0.71	0.72	0.76	0.77	0.83	0.73	0.83	0.83	0.80	0.77
EBITDA/Revenue	0.15	0.16	0.15	0.17	0.16	0.14	0.15	0.20	0.16	0.13	0.16
RoE	29.6%	28.6%	18.0%	28.6%	24.0%	22.2%	21.2%	36.0%	27.6%	21.0%	25.7%

Source: Company, Centrum Broking

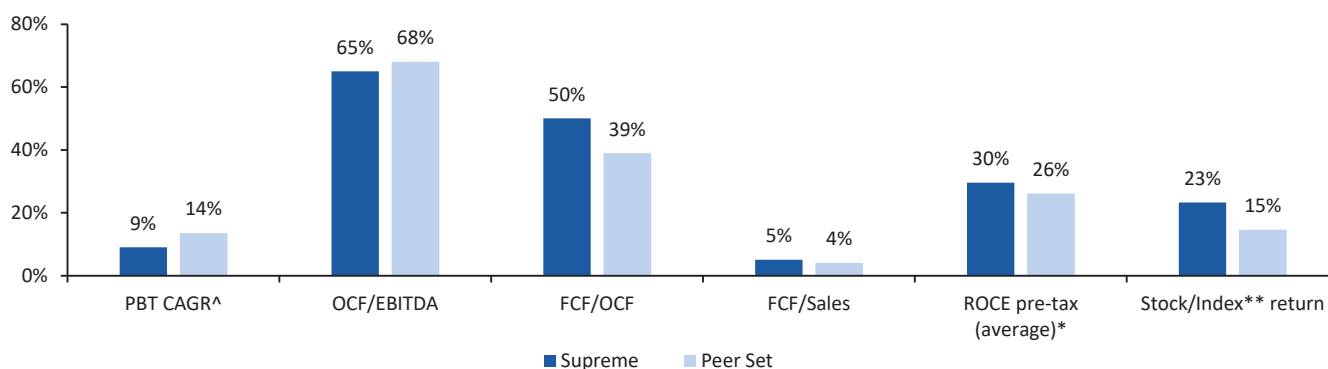
Exhibit 32: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 33: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	922	3,431	314	2,209	1,969	1,797	2,706	10,032	(5)	4,645
FCF yield	2%	5%	0%	2%	1%	1%	2%	5%	NA	2%
Dividend + Buyback (b)	1,115	1,197	2,217	459	2,293	1,991	3,522	635	2,922	3,049
Distribution of FCF (b/a)	121%	35%	707%	21%	116%	111%	130%	6%	NA	66%
Cash & equivalents*/Capital employed	1.9%	11.7%	1.7%	4.7%	2.0%	1.7%	9.3%	26.3%	15.0%	18.1%

Source: Company, Centrum Broking *including liquid investments

Exhibit 34: Supreme vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index; Note: For Prince Pipes, data considered FY14 onwards, Apollo Pipes ROCE average data considered FY18 onwards, FCF data for FY14 and FY15 not available for Apollo Pipes

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	63,571	77,728	92,016	1,09,123	1,22,756
Operating Expense	42,370	55,666	68,658	80,206	88,998
Employee cost	3,104	3,453	3,748	4,474	5,156
Others	5,254	6,188	7,613	8,948	9,820
EBITDA	12,843	12,421	11,997	15,496	18,782
Depreciation & Amortisation	2,128	2,295	2,634	2,886	2,983
EBIT	10,715	10,126	9,363	12,610	15,799
Interest expenses	95	52	80	0	0
Other income	43	200	298	327	360
PBT	10,662	10,274	9,580	12,937	16,159
Taxes	2,341	2,633	2,460	3,321	4,149
Effective tax rate (%)	22.0	25.6	25.7	25.7	25.7
PAT	8,322	7,641	7,121	9,616	12,010
Minority/Associates	1,460	2,044	1,533	1,379	1,241
Recurring PAT	9,781	9,685	8,653	10,995	13,252
Extraordinary items	0	0	0	0	0
Reported PAT	9,781	9,685	8,653	10,995	13,252
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	15.3	22.3	18.4	18.6	12.5
EBITDA	53.9	(3.3)	(3.4)	29.2	21.2
Adj. EPS	109.3	(1.0)	(10.6)	27.1	20.5
Margins (%)					
Gross	36.5	31.1	28.3	29.5	30.5
EBITDA	20.2	16.0	13.0	14.2	15.3
EBIT	16.9	13.0	10.2	11.6	12.9
Adjusted PAT	15.4	12.4	9.4	10.1	10.8
Returns (%)					
ROE	36.0	27.6	21.0	21.8	21.5
ROCE	28.7	21.9	17.4	19.0	19.5
ROIC	32.6	21.9	18.4	24.4	31.8
Turnover (days)					
Gross block turnover ratio (x)	1.9	2.2	2.3	2.5	2.7
Debtors	20	20	19	18	19
Inventory	75	69	73	70	70
Creditors	54	49	47	47	49
Net working capital	62	68	68	101	122
Solvency (x)					
Net debt-equity	(0.2)	(0.1)	(0.2)	(0.3)	(0.5)
Interest coverage ratio	135.2	241.2	149.6	0.0	0.0
Net debt/EBITDA	(0.6)	(0.4)	(0.6)	(1.3)	(1.6)
Per share (Rs)					
Adjusted EPS	77.0	76.2	68.1	86.5	104.3
BVPS	249.4	302.6	346.5	448.3	521.3
CEPS	93.7	94.3	88.8	109.3	127.8
DPS	5.0	23.0	26.0	26.0	31.3
Dividend payout (%)	6.5	30.2	38.2	30.0	30.0
Valuation (x)					
P/E	53.4	53.9	60.3	47.5	39.4
P/BV	16.5	13.6	11.9	9.2	7.9
EV/EBITDA	40.0	41.6	42.9	32.4	26.2
Dividend yield (%)	0.1	0.6	0.6	0.6	0.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	254	254	254	254	254
Reserves & surplus	31,438	38,190	43,767	56,701	65,977
Shareholders fund	31,692	38,444	44,021	56,955	66,232
Minority Interest	0	0	0	0	0
Total debt	6	0	0	0	0
Non Current Liabilities	300	362	390	390	390
Def tax liab. (net)	919	904	908	908	908
Total liabilities	32,917	39,710	45,320	58,254	67,530
Gross block	32,910	35,340	40,556	44,056	45,556
Less: acc. Depreciation	(16,425)	(18,443)	(20,737)	(23,623)	(26,606)
Net block	16,485	16,897	19,819	20,433	18,950
Capital WIP	496	1,546	837	0	0
Net fixed assets	16,981	18,443	20,656	20,433	18,950
Non Current Assets	5,182	6,763	7,500	7,500	7,500
Investments	0	0	0	0	0
Inventories	7,608	12,602	13,856	15,605	17,329
Sundry debtors	3,898	4,668	4,924	6,062	6,820
Cash & Cash Equivalents	7,684	5,264	7,461	19,881	30,600
Loans & advances	17	40	19	19	19
Other current assets	1,453	2,179	2,526	2,996	3,370
Trade payables	6,462	7,940	9,038	10,923	12,130
Other current liab.	3,146	1,988	2,237	2,946	4,542
Provisions	298	320	349	373	386
Net current assets	10,753	14,505	17,164	30,321	41,080
Total assets	32,917	39,710	45,320	58,254	67,530
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	12,122	12,318	11,113	14,317	17,400
Depreciation & Amortisation	2,130	2,295	2,634	2,886	2,983
Net Interest	221	51	80	0	0
Net Change – WC	1,955	(4,939)	(778)	(737)	(40)
Direct taxes	(2,322)	(2,868)	(2,375)	(3,321)	(4,149)
Net cash from operations	12,464	4,704	8,903	11,437	14,593
Capital expenditure	(2,266)	(4,699)	(4,243)	(2,663)	(1,500)
Acquisitions, net	0	0	0	0	0
Investments	80	85	188	0	0
Others	180	580	563	327	360
Net cash from investing	(2,006)	(4,035)	(3,493)	(2,335)	(1,140)
FCF	10,458	669	5,411	9,102	13,454
Issue of share capital	0	0	0	0	1
Increase/(decrease) in debt	(4,104)	(11)	0	0	0
Dividend paid	(635)	(2,922)	(3,049)	3,318	(2,734)
Interest paid	(166)	(10)	(15)	0	0
Others	(150)	(161)	(202)	0	0
Net cash from financing	(5,055)	(3,103)	(3,266)	3,318	(2,733)
Net change in Cash	5,403	(2,434)	2,145	12,420	10,720

Source: Company, Centrum Broking

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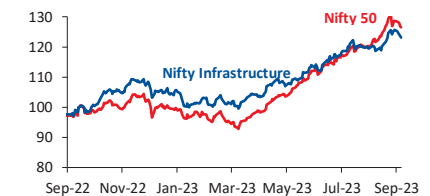
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Cement sector

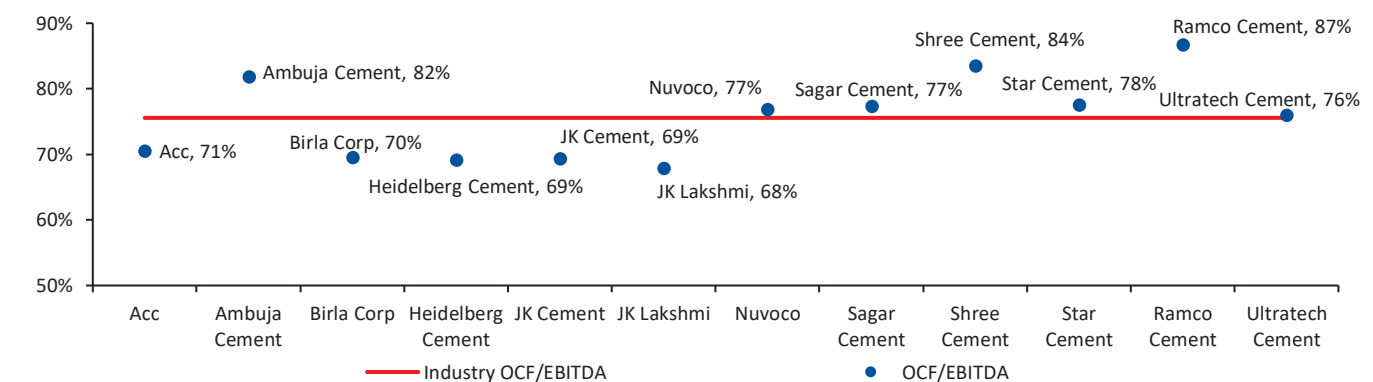
Our cement coverage universe (12 companies) has delivered 7.9% capacity and 8.7% volume CAGR over the past decade (FY13-23). Realization growth over the decade is merely 2% and as a result, revenue growth is 10.8%. Elevated input costs in recent years have restricted the EBITDA growth to just 6.1% CAGR. NWC ex-cash is largely negative for the sector with lower inventory and debtor days and higher payable days. Net debt of the industry has grown at 9.5% CAGR whereas cumulative net debt/EBITDA is modest at 0.25x. EBITDA to OCF conversion of the industry is at 76% while OCF to FCF conversion is lower at 2% given higher capital intensity of the sector. Asset turnover of the industry stood at 0.87x while RoEs are at 11%.

Nifty 50 vs. Nifty Infrastructure



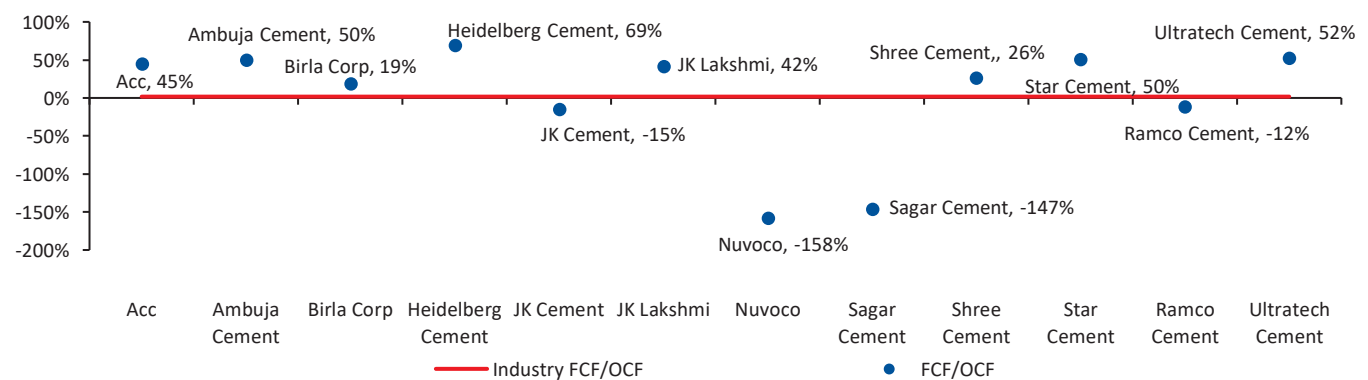
Source: Bloomberg

Exhibit 35: EBITDA to OCF conversion has been strong for Ramco & Shree while being weak for JK Lakshmi & Heidelberg



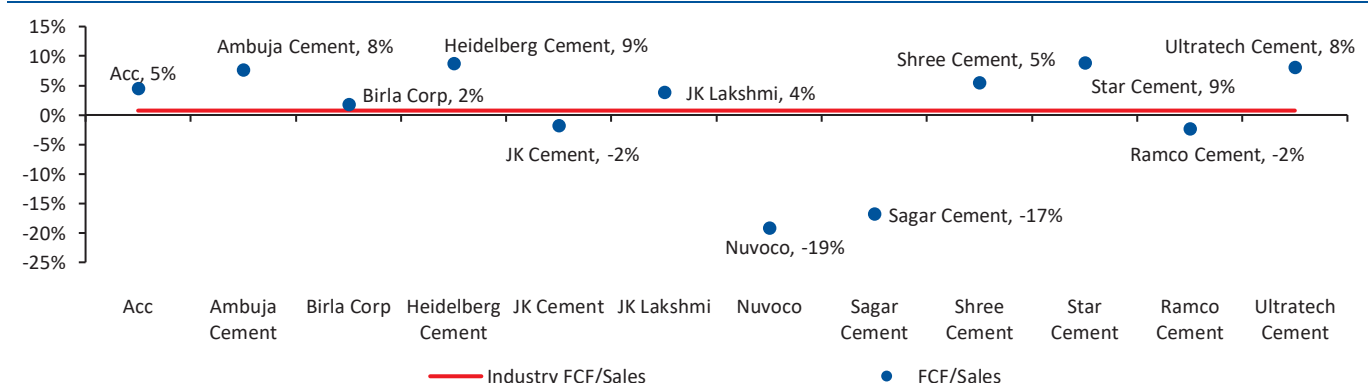
Source: Company, Centrum Broking

Exhibit 36: OCF to FCF conversion has been strong for Heidelberg due to low capex while weak for Nuvoco & Sagar



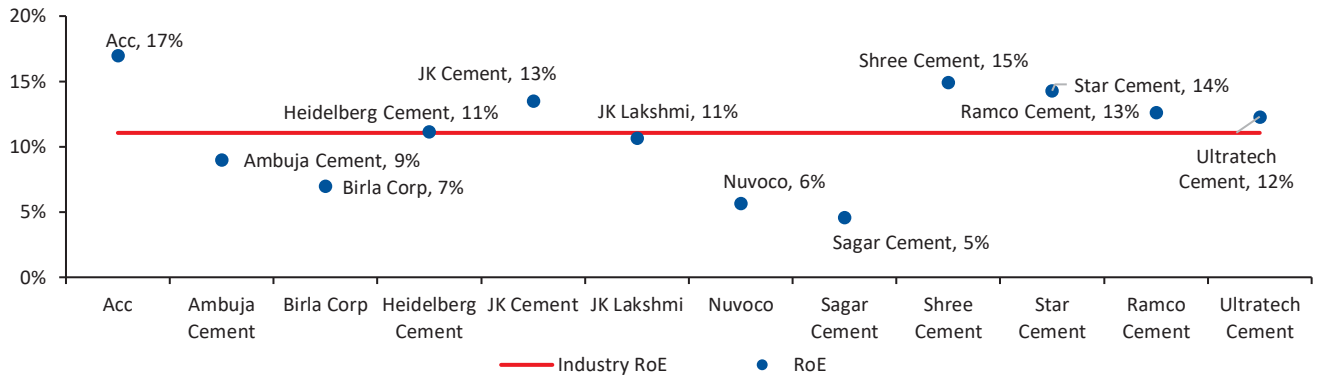
Source: Company, Centrum Broking

Exhibit 37: FCF to Sales conversion at Ultratech, Ambuja, Heidelberg and Star Cement remain high

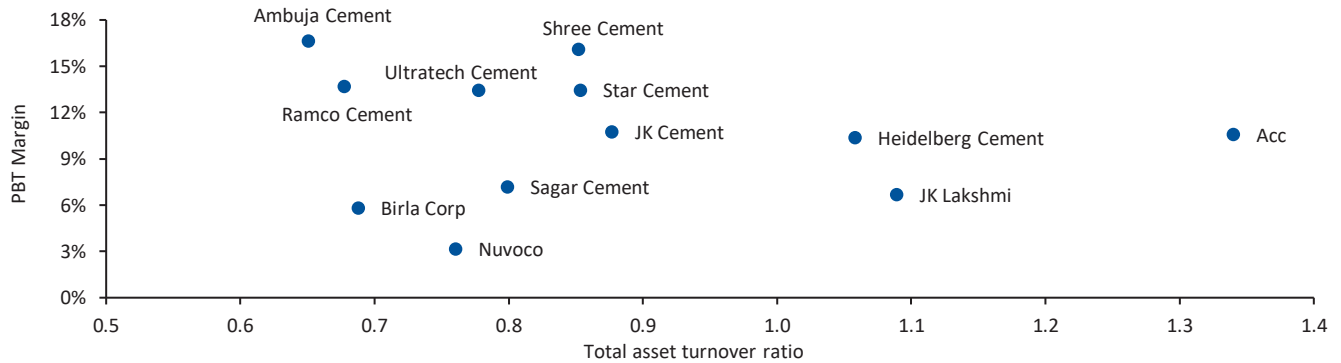


Source: Company, Centrum Broking

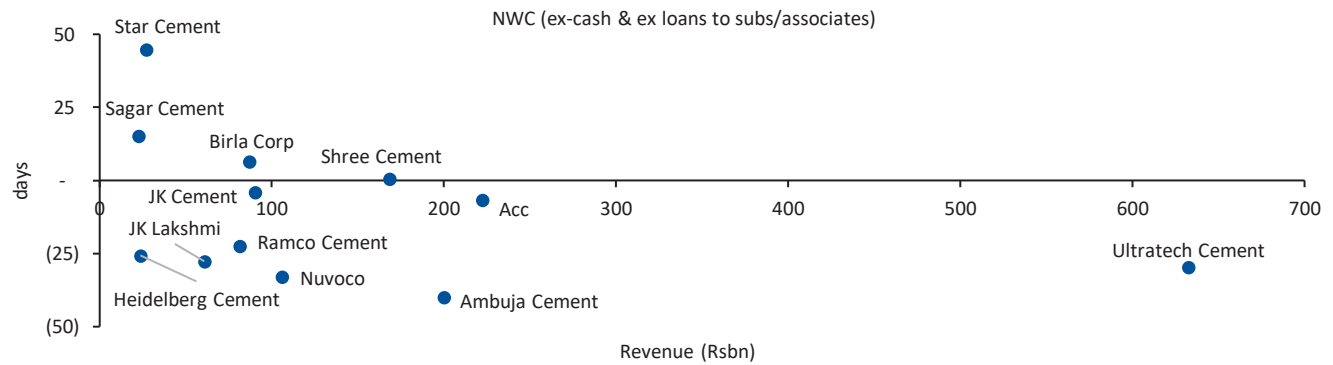
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 38: RoE average at 11% for cement companies; ACC, Shree and Star cement amongst the best

Source: Company, Centrum Broking

Exhibit 39: Industry asset turnover at 0.87x; ACC, JK Lakshmi and Heidelberg lead on higher capacity utilizations

Source: Company, Centrum broking

Exhibit 40: Average Net working capital days are largely negative for the sector

Source: Company, Centrum Broking

Exhibit 41: Key performance metrics for 10 years ended FY23

	ACC	Ambuja	Birla Corp	Heidelberg	JK Cement	JK Lakshmi	Nuvoco	Sagar	Shree	Star	Ramco	Ultratech
Revenue CAGR (%)^	5	7	11	11	12	11	14	13	12	16	8	11
EBITDA CAGR (%)^	(4)	3	7	18	9	5	5	4	7	15	2	8
PBT CAGR (%)^	(5)	4	(20)	18	9	6	NA	NA	3	22	(2)	7
Gross margin (%)	82	90	86	82	83	76	82	84	93	78	83	84
EBITDA margin (%)	14	19	13	18	18	14	16	15	25	23	22	20
PBT margin (%)	11	17	6	10	11	7	3	7	16	13	14	13
Net Debt/Equity (x)	(0.3)	(0.2)	0.6	0.5	0.9	0.8	0.6	0.5	0.0	0.2	0.5	0.2
Net Debt/EBITDA (x)	(1.6)	(2.0)	3.6	2.2	2.8	2.9	3.0	3.0	0.0	0.5	2.1	1.0
OCF/EBITDA (%)	71	82	70	69	69	68	77	77	84	78	87	76
FCF/OCF (%)	45	50	19	69	(15)	42	(158)	(147)	26	50	(12)	52
FCF/Sales (%)	5	8	2	9	(2)	4	(19)	(17)	5	9	(2)	8
NWC (ex-cash) – days	(7)	(40)	6	(26)	(4)	(28)	(33)	15	1	45	(22)	(30)
RoE (%)	11	9	7	11	13	11	6	5	15	14	13	12
Stock return (%)^	6	10	15	18	28	19	(18)	18	20	(2)	14	15

Source: Company, Centrum Broking; ^: FY13-23 CAGR

ACC reported poor CAGR of +5% revenue and -5% PBT over the past decade. Lack of investment in the business despite significant OCF generation in the past has resulted in weak growth and under performance of stock. The company witnessed change in management in FY23 as Adani group took over from Holcim and both OCF and FCF witnessed substantial drop. The company enjoyed negative working capital cycle (average NWC ex-cash days of -49 over FY14-23) earlier, however, WCAP requirement increased substantially in FY23. Average RoE at 17% is fairly strong given depreciated assets. Dividend payment has been consistently strong with FCF distribution of 73% over the decade. Stock has given 6% CAGR return over FY13-23.

22 September 2023

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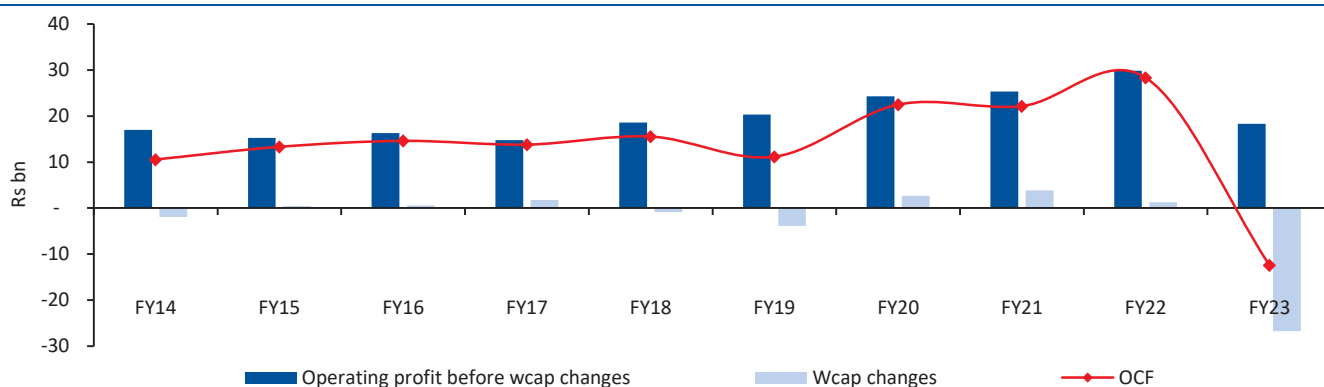
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Market data

Current price:	Rs2,007
Bloomberg:	ACC IN
52-week H/L:	Rs2,762/1,592
Market cap:	Rs376.8bn
Free float:	41.4%
Avg. daily vol. 3mth:	742919

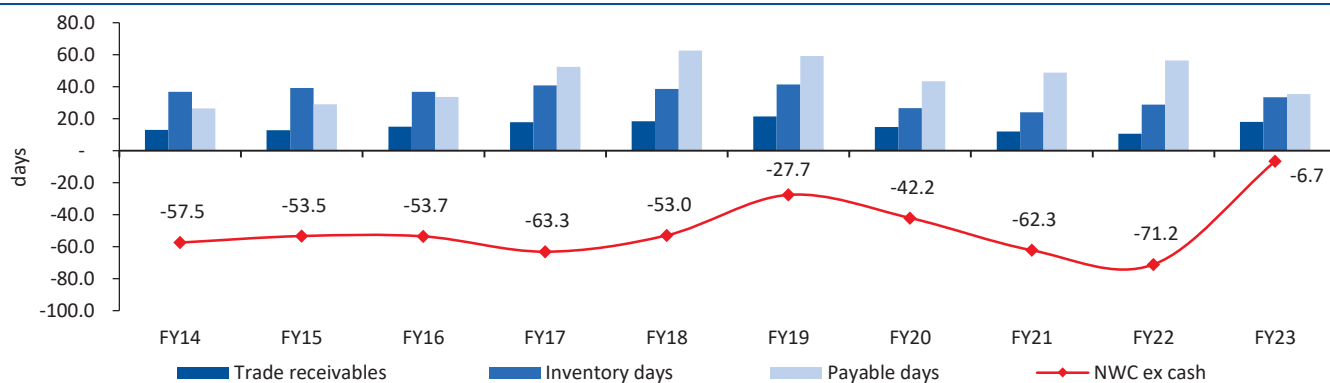
Source: Bloomberg

Exhibit 42: Consistently higher OCF as WCAP requirement minimum; FY23 numbers weak on higher capital advances



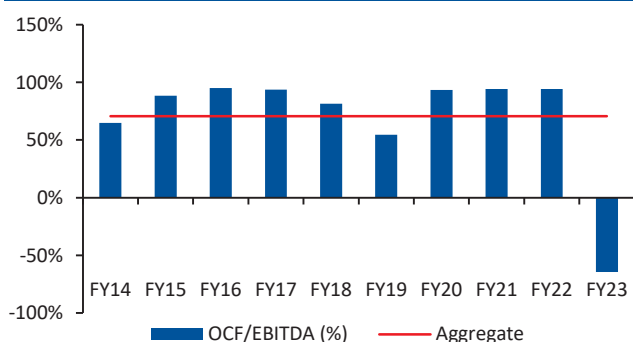
Source: Company, Centrum Broking

Exhibit 43: Negative working capital cycle largely an industry norm



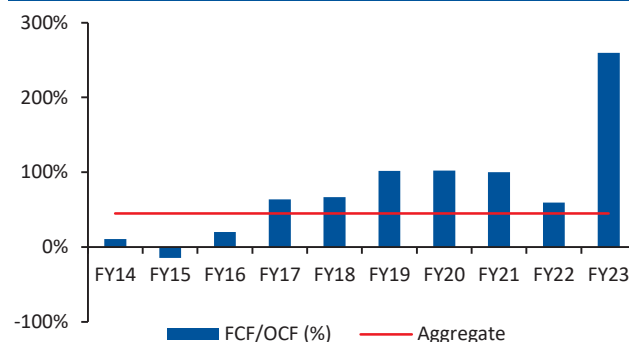
Source: Company, Centrum Broking

Exhibit 44: EBITDA to OCF conversion of 71% over 10 years



Source: Company, Centrum Broking

Exhibit 45: OCF to FCF conversion of 45% over 10 years



Source: Company, Centrum Broking; In FY23, both FCF and OCF are negative so ratio not comparable

Exhibit 46: Depreciated assets and lack of investments keep cash levels higher but restrict growth

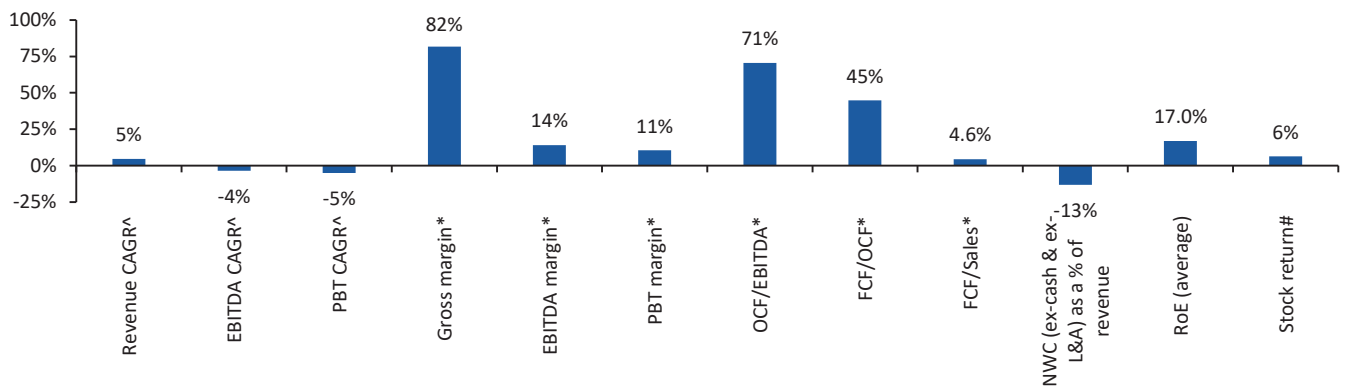
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)	(0.5)	(0.5)	(0.2)	(0.4)
Net Debt/EBITDA	(1.5)	(1.1)	(0.9)	(1.3)	(1.4)	(1.5)	(1.9)	(2.5)	(2.5)	(1.6)	(1.6)
RoCE pre -tax	21.3%	19.5%	17.6%	16.3%	19.9%	19.6%	22.2%	19.4%	22.3%	14.7%	19.3%
RoCE	19.0%	20.1%	13.3%	12.1%	14.0%	19.8%	14.9%	16.3%	16.5%	10.8%	15.7%
RoIC pre-tax	33.8%	27.8%	24.3%	23.0%	26.5%	18.4%	22.3%	22.4%	31.9%	9.2%	24.0%
RoE	25.7%	25.6%	20.2%	18.3%	17.8%	15.1%	12.3%	13.2%	14.2%	7.3%	17.0%

Source: Company, Centrum Broking

Exhibit 47: DuPont Analysis; RoEs could have been higher but restricted by lower financial leverage

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.94	1.02	0.90	0.88	0.81	1.01	0.67	0.85	0.75	0.77	0.86
Revenue/average total assets	1.42	1.46	1.41	1.27	1.43	1.38	1.32	1.07	1.14	1.50	1.34
Average total assets/Average NW	1.11	1.08	1.08	1.07	1.08	1.08	1.08	1.06	1.05	1.05	1.07
PBT/EBITDA	0.84	0.84	0.76	0.76	0.77	0.73	0.84	0.79	0.85	0.70	0.79
EBITDA/Revenue	0.21	0.19	0.20	0.20	0.19	0.14	0.15	0.17	0.19	0.09	0.17
RoE	25.7%	25.6%	20.2%	18.3%	17.8%	15.1%	12.3%	13.2%	14.2%	7.3%	17.0%

Source: Company, Centrum Broking

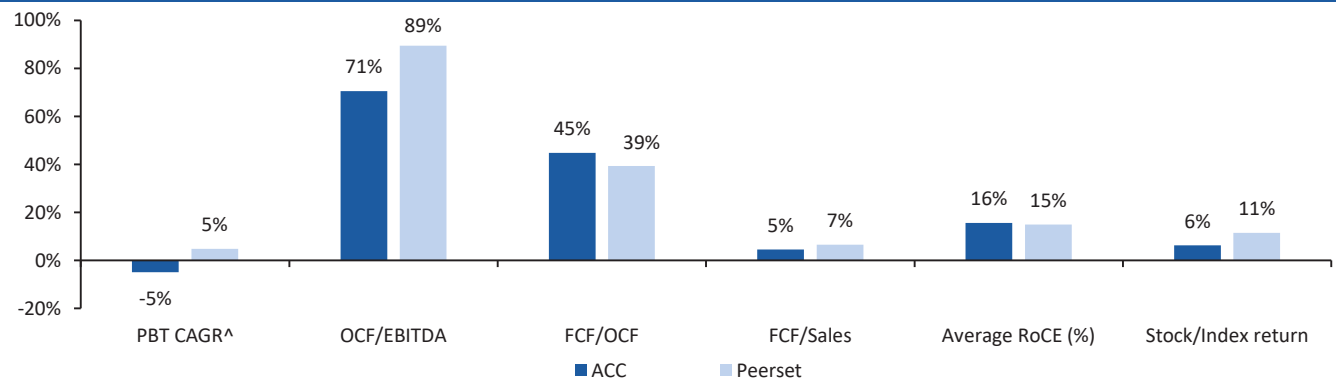
Exhibit 48: Lack of growth and inefficient utilization of capital impacted stock performance negatively

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate for FY14-23

Exhibit 49: Poor FCF utilization, though dividend distribution strong

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,158	(1,927)	2,970	8,826	10,354	11,407	22,953	22,163	16,808	(32,175)
FCF yield	1%	NA	1%	3%	3%	4%	8%	8%	4%	NA
Dividend + Buyback (b)	5,617	3,192	3,192	2,817	3,192	2,629	2,629	10,892	5,634	5,634
Distribution of FCF (b/a)	485%	NA	108%	32%	31%	23%	11%	49%	34%	NA
Cash & equivalents*/Capital employed	30%	18%	15%	21%	27%	26%	37%	44%	50%	20%

Source: Company, Centrum Broking *including liquid investments

Exhibit 50: ACC vs. Peer set

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	CY20A	CY21A	FY23A	FY24E	FY25E
Revenues	1,37,845	1,61,514	2,22,100	1,96,556	2,18,207
Operating Expense	85,156	1,00,483	1,63,426	1,35,393	1,46,529
Employee cost	8,391	8,340	10,362	8,841	9,194
Others	20,778	22,687	29,122	26,114	28,429
EBITDA	23,522	30,004	19,190	26,209	34,054
Depreciation & Amortisation	6,353	5,973	8,351	7,613	8,726
EBIT	17,169	24,031	10,839	18,596	25,329
Interest expenses	570	546	772	809	848
Other income	2,040	2,048	3,372	3,363	3,366
PBT	18,638	25,533	13,439	21,150	27,847
Taxes	2,728	6,401	3,122	5,502	7,245
Effective tax rate (%)	14.6	25.1	23.2	26.0	26.0
PAT	15,910	19,131	10,317	15,647	20,602
Minority/Associates	0	0	0	0	0
Recurring PAT	15,910	19,131	10,317	15,647	20,602
Extraordinary items	(1,760)	(929)	(1,618)	0	0
Reported PAT	14,149	18,203	8,699	15,647	20,602
Ratios					
YE Mar	CY20A	CY21A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(12.0)	17.2	37.5	(11.5)	11.0
EBITDA	(2.4)	27.6	(36.0)	36.6	29.9
Adj. EPS	17.1	20.3	(46.1)	51.7	31.7
Margins (%)					
Gross	81.8	82.4	75.5	71.9	71.9
EBITDA	17.1	18.6	8.6	13.3	15.6
EBIT	12.5	14.9	4.9	9.5	11.6
Adjusted PAT	11.5	11.3	3.9	8.0	9.4
Returns (%)					
ROE	13.2	14.2	7.3	10.8	13.0
ROCE	13.6	14.5	7.7	11.2	13.4
ROIC	19.2	23.9	7.1	13.5	18.1
Turnover (days)					
Gross block turnover ratio (x)	1.4	1.6	1.9	1.4	1.4
Debtors	14	10	11	15	12
Inventory	44	39	32	42	39
Creditors	62	60	38	42	44
Net working capital	(62)	(71)	(8)	(32)	(37)
Solvency (x)					
Net debt-equity	(0.5)	(0.5)	(0.2)	(0.4)	(0.4)
Interest coverage ratio	41.2	54.9	24.9	32.4	40.2
Net debt/EBITDA	(2.5)	(2.5)	(1.6)	(2.1)	(2.0)
Per share (Rs)					
Adjusted EPS	84.7	101.9	54.9	83.3	109.7
BVPS	674.2	757.7	747.8	801.1	880.8
CEPS	118.5	133.7	99.4	123.9	156.2
DPS	14.0	14.0	58.0	30.0	30.0
Dividend payout (%)	18.6	14.4	125.2	36.0	27.3
Valuation (x)					
P/E	23.7	19.7	36.5	24.1	18.3
P/BV	3.0	2.6	2.7	2.5	2.3
EV/EBITDA	13.5	10.1	18.1	12.3	9.0
Dividend yield (%)	0.7	0.7	2.9	1.5	1.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	CY20A	CY21A	FY23A	FY24E	FY25E
Equity share capital	1,880	1,880	1,880	1,880	1,880
Reserves & surplus	1,24,735	1,40,404	1,38,550	1,48,563	1,63,532
Shareholders fund	1,26,614	1,42,284	1,40,430	1,50,443	1,65,412
Minority Interest	0	0	0	0	0
Total debt	0	0	0	0	0
Non Current Liabilities	2,976	3,157	3,019	3,327	3,449
Def tax liab. (net)	3,762	3,827	4,331	3,831	3,831
Total liabilities	1,33,352	1,49,268	1,47,781	1,57,602	1,72,692
Gross block	96,535	1,02,482	1,16,788	1,38,128	1,53,141
Less: acc. Depreciation	(31,248)	(36,800)	(44,541)	(52,191)	(60,960)
Net block	65,287	65,682	72,247	85,937	92,181
Capital WIP	5,453	12,121	16,831	2,000	2,000
Net fixed assets	70,740	77,803	89,077	87,937	94,181
Non Current Assets	15,617	17,011	21,796	19,375	19,579
Investments	2,206	1,927	1,927	1,927	1,927
Inventories	9,005	12,733	16,235	14,906	16,548
Sundry debtors	4,515	4,624	8,747	7,001	7,772
Cash & Cash Equivalents	58,911	74,029	30,060	55,516	68,958
Loans & advances	598	652	1,209	1,269	1,332
Other current assets	10,247	10,390	24,994	14,132	12,758
Trade payables	14,163	18,992	14,922	16,155	19,418
Other current liab.	33,586	40,773	41,282	38,244	40,884
Provisions	159	157	101	101	101
Net current assets	35,369	42,506	24,941	38,323	46,965
Total assets	1,33,352	1,49,268	1,47,781	1,57,602	1,72,692
Cashflow					
YE Mar (Rs mn)	CY20A	CY21A	FY23A	FY24E	FY25E
Profit Before Tax	16,878	24,604	11,821	21,150	27,847
Depreciation & Amortisation	6,353	5,973	8,351	7,613	8,726
Net Interest	570	546	772	809	848
Net Change – WC	5,445	7,980	(26,403)	12,073	4,800
Direct taxes	(2,728)	(6,401)	(3,122)	(5,502)	(7,245)
Net cash from operations	26,518	32,702	(8,581)	36,141	34,976
Capital expenditure	(2,826)	(13,036)	(19,625)	(6,473)	(14,970)
Acquisitions, net	0	0	0	0	0
Investments	95	279	(27,193)	0	0
Others	(4,913)	(1,995)	(4,804)	2,421	(204)
Net cash from investing	(7,644)	(14,751)	(51,622)	(4,052)	(15,174)
FCF	18,874	17,950	(60,203)	32,090	19,802
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(2,629)	(2,629)	(10,892)	(5,634)	(5,634)
Interest paid	(570)	(546)	(772)	(809)	(848)
Others	(2,145)	343	705	(192)	122
Net cash from financing	(5,344)	(2,833)	(10,959)	(6,635)	(6,359)
Net change in Cash	13,530	15,118	(71,161)	25,455	13,442

Source: Company, Centrum Broking

Ambuja Cement (ACEM)

ACEM has grown revenue/PBT at 7%/4% over the past decade with average RoE of just 9%. Lack of capacity addition resulted in weak growth in the past, however, with the change in management last year, ACEM has embarked on a mission to double its capacity by FY27-28. As a result, capex intensity which was lower till FY22 has increased recently with FCF to OCF conversion going down in FY23. In the past, the company has distributed substantial amount of FCF (99% of FCF over FY14-23) through dividends and we expect FCF generation going forward to be lower as capex increases. The stock has given 10% CAGR returns over the decade largely due to 90% uptick over the past 2 years on takeover of business by Adani from Holcim group.

22 September 2023

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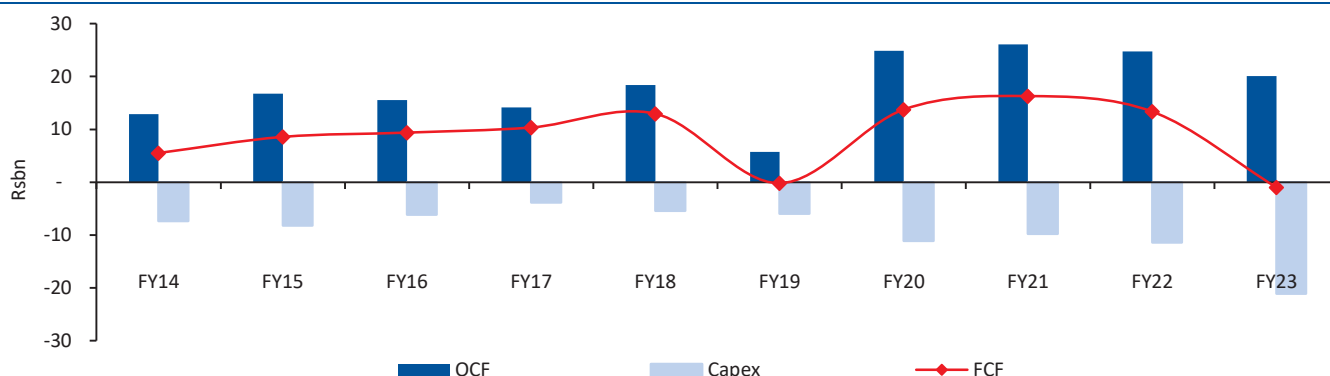
sanjit.tambe@centrum.co.in

Market data

Current price:	Rs437
Bloomberg:	ACEM IN
52-week H/L:	Rs598/315
Market cap:	Rs867bn
Free float:	30.6%
Avg. daily vol. 3mth:	4015917

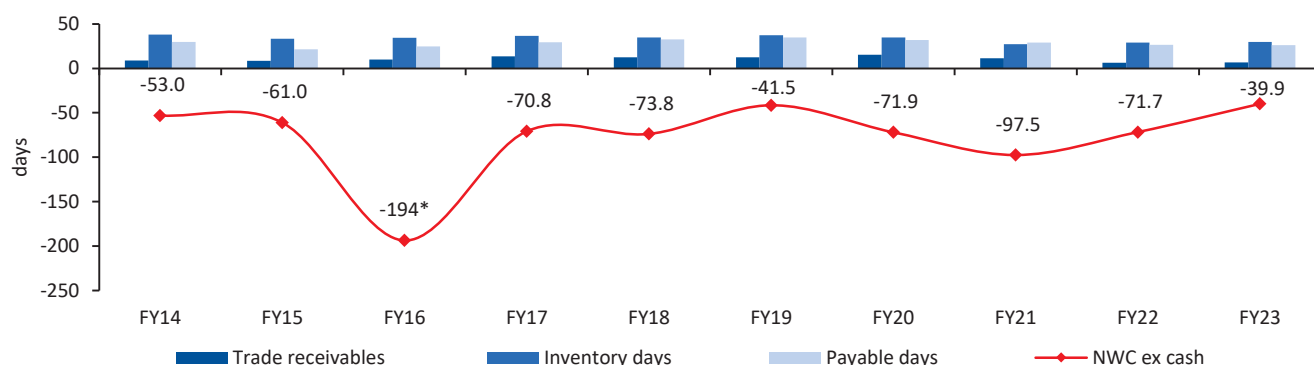
Source: Bloomberg

Exhibit 51: Consistent growth in OCF till FY22 barring FY19; negative FCF in FY23 as capex intensity increases



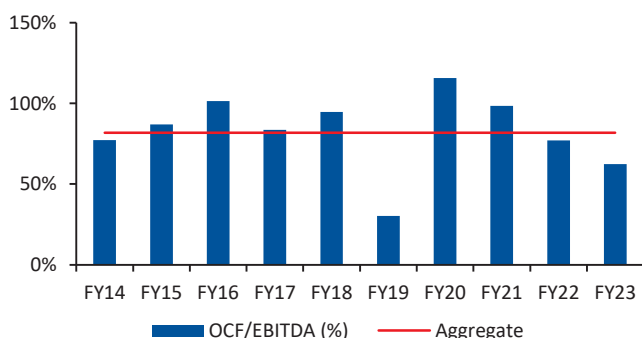
Source: Company, Centrum Broking

Exhibit 52: NWC remains in negative zone



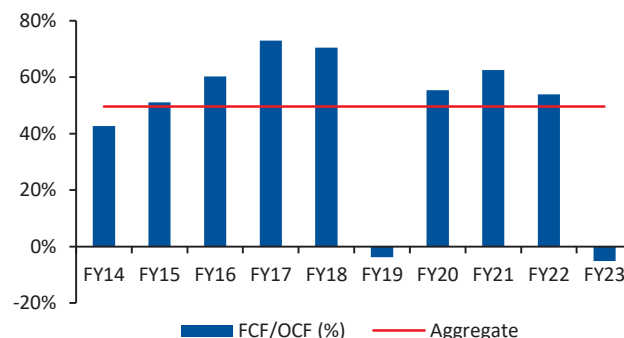
Source: Company, Centrum Broking; *- additional current liability of Rs35bn towards payment to promoters under amalgamation scheme of ACEM and ACC

Exhibit 53: EBITDA to OCF conversion of 82% over 10 years



Source: Company, Centrum Broking

Exhibit 54: OCF to FCF conversion of 50% over 10 years



Source: Company, Centrum Broking

Exhibit 55: ACEM remained net cash company; funded ACC acquisition through accumulated cash

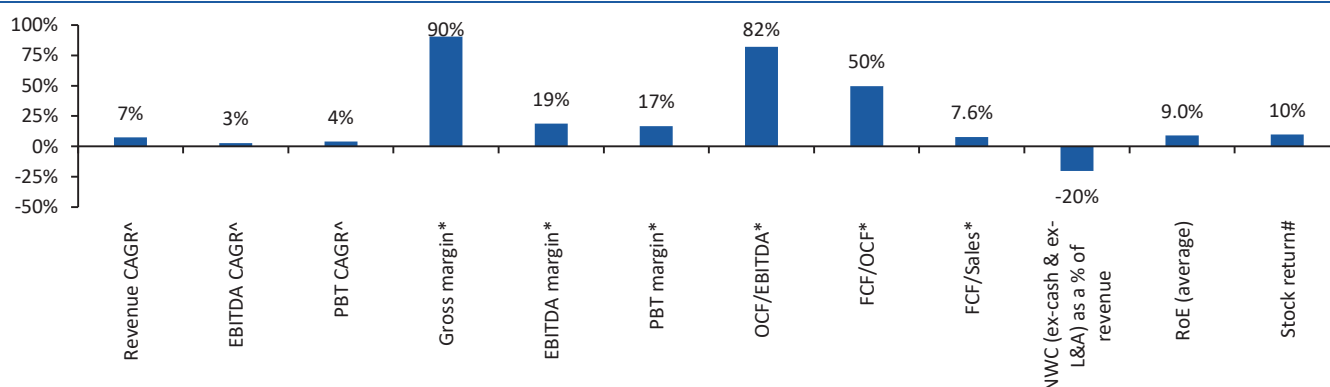
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.4)	(0.4)	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.3)	(0.2)
Net Debt/EBITDA	(2.4)	(2.3)	(3.4)	(1.5)	(1.8)	(1.7)	(2.2)	(1.1)	(1.3)	(2.5)	(2.0)
RoCE pre-tax	20.3%	22.0%	11.8%	10.7%	10.8%	10.4%	11.3%	13.5%	15.6%	15.7%	14.2%
RoCE	17.3%	18.4%	8.1%	7.8%	8.4%	10.3%	8.9%	10.0%	11.6%	13.1%	11.4%
RoIC pre-tax	19.3%	22.7%	6.2%	4.9%	8.0%	7.4%	9.0%	11.8%	14.3%	11.6%	11.5%
RoE	13.9%	15.3%	5.5%	4.9%	6.4%	7.9%	7.1%	8.4%	10.1%	10.7%	9.0%

Source: Company, Centrum Broking

Exhibit 56: Return ratios impacted post ACC acquisition and higher cash on books

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.85	0.84	0.69	0.73	0.77	0.99	0.78	0.74	0.75	0.84	0.80
Revenue/average total assets	0.94	0.96	0.62	0.46	0.52	0.54	0.53	0.52	0.64	0.77	0.65
Average total assets/Average NW	1.07	1.07	1.05	1.03	1.03	1.02	1.02	1.02	1.03	1.02	1.04
PBT/EBITDA	0.89	0.92	0.77	0.76	0.83	0.86	0.91	0.91	0.89	1.00	0.87
EBITDA/Revenue	0.18	0.19	0.16	0.18	0.19	0.17	0.18	0.23	0.23	0.16	0.19
RoE	13.9%	15.3%	5.5%	4.9%	6.4%	7.9%	7.1%	8.4%	10.1%	10.7%	9.0%

Source: Company, Centrum Broking

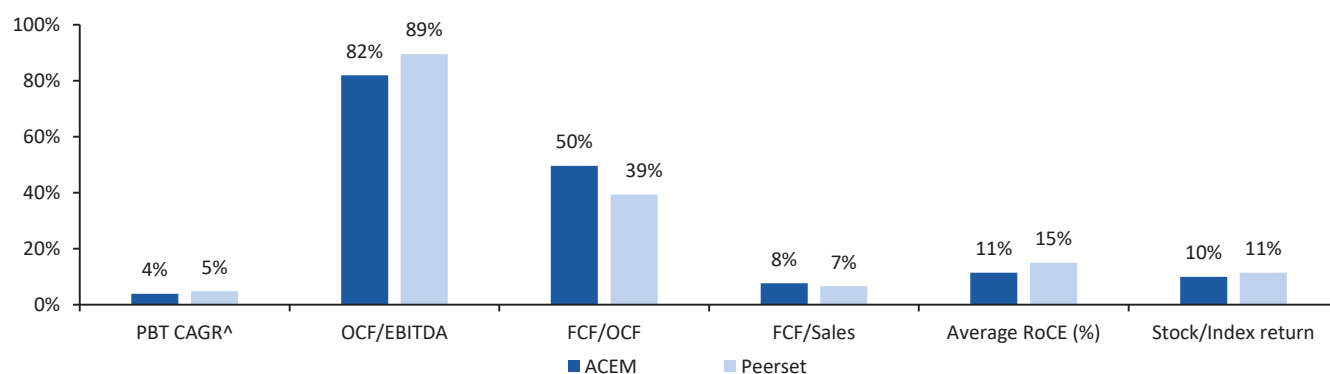
Exhibit 57: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 58: Accumulated FCF helped to acquire ACC in CY16; keeps higher cash in books

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	5,497	8,551	9,360	10,327	12,938	(217)	13,745	16,284	13,336	(1,020)
FCF yield	2.0%	2.4%	2.8%	2.4%	2.5%	NA	3.4%	3.6%	1.8%	NA
Dividend + Buyback (b)	5,549	6,173	7,444	5,516	5,550	3,983	2,979	36,646	2,021	12,514
Distribution of FCF (b/a)	101%	72%	80%	53%	43%	NA	22%	225%	15%	NA
Cash & equivalents*/Capital employed	23%	23%	26%	13%	17%	16%	21%	14%	18%	29%

Source: Company, Centrum Broking *including liquid investments

Exhibit 59: Ambuja Cement vs. Peer set

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	CY20A	CY21A	FY23A	FY24E	FY25E
Revenues	1,13,719	1,39,790	1,99,854	1,75,508	1,89,600
Operating Expense	62,719	78,680	1,31,327	1,01,453	1,08,410
Employee cost	6,688	6,812	8,002	7,685	8,096
Others	17,845	22,147	28,321	26,148	29,078
EBITDA	26,466	32,152	32,204	40,223	44,017
Depreciation & Amortisation	5,212	5,517	8,324	7,795	8,349
EBIT	21,254	26,634	23,880	32,427	35,667
Interest expenses	831	910	1,280	1,356	1,438
Other income	3,720	2,812	9,523	5,423	5,799
PBT	24,144	28,536	32,123	36,494	40,028
Taxes	6,243	7,047	5,016	9,671	10,608
Effective tax rate (%)	25.9	24.7	15.6	26.5	26.5
PAT	17,901	21,489	27,108	26,823	29,421
Minority/Associates	0	0	0	0	0
Recurring PAT	17,901	21,489	27,108	26,823	29,421
Extraordinary items	0	(657)	(1,573)	0	0
Reported PAT	17,901	20,832	25,535	26,823	29,421
Ratios					
YE Mar	CY20A	CY21A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(2.5)	22.9	43.0	(12.2)	8.0
EBITDA	23.2	21.5	0.2	24.9	9.4
Adj. EPS	17.1	20.0	22.5	(17.9)	9.7
Margins (%)					
Gross	89.8	91.9	86.3	86.1	86.2
EBITDA	23.3	23.0	16.1	22.9	23.2
EBIT	18.7	19.1	11.9	18.5	18.8
Adjusted PAT	15.7	14.9	12.8	15.3	15.5
Returns (%)					
ROE	8.4	10.1	10.7	7.3	6.4
ROCE	8.7	10.4	11.1	7.5	6.6
ROIC	8.8	10.8	9.8	10.3	10.3
Turnover (days)					
Gross block turnover ratio (x)	1.3	1.3	1.5	1.3	1.3
Debtors	11	6	7	8	7
Inventory	49	51	45	58	51
Creditors	53	47	40	56	49
Net working capital	(97)	(72)	(40)	(50)	(45)
Solvency (x)					
Net debt-equity	(0.1)	(0.2)	(0.3)	(0.5)	(0.5)
Interest coverage ratio	31.9	35.3	25.2	29.7	30.6
Net debt/EBITDA	(1.1)	(1.3)	(2.5)	(5.6)	(5.0)
Per share (Rs)					
Adjusted EPS	9.0	10.8	13.3	10.9	11.9
BVPS	102.3	111.8	139.4	183.5	191.5
CEPS	11.6	13.6	17.3	14.1	15.3
DPS	18.5	1.0	6.1	4.0	4.0
Dividend payout (%)	204.7	9.7	49.0	36.7	33.5
Valuation (x)					
P/E	48.4	40.3	32.9	40.1	36.6
P/BV	4.3	3.9	3.1	2.4	2.3
EV/EBITDA	31.7	25.7	24.4	16.0	14.7
Dividend yield (%)	4.2	0.2	1.4	0.9	0.9

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	CY20A	CY21A	FY23A	FY24E	FY25E
Equity share capital	3,971	3,971	3,971	4,926	4,926
Reserves & surplus	1,99,187	2,18,101	2,81,122	4,47,139	4,66,707
Shareholders fund	2,03,159	2,22,073	2,85,094	4,52,065	4,71,633
Minority Interest	0	0	0	0	0
Total debt	436	435	435	435	435
Non Current Liabilities	3,924	3,631	1,059	1,100	1,144
Def tax liab. (net)	1,860	2,018	2,018	2,018	2,018
Total liabilities	2,09,379	2,28,157	2,88,606	4,55,618	4,75,231
Gross block	84,912	1,07,075	1,29,999	1,38,753	1,49,140
Less: acc. Depreciation	(29,337)	(34,051)	(42,398)	(50,218)	(58,595)
Net block	55,575	73,025	87,601	88,535	90,545
Capital WIP	18,737	9,513	8,419	35,000	55,000
Net fixed assets	78,052	85,970	99,452	1,26,968	1,48,977
Non Current Assets	13,010	8,863	9,339	9,845	10,381
Investments	1,17,922	1,17,969	1,17,969	1,17,969	1,17,969
Inventories	7,466	14,636	17,981	14,086	16,058
Sundry debtors	1,915	2,932	4,354	3,487	3,958
Cash & Cash Equivalents	29,243	41,631	82,510	2,23,828	2,20,020
Loans & advances	44	48	48	48	48
Other current assets	5,639	8,501	10,413	9,752	10,233
Trade payables	8,809	11,444	17,078	13,941	15,104
Other current liab.	36,588	42,044	37,476	37,512	38,396
Provisions	39	89	93	96	100
Net current assets	(1,127)	14,169	60,659	1,99,651	1,96,717
Total assets	2,09,379	2,28,157	2,88,606	4,55,618	4,75,231
Cashflow					
YE Mar (Rs mn)	CY20A	CY21A	FY23A	FY24E	FY25E
Profit Before Tax	24,144	27,879	30,551	36,494	40,028
Depreciation & Amortisation	5,212	5,517	8,324	7,795	8,349
Net Interest	831	910	1,280	1,356	1,438
Net Change – WC	7,382	(2,906)	(5,611)	2,327	(875)
Direct taxes	(6,243)	(7,047)	(5,016)	(9,671)	(10,608)
Net cash from operations	31,325	24,354	29,528	38,302	38,333
Capital expenditure	(14,053)	(13,435)	(21,806)	(35,311)	(30,359)
Acquisitions, net	0	0	0	0	0
Investments	(32)	(47)	0	0	0
Others	(206)	4,480	(477)	(506)	(536)
Net cash from investing	(14,290)	(9,003)	(22,283)	(35,817)	(30,895)
FCF	17,035	15,351	7,245	2,485	7,438
Issue of share capital	0	0	0	955	0
Increase/(decrease) in debt	83	(1)	0	0	0
Dividend paid	(36,646)	(2,021)	(12,514)	(9,853)	(9,853)
Interest paid	(831)	(910)	(1,280)	(1,356)	(1,438)
Others	2,607	(32)	47,428	1,49,087	44
Net cash from financing	(34,786)	(2,964)	33,634	1,38,833	(11,246)
Net change in Cash	(17,752)	12,387	40,879	1,41,319	(3,809)

Source: Company, Centrum Broking

Birla Corporation (BCORP)

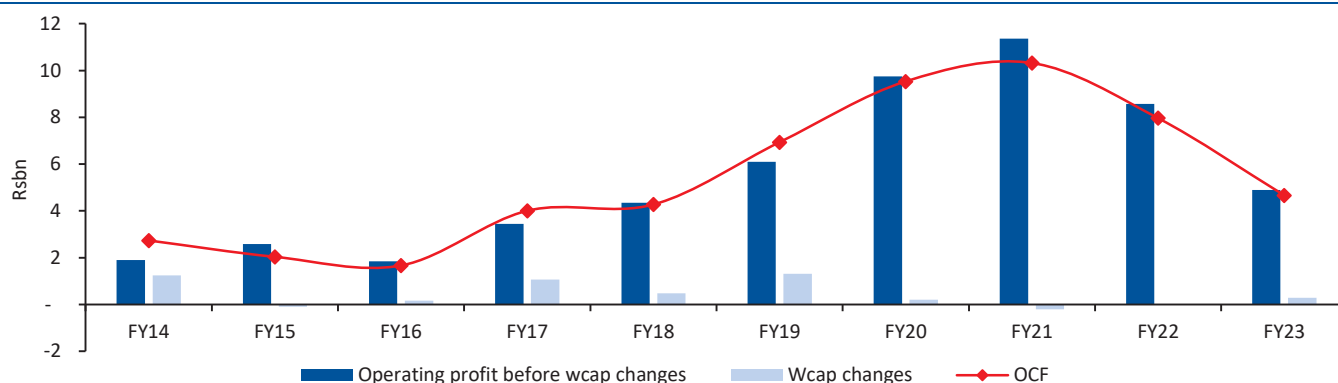
BCORP has delivered 11% revenue CAGR over the past decade while PBT CAGR is negative on account of weak earnings performance in FY23. OCF to EBITDA conversion of BCORP is 70%. NWC days continue to be negative with decadal average of -50 days. Average net debt:EBITDA at 3.6x is higher than peers on account of Reliance cement acquisition in FY16 and greenfield expansion at Mukutban. Average FCF to OCF ratio stands at 45% and has come off recently owing to increased capex. Decadal RoE at 7% is much lower than peers on heavy asset base post-acquisition and higher interest and depreciation costs post greenfield expansion. The stock has given 15% returns over a decade as a result of steady revenue growth.

Market data

Current price:	Rs1,216
Bloomberg:	BCORP IN
52-week H/L:	Rs1,340/843
Market cap:	Rs93.6bn
Free float:	36.1%
Avg. daily vol. 3mth:	128689

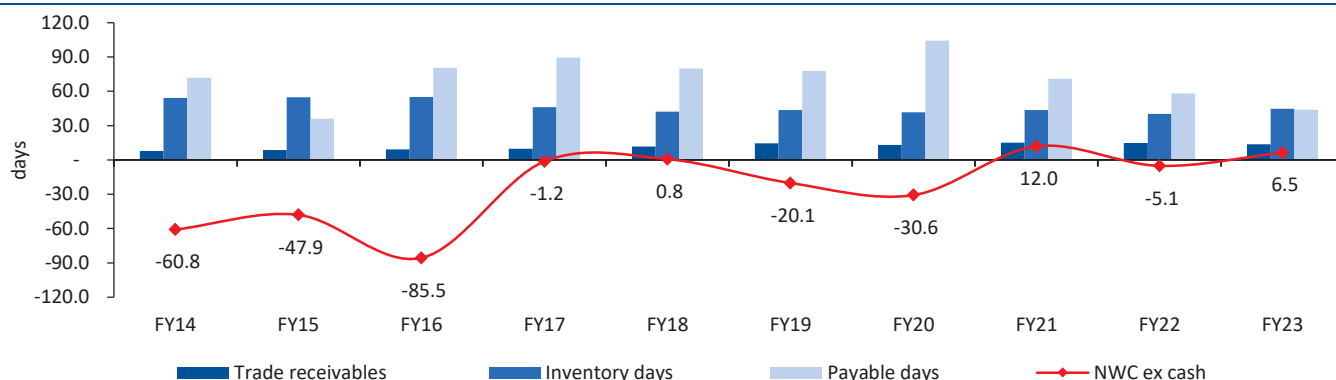
Source: Bloomberg

Exhibit 60: Cash flow from operations remain positive; improved sharply post Reliance cement acquisition



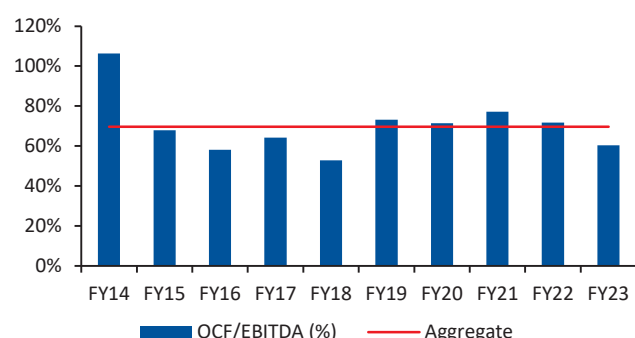
Source: Company, Centrum Broking

Exhibit 61: Higher payables offset relatively higher inventory days; NWC marginally higher than peers



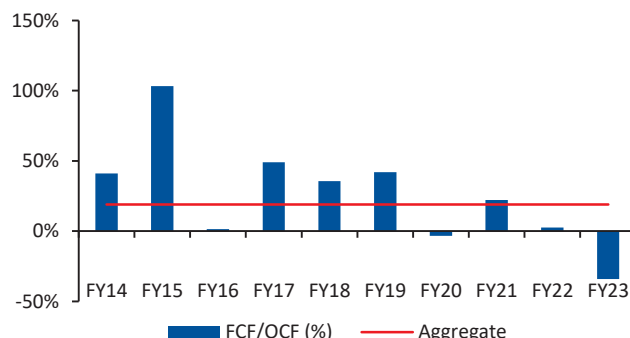
Source: Company, Centrum Broking

Exhibit 62: EBITDA to OCF conversion of 70% over 10 years, one of the best in the industry



Source: Company, Centrum Broking

Exhibit 63: OCF to FCF conversion of 19%



Source: Company, Centrum Broking

Exhibit 64: Leverage higher post Reliance cement acquisition and greenfield capacity expansion in Maharashtra

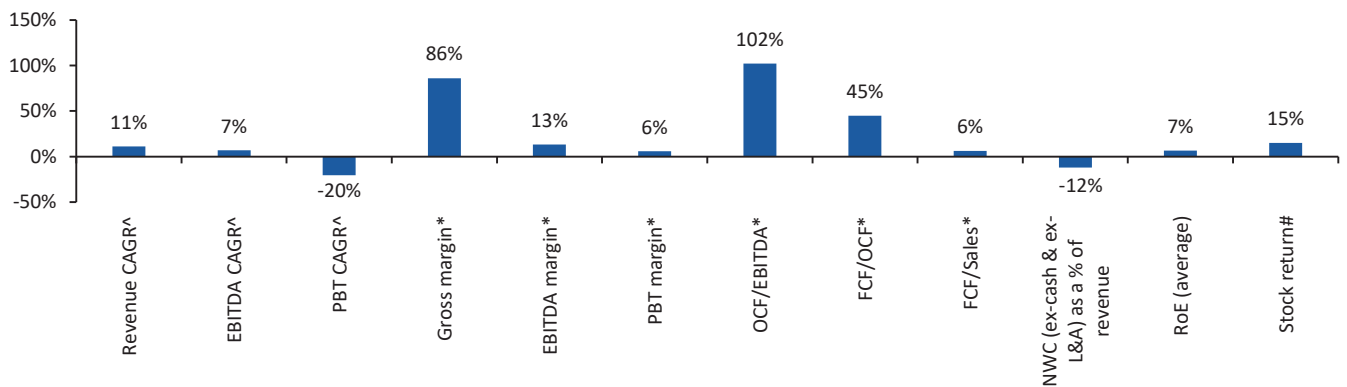
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.2	0.3	0.2	1.1	0.9	0.8	0.7	0.7	0.7	0.7	0.6
Net Debt/EBITDA	2.2	2.6	2.0	6.0	4.5	3.7	2.6	2.9	3.7	5.4	3.6
RoCE pre-tax	7.7%	9.5%	8.7%	11.5%	6.0%	6.9%	10.8%	11.3%	8.9%	4.7%	8.6%
RoCE	5.9%	6.8%	7.0%	8.7%	6.8%	6.8%	9.5%	10.5%	6.2%	3.4%	7.2%
RoIC pre-tax	3.4%	3.6%	3.4%	4.5%	5.1%	6.5%	9.9%	8.7%	5.9%	2.2%	5.3%
RoE	5.7%	7.3%	7.2%	7.3%	4.4%	5.8%	10.9%	13.4%	7.5%	0.6%	7.0%

Source: Company, Centrum Broking

Exhibit 65: DuPont Analysis; lower RoE as asset turnover and margins lower

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.86	0.83	0.86	0.95	0.97	0.81	0.74	0.89	0.76	0.93	0.86
Revenue/average total assets	0.73	0.74	0.73	0.67	0.64	0.69	0.70	0.63	0.64	0.71	0.69
Average total assets/Average NW	1.66	1.68	1.61	2.08	2.38	2.18	2.12	2.09	2.03	2.03	1.99
PBT/EBITDA	0.64	0.75	0.81	0.38	0.21	0.33	0.51	0.58	0.51	0.05	0.48
EBITDA/Revenue	0.09	0.09	0.09	0.14	0.14	0.14	0.19	0.20	0.15	0.09	0.13
RoE	5.7%	7.3%	7.2%	7.3%	4.4%	5.8%	10.9%	13.4%	7.5%	0.6%	7.0%

Source: Company, Centrum Broking

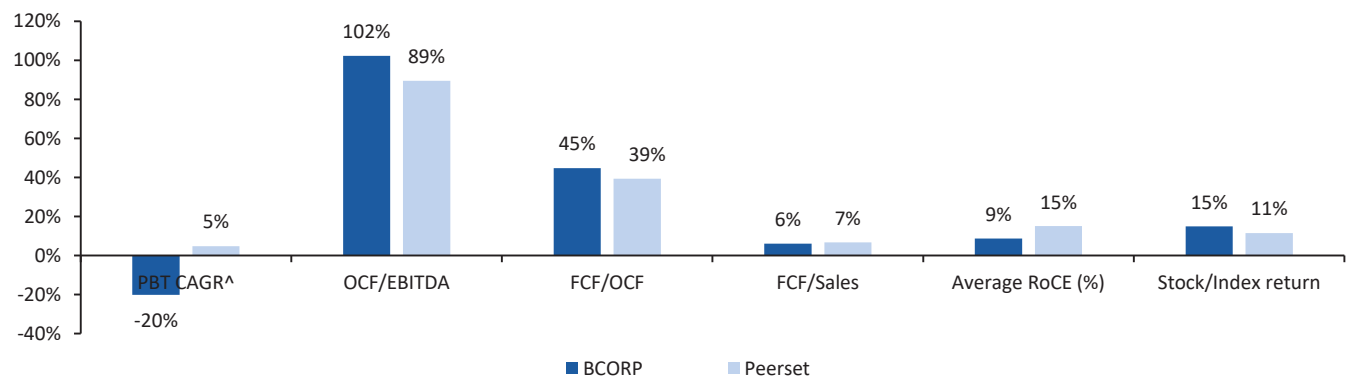
Exhibit 66: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate for FY14-23

Exhibit 67: Consistent positive FCF generation; cashflows used for growth and to deleverage balance sheet

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,977	2,887	848	4,732	5,295	6,611	3,552	5,256	2,629	1,791
FCF yield	11%	9%	3%	10%	7%	13%	8%	11%	3%	2%
Dividend + Buyback (b)	405	541	556	556	602	603	-	1,274	770	193
Distribution of FCF (b/a)	21%	19%	66%	12%	11%	9%	0%	24%	29%	11%
Cash & equivalents*/Capital employed	13%	11%	8%	5%	2%	1%	3%	2%	1%	2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 68: BCORP vs. Peer set

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	67,855	74,612	86,823	97,163	1,05,943
Operating Expense	50,501	59,031	73,890	76,767	82,497
Employee cost	3,978	4,481	5,213	5,422	5,638
Others	0	0	0	0	0
EBITDA	13,376	11,100	7,720	14,974	17,807
Depreciation & Amortisation	3,708	3,969	5,099	5,483	5,841
EBIT	9,668	7,131	2,621	9,491	11,967
Interest expenses	2,963	2,427	3,387	2,907	3,147
Other income	999	988	1,131	1,187	1,211
PBT	7,704	5,692	365	7,771	10,030
Taxes	825	1,392	26	2,021	2,608
Effective tax rate (%)	10.7	24.4	7.2	26.0	26.0
PAT	6,880	4,300	339	5,751	7,422
Minority/Associates	0	0	0	0	0
Recurring PAT	6,880	4,300	339	5,751	7,422
Extraordinary items	(579)	(314)	67	0	0
Reported PAT	6,301	3,986	405	5,751	7,422
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(1.9)	10.0	16.4	11.9	9.0
EBITDA	0.1	(17.0)	(30.5)	94.0	18.9
Adj. EPS	36.2	(37.5)	(92.1)	1,598.9	29.1
Margins (%)					
Gross	85.5	85.9	87.4	87.2	87.0
EBITDA	19.7	14.9	8.9	15.4	16.8
EBIT	14.2	9.6	3.0	9.8	11.3
Adjusted PAT	10.1	5.3	0.5	5.9	7.0
Returns (%)					
ROE	13.4	7.5	0.6	9.2	10.8
ROCE	10.5	6.2	3.4	7.6	9.3
ROIC	8.2	4.5	2.0	5.7	7.3
Turnover (days)					
Gross block turnover ratio (x)	0.7	0.8	0.7	0.7	0.7
Debtors	14	14	13	13	13
Inventory	58	50	46	52	51
Creditors	40	42	42	45	44
Net working capital	49	49	41	35	33
Solvency (x)					
Net debt-equity	0.7	0.7	0.7	0.6	0.4
Interest coverage ratio	4.5	4.6	2.3	5.2	5.7
Net debt/EBITDA	2.9	3.7	5.4	2.6	1.7
Per share (Rs)					
Adjusted EPS	89.3	55.8	4.4	74.7	96.4
BVPS	712.4	785.5	776.6	846.3	935.2
CEPS	137.5	107.4	70.6	145.9	172.2
DPS	16.5	10.0	2.5	5.0	7.5
Dividend payout (%)	20.2	19.3	47.5	6.7	7.8
Valuation (x)					
P/E	13.6	21.8	276.6	16.3	12.6
P/BV	1.7	1.5	1.6	1.4	1.3
EV/EBITDA	9.9	12.1	17.5	8.9	6.9
Dividend yield (%)	1.4	0.8	0.2	0.4	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	770	770	770	770	770
Reserves & surplus	54,090	59,719	59,038	64,404	71,249
Shareholders fund	54,860	60,489	59,808	65,174	72,019
Minority Interest	0	0	0	0	0
Total debt	40,464	42,080	43,497	40,497	32,497
Non Current Liabilities	9,136	9,051	9,477	9,737	10,006
Def tax liab. (net)	8,668	9,722	9,712	9,712	9,712
Total liabilities	1,13,128	1,21,343	1,22,494	1,25,120	1,24,234
Gross block	91,078	97,536	1,25,697	1,36,270	1,41,270
Less: acc. Depreciation	(17,852)	(21,780)	(27,287)	(33,183)	(39,438)
Net block	73,226	75,756	98,410	1,03,087	1,01,832
Capital WIP	21,034	25,493	3,573	3,000	2,000
Net fixed assets	94,283	1,01,276	1,01,994	1,06,098	1,03,843
Non Current Assets	5,103	4,506	4,422	4,289	4,355
Investments	2,890	4,073	4,105	4,105	4,105
Inventories	8,101	8,200	10,616	11,222	11,866
Sundry debtors	2,795	3,028	3,233	3,647	4,064
Cash & Cash Equivalents	1,773	1,380	2,183	1,232	2,407
Loans & advances	5,260	5,740	5,538	5,593	5,649
Other current assets	8,752	10,313	8,629	7,710	7,293
Trade payables	5,890	7,620	9,197	9,657	10,140
Other current liab.	9,823	9,418	8,900	8,989	9,079
Provisions	115	135	129	129	129
Net current assets	10,853	11,488	11,973	10,628	11,931
Total assets	1,13,128	1,21,343	1,22,494	1,25,120	1,24,234
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	7,126	5,378	431	7,771	10,030
Depreciation & Amortisation	3,708	3,969	5,099	5,483	5,841
Net Interest	2,963	2,427	3,387	2,907	3,147
Net Change – WC	(6,990)	354	(1,131)	(607)	(627)
Direct taxes	(825)	(1,392)	(26)	(2,021)	(2,608)
Net cash from operations	5,982	10,736	7,760	13,534	15,783
Capital expenditure	(8,698)	(10,962)	(5,817)	(9,586)	(3,586)
Acquisitions, net	0	0	0	0	0
Investments	838	(2,568)	1,410	1,000	500
Others	(1,181)	599	91	133	(66)
Net cash from investing	(9,041)	(12,931)	(4,316)	(8,453)	(3,152)
FCF	(3,059)	(2,195)	3,444	5,080	12,631
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	2,938	1,616	1,416	(3,000)	(8,000)
Dividend paid	(1,274)	(770)	(193)	(385)	(578)
Interest paid	(2,963)	(2,427)	(3,387)	(2,907)	(3,147)
Others	3,572	3,383	(478)	261	269
Net cash from financing	2,273	1,802	(2,641)	(6,031)	(11,456)
Net change in Cash	(786)	(393)	803	(951)	1,175

Source: Company, Centrum Broking

Heidelberg Cement (HEIM)

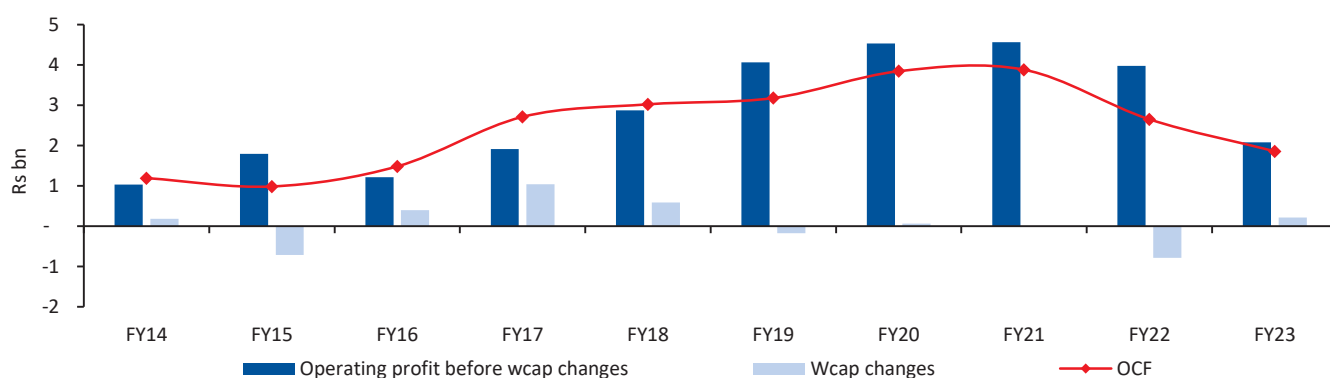
HEIM has delivered modest revenue and PBT CAGR of 11% and 18%, respectively over the past decade. The company has negative working capital throughout the decade (average -58 days). EBITDA to OCF conversion of the company at 69% is lower than the industry while OCF to FCF conversion is higher on account of lack of capex. RoEs, which recorded significant improvement from FY14 to FY20, have come off subsequently on lower financial leverage. Stock's decadal return looks impressive at 18% given strong growth in initial years, however, lack of capacity addition has restricted the stock returns over the past three years to less than 5%.

Market data

Current price:	Rs188
Bloomberg:	HEIM IN
52-week H/L:	Rs233/153
Market cap:	Rs42.7bn
Free float:	25.5%
Avg. daily vol. 3mth:	472357

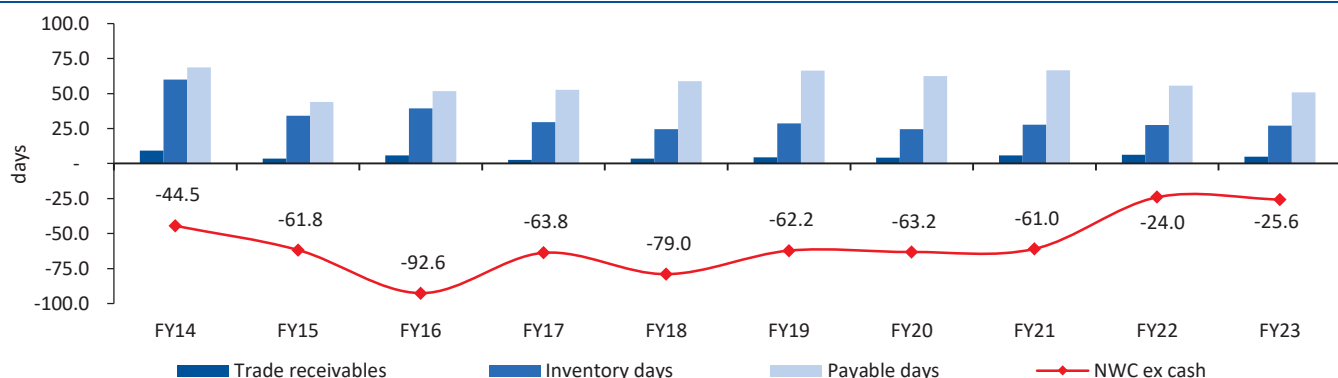
Source: Bloomberg

Exhibit 69: OCF plateaued in the absence of capacity addition



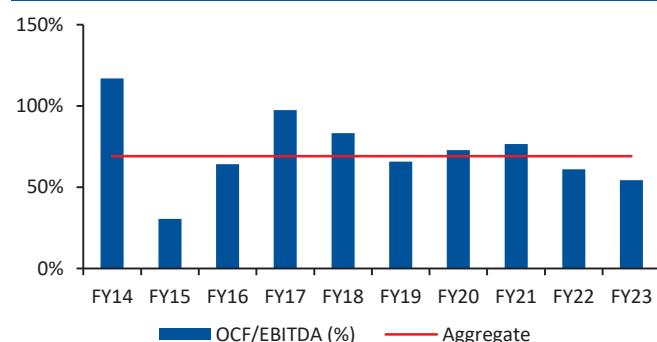
Source: Company, Centrum Broking

Exhibit 70: Net working capital remained negative throughout last decade; loans given to sister concern in FY22



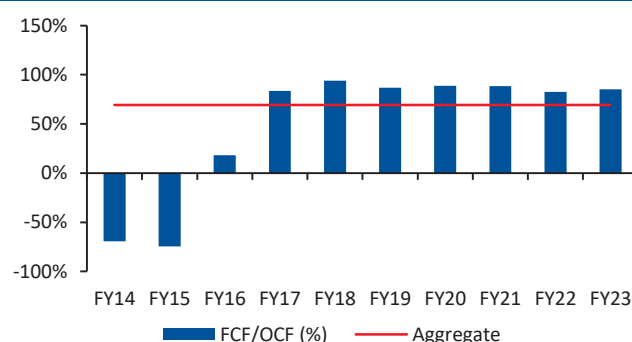
Source: Company, Centrum Broking

Exhibit 71: EBITDA to OCF conversion of 69% over 10 years



Source: Company, Centrum Broking

Exhibit 72: FCF/OCF higher on lack of capex



Source: Company, Centrum Broking

Exhibit 73: Net cash balance sheet for the past four years; return ratios off highs on lack of reinvestment of profits

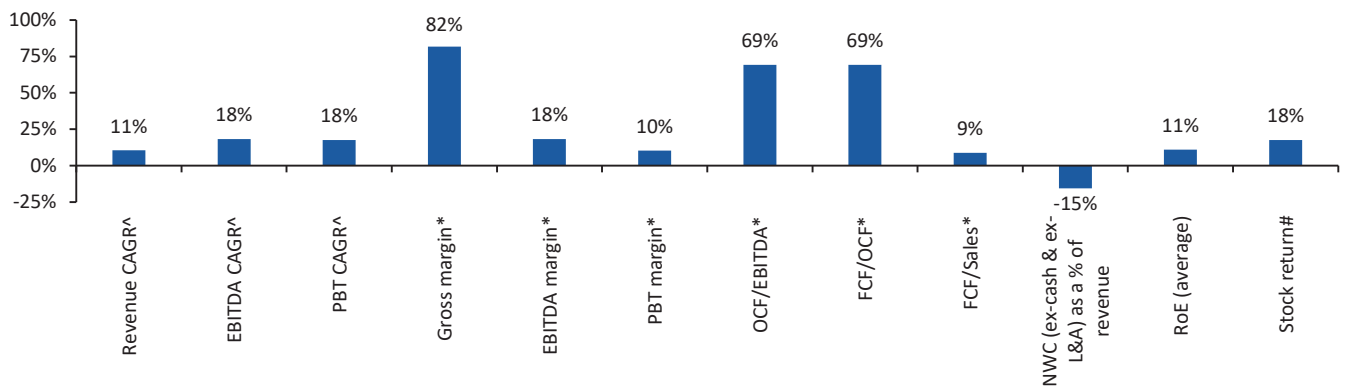
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.5	1.3	1.2	0.7	0.4	0.2	(0.0)	(0.1)	(0.2)	(0.2)	0.5
Net Debt/EBITDA	12.2	3.6	4.5	2.5	1.1	0.4	(0.1)	(0.3)	(0.7)	(0.9)	2.2
RoCE pre-tax	0.2%	9.8%	8.2%	12.9%	18.5%	25.6%	27.8%	26.5%	22.8%	17.8%	17.0%
RoCE	0.1%	4.9%	6.4%	8.7%	11.9%	16.6%	18.7%	21.3%	17.2%	13.3%	11.9%
RoIC pre-tax	0.4%	3.7%	4.0%	4.9%	7.2%	10.6%	12.1%	13.5%	10.4%	7.6%	7.4%
RoE	(5.4%)	(0.1%)	4.0%	8.2%	13.2%	19.9%	21.6%	22.4%	16.5%	11.2%	11.1%

Source: Company, Centrum Broking

Exhibit 74: DuPont Analysis; RoEs trending down on decreasing financial leverage and normalising operating margins

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.53	(0.01)	0.78	0.67	0.64	0.65	0.67	0.81	0.75	0.75	0.62
Revenue/average total assets	0.58	1.00	0.92	1.02	1.13	1.23	1.19	1.12	1.17	1.21	1.06
Average total assets/Average NW	2.47	2.40	2.04	1.81	1.65	1.56	1.47	1.35	1.28	1.26	1.73
PBT/EBITDA	(0.84)	0.18	0.20	0.41	0.57	0.71	0.75	0.77	0.77	0.68	0.42
EBITDA/Revenue	0.08	0.16	0.14	0.16	0.19	0.23	0.24	0.24	0.19	0.14	0.18
RoE	(5.4%)	(0.1%)	4.0%	8.2%	13.2%	19.9%	21.6%	22.4%	16.5%	11.2%	11.1%

Source: Company, Centrum Broking

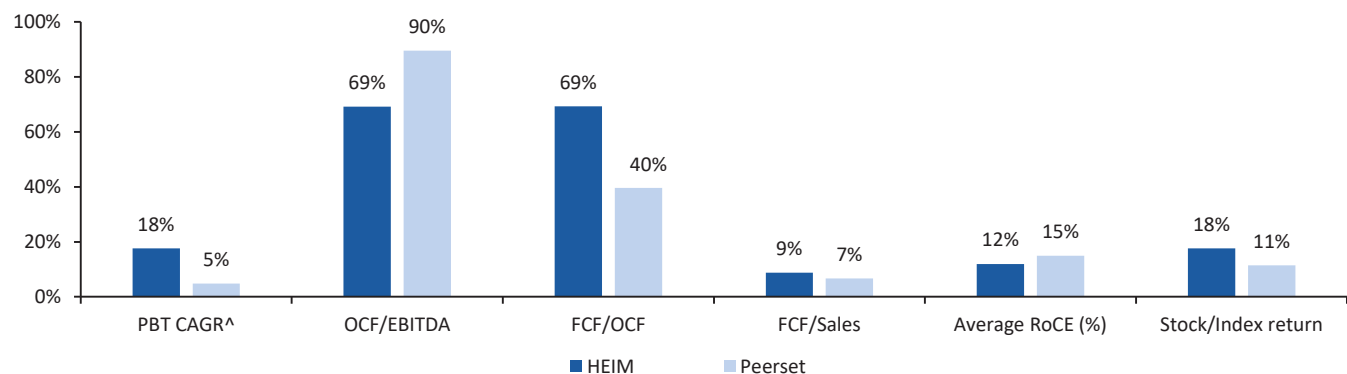
Exhibit 75: 10-year CAGR of 18% is superior given improved efficiency and better return ratios in recent years

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate for FY14-23; # includes dividends and buyback

Exhibit 76: Higher proportion of FCF distributed to minority shareholders amid lack of growth options

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(829)	(734)	269	2,270	2,843	2,764	3,414	3,431	2,190	1,586
FCF yield	NA	NA	2%	9%	9%	8%	8%	8%	4%	4%
Dividend + Buyback (b)	-	-	-	-	543	952	1,227	1,355	1,807	1,988
Distribution of FCF (b/a)	NA	NA	0%	0%	19%	34%	36%	39%	83%	125%
Cash & equivalents*/Capital employed	6%	7%	0%	1%	13%	20%	26%	23%	25%	25%

Source: Company, Centrum Broking *including liquid investments

Exhibit 77: HEIM's superior stock returns on account of better performance till FY19; last 3 years CAGR is less than 5%

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	21,167	22,970	23,656	24,861	26,345
Operating Expense	11,379	13,668	15,136	15,070	15,875
Employee cost	1,273	1,307	1,345	1,390	1,451
Others	3,448	3,649	3,757	4,037	4,297
EBITDA	5,066	4,346	3,418	4,364	4,722
Depreciation & Amortisation	1,110	1,121	1,157	1,203	1,244
EBIT	3,956	3,225	2,260	3,161	3,479
Interest expenses	509	364	375	311	278
Other income	465	491	453	541	637
PBT	3,912	3,351	2,338	3,391	3,838
Taxes	763	829	578	839	949
Effective tax rate (%)	19.5	24.7	24.7	24.7	24.7
PAT	3,150	2,523	1,760	2,552	2,889
Minority/Associates	0	0	0	0	0
Recurring PAT	3,150	2,523	1,760	2,552	2,889
Extraordinary items	0	0	0	0	0
Reported PAT	3,150	2,523	1,760	2,552	2,889
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(2.4)	8.5	3.0	5.1	6.0
EBITDA	(4.0)	(14.2)	(21.3)	27.7	8.2
Adj. EPS	17.5	(19.9)	(30.2)	45.0	13.2
Margins (%)					
Gross	82.4	81.3	83.3	82.5	82.1
EBITDA	23.9	18.9	14.4	17.6	17.9
EBIT	18.7	14.0	9.6	12.7	13.2
Adjusted PAT	14.9	11.0	7.4	10.3	11.0
Returns (%)					
ROE	22.4	16.5	11.3	16.4	18.0
ROCE	21.8	16.5	12.1	17.0	18.8
ROIC	22.0	16.7	11.5	17.4	20.3
Turnover (days)					
Gross block turnover ratio (x)	1.0	1.0	1.0	1.0	1.1
Debtors	5	6	6	6	6
Inventory	49	45	44	47	46
Creditors	85	71	70	77	74
Net working capital	(61)	(29)	(18)	(28)	(30)
Solvency (x)					
Net debt-equity	(0.2)	(0.2)	(0.2)	(0.3)	(0.4)
Interest coverage ratio	10.0	11.9	9.1	14.0	17.0
Net debt/EBITDA	(0.5)	(0.9)	(1.0)	(1.1)	(1.3)
Per share (Rs)					
Adjusted EPS	13.9	11.1	7.8	11.3	12.7
BVPS	65.9	69.1	68.1	69.7	71.8
CEPS	18.8	16.1	12.9	16.6	18.2
DPS	6.0	8.0	8.8	9.6	10.6
Dividend payout (%)	43.0	71.6	112.9	85.7	83.3
Valuation (x)					
P/E	13.6	16.9	24.3	16.7	14.8
P/BV	2.9	2.7	2.8	2.7	2.6
EV/EBITDA	7.9	9.0	11.5	8.7	7.8
Dividend yield (%)	0.0	0.0	0.0	0.1	0.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	2,266	2,266	2,266	2,266	2,266
Reserves & surplus	12,673	13,386	13,158	13,524	14,008
Shareholders fund	14,939	15,652	15,424	15,790	16,274
Minority Interest	0	0	0	0	0
Total debt	1,745	1,566	1,066	566	266
Non Current Liabilities	653	478	497	517	538
Def tax liab. (net)	1,938	2,175	2,175	2,175	2,175
Total liabilities	19,274	19,872	19,163	19,049	19,253
Gross block	22,010	22,449	23,469	24,269	25,069
Less: acc. Depreciation	(5,937)	(6,912)	(8,070)	(9,273)	(10,517)
Net block	16,072	15,537	15,400	14,996	14,553
Capital WIP	189	270	50	50	50
Net fixed assets	16,262	15,807	15,450	15,046	14,603
Non Current Assets	2,232	589	561	535	511
Investments	0	0	0	0	0
Inventories	1,607	1,731	1,944	1,935	2,067
Sundry debtors	333	400	420	441	463
Cash & Cash Equivalents	4,315	5,318	4,320	5,399	6,331
Loans & advances	3,705	4,390	5,185	4,768	4,692
Other current assets	0	0	0	0	0
Trade payables	2,706	2,645	3,154	3,183	3,266
Other current liab.	4,274	3,482	3,237	3,473	3,631
Provisions	2,200	2,236	2,326	2,419	2,516
Net current assets	780	3,476	3,153	3,468	4,140
Total assets	19,274	19,872	19,163	19,049	19,253
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,912	3,351	2,338	3,391	3,838
Depreciation & Amortisation	1,110	1,121	1,157	1,203	1,244
Net Interest	509	364	375	311	278
Net Change – WC	(221)	(1,692)	(675)	764	260
Direct taxes	(763)	(829)	(578)	(839)	(949)
Net cash from operations	4,548	2,315	2,617	4,830	4,671
Capital expenditure	(395)	(634)	(800)	(800)	(800)
Acquisitions, net	0	0	0	0	0
Investments	0	0	0	0	0
Others	(1,522)	1,611	29	26	23
Net cash from investing	(1,917)	977	(771)	(774)	(777)
FCF	2,631	3,292	1,846	4,056	3,894
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(1,056)	(179)	(500)	(500)	(300)
Dividend paid	(1,355)	(1,807)	(1,988)	(2,187)	(2,405)
Interest paid	(509)	(364)	(375)	(311)	(278)
Others	(103)	61	19	20	21
Net cash from financing	(3,022)	(2,289)	(2,844)	(2,978)	(2,962)
Net change in Cash	(391)	1,003	(998)	1,079	932

Source: Company, Centrum Broking

JK Cement (JKCE)

JKCE has been consistent in adding capacity, thereby gaining market share along with reporting superior volume growth. Revenue/PBT CAGR for the company stood at 12%/8% over FY14-23 and the company has consistently grown OCF over the decade. Cumulatively, the company has generated Rs63bn through OCF and has spent Rs72bn on capex. Leverage is higher (net debt:EBITDA of 2.8x) on account of higher capex but has also helped improve RoE with higher financial leverage. Average EBITDA margins of the company at 18% are higher than industry on account of historically profitable white cement business. JKCE stock has given 28% returns on better growth prospects through reinvestment of capital.

22 September 2023

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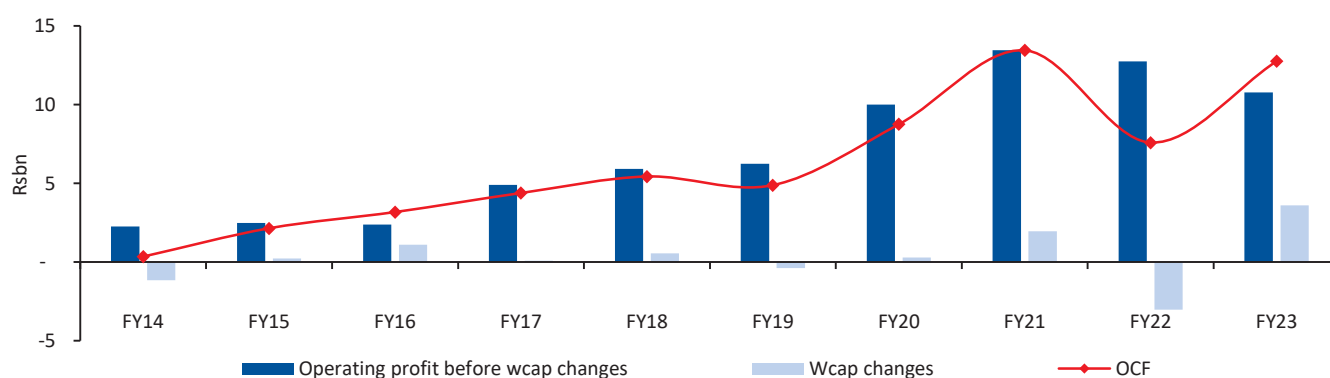
institutional Research

Market data

Current price:	Rs3,322
Bloomberg:	JKCE IN
52-week H/L:	Rs3,477/2,425
Market cap:	Rs256.7bn
Free float:	37%
Avg. daily vol. 3mth:	109668

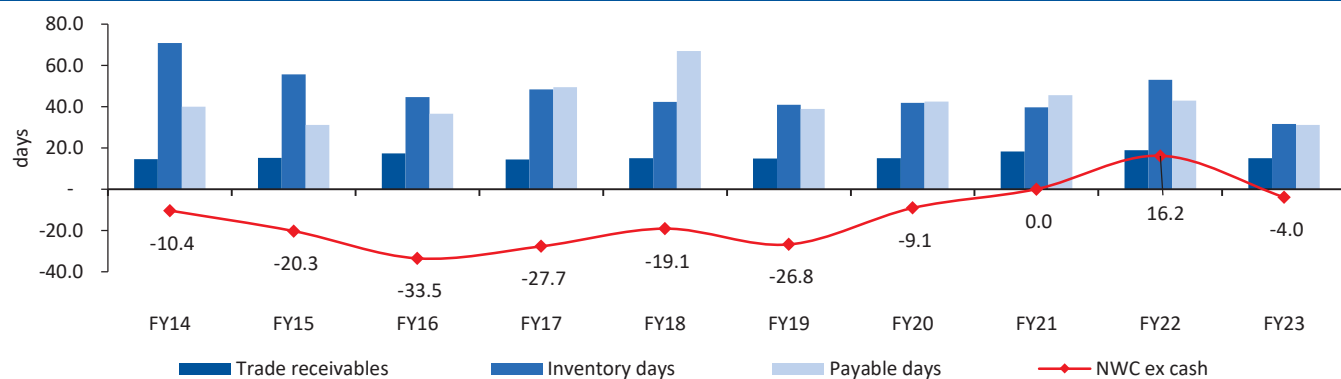
Source: Bloomberg

Exhibit 78: Consistent growth in OCF through the decade



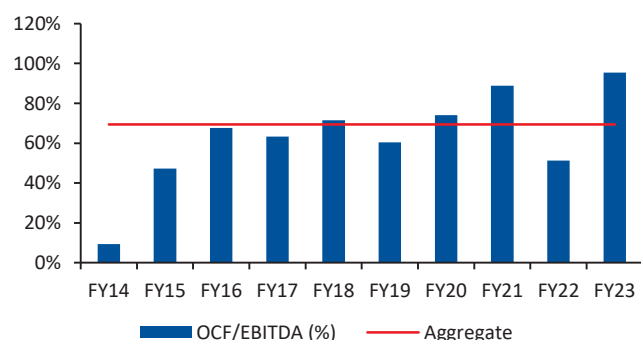
Source: Company, Centrum Broking

Exhibit 79: Better inventory management and creditors helps in lowering NWC; recent spike due to higher OCL



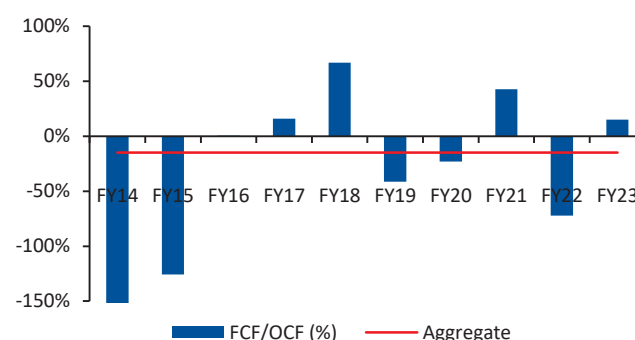
Source: Company, Centrum Broking

Exhibit 80: EBITDA to OCF conversion of 69% over 10 years



Source: Company, Centrum Broking

Exhibit 81: Consistent capex results in negative FCF/OCF



Source: Company, Centrum Broking

Exhibit 82: Leverage higher post FY21 on capex in central region

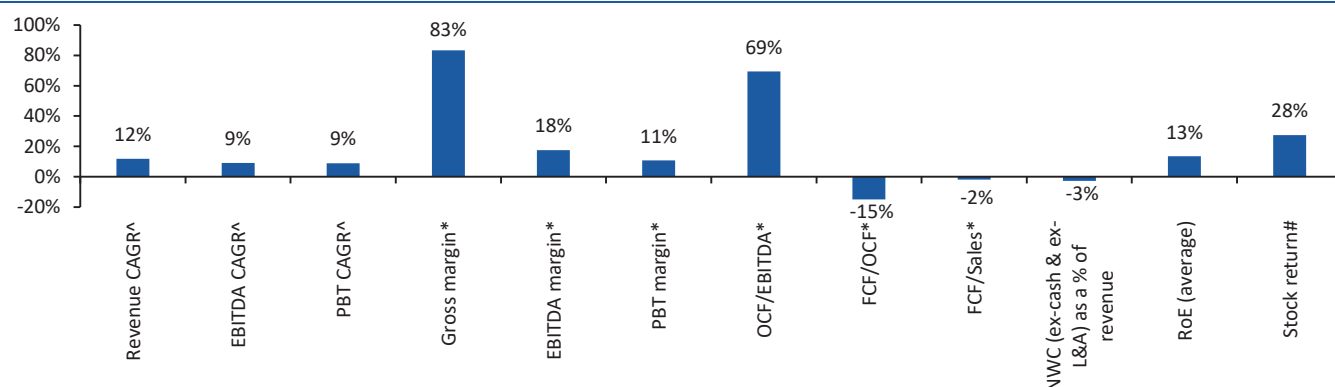
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.0	1.2	1.3	1.1	0.8	0.5	0.7	0.5	0.7	0.6	0.9
Net Debt/EBITDA	4.8	4.4	4.7	3.1	2.3	1.9	1.8	1.1	2.1	2.2	2.8
RoCE pre-tax	7.6%	7.1%	5.9%	11.4%	13.5%	12.9%	17.8%	20.5%	17.8%	14.0%	12.9%
RoCE	5.4%	7.0%	3.4%	7.4%	10.5%	8.9%	10.9%	12.5%	11.6%	9.8%	8.7%
RoIC pre-tax	4.5%	5.6%	2.9%	8.1%	11.6%	11.4%	14.7%	17.0%	14.9%	13.6%	10.4%
RoE	5.6%	9.2%	3.2%	12.9%	17.9%	12.9%	19.2%	22.4%	19.1%	12.6%	13.5%

Source: Company, Centrum Broking

Exhibit 83: DuPont Analysis; high financial leverage and high margins results in superior RoE

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.71	0.99	0.58	0.67	0.79	0.69	0.70	0.66	0.70	0.70	0.72
Revenue/average total assets	0.74	0.76	0.77	0.79	0.94	0.94	0.91	0.91	0.96	1.04	0.88
Average total assets/Average NW	2.17	2.59	2.73	2.66	2.44	2.10	2.00	2.03	2.00	1.93	2.26
PBT/EBITDA	0.36	0.35	0.20	0.50	0.60	0.58	0.70	0.77	0.74	0.60	0.54
EBITDA/Revenue	0.13	0.14	0.13	0.18	0.17	0.16	0.22	0.24	0.19	0.15	0.17
RoE	5.6%	9.2%	3.2%	12.9%	17.9%	12.9%	19.2%	22.4%	19.1%	12.6%	13.5%

Source: Company, Centrum Broking

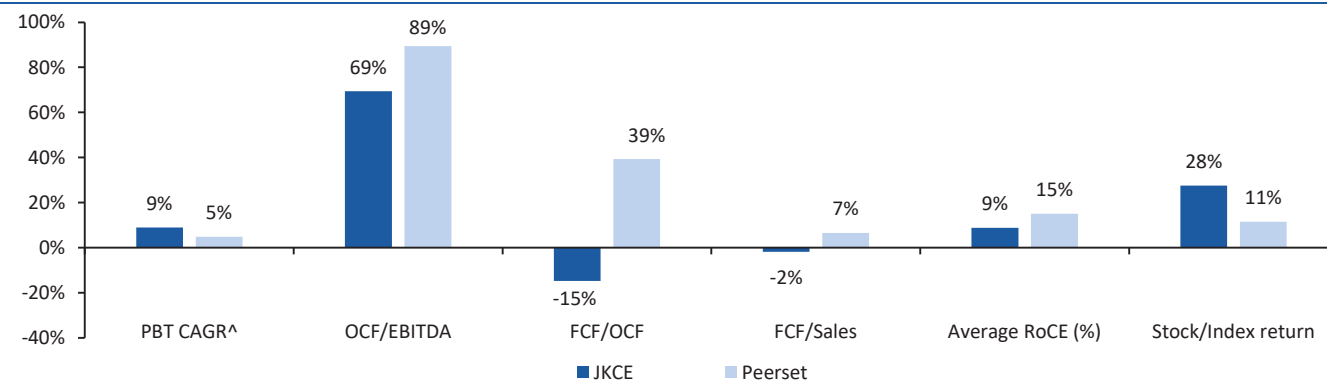
Exhibit 84: Price movement vs. Financials; superior returns a result of consistent reinvestment back in to the business

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate

Exhibit 85: FCF utilization- dividend payment consistent but yield lower

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(9,132)	(2,699)	17	706	3,639	(2,028)	(2,015)	5,761	(5,489)	1,920
FCF yield	NA	NA	0%	1%	5%	NA	NA	4%	NA	1%
Dividend + Buyback (b)	-	-	337	337	673	843	1,627	3	1,156	1,159
Distribution of FCF (b/a)	NA	NA	2037%	48%	19%	NA	NA	0%	NA	60%
Cash & equivalents*/Capital employed	11%	11%	10%	11%	13%	16%	11%	18%	6%	8%

Source: Company, Centrum Broking *including liquid investments

Exhibit 86: JKCE vs. Peer set

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	63,283	76,786	89,986	1,02,506	1,12,806
Operating Expense	33,945	44,049	56,433	61,232	67,161
Employee cost	4,121	5,042	5,632	5,935	6,287
Others	10,078	12,875	14,528	16,433	18,432
EBITDA	15,139	14,821	13,393	18,907	20,926
Depreciation & Amortisation	2,447	2,820	3,615	3,020	3,445
EBIT	12,692	12,001	9,778	15,887	17,481
Interest expenses	2,232	2,493	2,605	3,045	2,824
Other income	1,134	1,428	829	723	673
PBT	11,594	10,935	8,003	13,564	15,330
Taxes	3,897	3,329	2,377	4,029	4,554
Effective tax rate (%)	33.6	30.4	29.7	29.7	29.7
PAT	7,697	7,607	5,626	9,535	10,776
Minority/Associates	0	0	0	0	0
Recurring PAT	7,697	7,607	5,626	9,535	10,776
Extraordinary items	(1,669)	(1,300)	0	0	0
Reported PAT	6,028	6,307	5,626	9,535	10,776
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	15.8	21.3	17.2	13.9	10.0
EBITDA	28.1	(2.1)	(9.6)	41.2	10.7
Adj. EPS	33.0	(1.2)	(26.0)	69.5	13.0
Margins (%)					
Gross	83.4	83.4	83.6	83.1	82.8
EBITDA	23.9	19.3	14.9	18.4	18.6
EBIT	20.1	15.6	10.9	15.5	15.5
Adjusted PAT	12.2	8.2	6.3	9.3	9.6
Returns (%)					
ROE	22.4	19.1	12.6	18.7	18.0
ROCE	15.2	13.7	10.2	14.7	14.9
ROIC	14.0	10.6	8.3	12.1	12.6
Turnover (days)					
Gross block turnover ratio (x)	0.9	1.0	1.2	1.3	1.1
Debtors	16	17	16	15	15
Inventory	71	75	61	57	64
Creditors	54	51	41	38	38
Net working capital	7	33	8	23	24
Solvency (x)					
Net debt-equity	0.4	0.6	0.5	0.4	0.3
Interest coverage ratio	6.8	5.9	5.1	6.2	7.4
Net debt/EBITDA	1.0	1.6	1.6	1.2	0.8
Per share (Rs)					
Adjusted EPS	99.6	98.4	72.8	123.4	139.5
BVPS	483.1	550.2	608.5	714.6	834.2
CEPS	131.3	134.9	119.6	162.5	184.1
DPS	0.0	15.0	15.0	17.2	19.8
Dividend payout (%)	0.1	18.3	20.6	14.0	14.2
Valuation (x)					
P/E	33.3	33.7	45.6	26.9	23.8
P/BV	6.9	6.0	5.5	4.6	4.0
EV/EBITDA	18.0	18.9	20.7	14.7	13.1
Dividend yield (%)	0.0	0.5	0.5	0.5	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	773	773	773	773	773
Reserves & surplus	36,558	41,744	46,242	54,445	63,688
Shareholders fund	37,331	42,517	47,015	55,217	64,461
Minority Interest	0	0	0	0	0
Total debt	27,871	28,382	27,741	29,293	22,349
Non Current Liabilities	4,443	5,488	6,033	6,835	7,502
Def tax liab. (net)	5,939	7,385	8,358	8,358	8,358
Total liabilities	75,584	83,771	89,147	99,704	1,02,670
Gross block	67,202	74,955	77,748	78,436	98,436
Less: acc. Depreciation	(19,112)	(21,275)	(24,917)	(27,962)	(31,432)
Net block	48,089	53,680	52,831	50,474	67,004
Capital WIP	4,885	710	1,688	15,000	3,000
Net fixed assets	52,974	54,390	54,519	65,474	70,004
Non Current Assets	1,767	1,821	4,158	4,158	4,158
Investments	7,188	15,799	22,203	16,125	16,125
Inventories	6,867	11,136	7,779	11,234	12,362
Sundry debtors	3,161	3,978	3,712	4,493	4,636
Cash & Cash Equivalents	12,500	4,736	6,385	7,475	5,070
Loans & advances	5,557	9,025	7,895	8,369	8,871
Other current assets	1,676	2,802	2,257	3,151	3,468
Trade payables	5,500	6,691	6,042	6,594	7,248
Other current liab.	9,758	12,423	12,811	13,272	13,867
Provisions	847	801	909	909	909
Net current assets	13,656	11,761	8,266	13,947	12,384
Total assets	75,584	83,771	89,147	99,704	1,02,670
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	9,925	9,635	8,003	13,564	15,330
Depreciation & Amortisation	2,447	2,820	3,615	3,020	3,445
Net Interest	2,232	2,493	2,605	3,045	2,824
Net Change – WC	(1,130)	(5,869)	5,144	(4,591)	(842)
Direct taxes	(3,897)	(3,329)	(2,377)	(4,029)	(4,554)
Net cash from operations	9,577	5,751	16,989	11,009	16,204
Capital expenditure	(5,648)	(4,236)	(3,743)	(13,975)	(7,975)
Acquisitions, net	0	0	0	0	0
Investments	(2,408)	(9,776)	(5,065)	5,579	(500)
Others	204	(54)	(2,338)	0	0
Net cash from investing	(7,852)	(14,066)	(11,146)	(8,396)	(8,475)
FCF	1,726	(8,316)	5,843	2,613	7,729
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	3,643	511	(641)	1,552	(6,944)
Dividend paid	(3)	(1,156)	(1,159)	(1,333)	(1,533)
Interest paid	(2,232)	(2,493)	(2,605)	(3,045)	(2,824)
Others	2,173	2,525	1,550	802	667
Net cash from financing	3,581	(613)	(2,855)	(2,023)	(10,634)
Net change in Cash	5,306	(8,929)	2,988	589	(2,905)

Source: Company, Centrum Broking

JK Lakshmi Cement (JKLC)

JKLC has reported just 11%/6% revenue/PBT CAGR over FY14-23. However, the stock has outperformed the peers with 19% returns over the same period. Key reason for this outperformance is improvement in balance sheet from the lows of initial part of the decade and then subsequent focus on improving efficiency. EBITDA to OCF conversion at 68% is lower compared to peers whereas OCF to FCF conversion is higher on lower capex in recent years. JKLC generated cumulative OCF of Rs34bn and spent Rs20bn on capex over the past decade. Dividend distribution improved over the last four years on higher FCF. Improved asset turnover and margins helped improve the RoEs from low single digit in FY18-19 to high teens in FY22-23.

22 September 2023

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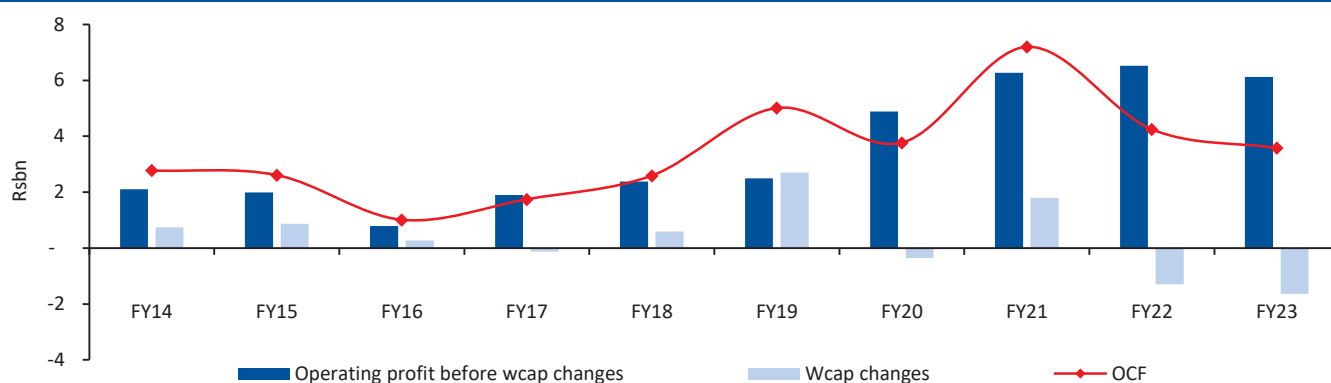
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Market data

Current price:	Rs649
Bloomberg:	JKLC IN
52-week H/L:	Rs897/528
Market cap:	Rs76.3bn
Free float:	51.9%
Avg. daily vol. 3mth:	311961

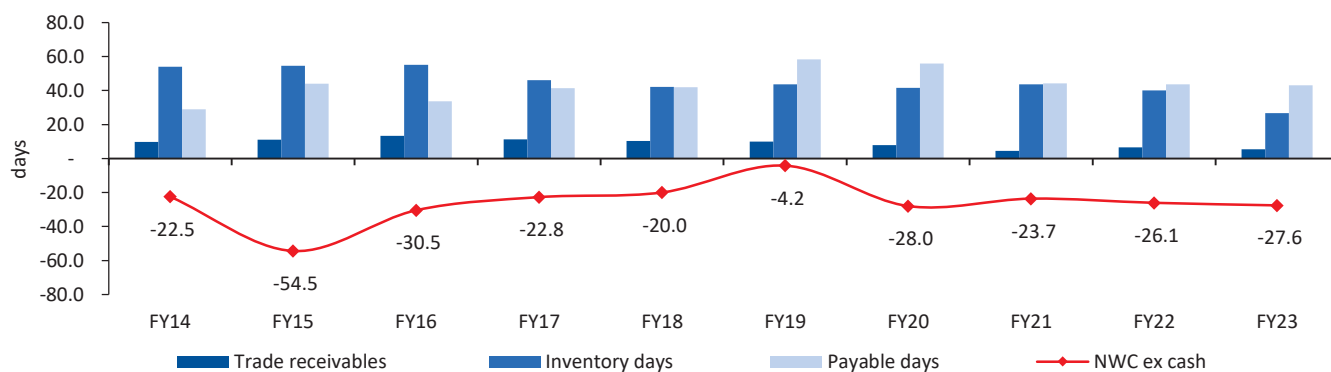
Source: Bloomberg

Exhibit 87: Positive OCF through the decade, momentum slowed in last 2 years on higher WCAP and lower profitability



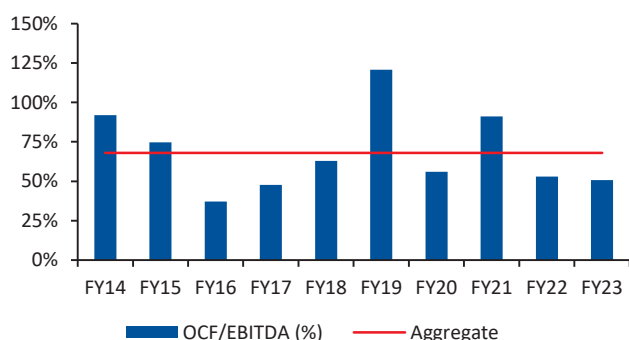
Source: Company, Centrum Broking

Exhibit 88: Consistent negative NWC days in line with the industry



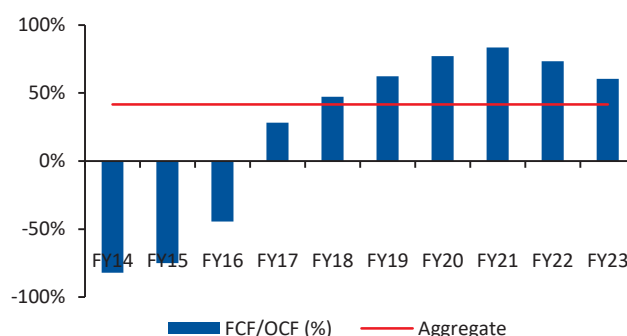
Source: Company, Centrum Broking

Exhibit 89: EBITDA to OCF conversion of 68% over 10 years



Source: Company, Centrum Broking

Exhibit 90: Higher FCF recently as capex intensity is lower



Source: Company, Centrum Broking

Exhibit 91: Leverage declined from highs in FY16; Return ratios continued to improve

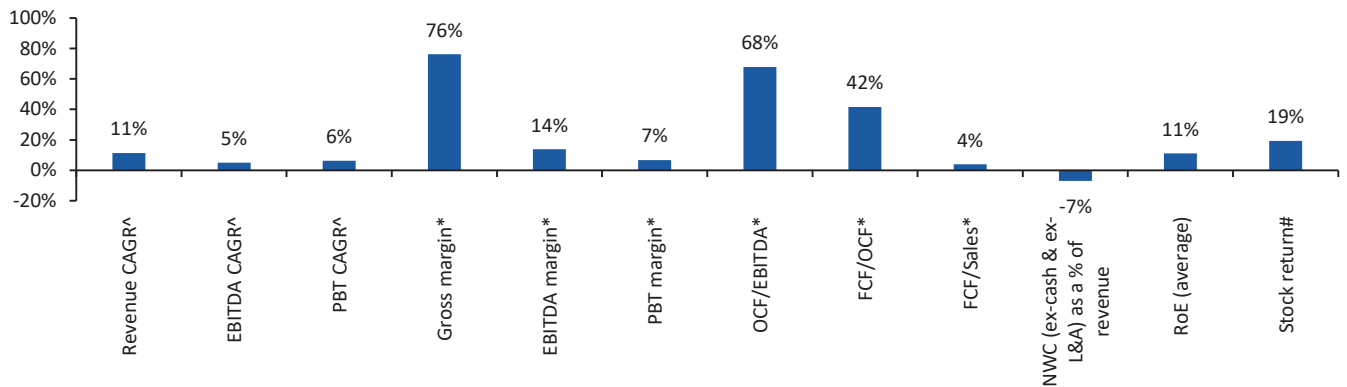
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.0	1.2	1.3	1.2	1.1	0.8	0.6	0.2	0.1	0.1	0.8
Net Debt/EBITDA	4.2	4.7	6.1	4.5	3.8	3.0	1.5	0.5	0.2	0.5	2.9
RoCE pre-tax	10.1%	9.9%	4.3%	8.1%	8.8%	9.0%	17.5%	21.9%	21.5%	17.9%	12.9%
RoCE	8.1%	8.5%	0.6%	8.9%	7.2%	6.9%	12.2%	16.1%	16.4%	12.1%	9.7%
RoIC pre-tax	6.2%	7.0%	0.4%	5.8%	5.0%	4.8%	8.8%	11.4%	12.1%	7.9%	6.9%
RoE	8.7%	12.1%	0.3%	6.1%	5.9%	5.3%	16.4%	20.8%	18.7%	12.3%	10.7%

Source: Company, Centrum Broking

Exhibit 92: DuPont Analysis: higher margins and increasing asset turnover helped improved RoE

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.83	0.91	(0.11)	1.11	0.82	0.76	0.72	0.75	0.76	0.68	0.72
Revenue/average total assets	0.76	0.76	0.82	0.86	0.95	1.15	1.24	1.31	1.43	1.62	1.09
Average total assets/Average NW	2.12	2.31	2.41	2.53	2.54	2.27	2.02	1.77	1.56	1.47	2.10
PBT/EBITDA	0.44	0.50	(0.14)	0.20	0.25	0.25	0.55	0.67	0.69	0.66	0.41
EBITDA/Revenue	0.15	0.15	0.10	0.13	0.12	0.11	0.17	0.18	0.16	0.12	0.14
RoE	8.7%	12.1%	0.3%	6.1%	5.9%	5.3%	16.4%	20.8%	18.7%	12.3%	10.7%

Source: Company, Centrum Broking

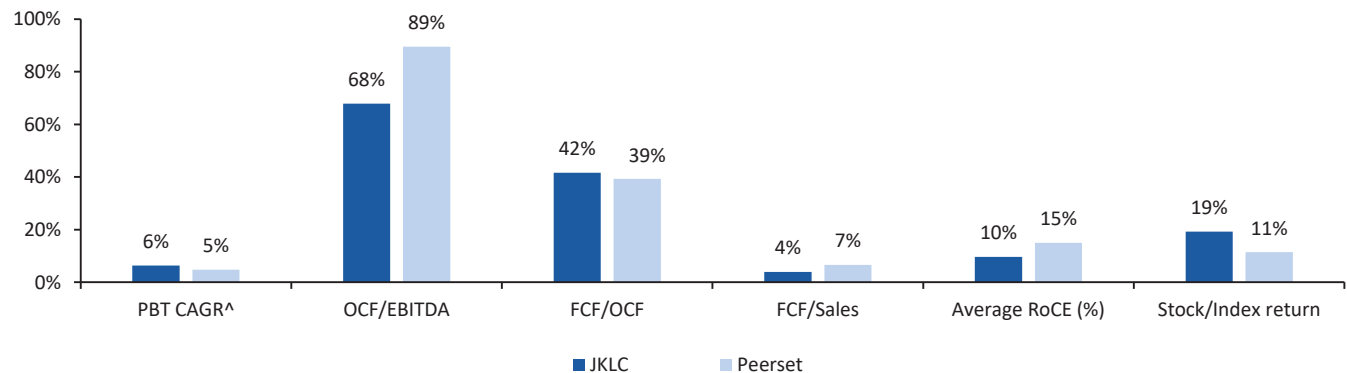
Exhibit 93: Price movement vs. Financials; better returns on improved balance sheet

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate for FY14-23; # includes dividend and

Exhibit 94: FCF distribution to shareholders improved in recent years as leverage was controlled

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(2,273)	(1,954)	(449)	492	1,221	3,123	2,903	6,005	3,115	2,162
FCF yield	NA	NA	NA	1%	2%	8%	8%	17%	5%	3%
Dividend + Buyback (b)	340	274	281	44	103	111	455	519	692	692
Distribution of FCF (b/a)	NA	NA	NA	9%	8%	4%	16%	9%	22%	32%
Cash & equivalents*/Capital employed	14%	9%	9%	17%	14%	12%	14%	22%	24%	12%

Source: Company, Centrum Broking *including liquid investments

Exhibit 95: JKLC vs. Peer set: Superior returns on improved balance sheet

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	43,847	50,408	60,711	67,137	73,062
Operating Expense	27,468	33,468	43,343	46,541	50,610
Employee cost	3,270	3,264	3,491	3,768	3,956
Others	5,212	5,663	6,834	7,668	8,281
EBITDA	7,898	8,013	7,043	9,160	10,215
Depreciation & Amortisation	1,942	1,980	2,059	2,145	2,205
EBIT	5,956	6,032	4,983	7,014	8,010
Interest expenses	1,425	1,155	962	742	522
Other income	745	673	622	521	557
PBT	5,275	5,550	4,643	6,794	8,045
Taxes	1,328	1,321	1,507	2,205	2,611
Effective tax rate (%)	25.2	23.8	32.5	32.5	32.5
PAT	3,947	4,229	3,137	4,589	5,434
Minority/Associates	0	0	0	0	0
Recurring PAT	3,947	4,229	3,137	4,589	5,434
Extraordinary items	(309)	0	0	0	0
Reported PAT	3,638	4,229	3,137	4,589	5,434
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	8.4	15.0	20.4	10.6	8.8
EBITDA	17.5	1.5	(12.1)	30.1	11.5
Adj. EPS	48.7	7.1	(25.8)	46.3	18.4
Margins (%)					
Gross	75.3	75.4	73.9	73.0	72.7
EBITDA	18.0	15.9	11.6	13.6	14.0
EBIT	13.6	12.0	8.2	10.4	11.0
Adjusted PAT	9.0	8.4	5.2	6.8	7.4
Returns (%)					
ROE	20.8	18.7	12.3	16.0	16.6
ROCE	17.4	16.9	11.7	14.7	15.4
ROIC	16.1	16.3	9.9	12.3	13.1
Turnover (days)					
Gross block turnover ratio (x)	1.2	1.3	1.5	1.6	1.7
Debtors	6	5	5	5	6
Inventory	48	37	34	36	36
Creditors	57	47	45	49	49
Net working capital	(59)	(43)	(36)	(30)	(25)
Solvency (x)					
Net debt-equity	0.0	0.0	0.1	0.1	0.0
Interest coverage ratio	5.5	6.9	7.3	12.3	19.6
Net debt/EBITDA	0.1	(0.1)	0.3	0.3	0.1
Per share (Rs)					
Adjusted EPS	33.5	35.9	26.7	39.0	46.2
BVPS	176.7	206.7	227.5	259.1	296.5
CEPS	50.0	52.8	44.2	57.2	64.9
DPS	4.4	5.9	5.9	7.4	8.8
Dividend payout (%)	14.3	16.4	22.1	18.9	19.1
Valuation (x)					
P/E	19.3	18.0	24.3	16.6	14.0
P/BV	3.7	3.1	2.9	2.5	2.2
EV/EBITDA	9.7	9.4	11.1	8.6	7.6
Dividend yield (%)	0.7	0.9	0.9	1.1	1.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	589	589	589	589	589
Reserves & surplus	20,201	23,738	26,182	29,906	34,301
Shareholders fund	20,789	24,326	26,771	30,494	34,890
Minority Interest	0	0	0	0	0
Total debt	7,904	7,404	6,404	5,404	4,404
Non Current Liabilities	4,418	4,313	4,514	4,581	4,654
Def tax liab. (net)	641	641	641	641	641
Total liabilities	33,753	36,684	38,330	41,121	44,589
Gross block	37,148	38,076	40,076	41,326	42,351
Less: acc. Depreciation	(10,533)	(12,466)	(14,526)	(16,671)	(18,876)
Net block	26,615	25,609	25,550	24,655	23,475
Capital WIP	2,275	2,275	1,275	775	500
Net fixed assets	28,890	27,884	26,825	25,430	23,975
Non Current Assets	855	980	1,176	1,298	1,411
Investments	3,838	5,338	11,838	17,338	20,838
Inventories	3,155	3,687	4,436	4,852	5,083
Sundry debtors	537	899	917	1,031	1,246
Cash & Cash Equivalents	7,264	8,433	4,431	2,576	3,316
Loans & advances	1,825	2,034	2,361	2,515	2,698
Other current assets	250	250	250	250	250
Trade payables	3,962	4,673	5,915	6,513	7,060
Other current liab.	8,834	8,077	7,912	7,574	7,080
Provisions	65	70	76	82	89
Net current assets	170	2,482	(1,508)	(2,945)	(1,634)
Total assets	33,753	36,684	38,330	41,121	44,589
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	4,966	5,550	4,643	6,794	8,045
Depreciation & Amortisation	1,942	1,980	2,059	2,145	2,205
Net Interest	1,425	1,155	962	742	522
Net Change – WC	1,613	(1,144)	(11)	(419)	(570)
Direct taxes	(1,328)	(1,321)	(1,507)	(2,205)	(2,611)
Net cash from operations	8,618	6,220	6,147	7,057	7,591
Capital expenditure	(1,281)	(975)	(1,000)	(750)	(750)
Acquisitions, net	0	0	0	0	0
Investments	337	(2,250)	(5,500)	(4,000)	(3,500)
Others	150	(125)	(196)	(122)	(113)
Net cash from investing	(795)	(3,349)	(6,696)	(4,872)	(4,363)
FCF	7,824	2,871	(549)	2,185	3,229
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(3,926)	(500)	(1,000)	(1,000)	(1,000)
Dividend paid	(519)	(692)	(692)	(865)	(1,038)
Interest paid	(1,425)	(1,155)	(962)	(742)	(522)
Others	1,323	(106)	202	67	72
Net cash from financing	(4,547)	(2,453)	(2,453)	(2,541)	(2,488)
Net change in Cash	3,277	419	(3,001)	(355)	740

Source: Company, Centrum Broking

Nuvoco Vistas (Nuvoco)

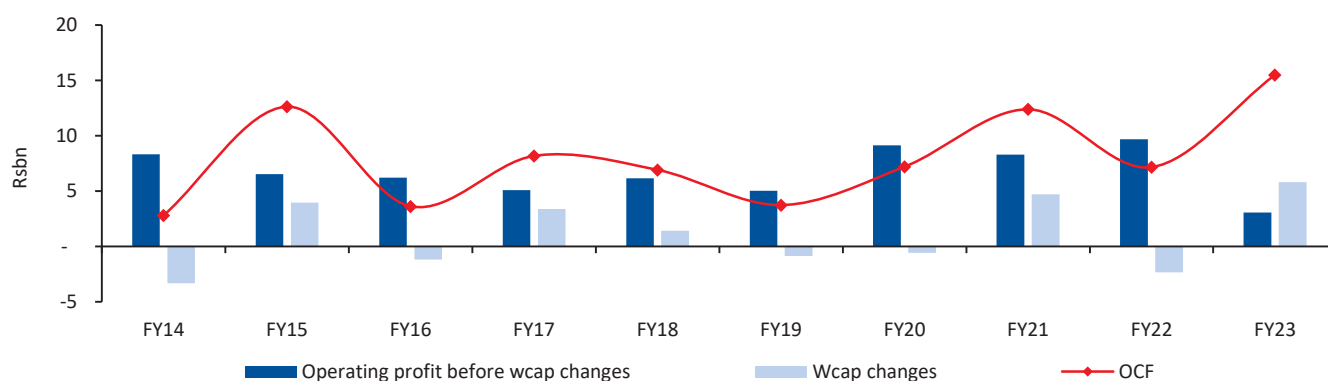
Nuvoco has grown its revenue at 14% CAGR over the past decade on account of 2 large acquisitions of Lafarge and Emami Cement in FY17 and FY21. As a result of acquisitions, leverage remains stretched with average debt:EBITDA of 3x and return ratios weaker with RoE of 5.7%. The focus of the company is on balance sheet repair now and as a result, FCF generation henceforth will largely be used for deleveraging. Cumulative OCF of the company is Rs80bn and capex is Rs208bn over the decade (FCF/OCF ratio of -158%, lowest in industry). Working capital is controlled with average NWC of -9 days. Asset turnover of the company post acquisitions is low at 0.6x despite higher utilizations. The stock returns have been negative post IPO.

Market data

Current price:	Rs373
Bloomberg:	NUVOCO IN
52-week H/L:	Rs475/288
Market cap:	Rs133.1bn
Free float:	28.2%
Avg. daily vol. 3mth:	342545

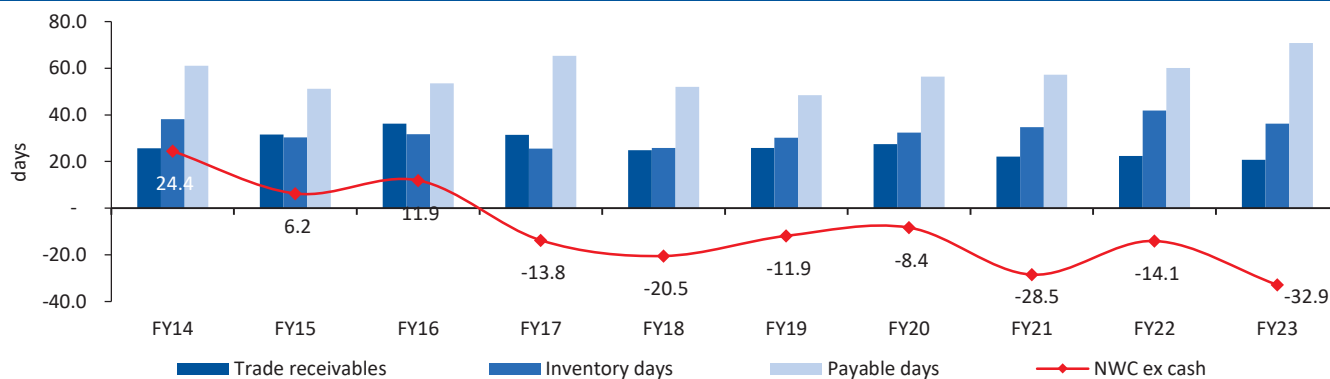
Source: Bloomberg

Exhibit 96: OCF improved but fluctuation continues



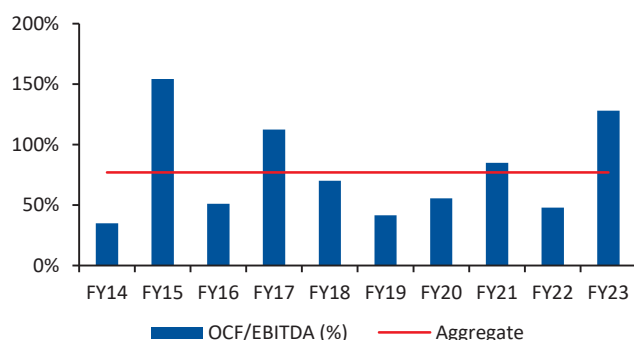
Source: Company, Centrum Broking

Exhibit 97: Net working capital days on a declining trend



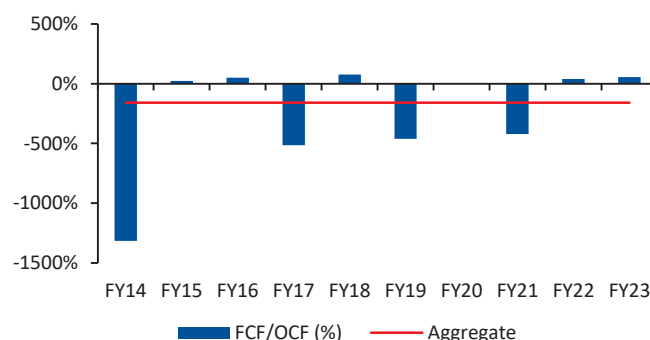
Source: Company, Centrum Broking

Exhibit 98: EBITDA to OCF conversion of 77% over 10 years



Source: Company, Centrum Broking

Exhibit 99: OCF to FCF conversion of -158% due to acquisitions



Source: Company, Centrum Broking

Exhibit 100: Acquisition led growth resulting in higher asset base, higher leverage and weak return ratios

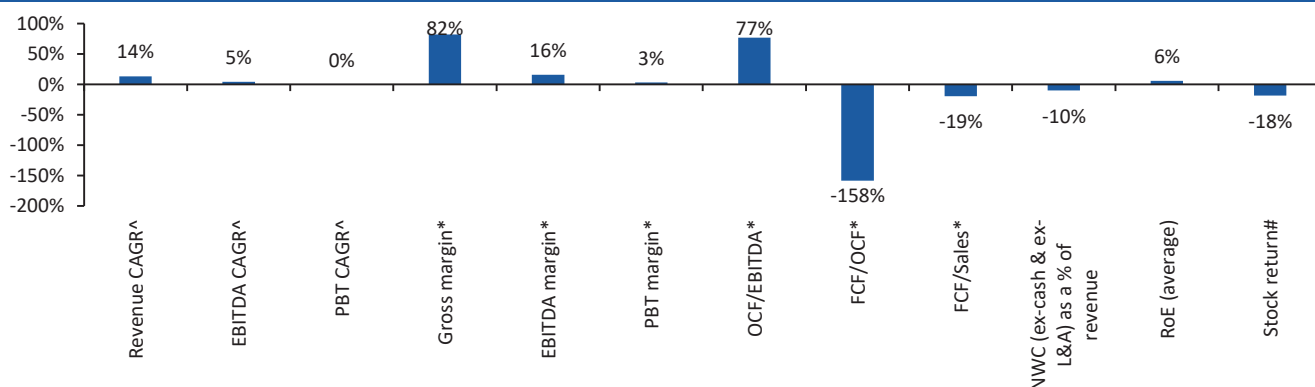
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.2	0.1	0.0	1.0	0.8	0.8	0.7	0.9	0.6	0.5	0.6
Net Debt/EBITDA	0.9	0.6	0.2	5.3	3.5	4.5	3.0	4.6	3.4	3.6	3.0
RoCE pre-tax	29.0%	14.1%	15.0%	7.5%	6.8%	5.5%	9.3%	6.7%	6.4%	4.9%	10.5%
RoCE	19.4%	24.6%	9.3%	6.3%	4.8%	(6.8%)	6.0%	(4.8%)	4.1%	(0.1%)	6.3%
RoIC pre-tax	10.8%	9.9%	10.3%	4.6%	6.7%	4.0%	7.1%	4.1%	3.6%	1.8%	6.3%
RoE	19.5%	13.2%	6.7%	4.5%	3.9%	(0.5%)	4.9%	(0.4%)	0.4%	4.8%	5.7%

Source: Company, Centrum Broking

Exhibit 101: DuPont Analysis: Weak asset turnover and weak profitability drag return ratios lower

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	1.61	0.66	0.86	0.70	(1.23)	0.64	(0.71)	0.63	(1.76)	0.21
Revenue/average total assets	1.12	0.97	1.11	0.73	0.63	0.67	0.60	0.53	0.56	0.68	0.76
Average total assets/Average NW	1.34	1.28	1.17	1.74	2.39	2.29	2.19	2.26	2.07	1.78	1.85
PBT/EBITDA	0.81	0.42	0.58	0.29	0.23	0.02	0.30	0.02	0.03	(0.20)	0.25
EBITDA/Revenue	0.24	0.15	0.14	0.14	0.16	0.13	0.19	0.20	0.16	0.11	0.16
RoE	19.5%	13.2%	6.7%	4.5%	3.9%	(0.5%)	4.9%	(0.4%)	0.4%	4.8%	5.7%

Source: Company, Centrum Broking

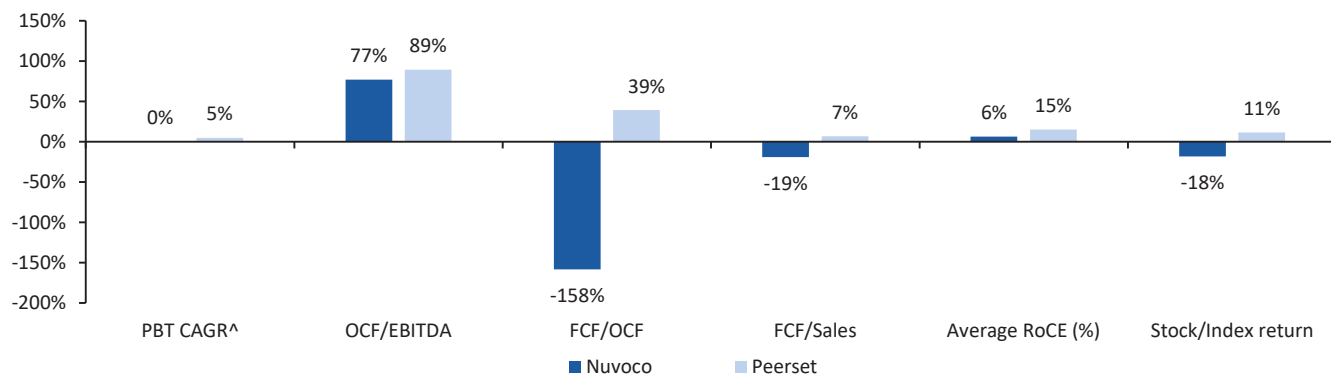
Exhibit 102: Price movement vs. Financials; stock has given negative returns post IPO

Source: Company, Centrum Broking; ^: FY14-23 CAGR; #: aggregate; Stock return from FY22

Exhibit 103: Acquisition led growth yet to bear fruit, FCF to improve on lower capex intensity

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(36,957)	2,971	1,756	(42,146)	5,265	(17,251)	237	(52,192)	2,722	8,493
FCF yield	NA	NA	NA	NA	NA	NA	NA	NA	2%	7%
Dividend + Buyback (b)	0	0	0	0	0	0	0	0	0	0
Distribution of FCF (b/a)	NA	NA	NA	NA	NA	NA	NA	NA	0%	0%
Cash & equivalents*/Capital employed	4%	6%	4%	7%	10%	6%	5%	7%	2%	1%

Source: Company, Centrum Broking *including liquid investments

Exhibit 104: Nuvoco vs. Peer set

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	74,888	93,180	1,05,862	1,12,958	1,21,733
Operating Expense	45,926	60,099	74,128	75,230	80,566
Employee cost	4,820	5,800	6,055	6,237	6,424
Others	9,538	12,314	13,661	13,677	14,285
EBITDA	14,605	14,967	12,017	17,814	20,459
Depreciation & Amortisation	7,938	9,180	9,583	9,769	10,084
EBIT	6,667	5,787	2,434	8,045	10,375
Interest expenses	6,640	5,699	5,036	3,916	3,114
Other income	338	421	219	241	265
PBT	365	509	(2,384)	4,369	7,526
Taxes	625	188	(6,611)	1,180	2,032
Effective tax rate (%)	171.1	37.0	277.4	27.0	27.0
PAT	(260)	321	4,227	3,190	5,494
Minority/Associates	0	0	0	0	0
Recurring PAT	(260)	321	4,227	3,190	5,494
Extraordinary items	0	0	(4,058)	0	0
Reported PAT	(260)	321	169	3,190	5,494

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	10.2	24.4	13.6	6.7	7.8
EBITDA	12.6	2.5	(19.7)	48.2	14.9
Adj. EPS	nm	nm	1,217.8	(24.6)	72.2
Margins (%)					
Gross	83.9	85.2	83.2	83.6	83.2
EBITDA	19.5	16.1	11.4	15.8	16.8
EBIT	8.9	6.2	2.3	7.1	8.5
Adjusted PAT	(0.3)	0.3	0.2	2.8	4.5
Returns (%)					
ROE	(0.4)	0.4	4.8	3.6	5.9
ROCE	(4.0)	2.7	(3.4)	4.5	6.0
ROIC	(3.5)	2.3	(2.8)	3.9	5.3
Turnover (days)					
Gross block turnover ratio (x)	0.5	0.5	0.6	0.6	0.6
Debtors	24	20	22	23	22
Inventory	52	54	58	62	60
Creditors	66	63	63	68	66
Net working capital	(60)	(40)	(31)	(32)	(31)
Solvency (x)					
Net debt-equity	0.9	0.6	0.5	0.4	0.3
Interest coverage ratio	2.2	2.6	2.4	4.5	6.6
Net debt/EBITDA	4.6	3.4	3.9	2.1	1.3
Per share (Rs)					
Adjusted EPS	(0.8)	0.9	11.8	8.9	15.4
BVPS	232.4	247.0	247.5	254.4	266.8
CEPS	24.4	26.6	38.7	36.3	43.6
DPS	0.0	0.0	0.0	2.0	3.0
Dividend payout (%)	nm	0.0	0.0	22.4	19.5
Valuation (x)					
P/E	nm	414.7	31.5	41.7	24.2
P/BV	1.6	1.5	1.5	1.5	1.4
EV/EBITDA	9.7	8.4	10.1	6.3	5.0
Dividend yield (%)	0.0	0.0	0.0	0.5	0.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	3,151	3,572	3,572	3,572	3,572
Reserves & surplus	70,086	84,641	84,810	87,285	91,708
Shareholders fund	73,237	88,212	88,382	90,857	95,279
Minority Interest	0	0	0	0	0
Total debt	76,420	53,988	49,773	40,585	30,835
Non Current Liabilities	2,352	2,633	2,781	2,939	3,108
Def tax liab. (net)	18,810	18,540	18,540	18,540	18,540
Total liabilities	1,70,818	1,63,373	1,59,476	1,52,922	1,47,762
Gross block	1,66,092	1,77,590	1,86,580	1,91,580	1,97,080
Less: acc. Depreciation	(51,759)	(59,793)	(70,578)	(81,526)	(92,815)
Net block	1,14,332	1,17,796	1,16,002	1,10,054	1,04,265
Capital WIP	12,402	3,991	1,000	1,000	500
Net fixed assets	1,62,812	1,58,074	1,53,289	1,47,341	1,41,052
Non Current Assets	9,801	10,511	11,061	11,309	11,591
Investments	6	10	10	10	10
Inventories	7,124	10,683	12,761	12,998	13,341
Sundry debtors	4,539	5,709	6,955	7,063	7,689
Cash & Cash Equivalents	9,119	3,346	2,587	2,426	3,845
Loans & advances	27	26	26	26	26
Other current assets	4,314	6,162	6,763	7,067	7,645
Trade payables	8,703	11,925	13,767	14,067	15,090
Other current liab.	14,884	15,905	16,646	17,427	18,249
Provisions	4,669	4,945	5,192	5,452	5,724
Net current assets	(3,133)	(6,849)	(6,512)	(7,366)	(6,518)
Total assets	1,70,818	1,63,373	1,59,476	1,52,922	1,47,762

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	365	509	(6,442)	4,369	7,526
Depreciation & Amortisation	7,938	9,180	9,583	9,769	10,084
Net Interest	6,640	5,699	5,036	3,916	3,114
Net Change – WC	4,714	(2,333)	(1,343)	433	299
Direct taxes	(625)	(188)	6,611	(1,180)	(2,032)
Net cash from operations	19,033	12,866	13,445	17,308	18,991
Capital expenditure	(64,584)	(4,445)	(4,799)	(3,821)	(3,796)
Acquisitions, net	0	0	0	0	0
Investments	(3,842)	1,986	1,355	(500)	(1,500)
Others	(2,930)	(1,006)	(550)	(248)	(282)
Net cash from investing	(71,356)	(3,464)	(3,993)	(4,569)	(5,577)
FCF	(52,323)	9,402	9,452	12,739	13,413
Issue of share capital	15,677	15,158	0	0	0
Increase/(decrease) in debt	31,787	(22,432)	(4,215)	(9,188)	(9,750)
Dividend paid	0	0	0	(714)	(1,071)
Interest paid	(6,640)	(5,699)	(5,036)	(3,916)	(3,114)
Others	11,655	(215)	396	418	441
Net cash from financing	52,479	(13,189)	(8,856)	(13,401)	(13,495)
Net change in Cash	156	(3,787)	596	(661)	(81)

Source: Company, Centrum Broking

Sagar Cement (SGC)

SGC has delivered 13% revenue CAGR over the past decade but PBT growth has been weak. While OCF to EBITDA conversion is better at 77%, OCF to FCF generation is negative at -47%, much lower on account of higher capex. Weak OCFs have been a result of higher pricing volatility in south. SGC has spent Rs32bn on capex over the past decade and generated OCF of Rs13bn. The capex has largely been funded through equity dilution. Average NWC has been negative barring last 2 years on account of higher fuel inventory. Leverage has increased substantially recently on account of Andhra Cement acquisition. Average RoE at 4.8% is lower owing to weak margins and low asset turnover. The stock has given 18% returns on weak base.

22 September 2023

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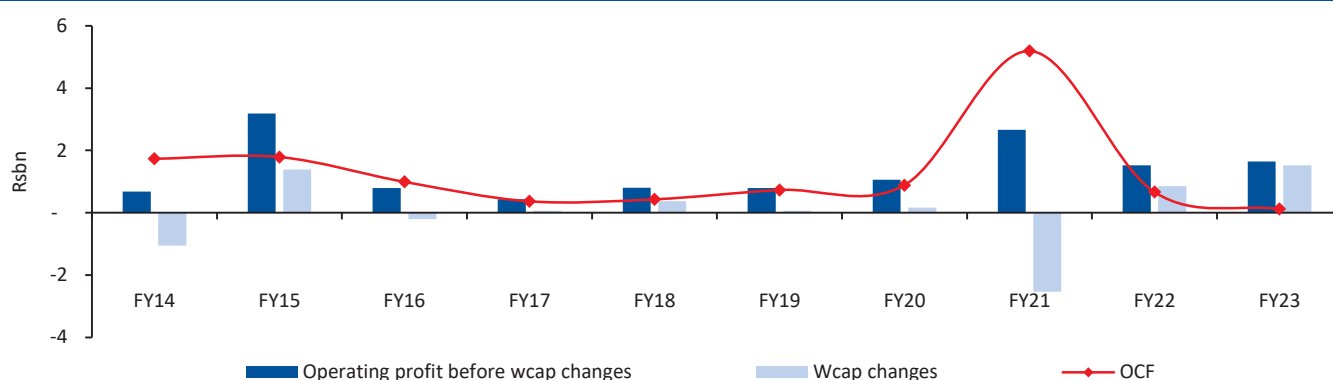
sanjit.tambe@centrum.co.in

Market data

Current price:	Rs229
Bloomberg:	SGC IN
52-week H/L:	Rs268/180
Market cap:	Rs30bn
Free float:	36.9%
Avg. daily vol. 3mth:	231320

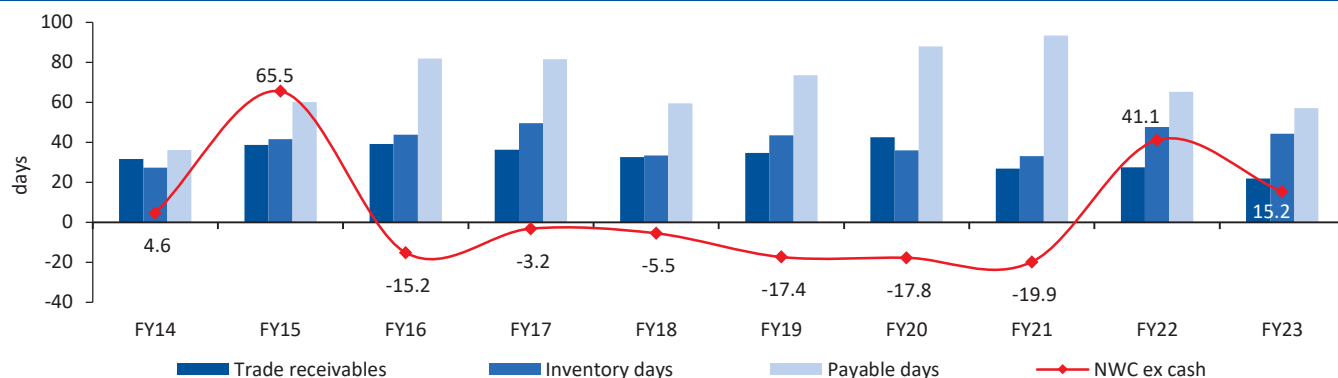
Source: Bloomberg

Exhibit 105: Muted operating cash flows over the decade due to pricing volatility in Andhra



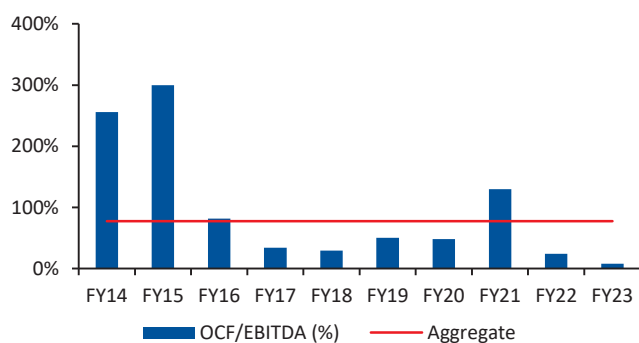
Source: Company, Centrum Broking

Exhibit 106: Net working capital days on rise due to higher inventory on account of higher fuel prices



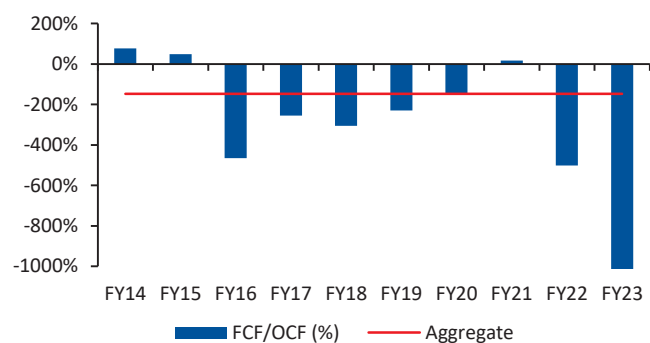
Source: Company, Centrum Broking

Exhibit 107: EBITDA to OCF conversion of 77% over 10 years



Source: Company, Centrum Broking

Exhibit 108: Capex over the years way above OCF generation



Source: Company, Centrum Broking

Exhibit 109: Higher capex for organic growth and acquisitions led to higher leverage ratios

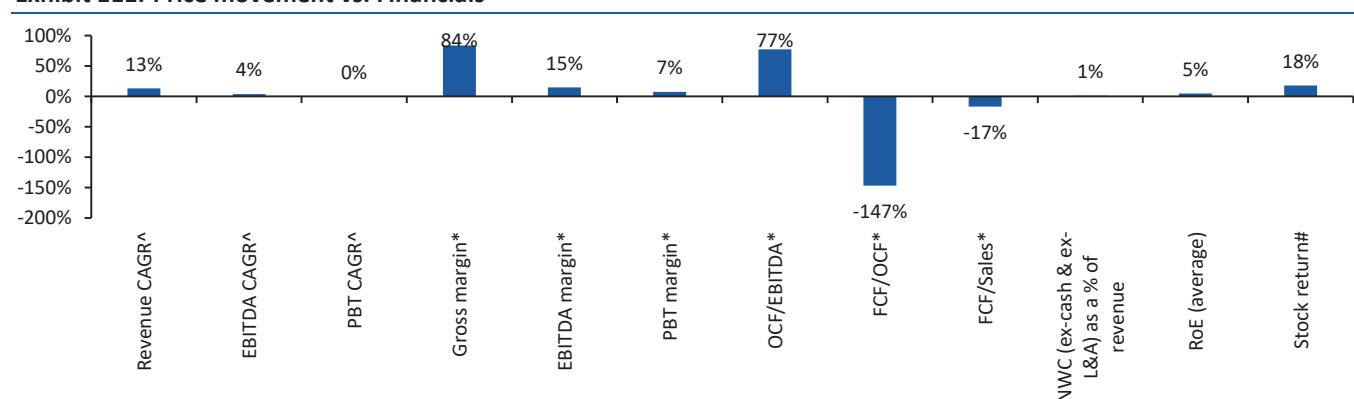
	FY14	FY15*	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.7	(0.0)	0.7	0.4	0.5	0.5	0.4	0.4	1.0	0.7	0.5
Net Debt/EBITDA	2.6	(0.2)	3.1	2.5	2.6	2.8	2.2	1.2	4.9	8.2	3.0
RoCE pre-tax	12.4%	8.4%	10.2%	5.0%	8.5%	7.4%	9.9%	21.4%	8.6%	0.2%	9.2%
RoCE	17.3%	6.6%	8.9%	(4.6%)	4.9%	4.3%	5.3%	14.1%	4.9%	0.1%	6.2%
RoIC pre-tax	8.0%	6.2%	8.7%	5.6%	7.7%	6.1%	6.8%	16.8%	6.5%	(0.1%)	7.2%
RoE	16.1%	3.1%	8.3%	(0.6%)	3.4%	1.7%	2.9%	17.1%	4.8%	(11.0%)	4.6%

Source: Company, Centrum Broking; * - adjusted stake sale in Vicat Sagar Pvt Ltd

Exhibit 110: DuPont Analysis: Weak margins and low asset turnover resulting in weak RoEs

	FY14	FY15*	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	1.40	0.78	0.87	(0.93)	0.57	0.59	0.53	0.66	0.57	1.07	0.61
Revenue/average total assets	1.06	0.81	0.82	0.72	0.81	0.92	0.80	0.73	0.62	0.70	0.80
Average total assets/Average NW	2.08	1.78	1.72	1.73	1.66	1.63	1.62	1.72	2.09	2.20	1.82
PBT/EBITDA	0.43	0.25	0.41	0.04	0.31	0.16	0.27	0.70	0.38	(0.98)	0.20
EBITDA/Revenue	0.12	0.11	0.16	0.13	0.14	0.12	0.16	0.29	0.17	0.07	0.15
RoE	16.1%	3.1%	8.3%	(0.6%)	3.4%	1.7%	2.9%	17.1%	4.8%	(11.0%)	4.6%

Source: Company, Centrum Broking; * - adjusted stake sale in Vicat Sagar Pvt Ltd

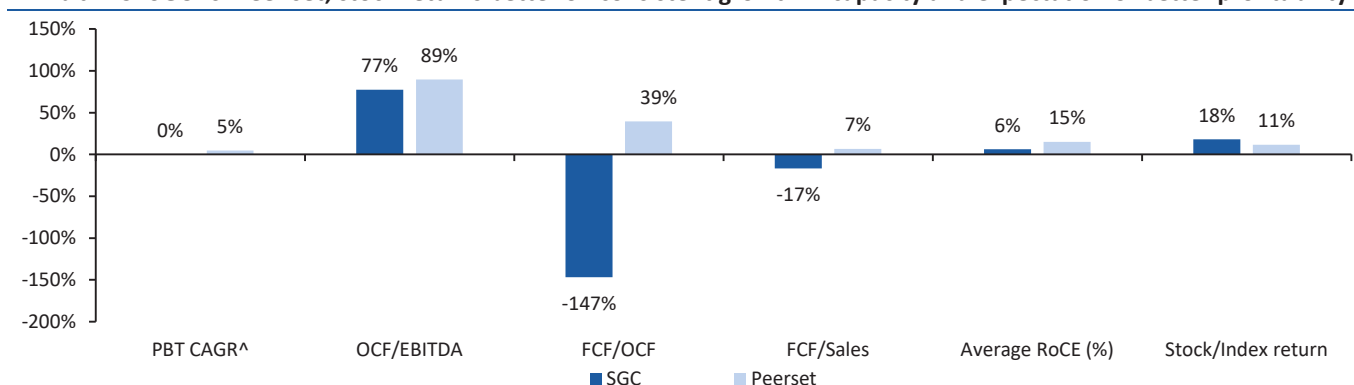
Exhibit 111: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate;

Exhibit 112: FCF consistently negative as OCF not enough to fund capex

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,335	871	(4,622)	(941)	(1,324)	(1,686)	(1,277)	894	(3,336)	(8,877)
FCF yield	40%	16%	NA	NA	NA	NA	NA	7%	NA	NA
Dividend + Buyback (b)	17	104	148	0	98	37	62	153	59	92
Distribution of FCF (b/a)	1%	12%	NA	NA	NA	NA	NA	17%	NA	NA
Cash & equivalents*/Capital employed	1%	36%	1%	16%	5%	2%	1%	15%	7%	7%

Source: Company, Centrum Broking *including liquid investments

Exhibit 113: SGC vs. Peer set; stock returns better on consistent growth in capacity and expectation of better profitability

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	13,713	15,969	22,295	29,339	34,161
Operating Expense	7,354	10,196	17,046	20,932	24,040
Employee cost	764	856	993	1,122	1,250
Others	1,591	2,160	2,725	3,466	4,091
EBITDA	4,004	2,758	1,532	3,819	4,780
Depreciation & Amortisation	806	927	1,558	1,285	1,433
EBIT	3,199	1,831	(26)	2,534	3,347
Interest expenses	466	925	2,016	912	986
Other income	78	134	547	150	170
PBT	2,811	1,040	(1,495)	1,771	2,532
Taxes	955	449	100	383	536
Effective tax rate (%)	34.0	43.1	6.7	21.6	21.2
PAT	1,856	592	(1,595)	1,388	1,996
Minority/Associates	0	0	0	0	0
Recurring PAT	1,856	592	(1,595)	1,388	1,996
Extraordinary items	0	0	1,680	0	0
Reported PAT	1,856	592	85	1,388	1,996
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	16.7	16.4	39.6	31.6	16.4
EBITDA	115.9	(31.1)	(44.5)	149.3	25.2
Adj. EPS	563.3	(68.1)	nm	nm	43.8
Margins (%)					
Gross	82.5	85.9	81.1	82.0	81.5
EBITDA	29.2	17.3	6.9	13.0	14.0
EBIT	23.3	11.5	(0.1)	8.6	9.8
Adjusted PAT	13.5	3.7	0.4	4.7	5.8
Returns (%)					
ROE	17.1	4.8	(11.0)	8.3	11.2
ROCE	12.6	4.6	1.6	6.1	7.3
ROIC	12.2	3.7	(0.1)	5.3	7.0
Turnover (days)					
Gross block turnover ratio (x)	0.7	0.6	0.5	0.7	0.8
Debtors	32	25	21	23	27
Inventory	60	60	51	50	49
Creditors	112	81	57	78	96
Net working capital	(20)	41	15	(7)	(5)
Solvency (x)					
Net debt-equity	0.4	1.0	0.7	1.0	0.9
Interest coverage ratio	8.6	3.0	0.8	4.2	4.9
Net debt/EBITDA	1.2	4.9	8.2	4.8	3.5
Per share (Rs)					
Adjusted EPS	15.8	5.0	(12.2)	10.6	15.3
BVPS	102.5	106.8	125.3	129.6	143.4
CEPS	22.7	12.9	(0.3)	20.5	26.2
DPS	1.3	0.5	0.7	0.8	1.0
Dividend payout (%)	8.2	9.9	107.5	7.9	6.6
Valuation (x)					
P/E	14.5	45.5	nm	21.6	15.0
P/BV	2.2	2.1	1.8	1.8	1.6
EV/EBITDA	7.1	13.3	23.5	10.9	8.4
Dividend yield (%)	0.6	0.2	0.3	0.4	0.4

Source: Company, Centrum Broking

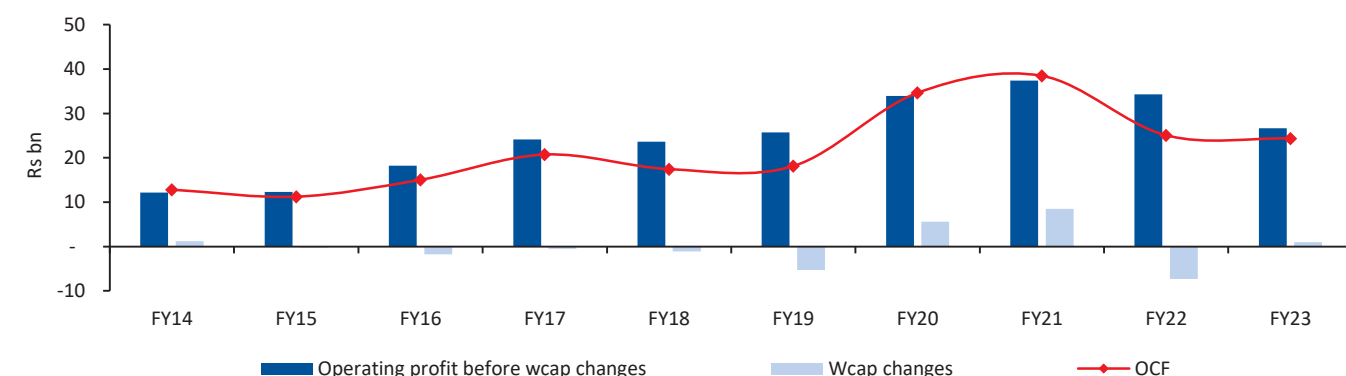
Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	235	235	261	261	261
Reserves & surplus	11,810	12,319	16,114	16,676	18,478
Shareholders fund	12,045	12,554	16,375	16,937	18,739
Minority Interest	535	540	514	514	514
Total debt	7,402	15,034	14,721	19,736	19,236
Non Current Liabilities	804	813	1,044	891	922
Def tax liab. (net)	820	977	1,083	820	820
Total liabilities	21,606	29,918	33,737	38,899	40,232
Gross block	18,570	26,832	41,919	43,169	44,419
Less: acc. Depreciation	(5,861)	(6,900)	(14,519)	(9,190)	(10,602)
Net block	12,710	19,931	27,400	33,979	33,817
Capital WIP	5,175	1,005	992	1,500	1,500
Net fixed assets	18,413	21,486	28,926	36,013	35,852
Non Current Assets	1,398	1,859	1,775	1,987	2,196
Investments	0	3,147	0	0	0
Inventories	1,243	2,086	2,709	3,012	3,466
Sundry debtors	1,007	1,203	1,332	2,347	2,731
Cash & Cash Equivalents	2,542	1,627	2,105	1,489	2,660
Loans & advances	0	0	5	0	0
Other current assets	1,144	2,236	1,380	1,850	2,037
Trade payables	2,290	2,210	3,088	5,910	6,792
Other current liab.	1,806	1,485	1,363	1,845	1,873
Provisions	44	31	44	44	44
Net current assets	1,796	3,426	3,036	899	2,185
Total assets	21,606	29,918	33,737	38,899	40,232
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,811	1,040	185	1,771	2,532
Depreciation & Amortisation	806	927	1,558	1,285	1,433
Net Interest	466	925	2,016	912	986
Net Change – WC	165	(2,532)	854	1,522	(115)
Direct taxes	(955)	(449)	(100)	(383)	(536)
Net cash from operations	3,292	(88)	4,514	5,108	4,300
Capital expenditure	(4,299)	(4,000)	(8,998)	(8,373)	(1,271)
Acquisitions, net	0	0	0	0	0
Investments	0	0	0	0	0
Others	(102)	(3,608)	3,231	(211)	(209)
Net cash from investing	(4,401)	(7,609)	(5,767)	(8,584)	(1,481)
FCF	(1,006)	(4,089)	(4,484)	(3,266)	3,029
Issue of share capital	12	0	26	0	0
Increase/(decrease) in debt	3,123	7,632	(312)	5,015	(500)
Dividend paid	(153)	(59)	(92)	(110)	(132)
Interest paid	(466)	(925)	(2,016)	(912)	(986)
Others	1,006	134	4,125	(1,132)	(31)
Net cash from financing	3,523	6,782	1,731	2,861	(1,649)
Net change in Cash	2,414	(915)	478	(616)	1,171

Source: Company, Centrum Broking

Shree Cement (SRCM)

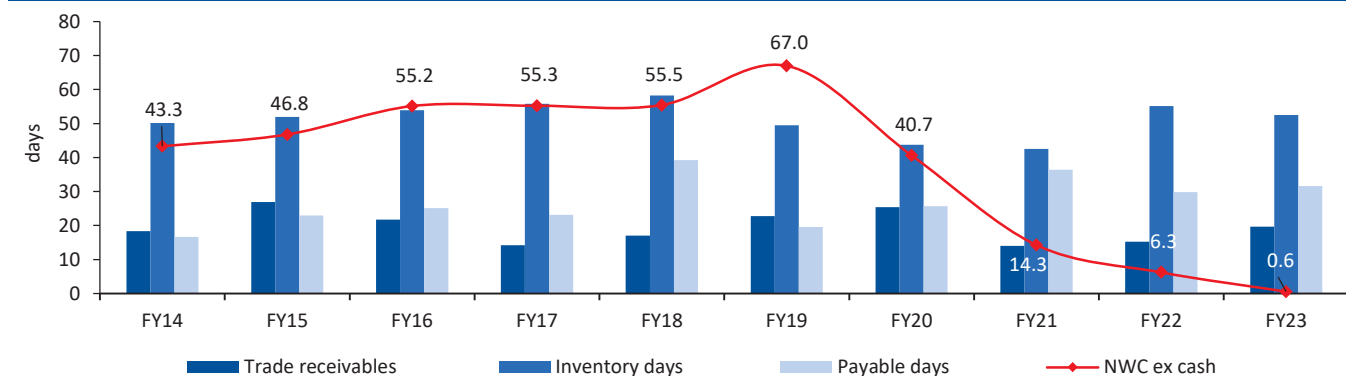
SRCM has reported 12%/3% revenue/PBT CAGR over the past decade. Lower PBT CAGR is on account of weak FY23, else PBT CAGR was better at 15% till last year. SRCM has prudently deployed cashflows in setting up capacities with cumulative OCF of Rs218bnn against capex of Rs161bn. Higher inventory and lower payables helped reduce costs but led to higher NWC compared to peers at 39 days. SRCM has always had minimum debt and has been a net cash company for past four years. RoEs are superior (avg. of 14.9%) on account of higher margins, marginally pulled down by lower financial leverage. Stock returns of 20% are superior on consistently higher growth, margins and return ratio.

Exhibit 114: Strong and consistent cash flow from operations



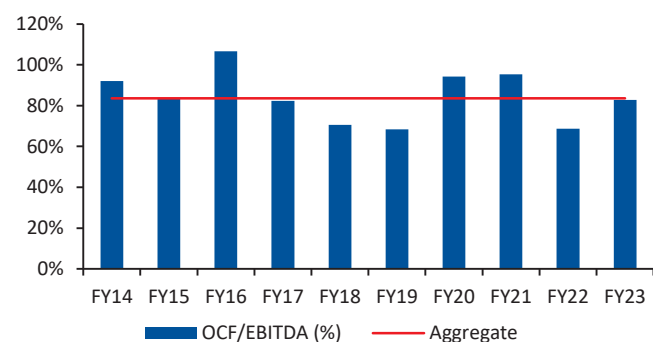
Source: Company, Centrum Broking

Exhibit 115: NWC days remain high due to high inventory and lower payable days, substantial improvement in recent years



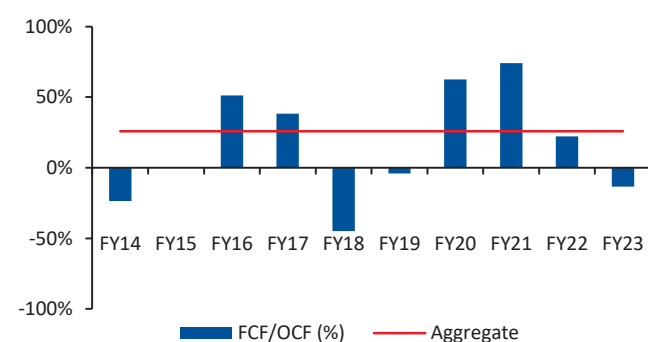
Source: Company, Centrum Broking

Exhibit 116: EBITDA to OCF conversion of 84% over 10 years



Source: Company, Centrum Broking

Exhibit 117: Regular deployment of OCF in capex



Source: Company, Centrum Broking

Market data

Current price:	Rs26,392
Bloomberg:	SRCM IN
52-week H/L:	Rs27,118/20,150
Market cap:	Rs952.2bn
Free float:	73.8%
Avg. daily vol. 3mth:	45712

Source: Bloomberg

Exhibit 118: Net cash company; Return ratios remain high

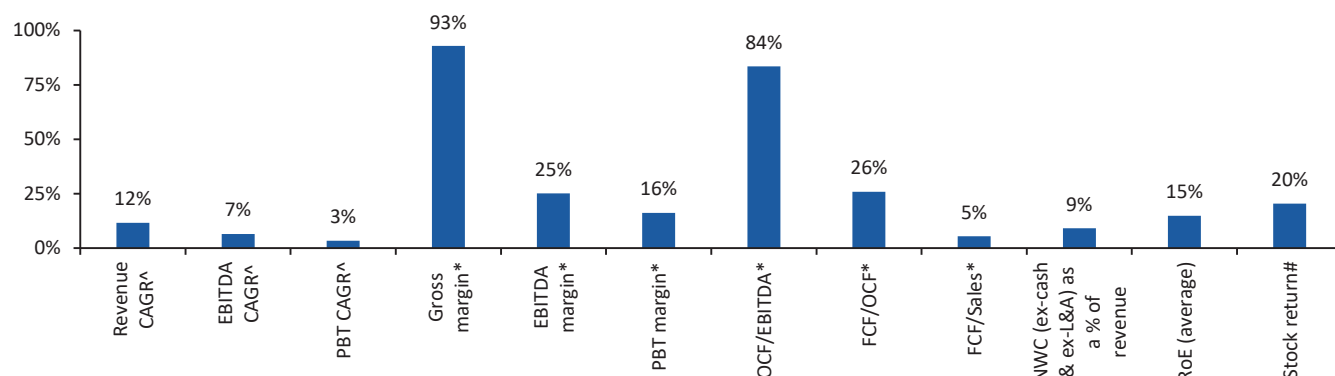
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.0	0.0	0.1	0.1	0.1	0.3	(0.1)	(0.1)	(0.1)	(0.1)	0.0
Net Debt/EBITDA	0.1	0.1	0.4	0.2	0.4	0.9	(0.2)	(0.5)	(0.5)	(0.7)	0.0
RoCE pre -tax	27.5%	22.0%	27.2%	31.5%	25.5%	20.9%	25.5%	25.7%	21.8%	16.3%	24.4%
RoCE	26.6%	23.4%	26.4%	27.5%	19.3%	18.4%	20.4%	19.8%	17.7%	13.9%	21.3%
RoIC pre-tax	15.1%	6.7%	7.0%	14.2%	14.4%	9.5%	15.2%	20.6%	16.8%	8.4%	12.8%
RoE	20.5%	9.3%	19.1%	18.5%	16.7%	12.2%	13.9%	17.0%	14.6%	7.5%	14.9%

Source: Company, Centrum Broking

Exhibit 119: DuPont Analysis: High margins kept RoE high, but restricted by lower financial leverage and asset turnover

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.97	1.06	0.97	0.88	0.76	0.90	0.80	0.77	0.81	0.85	0.88
Revenue/average total assets	1.01	0.98	0.72	0.93	0.84	0.87	0.80	0.74	0.77	0.86	0.85
Average total assets/Average NW	1.37	1.32	1.26	1.27	1.40	1.46	1.33	1.22	1.14	1.11	1.29
PBT/EBITDA	0.65	0.33	0.84	0.61	0.74	0.47	0.53	0.77	0.80	0.53	0.63
EBITDA/Revenue	0.24	0.21	0.26	0.29	0.25	0.23	0.31	0.32	0.25	0.17	0.25
RoE	20.5%	9.3%	19.1%	18.5%	16.7%	12.2%	13.9%	17.0%	14.6%	7.5%	14.9%

Source: Company, Centrum Broking

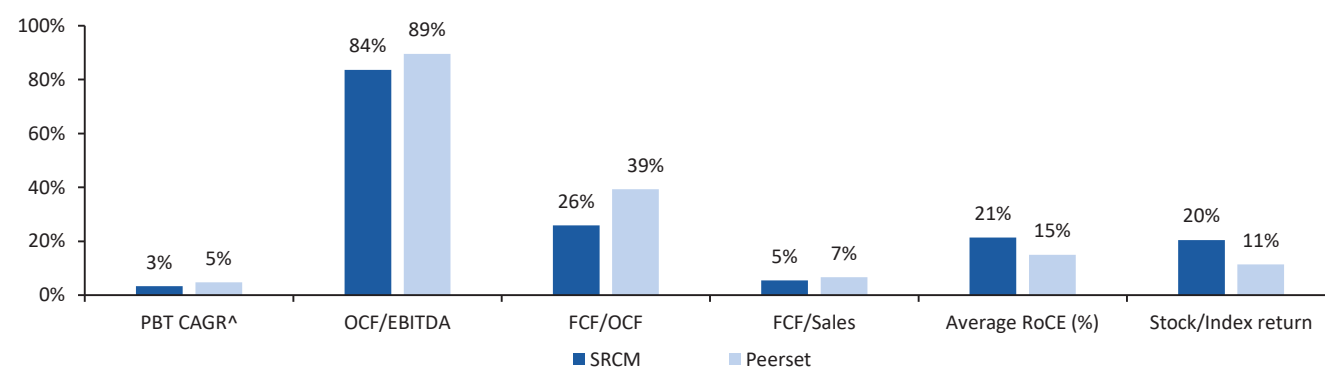
Exhibit 120: Price movement vs. Financials: Market rewards consistent performance; PBT growth lower due to weak FY23

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate

Exhibit 121: FCF utilization: Cash constitutes higher proportion of Capital employed despite consistent capex

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(3,028)	(22)	7,681	7,929	(7,828)	(726)	21,708	28,482	5,568	(3,265)
FCF yield	NA	NA	2.0%	1.5%	NA	NA	3.0%	3.5%	0.6%	NA
Dividend + Buyback (b)	895	893	1,592	4,846	1,843	2,308	6,231	22	3,789	3,245
Distribution of FCF (b/a)	NA	NA	21%	61%	NA	NA	29%	0%	68%	NA
Cash & equivalents*/Capital employed	16.7%	7.6%	2.2%	8.8%	22.8%	2.7%	22.2%	24.1%	19.8%	18.2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 122: SRCM outperformed on good balance sheet, better return ratios and profitable growth

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	1,26,689	1,43,059	1,68,375	1,88,391	2,07,602
Operating Expense	59,309	75,176	1,04,877	1,08,068	1,17,307
Employee cost	7,597	8,072	8,658	9,164	9,699
Others	19,430	23,333	25,417	28,290	31,472
EBITDA	40,352	36,478	29,423	42,870	49,124
Depreciation & Amortisation	11,399	10,365	15,462	18,039	21,763
EBIT	28,953	26,114	13,961	24,831	27,360
Interest expenses	2,471	2,178	2,689	1,679	1,725
Other income	4,580	5,373	4,315	5,288	5,183
PBT	31,062	29,309	15,586	28,440	30,818
Taxes	7,138	5,543	2,305	7,963	8,629
Effective tax rate (%)	23.0	18.9	14.8	28.0	28.0
PAT	23,924	23,766	13,281	20,477	22,189
Minority/Associates	0	0	0	0	0
Recurring PAT	23,924	23,766	13,281	20,477	22,189
Extraordinary items	0	0	0	0	0
Reported PAT	23,924	23,766	13,281	20,477	22,189
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	6.4	12.9	17.7	11.9	10.2
EBITDA	9.8	(9.6)	(19.3)	45.7	14.6
Adj. EPS	47.1	(0.7)	(44.1)	54.2	8.4
Margins (%)					
Gross	93.2	92.2	92.8	92.3	92.2
EBITDA	31.9	25.5	17.5	22.8	23.7
EBIT	22.9	18.3	8.3	13.2	13.2
Adjusted PAT	18.9	16.6	7.9	10.9	10.7
Returns (%)					
ROE	17.0	14.6	7.5	10.7	10.7
ROCE	16.0	14.2	8.0	10.6	10.8
ROIC	16.5	13.6	7.1	10.4	10.5
Turnover (days)					
Gross block turnover ratio (x)	1.1	1.1	1.1	0.9	0.9
Debtors	19	14	16	17	15
Inventory	89	88	80	84	83
Creditors	40	39	34	39	38
Net working capital	6	(4)	(21)	(13)	(12)
Solvency (x)					
Net debt-equity	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage ratio	16.3	16.8	10.9	25.5	28.5
Net debt/EBITDA	(0.5)	(0.5)	(0.7)	(0.7)	(0.6)
Per share (Rs)					
Adjusted EPS	663.1	658.7	368.1	567.5	615.0
BVPS	4,226.7	4,786.8	5,068.9	5,516.4	6,011.4
CEPS	979.0	946.0	796.7	1,067.5	1,218.2
DPS	0.6	105.0	89.9	120.0	120.0
Dividend payout (%)	0.1	15.9	24.4	21.1	19.5
Valuation (x)					
P/E	39.8	40.1	71.7	46.5	42.9
P/BV	6.2	5.5	5.2	4.8	4.4
EV/EBITDA	22.3	24.7	30.6	20.8	18.1
Dividend yield (%)	0.0	0.4	0.3	0.5	0.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	361	361	361	361	361
Reserves & surplus	1,52,140	1,72,348	1,82,524	1,98,671	2,16,530
Shareholders fund	1,52,501	1,72,709	1,82,884	1,99,031	2,16,891
Minority Interest	0	0	0	0	0
Total debt	18,396	16,188	15,518	11,018	8,518
Non Current Liabilities	9,312	2,757	3,396	1,783	1,965
Def tax liab. (net)	0	0	0	0	0
Total liabilities	1,80,209	1,91,654	2,01,799	2,11,832	2,27,373
Gross block	1,13,644	1,35,229	1,50,755	1,98,972	2,43,987
Less: acc. Depreciation	(71,729)	(82,014)	(97,428)	(1,15,484)	(1,37,265)
Net block	41,916	53,215	53,327	83,488	1,06,723
Capital WIP	9,710	9,729	23,203	15,000	10,000
Net fixed assets	51,625	62,944	76,529	98,488	1,16,723
Non Current Assets	6,200	6,994	10,612	13,918	13,722
Investments	72,713	80,610	82,999	59,922	57,922
Inventories	14,772	21,614	24,226	25,516	27,788
Sundry debtors	4,859	5,957	9,061	8,258	9,100
Cash & Cash Equivalents	39,891	36,033	34,700	39,693	39,177
Loans & advances	250	351	138	126	134
Other current assets	12,223	12,958	13,237	18,591	20,356
Trade payables	7,858	8,039	11,287	11,821	12,873
Other current liab.	22,196	34,318	44,947	47,377	51,180
Provisions	125	144	155	167	182
Net current assets	41,816	34,412	24,973	32,819	32,321
Total assets	1,80,209	1,91,654	2,01,799	2,11,832	2,27,373
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	31,062	29,309	15,586	28,440	30,818
Depreciation & Amortisation	11,399	10,365	15,462	18,039	21,763
Net Interest	2,471	2,178	2,689	1,679	1,725
Net Change – WC	3,269	3,534	8,094	(2,866)	(32)
Direct taxes	(7,138)	(5,543)	(2,305)	(7,963)	(8,629)
Net cash from operations	41,063	39,843	39,526	37,330	45,645
Capital expenditure	(10,214)	(21,684)	(29,047)	(39,998)	(39,998)
Acquisitions, net	0	0	0	0	0
Investments	(21,352)	(4,953)	(1,046)	20,077	5,000
Others	463	(682)	(3,392)	(3,211)	299
Net cash from investing	(31,103)	(27,319)	(33,486)	(23,133)	(34,699)
FCF	30,850	18,159	10,479	(2,668)	5,647
Issue of share capital	12	0	0	0	0
Increase/(decrease) in debt	(5,078)	(2,208)	(670)	(4,500)	(2,500)
Dividend paid	(22)	(3,789)	(3,245)	(4,330)	(4,330)
Interest paid	(2,471)	(2,178)	(2,689)	(1,679)	(1,725)
Others	(1,386)	(5,264)	574	(1,695)	92
Net cash from financing	(8,944)	(13,439)	(6,030)	(12,204)	(8,463)
Net change in Cash	1,016	(915)	10	1,993	2,484

Source: Company, Centrum Broking

Star Cement (STRCEM)

Star Cement has delivered an impressive Revenue and EBITDA CAGR of 16% and 15%, respectively over the last decade. Company's niche presence in the northeast with 20-23% market share in the region has helped to deliver healthy OCF growth till FY19. Exhaustion of transport/capital subsidy from FY19 resulted in lower OCF and margins. Positive NWC for the company compared to negative NWC for peers is on account of higher subsidy receivables from the govt. Average FCF to OCF ratio at 50% has reduced as company accelerated its expansion (capacity to reach 7.7mn mt by the end of FY24). Decadal ROE at 14%, ROCE at 13% (peer at 15%). The stock got demerged from Star Ferro in FY18 and returns since then are negative.

22 September 2023

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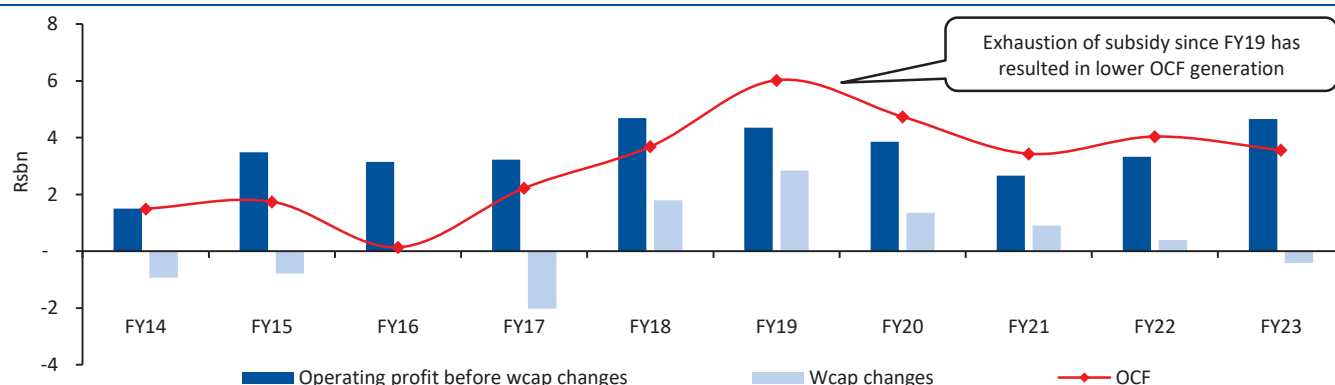
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Market data

Current price:	Rs161
Bloomberg:	STRCEM IN
52-week H/L:	Rs170/93
Market cap:	Rs65bn
Free float:	16.6%
Avg. daily vol. 3mth:	800943

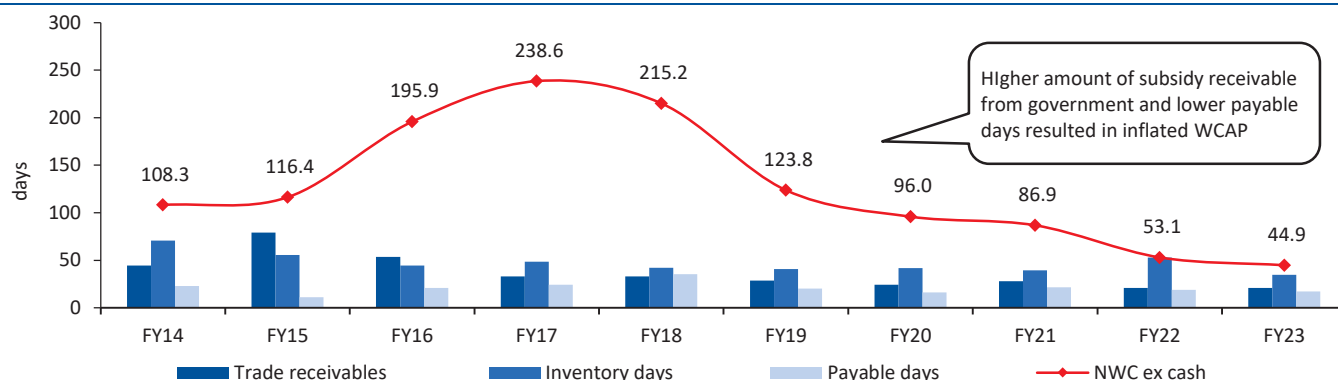
Source: Bloomberg

Exhibit 123: Steady increase in OCF generation till FY19 on higher subsidy from govt.



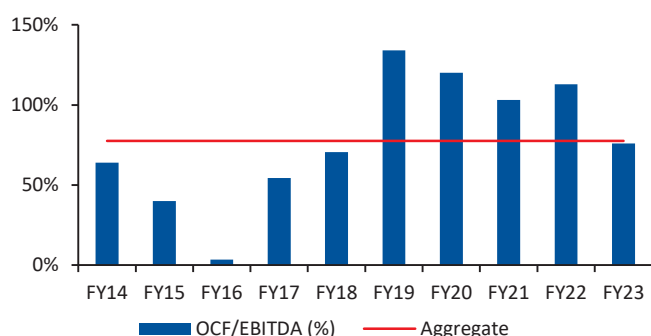
Source: Company, Centrum Broking

Exhibit 124: Net working capital days on a declining trend as amount of subsidy receivable from govt. has come down



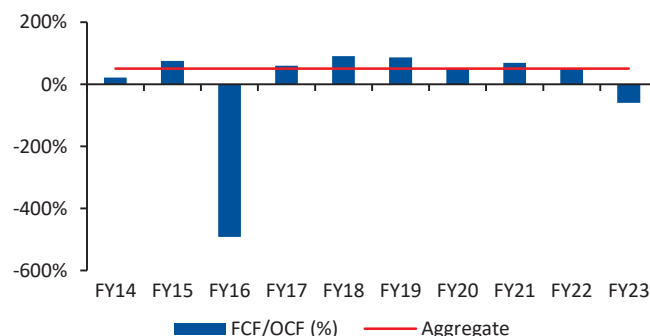
Source: Company, Centrum Broking

Exhibit 125: EBITDA to OCF conversion of 78% over 10 years



Source: Company, Centrum Broking

Exhibit 126: OCF to FCF conversion of 50% over 10 years



Source: Company, Centrum Broking

Exhibit 127: Turned net debt positive from net cash in FY23 owing to ongoing capex; healthy return ratios

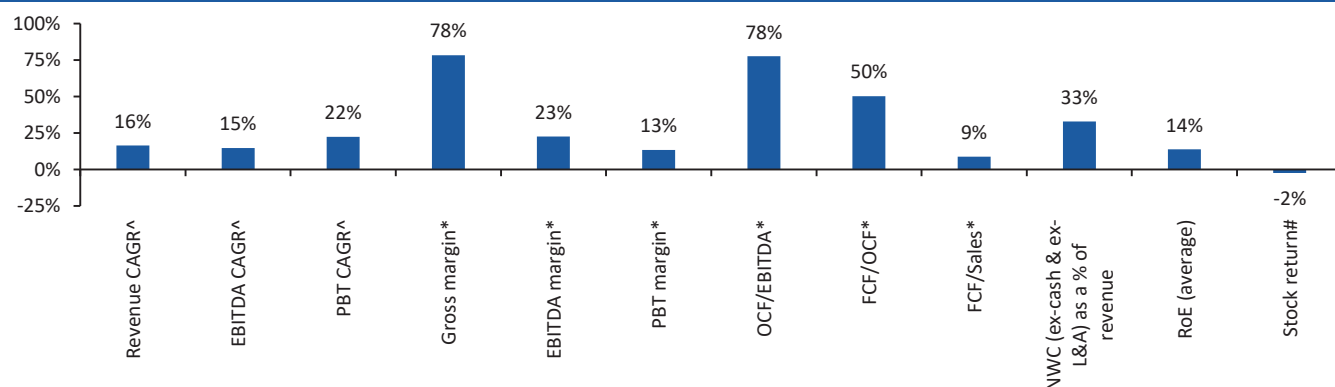
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.9	0.7	0.7	0.5	0.2	(0.1)	(0.1)	(0.2)	(0.2)	0.0	0.2
Net Debt/EBITDA	3.5	1.5	1.8	1.6	0.6	(0.4)	(0.7)	(1.4)	(1.1)	0.1	0.5
RoCE pre -tax	9.4%	22.7%	20.9%	20.8%	27.3%	24.3%	21.7%	16.8%	16.6%	19.0%	19.9%
RoCE	3.0%	12.2%	12.9%	15.1%	20.6%	17.1%	15.6%	12.8%	12.5%	11.7%	13.4%
RoIC pre-tax	4.3%	12.3%	12.0%	14.3%	20.4%	19.7%	16.9%	13.9%	12.2%	12.7%	13.9%
RoE	(0.4%)	13.4%	14.4%	18.6%	25.2%	18.7%	15.9%	12.8%	12.2%	12.0%	14.3%

Source: Company, Centrum Broking

Exhibit 128: DuPont Analysis: Higher margins and steady improvement in asset turn has led to healthy ROEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.84	0.94	0.92	0.91	0.94	0.89	0.89	0.95	1.01	0.74	0.90
Revenue/average total assets	0.57	0.81	0.93	0.77	0.80	0.93	0.92	0.80	0.98	1.03	0.85
Average total assets/Average NW	2.01	2.01	1.97	1.89	1.54	1.23	1.12	1.09	1.08	1.16	1.52
PBT/EBITDA	(0.02)	0.29	0.37	0.53	0.68	0.74	0.82	0.79	0.72	0.78	0.57
EBITDA/Revenue	0.23	0.31	0.23	0.27	0.32	0.25	0.21	0.19	0.16	0.17	0.23
RoE	(0.4%)	13.4%	14.4%	18.6%	25.2%	18.7%	15.9%	12.8%	12.2%	12.0%	14.3%

Source: Company, Centrum Broking

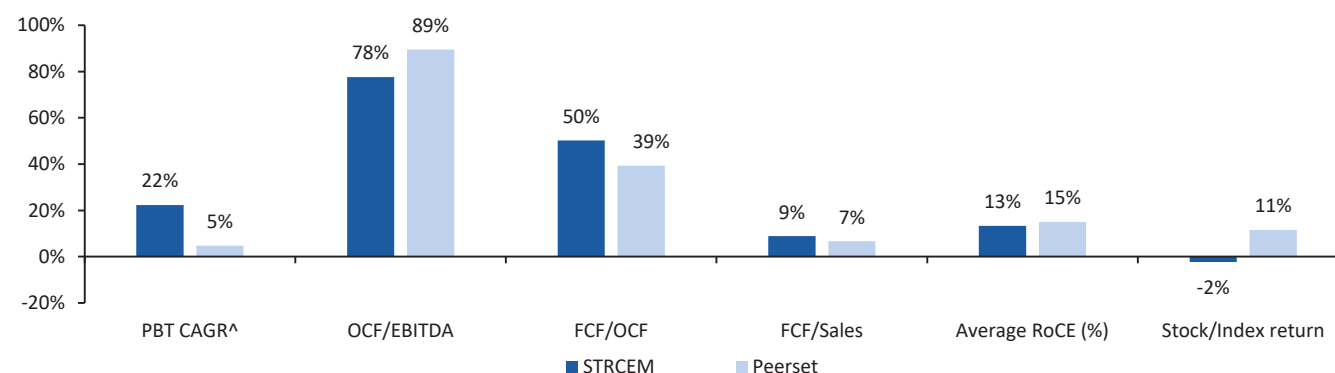
Exhibit 129: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate; Stock return from FY18 after demerger from Star ferro, Star ferro stock CAGR is 45% over FY14-18

Exhibit 130: Robust internal accruals utilized for expansion; cash levels and FCF distribution better

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	324	1,310	(671)	1,330	3,358	5,217	2,465	2,362	2,064	(2,133)
FCF yield	NA	NA	NA	NA	7%	11%	6%	6%	5%	NA
Dividend + Buyback (b)	123	-	-	-	-	516	497	547	602	662
Distribution of FCF (b/a)	38%	0%	0%	0%	0%	10%	20%	23%	29%	NA
Cash & equivalents*/Capital employed	1%	1%	2%	1%	1%	11%	14%	23%	18%	11%

Source: Company, Centrum Broking *including liquid investments

Exhibit 131: STRCEM vs. Peer set: stock returns before demerger from Star Ferro impressive

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	17,199	22,343	27,089	30,846	40,180
Operating Expense	10,595	14,176	16,910	19,214	25,549
Employee cost	1,313	1,594	2,030	2,092	2,236
Others	1,965	2,996	3,465	3,736	4,483
EBITDA	3,326	3,577	4,684	5,804	7,913
Depreciation & Amortisation	900	1,216	1,347	1,512	2,454
EBIT	2,426	2,361	3,337	4,291	5,459
Interest expenses	70	133	190	650	970
Other income	282	334	521	367	384
PBT	2,638	2,562	3,668	4,008	4,873
Taxes	121	(31)	954	1,042	1,267
Effective tax rate (%)	4.6	1.2	26.0	26.0	26.0
PAT	2,517	2,593	2,714	2,966	3,606
Minority/Associates	0	0	0	0	0
Recurring PAT	2,517	2,593	2,714	2,966	3,606
Extraordinary items	(646)	0	0	0	0
Reported PAT	1,871	2,593	2,714	2,966	3,606

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(6.7)	29.9	21.2	13.9	30.3
EBITDA	(15.7)	7.5	30.9	23.9	36.3
Adj. EPS	(11.9)	5.1	4.7	9.3	21.6
Margins (%)					
Gross	76.6	74.3	76.8	76.5	75.8
EBITDA	19.3	16.0	17.3	18.8	19.7
EBIT	14.1	10.6	12.3	13.9	13.6
Adjusted PAT	14.6	11.6	10.0	9.6	9.0
Returns (%)					
ROE	12.8	12.2	12.0	11.9	13.2
ROCE	12.8	12.5	11.7	10.7	11.1
ROIC	13.1	12.0	9.4	8.5	10.0
Turnover (days)					
Gross block turnover ratio (x)	1.2	1.4	1.6	1.5	1.0
Debtors	27	21	19	20	19
Inventory	85	55	49	53	49
Creditors	33	27	27	28	25
Net working capital	87	53	45	44	46
Solvency (x)					
Net debt-equity	(0.2)	(0.2)	0.0	0.3	0.3
Interest coverage ratio	47.6	26.9	24.6	8.9	8.2
Net debt/EBITDA	(1.4)	(1.1)	0.1	1.5	1.1
Per share (Rs)					
Adjusted EPS	6.1	6.4	6.7	7.3	8.9
BVPS	50.3	53.7	58.7	64.3	71.2
CEPS	8.3	9.4	10.0	11.1	15.0
DPS	1.3	1.5	1.6	1.8	2.0
Dividend payout (%)	29.2	23.2	24.4	24.5	22.2
Valuation (x)					
P/E	26.3	25.1	23.9	21.9	18.0
P/BV	3.2	3.0	2.7	2.5	2.3
EV/EBITDA	18.8	17.7	14.5	13.1	9.6
Dividend yield (%)	0.8	0.9	1.0	1.1	1.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	412	404	404	404	404
Reserves & surplus	20,329	21,280	23,332	25,570	28,375
Shareholders fund	20,742	21,684	23,737	25,974	28,779
Minority Interest	0	0	0	0	0
Total debt	148	0	3,500	11,500	11,500
Non Current Liabilities	1,465	1,741	2,095	2,376	3,067
Def tax liab. (net)	0	0	0	0	0
Total liabilities	22,354	23,425	29,331	39,850	43,346
Gross block	13,792	15,943	16,988	19,988	39,988
Less: acc. Depreciation	(5,589)	(6,805)	(8,152)	(9,665)	(12,118)
Net block	8,203	9,137	8,836	10,324	27,870
Capital WIP	1,266	1,045	9,000	18,000	2,000
Net fixed assets	9,496	10,282	17,936	28,423	29,970
Non Current Assets	738	2,313	1,499	1,523	1,791
Investments	17	17	17	17	17
Inventories	2,347	1,953	2,578	3,019	3,890
Sundry debtors	1,317	1,287	1,561	1,777	2,315
Cash & Cash Equivalents	4,904	4,025	3,009	2,601	3,010
Loans & advances	3,257	2,009	2,820	3,549	4,623
Other current assets	434	1,972	1,000	530	562
Trade payables	985	1,146	1,368	1,529	1,970
Other current liab.	2,235	2,776	3,209	3,548	4,350
Provisions	47	50	50	50	50
Net current assets	8,992	7,274	6,341	6,349	8,030
Total assets	22,354	23,425	29,331	39,850	43,346

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,708	2,695	3,858	4,658	5,843
Depreciation & Amortisation	900	1,216	1,347	1,512	2,454
Net Interest	(70)	(133)	(190)	(650)	(970)
Net Change – WC	735	839	(82)	(416)	(1,272)
Direct taxes	(121)	31	(954)	(1,042)	(1,267)
Net cash from operations	3,506	4,648	3,978	4,062	4,787
Capital expenditure	(1,059)	(2,003)	(9,000)	(12,000)	(4,000)
Acquisitions, net	0	0	0	0	0
Investments	(1,907)	(1,432)	1,500	1,500	0
Others	3	(1,575)	814	(23)	(268)
Net cash from investing	(2,962)	(5,010)	(6,686)	(10,523)	(4,268)
FCF	2,447	2,646	(5,022)	(7,938)	787
Issue of share capital	0	(8)	0	0	0
Increase/(decrease) in debt	36	(148)	3,500	8,000	0
Dividend paid	(547)	(602)	(662)	(728)	(801)
Interest paid	(70)	(133)	(190)	(650)	(970)
Others	127	(1,191)	353	281	690
Net cash from financing	(454)	(2,082)	3,001	6,903	(1,081)
Net change in Cash	90	(2,444)	294	442	(561)

Source: Company, Centrum Broking

The Ramco Cements (TRCL)

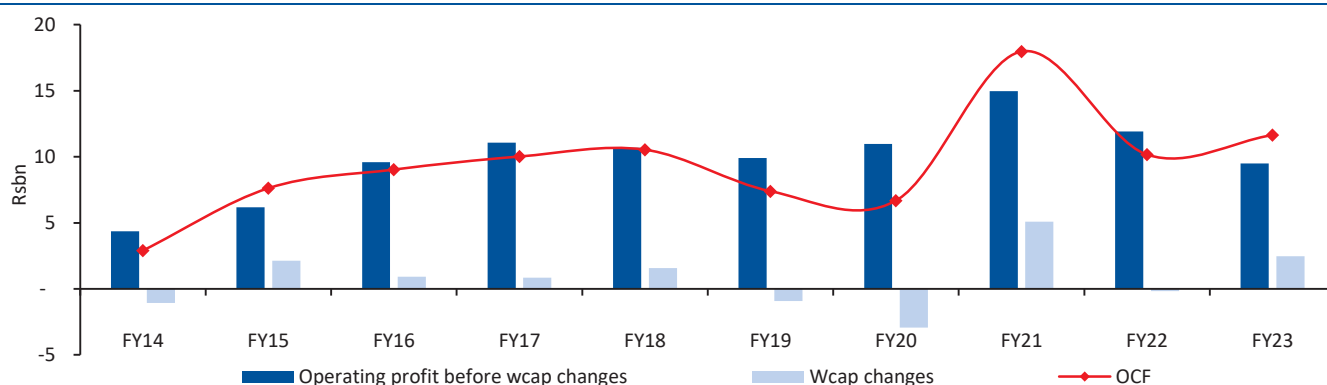
TRCL has reported 8% revenue and -2% PBT CAGR over the decade. The first half of the decade (FY14-18) is characterised by increasing OCF, increasing margins and reducing debt. On the contrary, second half of the decade (FY19-23) is characterised by excessive capex resulting in negative FCF, lower margins and falling return ratios. TRCL generated OCF of Rs54bn over the past five years and spent capex of Rs85bn. Despite excessive capex, PBT growth has been muted on weak margins. Average asset turnover of the company at 0.7x is relatively lower signifying lower utilizations in the past. RoE of 12.6% is above average but has come off recently. The stock returns of 14% is largely due to outperformance in initial five years while returns over FY19-23 are negative.

Market data

Current price:	Rs886
Bloomberg:	TRCL IN
52-week H/L:	Rs953/634
Market cap:	Rs209.4bn
Free float:	43.2%
Avg. daily vol. 3mth:	448058

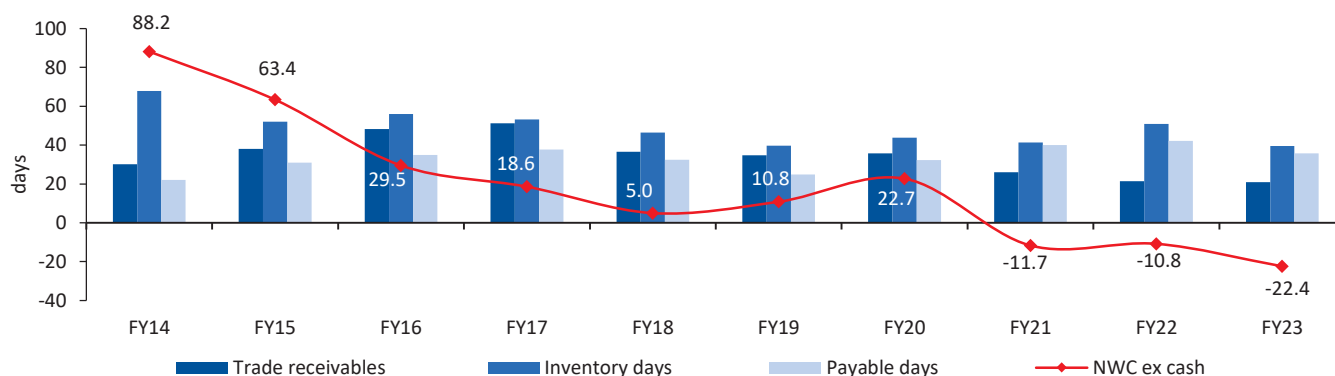
Source: Bloomberg

Exhibit 132: Positive OCF over FY14-23; but OCF growth over the past 6-7 years is below 3%



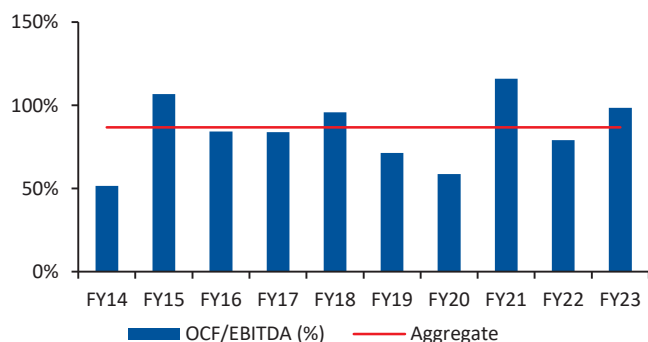
Source: Company, Centrum Broking

Exhibit 133: Higher WCAP compared to peers on higher inventory days; NWC days turned negative only in past 3 years



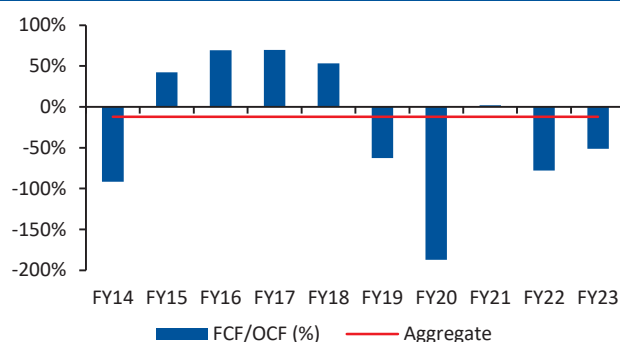
Source: Company, Centrum Broking

Exhibit 134: EBITDA to OCF conversion of 87% over 10 years



Source: Company, Centrum Broking

Exhibit 135: OCF to FCF conversion of -12% over 10 years on account of higher capex over the past five years



Source: Company, Centrum Broking

Exhibit 136: Leverage came off highs since the start of the decade but has peaked once again due to excessive capex

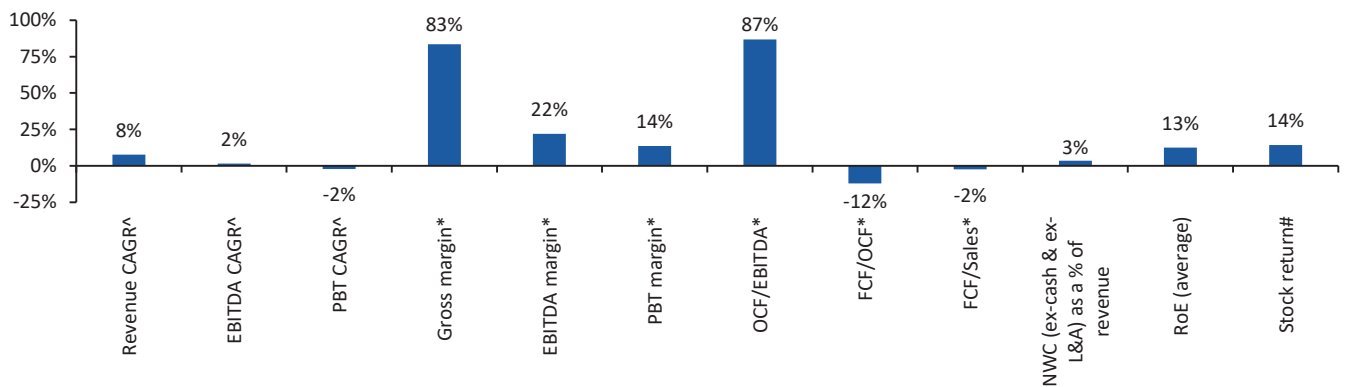
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.9	0.8	0.5	0.3	0.2	0.3	0.5	0.4	0.5	0.6	0.5
Net Debt/EBITDA	3.9	3.1	1.5	0.9	0.8	1.3	2.2	1.5	2.5	3.3	2.1
RoCE pre -tax	9.2%	11.3%	18.7%	23.0%	21.0%	17.9%	16.0%	18.0%	12.5%	9.0%	15.7%
RoCE	8.2%	7.7%	15.1%	17.6%	14.9%	12.6%	12.2%	12.0%	13.9%	6.5%	12.1%
RoIC pre-tax	4.4%	7.6%	14.2%	16.5%	14.1%	11.0%	9.8%	13.1%	8.3%	5.8%	10.5%
RoE	5.7%	9.5%	18.9%	19.0%	14.3%	11.9%	12.8%	14.4%	14.7%	5.2%	12.6%

Source: Company, Centrum Broking

Exhibit 137: DuPont Analysis; higher margins offset lower asset turnover

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.89	0.68	0.81	0.76	0.71	0.71	0.76	0.67	1.11	0.73	0.78
Revenue/average total assets	0.65	0.61	0.61	0.71	0.77	0.81	0.70	0.59	0.60	0.72	0.68
Average total assets/Average NW	2.34	2.34	2.03	1.63	1.47	1.49	1.63	1.68	1.65	1.70	1.80
PBT/EBITDA	0.27	0.50	0.63	0.71	0.71	0.69	0.69	0.74	0.62	0.40	0.60
EBITDA/Revenue	0.15	0.20	0.30	0.30	0.25	0.20	0.21	0.29	0.21	0.15	0.23
RoE	5.7%	9.5%	18.9%	19.0%	14.3%	11.9%	12.8%	14.4%	14.7%	5.2%	12.6%

Source: Company, Centrum Broking

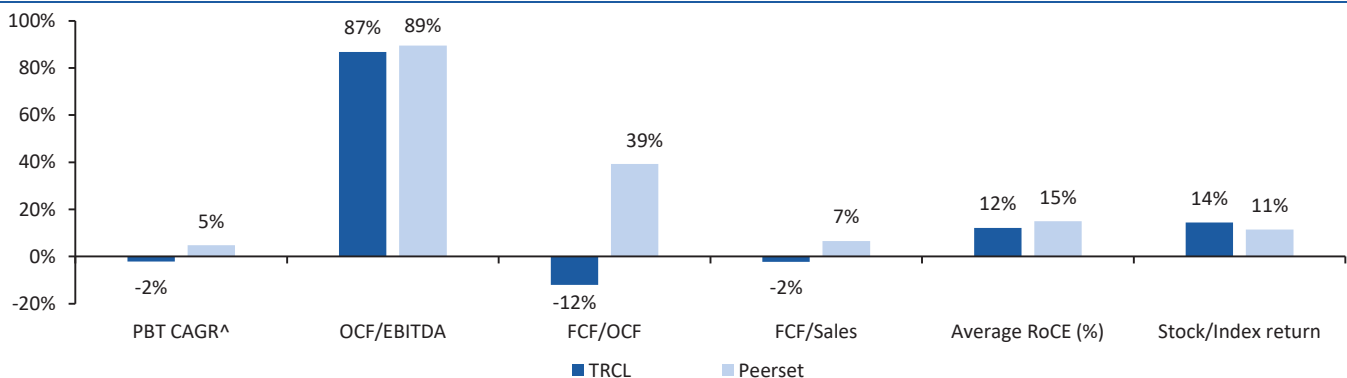
Exhibit 138: The stock outperformed in first five years of the decade; last five years returns negative on weak growth

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 139: Large capex programme resulted in negative FCF for the last five years and distribution slowed down

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(2,661)	3,237	6,262	6,976	5,595	(4,622)	(12,507)	320	(7,929)	(5,983)
FCF yield	NA	4.5%	7.5%	5.1%	3.3%	NA	NA	0.2%	NA	NA
Dividend + Buyback (b)	279	279	1291	0	852	853	1564	708	0	710
Distribution of FCF (b/a)	NA	9%	21%	0%	15%	NA	NA	222%	NA	NA
Cash & equivalents*/Capital employed	0.9%	1.2%	1.7%	2.4%	2.3%	1.6%	1.3%	1.7%	1.8%	1.6%

Source: Company, Centrum Broking *including liquid investments

Exhibit 140: TRCL vs. Peer set: Weak earnings growth and FCF generation

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	52,684	59,800	81,353	92,451	1,00,581
Operating Expense	26,772	34,936	56,076	59,301	64,557
Employee cost	4,021	4,145	4,462	4,685	4,920
Others	6,411	8,015	8,995	10,042	10,769
EBITDA	15,480	12,705	11,820	18,422	20,336
Depreciation & Amortisation	3,553	4,008	4,505	5,597	6,173
EBIT	11,927	8,697	7,314	12,826	14,163
Interest expenses	876	1,124	2,215	2,579	2,401
Other income	346	306	332	336	340
PBT	11,397	7,879	5,432	10,583	12,102
Taxes	3,786	(915)	1,302	2,751	3,146
Effective tax rate (%)	33.2	11.6	24.0	26.0	26.0
PAT	7,611	8,794	4,130	7,831	8,955
Minority/Associates	0	0	0	0	0
Recurring PAT	7,611	8,794	4,130	7,831	8,955
Extraordinary items	0	0	0	0	0
Reported PAT	7,611	8,794	4,130	7,831	8,955
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(1.9)	13.5	36.0	13.6	8.8
EBITDA	36.2	(17.9)	(7.0)	55.9	10.4
Adj. EPS	26.6	15.5	(53.0)	89.6	14.4
Margins (%)					
Gross	83.7	85.1	83.5	82.7	82.0
EBITDA	29.4	21.2	14.5	19.9	20.2
EBIT	22.6	14.5	9.0	13.9	14.1
Adjusted PAT	14.4	14.7	5.1	8.5	8.9
Returns (%)					
ROE	14.4	14.5	6.2	10.8	11.2
ROCE	10.5	8.8	5.6	8.7	9.3
ROIC	9.1	7.2	4.8	7.9	8.8
Turnover (days)					
Gross block turnover ratio (x)	0.5	0.5	0.6	0.5	0.6
Debtors	31	22	18	21	22
Inventory	85	75	56	60	63
Creditors	48	45	36	40	39
Net working capital	(54)	(45)	(46)	(37)	(36)
Solvency (x)					
Net debt-equity	0.4	0.5	0.6	0.5	0.3
Interest coverage ratio	17.7	11.3	5.3	7.1	8.5
Net debt/EBITDA	1.5	2.5	3.3	1.9	1.3
Per share (Rs)					
Adjusted EPS	32.3	37.3	17.5	33.2	38.0
BVPS	238.8	276.9	291.5	321.7	356.7
CEPS	47.4	54.3	36.7	57.0	64.2
DPS	3.0	3.0	3.0	3.0	3.0
Dividend payout (%)	9.3	8.1	17.2	9.0	7.9
Valuation (x)					
P/E	27.4	23.7	50.6	26.7	23.3
P/BV	3.7	3.2	3.0	2.8	2.5
EV/EBITDA	15.0	18.9	20.9	13.2	11.5
Dividend yield (%)	0.3	0.3	0.3	0.3	0.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	236	236	236	236	236
Reserves & surplus	56,032	65,012	68,434	75,557	83,804
Shareholders fund	56,268	65,249	68,670	75,793	84,040
Minority Interest	0	0	0	0	0
Total debt	24,847	33,622	41,021	38,121	33,521
Non Current Liabilities	515	709	730	751	774
Def tax liab. (net)	10,877	8,240	8,240	8,240	8,240
Total liabilities	92,507	1,07,820	1,18,661	1,22,905	1,26,575
Gross block	1,05,925	1,17,267	1,45,988	1,70,257	1,79,257
Less: acc. Depreciation	(38,720)	(41,959)	(46,464)	(52,061)	(58,234)
Net block	67,206	75,309	99,525	1,18,197	1,21,024
Capital WIP	23,552	30,340	19,688	4,419	1,419
Net fixed assets	90,758	1,05,649	1,19,212	1,22,615	1,22,442
Non Current Assets	3,819	3,641	2,890	2,446	2,198
Investments	4,369	4,220	4,308	4,400	4,495
Inventories	5,979	8,333	8,826	10,638	11,574
Sundry debtors	3,752	3,498	4,647	5,826	6,338
Cash & Cash Equivalents	1,419	1,760	2,523	2,885	7,495
Loans & advances	277	204	327	372	404
Other current assets	3,085	3,250	3,250	3,250	3,250
Trade payables	3,634	4,892	6,294	6,701	7,264
Other current liab.	16,997	17,474	20,660	22,456	23,990
Provisions	320	369	369	369	369
Net current assets	(6,439)	(5,690)	(7,749)	(6,556)	(2,561)
Total assets	92,507	1,07,820	1,18,661	1,22,905	1,26,575
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	11,397	7,879	5,432	10,583	12,102
Depreciation & Amortisation	3,553	4,008	4,505	5,597	6,173
Net Interest	876	1,124	2,215	2,579	2,401
Net Change – WC	7,285	(408)	2,822	(832)	616
Direct taxes	(3,786)	915	(1,302)	(2,751)	(3,146)
Net cash from operations	19,325	13,518	13,672	15,175	18,145
Capital expenditure	(18,024)	(18,899)	(18,069)	(9,000)	(6,000)
Acquisitions, net	0	0	0	0	0
Investments	(94)	150	(88)	(92)	(95)
Others	410	178	751	444	248
Net cash from investing	(17,709)	(18,572)	(17,406)	(8,648)	(5,848)
FCF	1,301	(5,381)	(4,396)	6,175	12,145
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(1,477)	8,774	7,399	(2,900)	(4,600)
Dividend paid	(708)	(708)	(708)	(708)	(708)
Interest paid	(876)	(1,124)	(2,215)	(2,579)	(2,401)
Others	1,949	(1,547)	21	22	23
Net cash from financing	(1,112)	5,395	4,496	(6,166)	(7,687)
Net change in Cash	504	342	763	362	4,611

Source: Company, Centrum Broking

UltraTech Cement (UTCEM)

UTCEM has reported 11% revenue and 7% PBT CAGR over the past decade. Inorganic growth through acquisition of cement assets of Jaypee, Binani and Century during FY16-19, resulted in temporary increase in leverage parameters of the company with debt:EBITDA increasing to ~3x in FY19. However, subsequent higher OCF helped reduce leverage substantially thereafter. NWC days have also started improving post FY19. UTCEM has reported substantial improvement in RoE and RoCE post FY19, and we expect further improvement as organic capacity expansion has happened at lower capex cost compared to inorganic growth. The stock has given 15% CAGR over the past decade on consistent growth, higher margins and improving return ratios and BS.

22 September 2023

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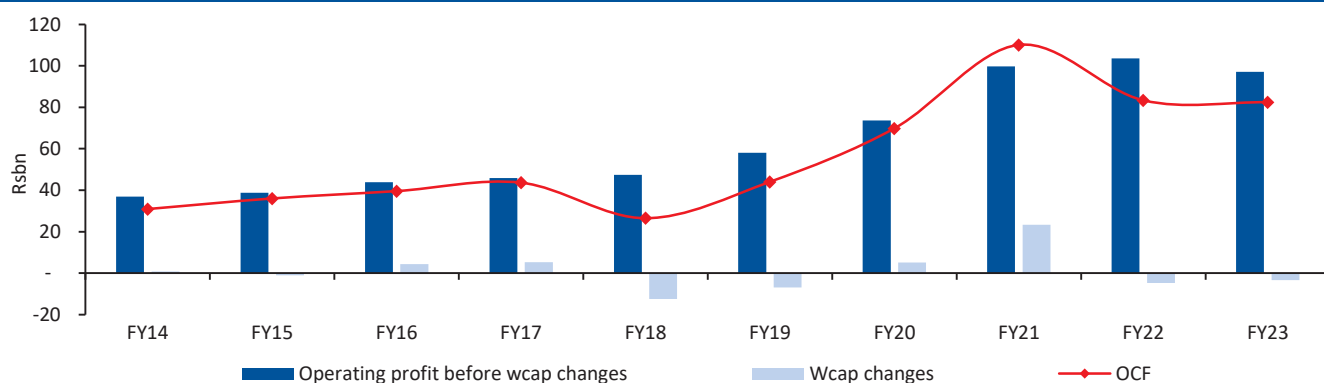
sanjit.tambe@centrum.co.in

Market data

Current price:	Rs8,628
Bloomberg:	UTCEM IN
52-week H/L:	Rs8,751/6,005
Market cap:	Rs2490.8bn
Free float:	38.2%
Avg. daily vol. 3mth:	296417

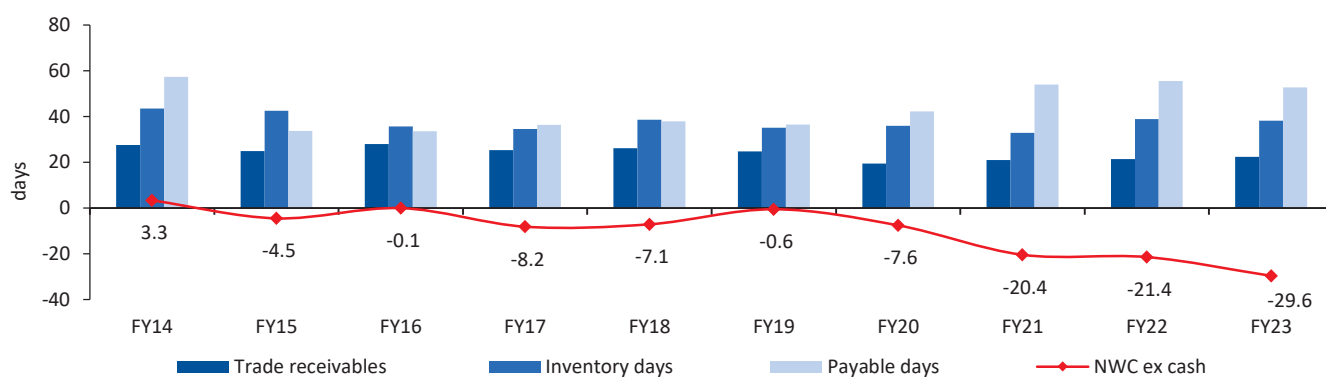
Source: Bloomberg

Exhibit 141: Continuous expansion and higher profitability led OCF to grow steadily over the years



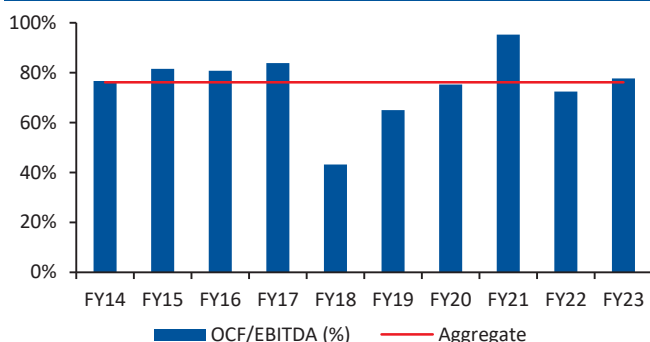
Source: Company, Centrum Broking

Exhibit 142: Negative working capital trend maintained



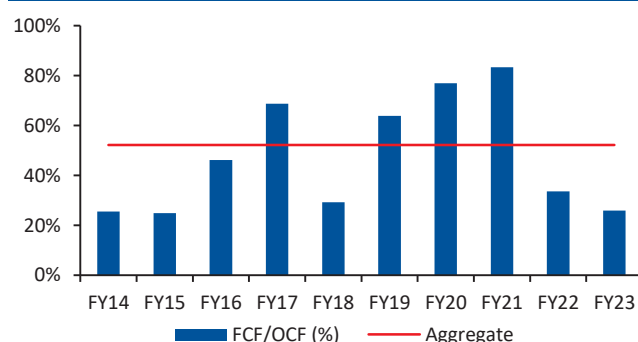
Source: Company, Centrum Broking

Exhibit 143: EBITDA to OCF conversion of 75% over 10 years



Source: Company, Centrum Broking

Exhibit 144: OCF to FCF conversion of 43% over 10 years



Source: Company, Centrum Broking

Exhibit 145: Leverage increases in intervals due to expansion and acquisitions; return ratios improving due to higher profits

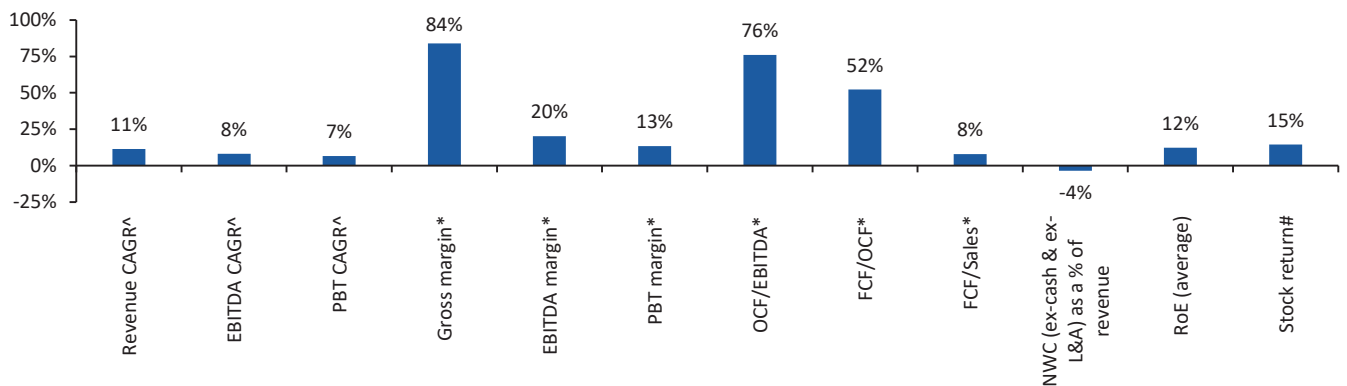
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.2	0.2	0.1	(0.0)	0.5	0.7	0.4	0.1	0.1	0.0	0.2
Net Debt/EBITDA	0.7	1.1	0.6	(0.0)	2.4	3.0	1.8	0.4	0.4	0.2	1.0
RoCE pre -tax	16.6%	15.7%	16.8%	16.5%	13.8%	11.7%	13.9%	16.9%	17.1%	15.7%	15.5%
RoCE	10.9%	9.7%	10.1%	10.3%	9.0%	7.3%	11.6%	10.8%	13.1%	9.1%	10.2%
RoIC pre-tax	12.8%	11.9%	12.9%	14.2%	9.7%	8.9%	10.6%	15.6%	14.1%	12.0%	12.3%
RoE	13.6%	11.4%	11.9%	11.7%	10.1%	8.8%	17.2%	13.4%	15.2%	9.7%	12.3%

Source: Company, Centrum Broking

Exhibit 146: DuPont Analysis; improving RoEs due to higher profitability

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.77	0.70	0.72	0.70	0.70	0.68	1.11	0.69	0.86	0.68	0.76
Revenue/average total assets	0.86	0.86	0.81	0.76	0.74	0.73	0.70	0.66	0.76	0.91	0.78
Average total assets/Average NW	1.55	1.54	1.49	1.45	1.64	1.88	1.79	1.64	1.46	1.33	1.58
PBT/EBITDA	0.71	0.67	0.70	0.74	0.59	0.52	0.56	0.70	0.73	0.70	0.66
EBITDA/Revenue	0.19	0.18	0.19	0.21	0.20	0.18	0.22	0.26	0.22	0.17	0.20
RoE	13.6%	11.4%	11.9%	11.7%	10.1%	8.8%	17.2%	13.4%	15.2%	9.7%	12.3%

Source: Company, Centrum Broking

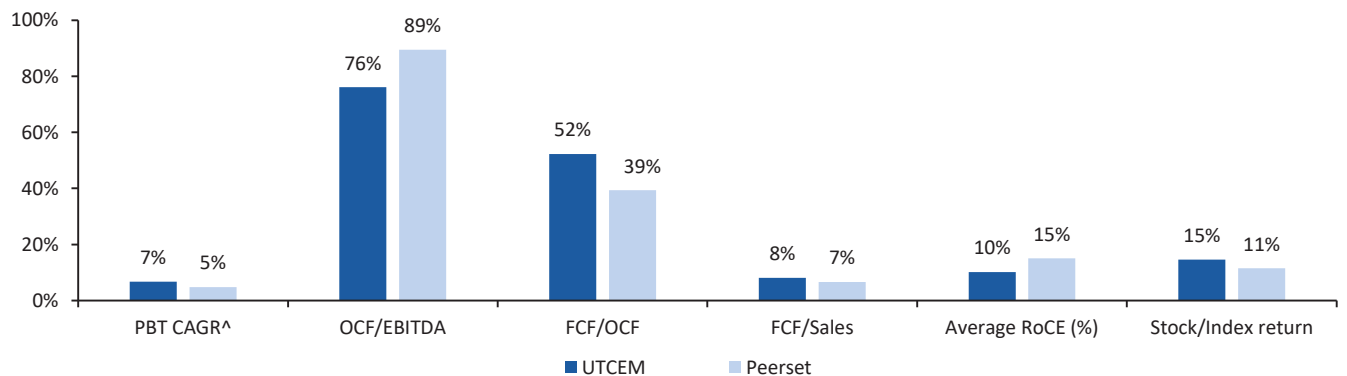
Exhibit 147: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate for FY14-23; # including dividends and buyback

Exhibit 148: FCF utilization: Reasonable distribution to minority shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	7,906	8,942	18,277	30,013	7,735	28,116	53,765	91,786	27,986	21,402
FCF yield	2%	1%	2%	3%	1%	3%	5%	7%	1%	1%
Dividend + Buyback (b)	2,496	2,525	2,509	3,119	3,340	3,462	3,800	3,748	10,650	10,913
Distribution of FCF (b/a)	32%	28%	14%	10%	43%	12%	7%	4%	38%	51%
Cash & equivalents*/Capital employed	17%	12%	16%	24%	10%	5%	8%	20%	8%	11%

Source: Company, Centrum Broking *including liquid investments

Exhibit 149: UTCEM performed in line with peers

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	4,47,258	5,25,988	6,32,400	7,06,330	7,68,247
Operating Expense	2,54,369	3,17,569	4,21,435	4,46,172	4,83,335
Employee cost	23,530	25,347	27,390	29,406	31,573
Others	53,680	67,929	77,377	81,099	91,048
EBITDA	1,15,679	1,15,144	1,06,199	1,49,653	1,62,290
Depreciation & Amortisation	27,002	27,148	28,880	31,552	34,983
EBIT	88,677	87,996	77,319	1,18,102	1,27,306
Interest expenses	14,857	9,447	8,227	6,888	4,513
Other income	7,342	5,078	5,031	5,376	5,747
PBT	81,162	83,627	74,122	1,16,590	1,28,540
Taxes	25,387	11,901	23,429	31,481	34,707
Effective tax rate (%)	31.3	14.2	31.6	27.0	27.0
PAT	55,775	71,726	50,694	85,109	93,833
Minority/Associates	22	17	40	5	5
Recurring PAT	55,797	71,743	50,734	85,114	93,838
Extraordinary items	(2,616)	0	0	0	0
Reported PAT	53,180	71,743	50,734	85,114	93,838
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	6.2	17.6	20.2	11.7	8.8
EBITDA	24.6	(0.5)	(7.8)	40.9	8.4
Adj. EPS	(3.7)	28.6	(29.3)	67.8	10.2
Margins (%)					
Gross	84.2	85.0	84.8	84.4	84.0
EBITDA	25.9	21.9	16.8	21.2	21.1
EBIT	19.8	16.7	12.2	16.7	16.6
Adjusted PAT	12.5	13.6	8.0	12.1	12.2
Returns (%)					
ROE	13.4	15.2	9.7	14.7	14.3
ROCE	10.8	13.1	9.1	13.8	13.8
ROIC	10.3	12.1	8.2	12.7	12.8
Turnover (days)					
Gross block turnover ratio (x)	0.8	0.8	0.9	1.0	0.9
Debtors	20	20	20	21	21
Inventory	59	55	53	56	56
Creditors	58	60	57	61	61
Net working capital	(42)	(26)	(36)	(21)	(19)
Solvency (x)					
Net debt-equity	0.1	0.1	0.0	0.0	(0.1)
Interest coverage ratio	7.8	12.2	12.9	21.7	36.0
Net debt/EBITDA	0.4	0.4	0.2	(0.1)	(0.3)
Per share (Rs)					
Adjusted EPS	193.3	248.5	175.8	294.8	325.1
BVPS	1,530.5	1,747.1	1,883.8	2,133.3	2,403.9
CEPS	286.8	342.6	275.8	404.1	446.3
DPS	13.0	36.9	37.8	45.4	54.4
Dividend payout (%)	7.0	14.8	21.5	15.4	16.7
Valuation (x)					
P/E	44.6	34.7	49.1	29.3	26.5
P/BV	5.6	4.9	4.6	4.0	3.6
EV/EBITDA	20.9	20.9	22.5	15.7	14.3
Dividend yield (%)	0.2	0.4	0.4	0.5	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	2,887	2,887	2,887	2,887	2,887
Reserves & surplus	4,38,918	5,01,435	5,40,915	6,12,934	6,91,057
Shareholders fund	4,41,804	5,04,322	5,43,802	6,15,821	6,93,944
Minority Interest	0	0	0	0	0
Total debt	1,77,836	95,744	88,337	59,402	38,902
Non Current Liabilities	18,223	19,042	19,585	20,086	20,627
Def tax liab. (net)	60,407	60,332	62,601	62,601	62,601
Total liabilities	6,98,269	6,79,440	7,14,324	7,57,910	8,16,075
Gross block	5,94,989	6,22,009	6,89,010	7,32,807	8,27,807
Less: acc. Depreciation	(1,16,414)	(1,41,421)	(1,68,417)	(1,98,416)	(2,33,400)
Net block	4,78,575	4,80,588	5,20,594	5,34,391	5,94,408
Capital WIP	16,867	47,847	40,404	60,055	45,055
Net fixed assets	5,57,640	5,90,936	6,24,290	6,57,739	7,02,755
Non Current Assets	50,778	58,559	67,481	47,418	42,697
Investments	12,842	13,724	14,604	15,604	19,604
Inventories	40,180	55,956	66,118	71,913	76,112
Sundry debtors	25,717	30,716	38,670	43,191	46,977
Cash & Cash Equivalents	1,29,014	53,225	69,862	76,898	91,430
Loans & advances	52	69	77	87	96
Other current assets	45,540	34,929	32,702	45,278	46,404
Trade payables	45,482	58,628	72,093	77,355	84,565
Other current liab.	1,12,865	97,730	1,25,408	1,20,781	1,23,246
Provisions	5,219	2,480	2,044	2,147	2,254
Net current assets	76,937	16,057	7,884	37,085	50,954
Total assets	6,98,269	6,79,440	7,14,324	7,57,910	8,16,075

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	78,567	83,644	74,163	1,16,595	1,28,545
Depreciation & Amortisation	27,002	27,148	28,880	31,552	34,983
Net Interest	14,857	9,447	8,227	6,888	4,513
Net Change – WC	27,865	(14,909)	24,810	(22,165)	663
Direct taxes	(25,387)	(11,901)	(23,429)	(31,481)	(34,707)
Net cash from operations	1,22,905	93,429	1,12,651	1,01,389	1,33,998
Capital expenditure	(18,663)	(60,140)	(61,443)	(65,000)	(80,000)
Acquisitions, net	0	0	0	0	0
Investments	(62,494)	58,423	(9,612)	(3,800)	(9,000)
Others	9,619	(8,177)	(9,615)	20,063	4,721
Net cash from investing	(71,539)	(9,893)	(80,670)	(48,737)	(84,279)
FCF	51,366	83,536	31,981	52,653	49,718
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(35,690)	(82,092)	(7,408)	(28,934)	(20,500)
Dividend paid	(3,748)	(10,650)	(10,913)	(13,095)	(15,714)
Interest paid	(14,857)	(9,447)	(8,227)	(6,888)	(4,513)
Others	17,612	2,169	2,470	501	541
Net cash from financing	(36,682)	(1,00,020)	(24,077)	(48,417)	(40,186)
Net change in Cash	14,683	(16,484)	7,904	4,236	9,532

Source: Company, Centrum Broking

Chemicals Sector

In chemicals universe, high PBT CAGR coupled with robust RoEs led to maximum (58% CAGR) stock returns for Deepak Nitrite over the past decade. SRF's WC management is the best with 47 average net WC days. Vinati's RoEs remained the highest at 25% while Dhanuka had the highest asset turn at 1.7x. With light asset model, Dhanuka's asset turn is relatively high with strong RoEs. PI continues to remain an all-rounder with PBT CAGR, highest EBITDA to OCF conversion, high FCF to sales, industry average WC mgmt., robust RoEs, and good asset turn which is also reflected in 40% CAGR in stock returns. Navin's improving financial performance over the years coupled with margin expansion is also reflected in 52% CAGR returns.

Nifty 50 vs Nifty Commodities

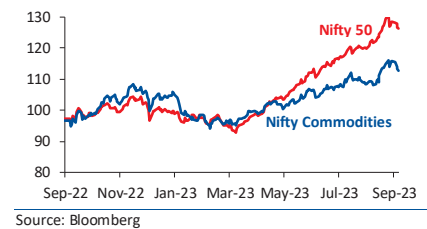
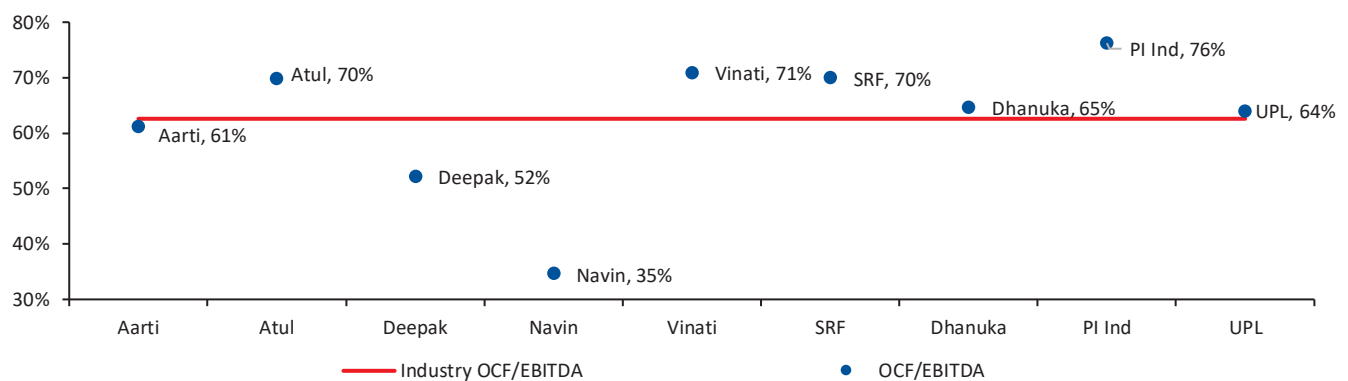
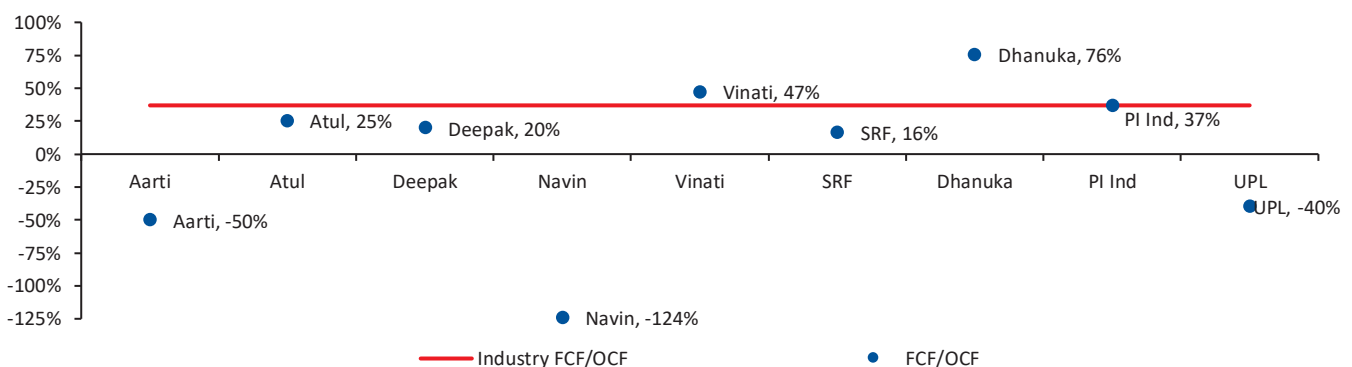


Exhibit 150: Except Aarti and Deepak Nitrite, EBITDA to OCF conversion for all the companies has been well above 65%



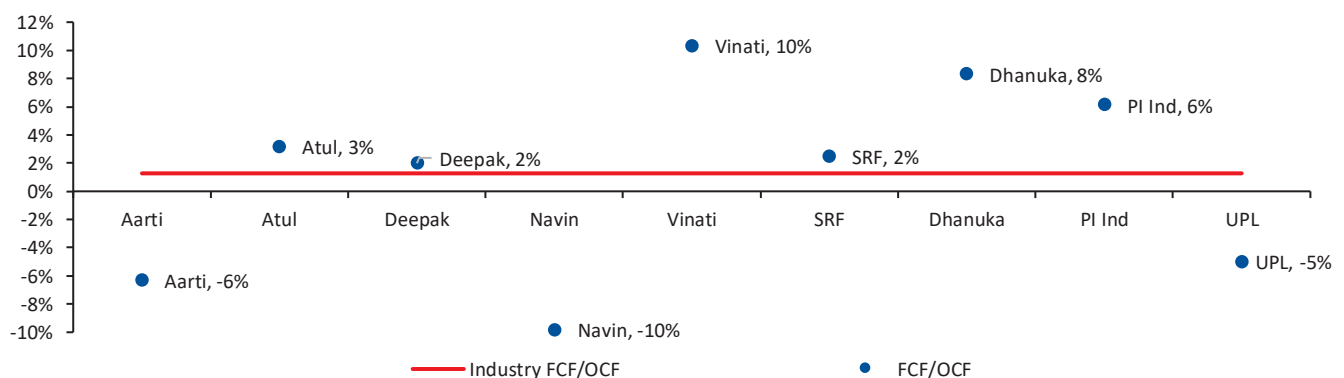
Source: Company, Centrum Broking; data is for FY14-23

Exhibit 151: OCF to FCF conversion highest for Dhanuka followed by Vinati



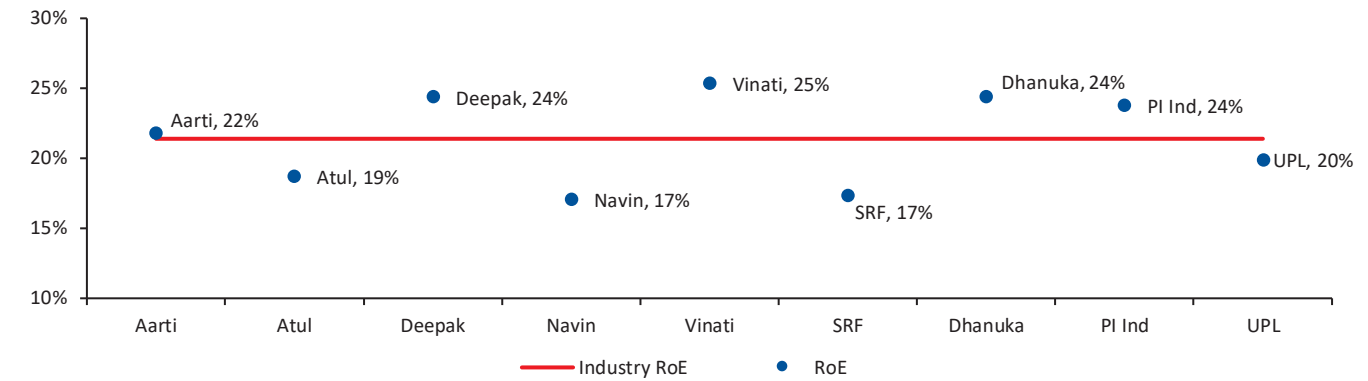
Source: Company, Centrum Broking; data is for FY14-23, Note: For avg. not considered Aarti, Navin, and UPL due to negative FCF

Exhibit 152: FCF to Sales conversion highest for Vinati followed by Dhanuka

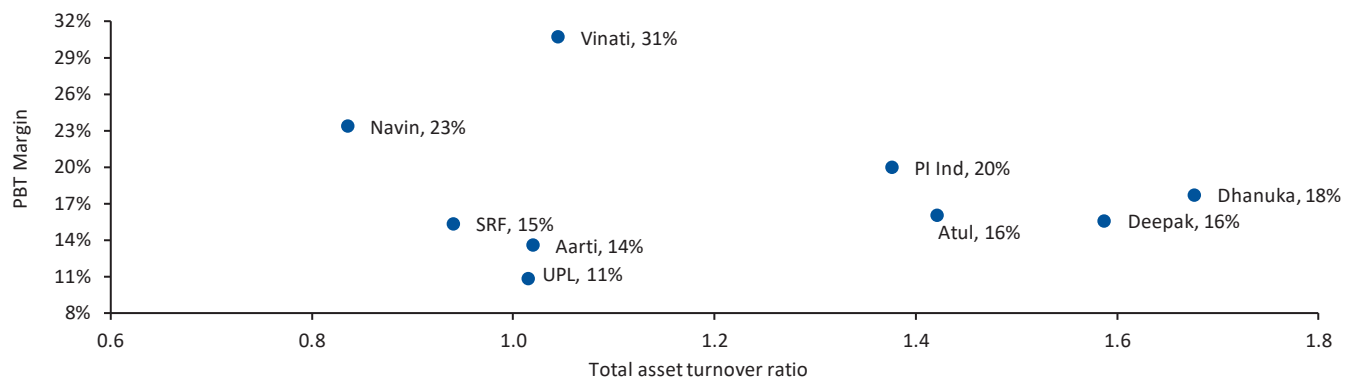


Source: Company, Centrum Broking; data is for FY14-23

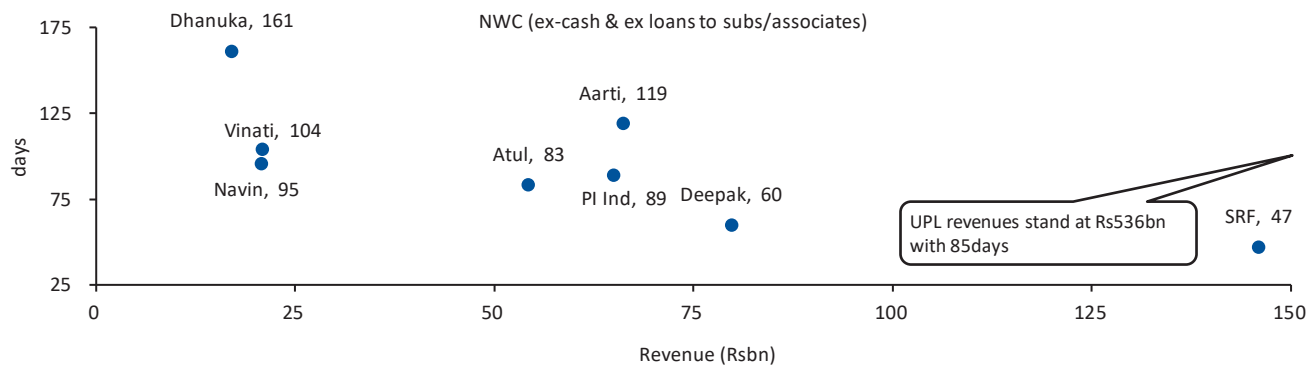
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 153: Highest RoEs for Vinati at medium asset turn; highest asset turn for Deepak Nitrite with high RoEs

Source: Company, Centrum Broking; data is for FY14-23

Exhibit 154: Highest PBT margin for Vinati; highest asset turn for Deepak Nitrite and Dhanuka due to asset light model

Source: Company, Centrum Broking; data is for FY14-23

Exhibit 155: Best WC mgmt. for SRF despite being diversified, while stretched for Dhanuka due to RM import dependency

Source: Company, Centrum Broking, data is for FY14-23

Exhibit 156: Key performance metrics for 10 years ended FY23

	Aarti	Atul	Deepak	Navin	Vinati	SRF	Dhanuka	PI Ind	UPL
Revenue CAGR (%)^	12	10	23	14	14	14	11	19	20
EBITDA CAGR (%)^	12	12	33	21	17	19	13	24	20
PBT CAGR (%)^	13	14	36	22	20	23	14	26	18
Gross margin (%)	46	49	39	55	50	49	38	45	50
EBITDA margin (%)	21	18	19	23	31	21	17	22	19
PBT margin (%)	14	16	16	23	31	15	18	20	11
Net Debt/Equity (x)	0.8	0.1	0.7	(0.0)	0.0	0.6	0.0	(0.1)	0.6
Net Debt/EBITDA (x)	2.0	0.2	2.3	(0.1)	0.0	2.1	0.0	(0.3)	2.1
OCF/EBITDA (%)	61	70	52	35	71	70	65	76	64
FCF/OCF (%)	(50)	25	20	(124)	47	(8)	76	37	(40)
FCF/Sales (%)	(6)	3	2	(10)	10	(1)	8	6	(5)
NWC (ex-cash & ex loans to subs/associates) – days	33	23	16	26	28	13	44	24	23
RoE (%)	22	19	24	17	25	17	24	24	20
Stock return (%)^	43	39	58	52	43	50	20	40	25

Source: Company, Centrum Broking; ^: FY13-23 CAGR, Note: Navin CAGR from FY14-23s

Aarti Industries (ARTO)

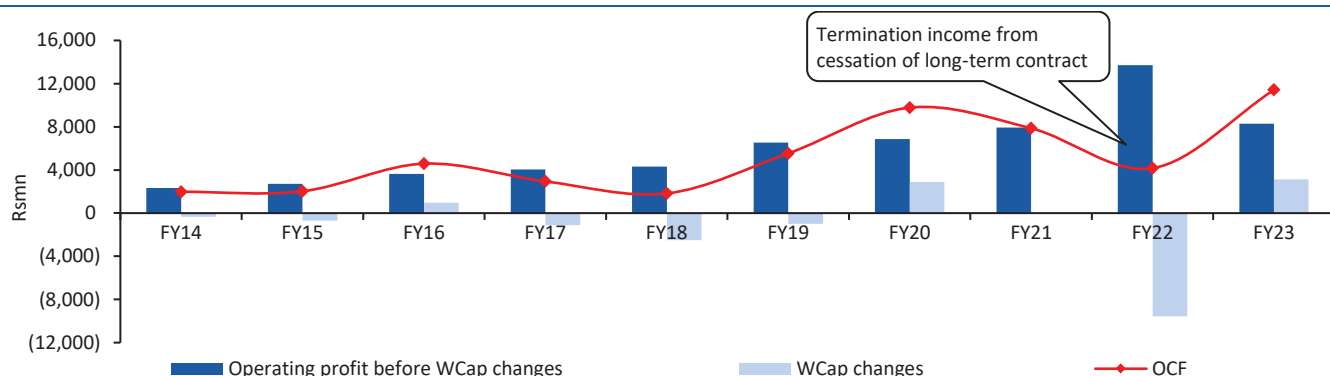
Aarti posted revenue/PBT CAGR of 12%/13% over FY14-23. The ex-cash NWC has seen an increment from average 111 days over FY14-19 to 145 days over FY20-21 and further coming back to normalcy of 115 days over FY22-23, largely due to rising inventories during the Covid period. Operating profit rose consistently with Aarti's aggregate OCF at Rs52.1bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 61%. Over FY14-23, Aarti invested significantly in capex cumulatively at ~Rs78bn due to which the FCF remained negative for 9 out of 10 years aggregating at Rs26bn. Avg. net debt/equity ratio stayed at 0.8x while avg. RoE/RoCE stood at 21.3%/14.4% over FY14-23. Despite negative FCF, the company has distributed dividends every year, aggregating total dividend payout for FY14-23 at ~Rs83bn.

Market data

Current price:	Rs512
Bloomberg:	ARTO IN
52-week H/L:	Rs783/445
Market cap:	Rs185.6bn
Free float:	49.4%
Avg. daily vol. 3mth:	1735068

Source: Bloomberg

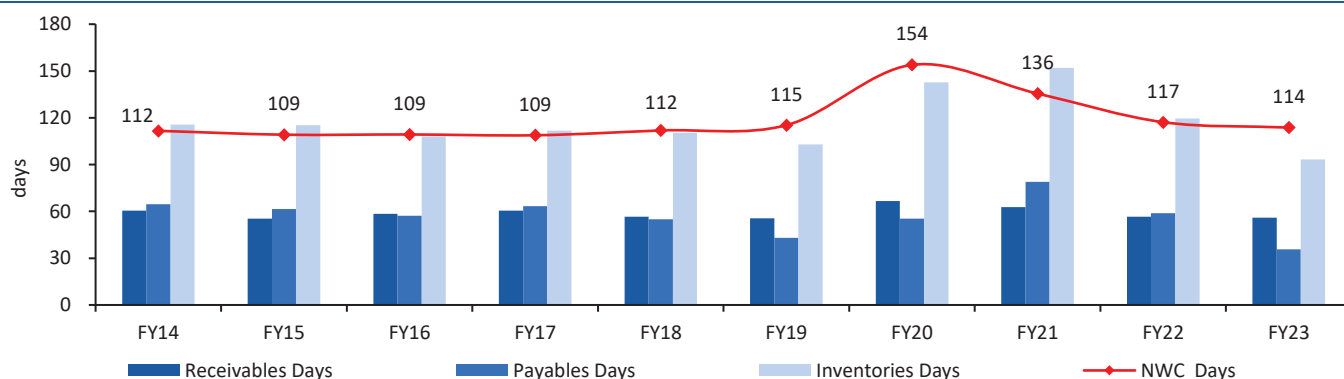
Exhibit 157: OCF peaked in FY20, tapered off in subsequent couple of years due to higher WC, rebounded in FY23



Source: Company, Centrum Broking

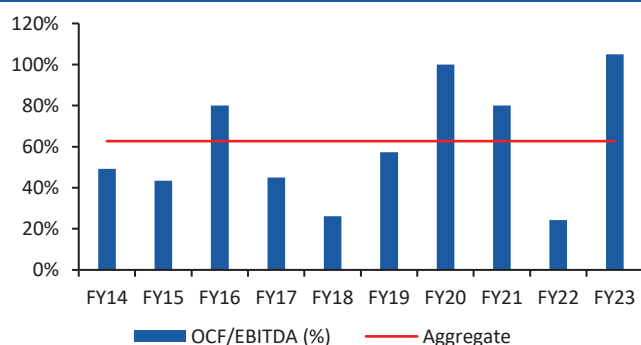
Note: Pharma demerger from FY22

Exhibit 158: WC peaked in FY20, exacerbated by chemical price inflation, tapering since then



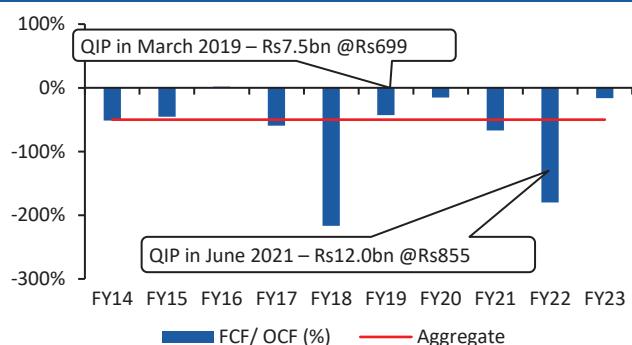
Source: Company, Centrum Broking

Exhibit 159: EBITDA to OCF conversion of 60% over 10 years



Source: Company, Centrum Broking

Exhibit 160: Consistently -ve FCF, funded through debt/ QIP



Source: Company, Centrum Broking

Exhibit 161: Consistent return ratios till Covid year, deteriorated thereafter, optically higher in FY22 due to one-time income

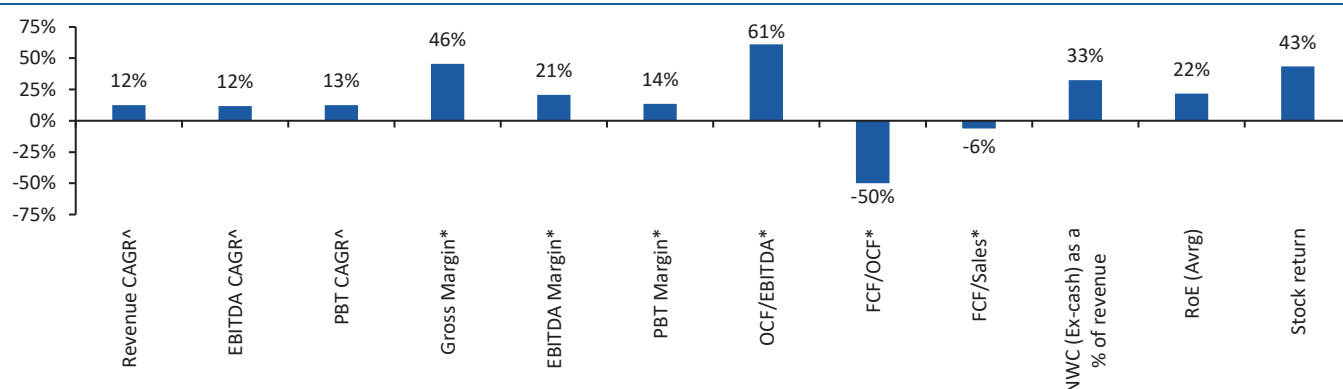
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.1	1.0	1.0	1.0	1.1	0.5	0.5	0.6	0.5	0.5	0.8
Net Debt/EBITDA	2.3	2.2	2.1	2.2	2.7	1.3	1.6	2.1	1.4	2.5	2.0
RoCE pre-tax	19.2%	19.9%	21.3%	20.2%	17.4%	19.2%	16.5%	13.8%	22.5%	10.5%	18.0%
RoCE	14.1%	15.1%	15.7%	15.9%	14.1%	15.5%	13.3%	11.1%	19.5%	9.4%	14.4%
RoIC (pre-tax)	15.7%	16.6%	19.0%	19.3%	16.3%	19.6%	16.1%	13.1%	20.6%	9.9%	16.6%
RoE	20.0%	21.5%	23.9%	25.3%	22.6%	23.4%	19.1%	16.2%	29.6%	11.6%	21.3%

Source: Company, Centrum Broking

Exhibit 162: DuPont Analysis – Asset turn deteriorated over the years reflecting in declining RoE

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.79	0.81	0.71	0.76	0.78	0.79	0.79	0.79	0.86	0.89	0.80
Revenue/average total assets	1.29	1.23	1.17	1.12	1.10	1.03	0.77	0.74	0.88	0.86	1.02
Average total assets/Average NW	2.47	2.47	2.34	2.23	2.32	2.15	1.94	1.87	1.72	1.63	2.11
PBT/EBITDA	0.51	0.54	0.63	0.64	0.61	0.64	0.69	0.68	0.80	0.56	0.63
EBITDA/Revenue	0.15	0.16	0.19	0.21	0.19	0.21	0.23	0.22	0.28	0.16	0.20
RoE	20.0%	21.5%	23.9%	25.3%	22.6%	23.4%	19.1%	16.2%	29.6%	11.6%	21.3%

Source: Company, Centrum Broking

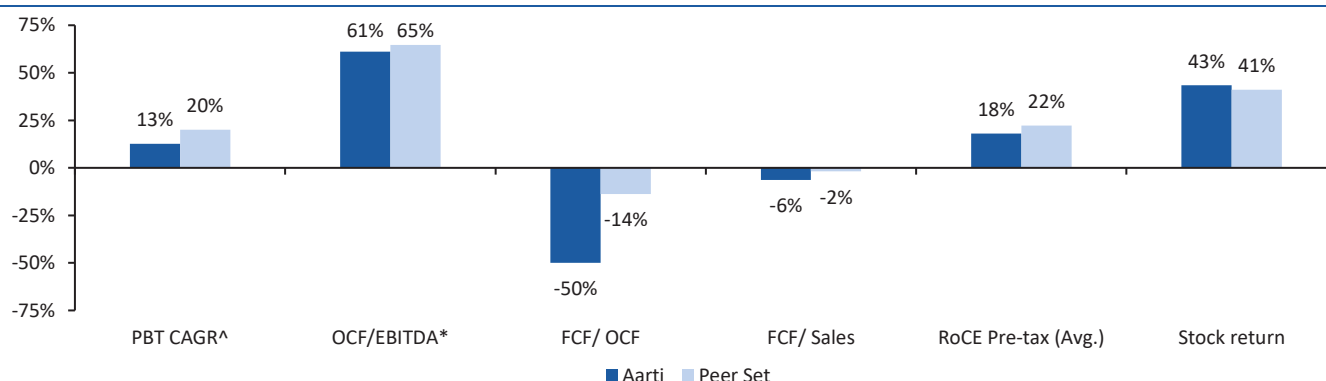
Exhibit 163: Price movement vs. Financials – Stock returns led by superior P&L performance

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 164: Consistently negative FCF due to increasing capex

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(1,015)	(922)	84	(1,750)	(3,955)	(2,373)	(1,482)	(5,280)	(7,487)	(1,848)
FCF yield	NA	NA	0%	NA	NA	NA	NA	NA	NA	NA
Dividend + Buyback (b)	415	483	952	960	1,067	440	1,064	451	1,269	906
Distribution of FCF (b/a)	(41%)	(52%)	1129%	(55%)	(27%)	(19%)	(72%)	(9%)	(17%)	(49%)
Cash & equivalents*/Capital employed	0.8%	1.6%	1.2%	1.0%	0.9%	17.0%	5.2%	6.9%	2.5%	2.6%

Source: Company, Centrum Broking *including liquid investments

Exhibit 165: Aarti vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	45,061	60,855	66,186	58,289	71,366
Operating Expense	21,823	28,545	38,417	29,652	35,027
Employee cost	3,714	3,570	3,853	4,547	5,365
Others	9,709	11,540	13,026	13,232	15,486
EBITDA	9,815	17,201	10,890	10,859	15,487
Depreciation & Amortisation	2,313	2,464	3,105	3,611	4,127
EBIT	7,502	14,737	7,785	7,247	11,360
Interest expenses	864	1,023	1,683	1,567	1,787
Other income	7	8	9	10	10
PBT	6,646	13,722	6,111	5,690	9,583
Taxes	1,293	1,863	659	569	1,629
Effective tax rate (%)	19.5	13.6	10.8	10.0	17.0
PAT	5,352	11,859	5,452	5,121	7,954
Minority/Associates	(118)	0	0	0	0
Recurring PAT	5,235	11,859	5,452	5,121	7,954
Extraordinary items	(1,139)	(6,171)	0	0	0
Reported PAT	4,096	5,688	5,452	5,121	7,954
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	7.6	35.1	8.8	(11.9)	22.4
EBITDA	0.4	75.2	(36.7)	(0.3)	42.6
Adj. EPS	(23.6)	38.9	(4.1)	(6.1)	55.3
Margins (%)					
Gross	52.8	53.1	42.0	50.6	52.4
EBITDA	21.8	28.3	16.5	18.6	21.7
EBIT	16.6	24.2	11.8	12.4	15.9
Adjusted PAT	11.6	9.3	8.2	8.8	11.1
Returns (%)					
ROE	16.2	29.6	11.6	9.9	13.8
ROCE	11.1	19.5	9.3	8.1	10.7
ROIC	10.6	17.7	8.9	7.8	9.8
Turnover (days)					
Gross block turnover ratio (x)	0.9	1.2	1.1	0.8	0.8
Debtors	63	57	56	55	46
Inventory	152	120	93	114	86
Creditors	79	59	36	51	48
Net working capital	97	130	106	92	77
Solvency (x)					
Net debt-equity	0.6	0.5	0.5	0.5	0.5
Interest coverage ratio	11.4	16.8	6.5	6.9	8.7
Net debt/EBITDA	2.1	1.4	2.5	2.5	2.1
Per share (Rs)					
Adjusted EPS	11.3	15.7	15.0	14.1	21.9
BVPS	96.6	124.6	135.7	148.6	168.8
CEPS	36.8	22.5	23.6	24.1	33.3
DPS	2.7	3.5	2.5	1.3	1.8
Dividend payout (%)	11.4	22.3	16.6	9.0	8.0
Valuation (x)					
P/E	45.3	32.6	34.0	36.2	23.3
P/BV	5.3	4.1	3.8	3.4	3.0
EV/EBITDA	21.0	12.2	19.5	19.6	14.1
Dividend yield (%)	0.5	0.7	0.5	0.2	0.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	871	1,813	1,813	1,813	1,813
Reserves & surplus	34,158	43,345	47,387	52,047	59,365
Shareholders fund	35,029	45,158	49,200	53,860	61,178
Minority Interest	122	7	7	7	7
Total debt	24,921	25,680	28,740	28,490	32,490
Non Current Liabilities	2,244	2,815	2,421	2,421	2,421
Def tax liab. (net)	2,339	0	0	0	0
Total liabilities	64,656	73,659	80,368	84,778	96,096
Gross block	51,147	50,160	62,531	75,031	90,031
Less: acc. Depreciation	(15,222)	(13,954)	(14,240)	(17,851)	(21,977)
Net block	35,925	36,207	48,292	57,181	68,054
Capital WIP	12,979	13,030	9,890	9,890	9,890
Net fixed assets	48,905	49,836	59,572	68,460	79,334
Non Current Assets	3,201	1,552	945	945	945
Investments	635	283	172	172	172
Inventories	9,357	9,341	10,311	7,594	8,489
Sundry debtors	7,937	10,915	9,405	8,096	9,912
Cash & Cash Equivalents	4,123	1,736	2,007	1,553	194
Loans & advances	1,875	0	0	0	0
Other current assets	384	4,996	2,870	2,870	2,870
Trade payables	5,763	3,449	4,049	4,048	4,956
Other current liab.	5,596	1,510	1,092	1,092	1,092
Provisions	401	317	299	299	299
Net current assets	11,915	21,713	19,153	14,674	15,119
Total assets	64,656	73,659	80,368	84,778	96,096
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	6,646	13,722	6,111	5,690	9,583
Depreciation & Amortisation	2,313	2,464	3,105	3,611	4,127
Net Interest	864	1,023	1,683	1,567	1,787
Net Change – WC	2,917	(11,631)	2,833	4,024	(1,803)
Direct taxes	(1,062)	(1,638)	(499)	(569)	(1,629)
Net cash from operations	11,670	3,932	13,223	14,314	12,054
Capital expenditure	(11,991)	1,327	(9,241)	(12,500)	(15,000)
Acquisitions, net	0	0	0	0	0
Investments	(265)	352	111	0	0
Others	7	8	9	10	10
Net cash from investing	(12,250)	1,687	(9,121)	(12,490)	(14,990)
FCF	(580)	5,619	4,102	1,824	(2,936)
Issue of share capital	0	941	0	0	0
Increase/(decrease) in debt	6,816	759	3,061	(250)	4,000
Dividend paid	(467)	(1,269)	(906)	(461)	(636)
Interest paid	(864)	(1,023)	(1,683)	(1,567)	(1,787)
Others	(6,834)	(8,213)	(4,635)	0	0
Net cash from financing	(1,348)	(8,806)	(4,163)	(2,278)	1,577
Net change in Cash	(1,928)	(3,187)	(61)	(454)	(1,359)

Source: Company, Centrum Broking

Atul Ltd (ATLP)

Atul posted revenue/PBT CAGR of 10%/14% over FY14-23. The NWC has improved to sub-80 days from mid-decade, averaged at 83 days over FY14-23, barring FY23 when NWC rose to 92 days. With healthy rise in operating profit, Atul's aggregate OCF was Rs45.4bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 70%. Over FY14-23, 75% of the total OCF was invested in capex with total capex of Rs34bn in FY14-23. Capex intensified since FY22 with FY22-23 cum. capex of Rs14.6bn due to which FCF conversion remained negative in the period. Avg. net debt/equity ratio remained at 0.07x while avg. RoE/RoCE were at 18.7%/17.1% over FY14-23. Balance between capex and dividends with dividend distribution as % of FCF stood healthy at avg. of 85.3% over FY14-23

22 September 2023

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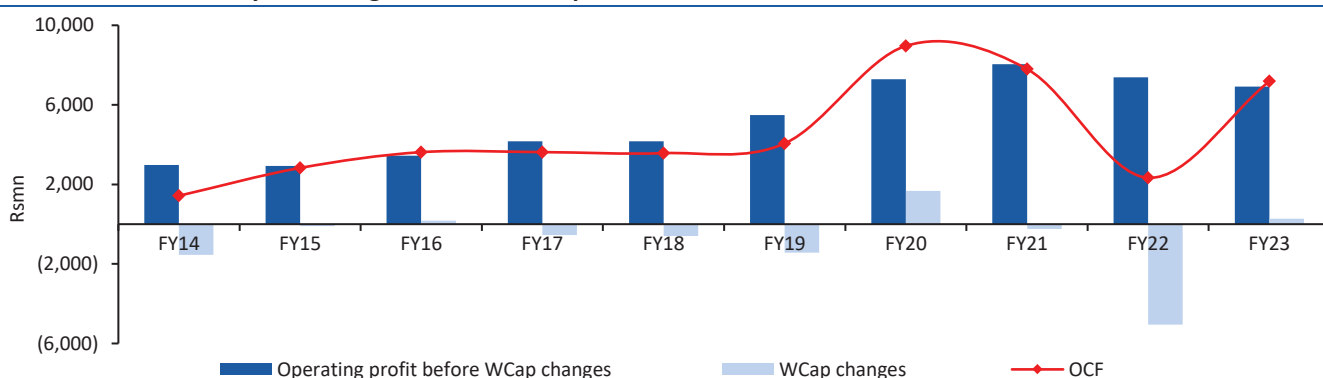
Institutional Research

Market data

Current price:	Rs7,238
Bloomberg:	ATLP IN
52-week H/L:	Rs9,441/6,467
Market cap:	Rs213.6bn
Free float:	49.3%
Avg. daily vol. 3mth:	66675

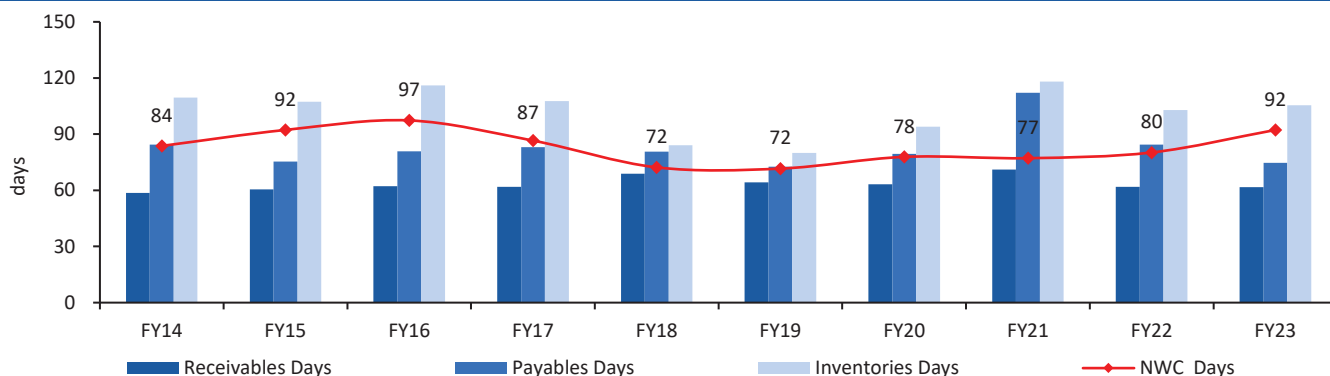
Source: Bloomberg

Exhibit 166: Consistently increasing cash flow from operations



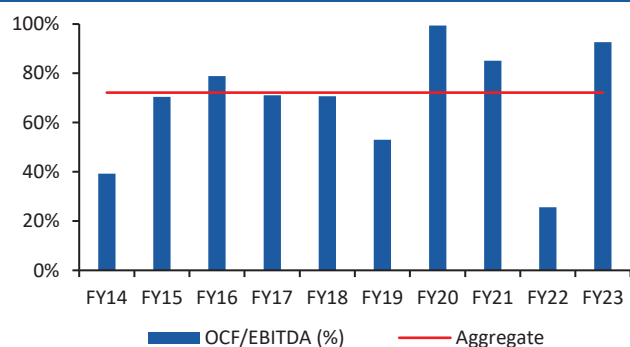
Source: Company, Centrum Broking

Exhibit 167: After peaking in FY17 to 97 days, WC alleviated and stabilised at around 80 days, inching up to 92 days in FY23



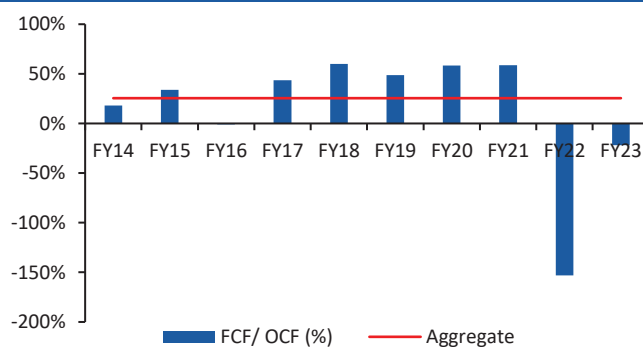
Source: Company, Centrum Broking

Exhibit 168: EBITDA to OCF conversion of 70% over 10 years



Source: Company, Centrum Broking

Exhibit 169: Positive OCF to FCF conversion barring two years



Source: Company, Centrum Broking

Exhibit 170: Consistent deleveraging over the years; 20%+ RoCE (pre-tax) over the period

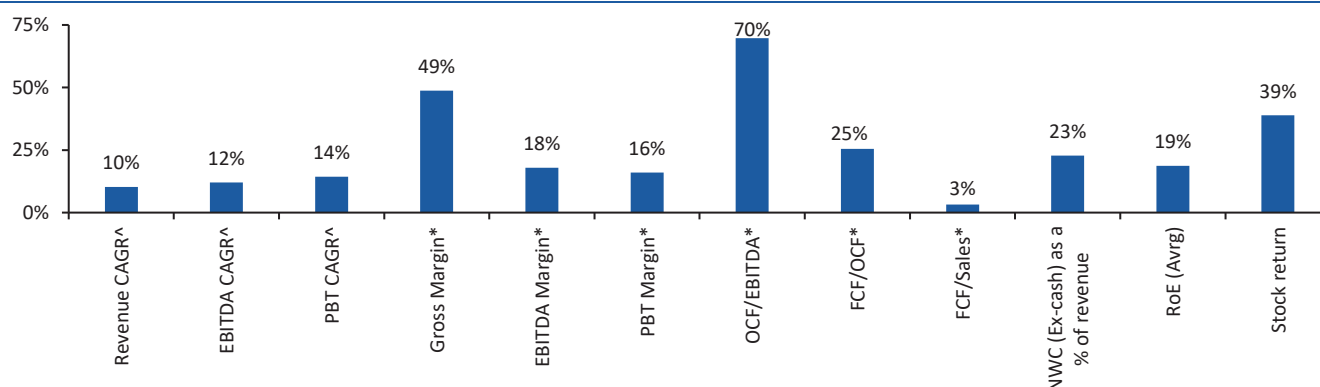
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.3	0.2	0.2	0.1	(0.0)	(0.0)	0.0	(0.1)	0.0	(0.0)	0.07
Net Debt/EBITDA	0.8	0.5	0.6	0.2	(0.1)	(0.0)	0.1	(0.3)	0.1	(0.0)	0.19
RoCE pre-tax	29.0%	27.6%	26.9%	23.2%	19.1%	27.0%	28.0%	24.4%	18.9%	14.8%	23.9%
RoCE	20.7%	19.2%	18.3%	16.8%	13.0%	17.3%	22.3%	18.3%	14.2%	10.9%	17.1%
RoIC (pre-tax)	23.2%	25.8%	19.6%	18.4%	16.4%	22.2%	22.7%	20.6%	15.6%	11.8%	19.6%
RoE	25.7%	24.2%	20.7%	18.0%	13.1%	17.5%	22.7%	18.8%	14.6%	11.3%	18.7%

Source: Company, Centrum Broking

Exhibit 171: DuPont Analysis – Recent RoEs impacted by declining asset turn, yet partially supported by expanded margins

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.71	0.74	0.68	0.72	0.67	0.64	0.79	0.74	0.75	0.75	0.72
Revenue/average total assets	2.00	1.97	1.53	1.31	1.39	1.49	1.28	0.99	1.14	1.12	1.42
Average total assets/Average NW	1.44	1.36	1.28	1.20	1.13	1.10	1.09	1.08	1.08	1.07	1.18
PBT/EBITDA	0.84	0.81	0.88	0.88	0.82	0.89	0.94	0.96	0.89	0.89	0.88
EBITDA/Revenue	0.15	0.15	0.18	0.18	0.15	0.19	0.22	0.25	0.18	0.14	0.18
RoE	25.7%	24.2%	20.7%	18.0%	13.1%	17.5%	22.7%	18.8%	14.6%	11.3%	18.7%

Source: Company, Centrum Broking

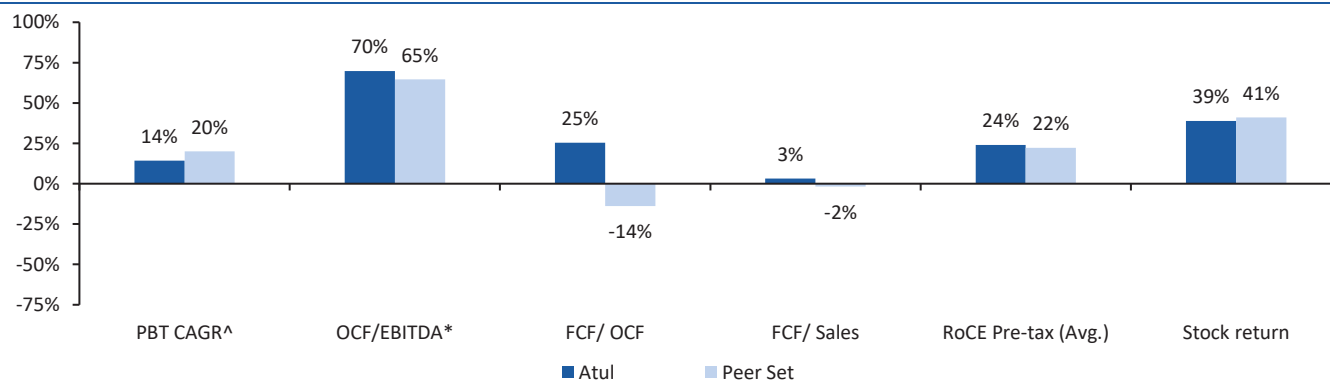
Exhibit 172: Price movement vs. Financials – Stock returns led by expanded margin profile, high OCF to FCF conversion

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 173: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	257	958	(31)	1,582	2,140	1,977	5,228	4,587	(3,571)	(1,563)
FCF yield	2%	3%	NA	3%	3%	2%	4%	3%	NA	NA
Dividend + Buyback (b)	207	260	307	355	3,789	410	1,504	617	590	1,828
Distribution of FCF (b/a)	80%	27%	(1002%)	22%	177%	21%	29%	13%	(17%)	(117%)
Cash & equivalents*/Capital employed	30.5%	34.4%	25.4%	25.5%	24.5%	29.8%	28.8%	32.2%	21.5%	17.5%

Source: Company, Centrum Broking *including liquid investments

Exhibit 174: Atul Ltd vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	37,315	50,809	54,275	50,500	59,777
Operating Expense	16,952	25,886	28,640	26,765	31,323
Employee cost	3,104	3,425	3,702	4,072	4,479
Others	8,088	12,383	14,185	12,120	14,048
EBITDA	9,171	9,114	7,749	7,543	9,927
Depreciation & Amortisation	1,363	1,767	1,978	2,258	2,714
EBIT	7,808	7,348	5,770	5,285	7,213
Interest expenses	94	92	79	83	76
Other income	1,030	760	1,149	574	580
PBT	8,817	8,097	6,878	5,844	7,835
Taxes	2,217	2,050	1,812	1,461	1,920
Effective tax rate (%)	25.1	25.3	26.3	25.0	24.5
PAT	6,600	6,047	5,066	4,383	5,915
Minority/Associates	(43)	(5)	75	25	25
Recurring PAT	6,558	6,043	5,141	4,408	5,940
Extraordinary items	0	0	0	0	0
Reported PAT	6,558	6,043	5,141	4,408	5,940
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(8.8)	36.2	6.8	(7.0)	18.4
EBITDA	1.7	(0.6)	(15.0)	(2.7)	31.6
Adj. EPS	(1.6)	(7.9)	(14.9)	(14.3)	34.8
Margins (%)					
Gross	54.6	49.1	47.2	47.0	47.6
EBITDA	24.6	17.9	14.3	14.9	16.6
EBIT	20.9	14.5	10.6	10.5	12.1
Adjusted PAT	17.6	11.9	9.5	8.7	9.9
Returns (%)					
ROE	18.8	14.6	11.3	9.1	11.2
ROCE	18.3	14.2	10.9	8.9	10.9
ROIC	15.4	11.6	8.7	7.5	9.3
Turnover (days)					
Gross block turnover ratio (x)	1.9	2.2	2.1	1.5	1.4
Debtors	71	62	62	60	54
Inventory	118	103	105	82	52
Creditors	112	84	75	57	38
Net working capital	172	127	85	74	68
Solvency (x)					
Net debt-equity	(0.1)	0.0	0.0	0.0	0.0
Interest coverage ratio	98.1	99.4	98.1	91.3	131.4
Net debt/EBITDA	(0.3)	0.1	0.0	0.0	0.0
Per share (Rs)					
Adjusted EPS	222.1	204.6	174.1	149.3	201.2
BVPS	1,295.8	1,499.8	1,581.9	1,713.3	1,890.3
CEPS	267.5	263.7	241.1	225.7	293.1
DPS	0.0	20.0	32.5	17.9	24.1
Dividend payout (%)	0.0	9.8	18.7	12.0	12.0
Valuation (x)					
P/E	32.6	35.4	41.6	48.5	36.0
P/BV	5.6	4.8	4.6	4.2	3.8
EV/EBITDA	23.0	23.5	27.6	28.4	21.6
Dividend yield (%)	0.0	0.3	0.4	0.2	0.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	296	296	295	295	295
Reserves & surplus	37,969	43,994	46,419	50,297	55,525
Shareholders fund	38,265	44,290	46,714	50,593	55,820
Minority Interest	306	309	480	455	430
Total debt	1,017	1,384	470	470	470
Non Current Liabilities	406	433	458	458	458
Def tax liab. (net)	1,351	1,436	1,338	1,338	1,338
Total liabilities	41,346	47,851	49,460	53,314	58,516
Gross block	19,444	22,903	25,881	34,381	41,381
Less: acc. Depreciation	(5,878)	(7,143)	(8,743)	(10,978)	(13,667)
Net block	13,566	15,760	17,138	23,403	27,713
Capital WIP	2,497	4,205	10,329	10,329	10,329
Net fixed assets	16,892	20,796	28,421	34,672	38,968
Non Current Assets	821	1,577	1,667	1,667	1,667
Investments	5,997	7,637	6,518	6,518	6,518
Inventories	5,941	8,641	7,894	4,089	4,785
Sundry debtors	7,332	9,890	8,446	8,136	9,631
Cash & Cash Equivalents	3,482	689	520	325	47
Loans & advances	1	0	0	0	0
Other current assets	8,884	7,669	4,050	3,550	3,050
Trade payables	5,631	6,347	5,385	2,974	3,480
Other current liab.	2,017	2,397	2,626	2,626	2,626
Provisions	378	468	208	208	208
Net current assets	17,614	17,677	12,690	10,292	11,198
Total assets	41,346	47,851	49,460	53,314	58,516
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	8,817	8,097	6,878	5,844	7,835
Depreciation & Amortisation	1,363	1,767	1,978	2,258	2,714
Net Interest	94	92	79	83	76
Net Change – WC	54	(4,726)	1,243	1,703	(1,685)
Direct taxes	(2,071)	(2,135)	(1,792)	(1,461)	(1,920)
Net cash from operations	7,227	2,335	7,238	7,852	6,440
Capital expenditure	(2,774)	(5,167)	(9,102)	(8,510)	(7,010)
Acquisitions, net	0	0	0	0	0
Investments	(2,180)	261	4,724	500	500
Others	1,030	760	1,149	574	580
Net cash from investing	(3,923)	(4,145)	(3,229)	(7,436)	(5,930)
FCF	3,303	(1,810)	4,010	417	510
Issue of share capital	(1)	0	(1)	0	0
Increase/(decrease) in debt	48	367	(914)	0	0
Dividend paid	0	(592)	(959)	(529)	(713)
Interest paid	(94)	(92)	(79)	(83)	(76)
Others	(128)	(666)	(2,226)	0	0
Net cash from financing	(175)	(982)	(4,179)	(612)	(788)
Net change in Cash	3,128	(2,793)	(169)	(195)	(278)

Source: Company, Centrum Broking

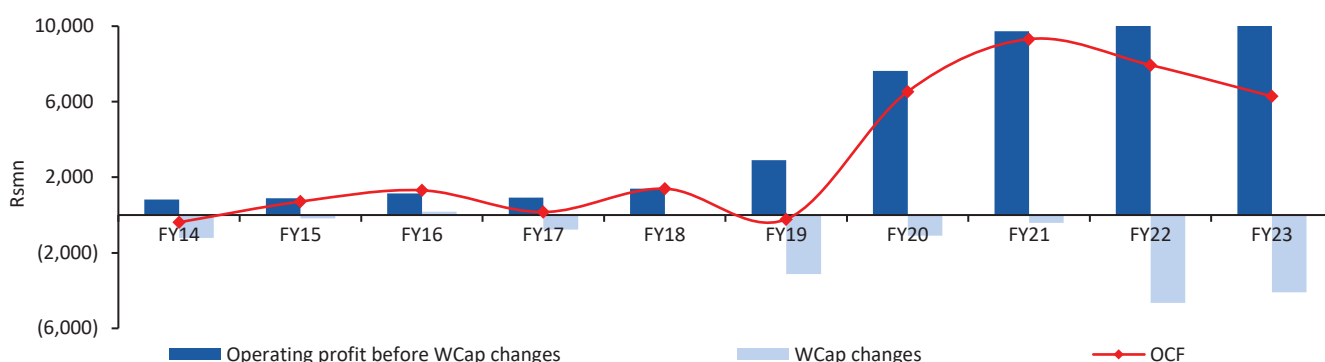
Deepak Nitrite (DN)

Deepak posted strong revenue/PBT CAGR of 23%/16% over FY14-23. The NWC has seen a meaningful reduction from avg. 71 days over FY14-17 to 49 days over FY18-22. FY23 was an outlier wherein NWC rose to 66 days due to rise in inventories. With healthy rise in operating profit post Deepak Phenolics commissioning in FY19, Deepak's aggregate OCF was Rs333bn over FY14-23, with EBITDA to OCF conversion rate of 52%. Over FY14-23, 80% of total OCF was invested in capex with aggregate capex of Rs26bn. High negative FCF during the period under review was primarily due to commissioning of large phenolics project of ~Rs14bn. Despite avg. net debt/equity ratio high at 0.7x, avg. RoE/RoCE stood at 23.4%/17.0% over FY14-23. Despite high capex, distribution of FCF as dividend was good at an aggregate of 55.9% over FY14-23.

Market data

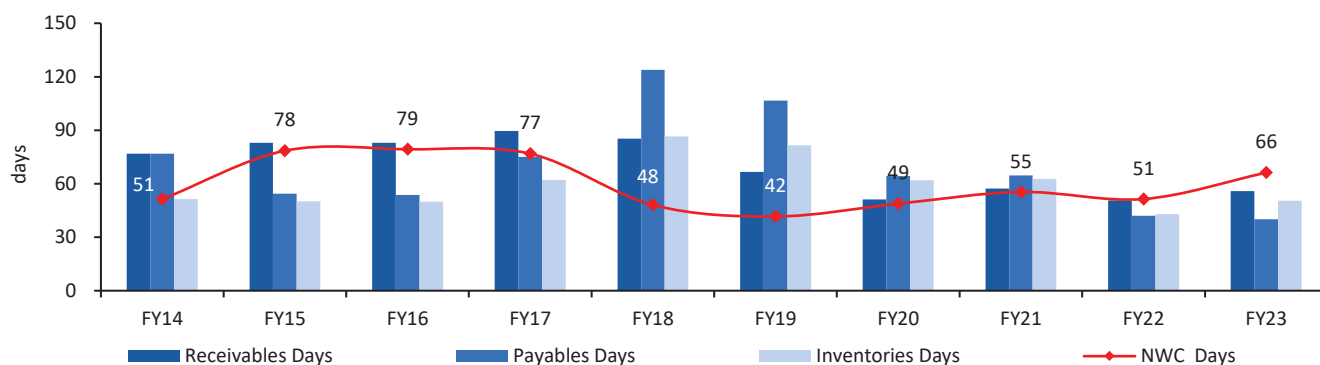
Current price:	Rs2,248
Bloomberg:	DN IN
52-week H/L:	Rs2,373/1,730
Market cap:	Rs306.7bn
Free float:	44.5%
Avg. daily vol. 3mth:	558290
Source: Bloomberg	

Exhibit 175: Substantial rising OCF post Phenolics project



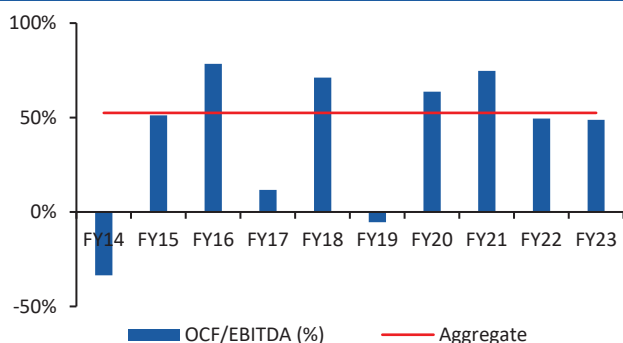
Source: Company, Centrum Broking

Exhibit 176: Meaningful decline in WC over the years, FY23 an aberration



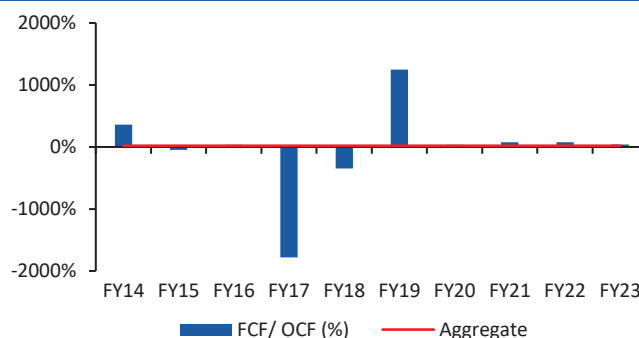
Source: Company, Centrum Broking

Exhibit 177: EBITDA to OCF conversion of 52% over 10 years



Source: Company, Centrum Broking

Exhibit 178: Very high negative FCF due to phenolics project



Source: Company, Centrum Broking

Exhibit 179: Consistent improvement in return ratios particularly post commencement of phenolics project

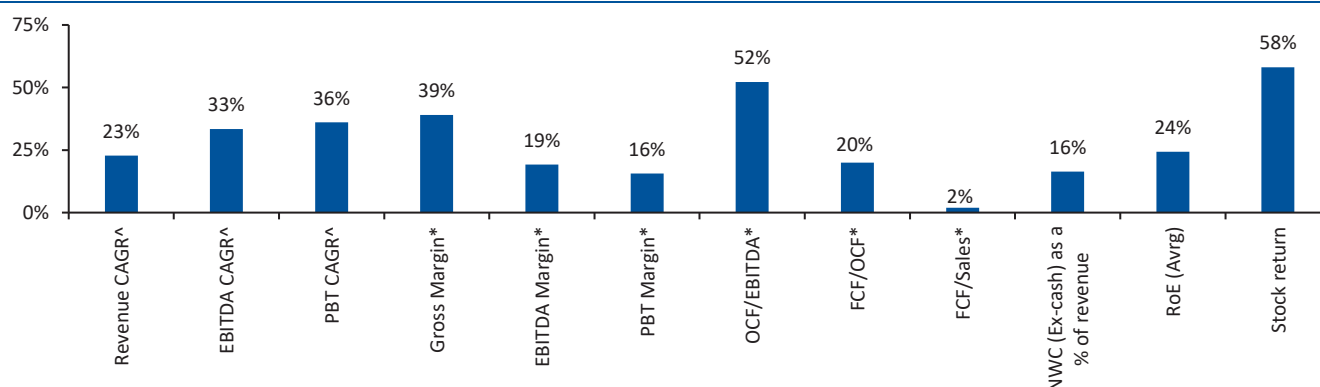
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.5	1.3	0.9	0.8	0.9	1.0	0.6	0.2	0.1	0.0	0.74
Net Debt/EBITDA	4.0	3.4	2.5	4.3	4.2	2.7	1.0	0.4	0.2	0.0	2.26
RoCE pre-tax	12.7%	13.3%	15.0%	8.9%	10.0%	17.6%	38.4%	40.8%	45.1%	30.1%	23.2%
RoCE	8.3%	10.5%	10.6%	6.4%	7.1%	11.4%	29.1%	30.4%	33.5%	22.4%	17.0%
RoIC (pre-tax)	11.9%	12.4%	13.9%	7.6%	9.1%	16.4%	35.8%	38.7%	38.0%	26.1%	21.0%
RoE	13.0%	16.2%	15.4%	16.2%	9.7%	17.4%	46.2%	39.6%	37.5%	22.9%	23.4%

Source: Company, Centrum Broking

Exhibit 180: DuPont Analysis – High asset turn aid RoE expansion

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.66	0.79	0.71	0.72	0.71	0.65	0.76	0.74	0.74	0.74	0.72
Revenue/average total assets	2.05	1.65	1.50	1.18	1.02	1.29	1.69	1.52	2.00	1.96	1.59
Average total assets/Average NW	2.10	2.45	2.24	1.95	1.97	2.09	1.89	1.46	1.20	1.10	1.85
PBT/EBITDA	0.51	0.48	0.53	0.99	0.56	0.65	0.79	0.84	0.89	0.89	0.71
EBITDA/Revenue	0.09	0.10	0.12	0.10	0.12	0.15	0.24	0.29	0.24	0.16	0.16
RoE	13.0%	16.2%	15.4%	16.2%	9.7%	17.4%	46.2%	39.6%	37.5%	22.9%	23.4%

Source: Company, Centrum Broking

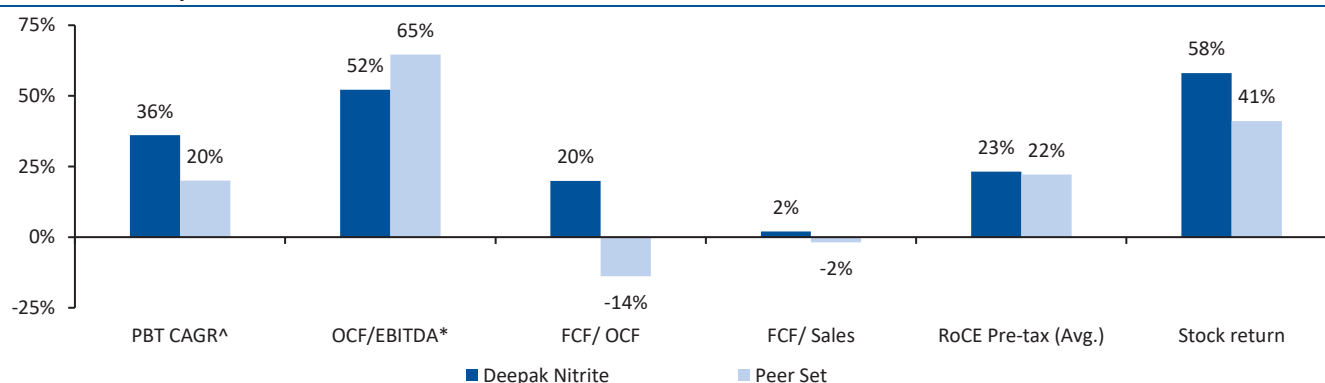
Exhibit 181: Price movement vs. Financials – Stock returns led by PBT growth, high return ratios

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 182: Negative FCF due to large investment in Phenolics project

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(1,370)	(349)	442	(2,805)	(4,827)	(2,778)	2,359	7,166	6,072	2,680
FCF yield	NA	NA	6%	NA	NA	NA	5%	7%	2%	1%
Dividend + Buyback (b)	97	122	125	167	188	213	1,060	4	750	955
Distribution of FCF (b/a)	(7%)	(35%)	28%	(6%)	(4%)	(8%)	45%	0%	12%	36%
Cash & equivalents*/Capital employed	131.2%	125.9%	120.4%	88.3%	75.7%	91.2%	106.8%	97.7%	139.7%	154.1%

Source: Company, Centrum Broking *including liquid investments

Exhibit 183: Deepak Nitrite vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	43,598	68,022	79,721	80,702	97,495
Operating Expense	25,290	45,530	58,894	60,273	65,631
Employee cost	2,470	2,741	3,183	3,660	4,209
Others	3,367	3,715	4,750	4,842	6,337
EBITDA	12,470	16,036	12,894	11,927	21,317
Depreciation & Amortisation	1,526	1,777	1,663	2,161	2,913
EBIT	10,944	14,259	11,231	9,766	18,404
Interest expenses	742	340	248	94	94
Other income	215	426	476	571	285
PBT	10,417	14,345	11,459	10,243	18,596
Taxes	2,659	3,678	2,939	2,459	4,277
Effective tax rate (%)	25.5	25.6	25.6	24.0	23.0
PAT	7,758	10,666	8,520	7,784	14,318
Minority/Associates	0	0	0	0	0
Recurring PAT	7,758	10,666	8,520	7,784	14,318
Extraordinary items	0	0	0	0	0
Reported PAT	7,758	10,666	8,520	7,784	14,318
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	3.1	56.0	17.2	1.2	20.8
EBITDA	21.6	28.6	(19.6)	(7.5)	78.7
Adj. EPS	27.0	37.5	(20.1)	(8.6)	83.9
Margins (%)					
Gross	48.1	39.5	32.9	32.3	39.7
EBITDA	28.6	23.6	16.2	14.8	21.9
EBIT	25.1	21.0	14.1	12.1	18.9
Adjusted PAT	17.8	15.7	10.7	9.6	14.7
Returns (%)					
ROE	39.6	37.5	22.9	17.5	26.4
ROCE	30.4	33.5	22.4	17.5	26.3
ROIC	28.8	28.2	19.4	14.9	22.9
Turnover (days)					
Gross block turnover ratio (x)	1.9	2.7	3.0	2.2	2.0
Debtors	57	51	56	60	56
Inventory	63	43	50	56	54
Creditors	65	42	40	45	46
Net working capital	75	89	90	82	81
Solvency (x)					
Net debt-equity	0.2	0.1	0.0	0.0	0.0
Interest coverage ratio	16.8	47.1	52.0	127.4	227.8
Net debt/EBITDA	0.4	0.2	0.0	0.0	0.0
Per share (Rs)					
Adjusted EPS	56.9	78.2	62.5	57.1	105.0
BVPS	172.0	244.8	299.9	351.2	443.6
CEPS	68.1	91.2	74.7	72.9	126.3
DPS	0.0	5.5	7.0	5.7	12.6
Dividend payout (%)	0.0	7.0	11.2	10.0	12.0
Valuation (x)					
P/E	39.5	28.8	36.0	39.4	21.4
P/BV	13.1	9.2	7.5	6.4	5.1
EV/EBITDA	25.0	19.3	23.8	25.7	14.4
Dividend yield (%)	0.0	0.2	0.3	0.3	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	273	273	273	273	273
Reserves & surplus	23,194	33,112	40,627	47,634	60,235
Shareholders fund	23,467	33,384	40,900	47,906	60,508
Minority Interest	0	0	0	0	0
Total debt	5,271	3,007	545	545	545
Non Current Liabilities	283	347	454	454	454
Def tax liab. (net)	1,078	1,229	1,566	1,566	1,566
Total liabilities	30,099	37,967	43,464	50,471	63,073
Gross block	22,502	25,174	26,550	37,050	49,050
Less: acc. Depreciation	(4,145)	(5,847)	(7,415)	(9,514)	(12,355)
Net block	18,357	19,327	19,135	27,536	36,695
Capital WIP	2,204	1,222	3,008	3,008	3,008
Net fixed assets	20,842	20,857	22,424	30,863	40,050
Non Current Assets	214	578	1,446	1,446	1,446
Investments	25	22	25	25	25
Inventories	3,827	5,846	8,931	7,846	9,479
Sundry debtors	7,563	11,291	13,095	13,450	16,249
Cash & Cash Equivalents	334	418	400	804	1,188
Loans & advances	0	0	0	0	0
Other current assets	2,798	5,293	4,965	3,965	3,965
Trade payables	4,367	5,117	6,618	6,725	8,125
Other current liab.	1,033	1,143	730	730	730
Provisions	104	77	476	476	476
Net current assets	9,018	16,510	19,568	18,136	21,551
Total assets	30,099	37,967	43,464	50,471	63,073
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	10,417	14,345	11,459	10,244	18,598
Depreciation & Amortisation	1,526	1,777	1,663	2,161	2,913
Net Interest	742	340	248	94	94
Net Change – WC	(503)	(4,858)	(3,670)	837	(3,032)
Direct taxes	(2,397)	(3,528)	(2,586)	(2,459)	(4,277)
Net cash from operations	9,571	7,650	6,638	10,306	14,010
Capital expenditure	(2,187)	(1,713)	(3,192)	(10,600)	(12,100)
Acquisitions, net	0	0	0	0	0
Investments	(1,869)	(2,497)	597	1,000	0
Others	215	426	476	571	285
Net cash from investing	(3,841)	(3,784)	(2,120)	(9,029)	(11,815)
FCF	5,730	3,866	4,518	1,277	2,195
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(5,007)	(2,265)	(2,462)	0	0
Dividend paid	0	(750)	(955)	(779)	(1,718)
Interest paid	(742)	(340)	(248)	(94)	(94)
Others	(206)	(617)	(895)	0	0
Net cash from financing	(5,955)	(3,972)	(4,560)	(872)	(1,812)
Net change in Cash	(225)	(106)	(42)	405	383

Source: Company, Centrum Broking

Dhanuka Agritech (DAGRI)

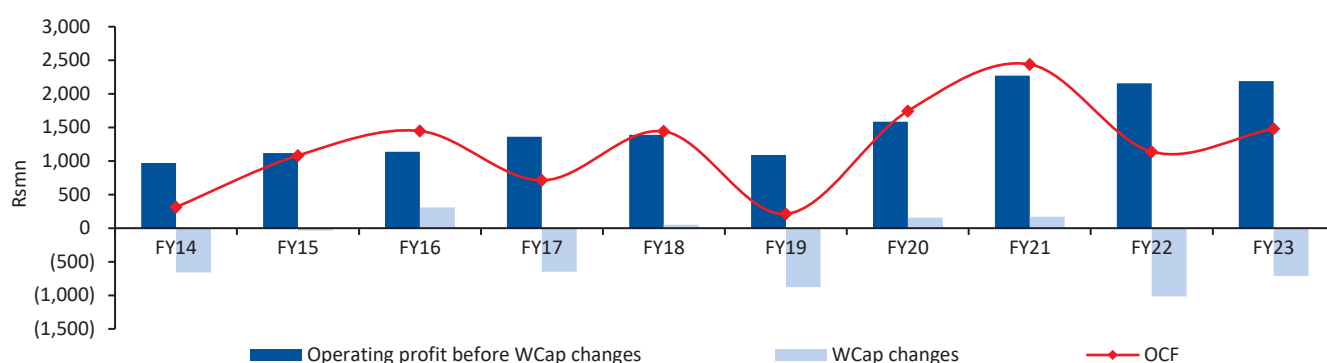
Dhanuka posted revenue/PBT CAGR of 11%/14% over FY14-23. The ex-cash NWC has seen a meaningful reduction from avg. 186 days over FY14-19 to 133 days over FY20-23, due to reducing Inventory levels and lower receivables. With healthy rise in operating profit, Dhanuka's aggregate OCF was Rs12bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 65%. Due to asset light model, Dhanuka's capex averaged Rs2.9bn over FY14-23, leading to 76% OCF conversion to FCF at Rs9.1bn. Dhanuka has been virtually debt free with avg. net debt/equity ratio at 0.02x due to which avg. RoE/RoCE remained robust at 23.9%/24.4% over FY14-23. Due to lower capex, distribution of FCF as dividend and buy-backs remained healthy at an aggregate of 71.6% over FY14-23.

Market data

Current price:	Rs848
Bloomberg:	DAGRI IN
52-week H/L:	Rs905/603
Market cap:	Rs38.7bn
Free float:	24.8%
Avg. daily vol. 3mth:	55355

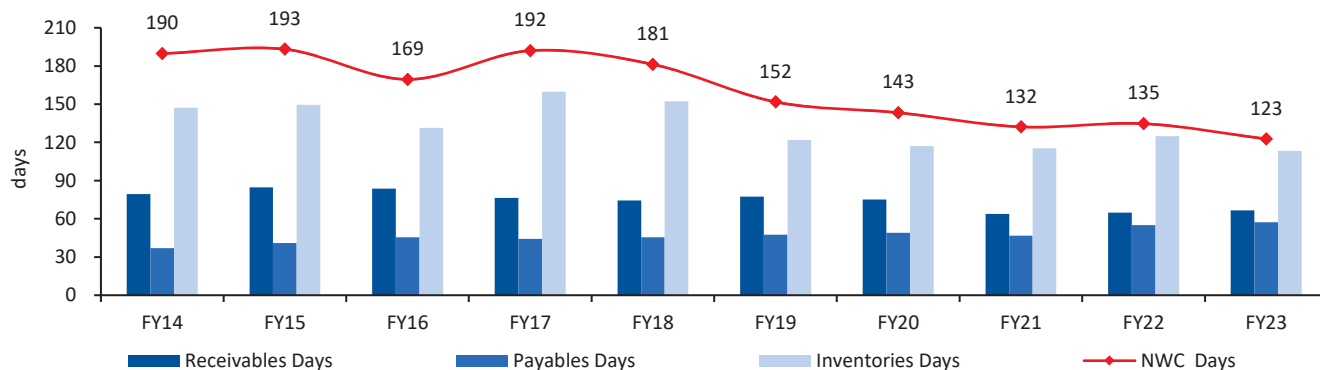
Source: Bloomberg

Exhibit 184: Though lumpy sometimes, OCF has been consistently positive over the past 10 years



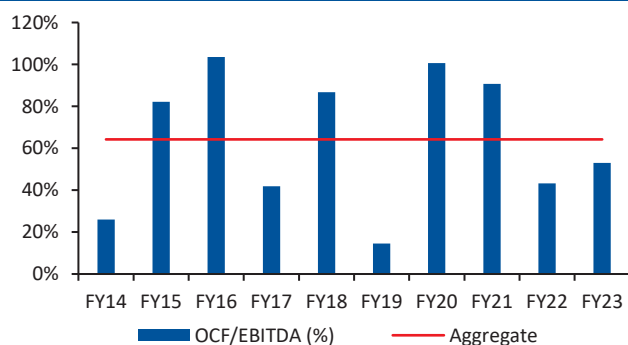
Source: Company, Centrum Broking

Exhibit 185: Significant moderation in working capital over the period



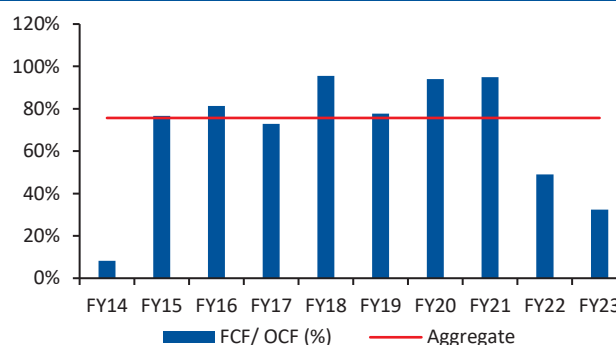
Source: Company, Centrum Broking

Exhibit 186: EBITDA to OCF conversion of 65% over 10 years



Source: Company, Centrum Broking

Exhibit 187: Robust OCF to FCF conversion



Source: Company, Centrum Broking

Exhibit 188: Virtually debt-free with very strong return ratios

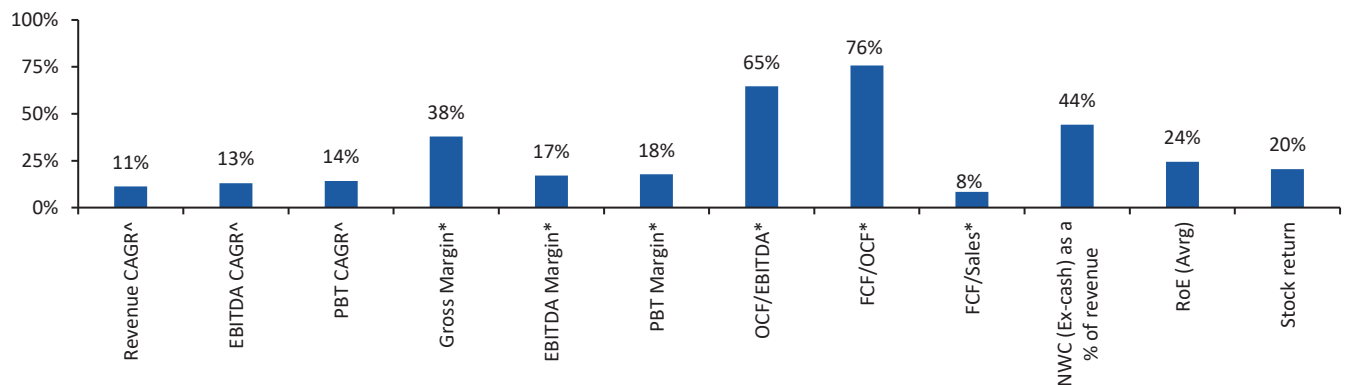
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	(0.0)	0.02
Net Debt/EBITDA	0.3	0.1	0.0	0.0	(0.0)	0.1	(0.1)	0.0	(0.0)	(0.0)	0.05
RoCE pre-tax	36.1%	33.3%	32.2%	33.9%	28.8%	23.8%	26.4%	37.8%	31.8%	30.2%	31.4%
RoCE	28.9%	27.3%	23.8%	24.1%	21.7%	17.4%	20.7%	28.0%	23.9%	23.3%	23.9%
RoIC (pre-tax)	33.3%	30.5%	28.0%	28.5%	24.6%	19.7%	22.3%	32.2%	24.6%	23.6%	26.7%
RoE	31.3%	28.8%	24.2%	24.3%	21.8%	17.7%	20.9%	28.0%	23.8%	23.1%	24.4%

Source: Company, Centrum Broking

Exhibit 189: DuPont Analysis – High asset turn and almost 100% EBITDA to PBT conversion aids healthy RoEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.80	0.82	0.74	0.71	0.76	0.73	0.78	0.74	0.75	0.77	0.76
Revenue/average total assets	2.10	1.87	1.71	1.61	1.54	1.47	1.56	1.73	1.58	1.60	1.68
Average total assets/Average NW	1.18	1.14	1.10	1.09	1.08	1.07	1.06	1.07	1.07	1.05	1.09
PBT/EBITDA	0.96	0.98	1.04	1.01	1.01	1.05	1.04	1.06	1.05	1.09	1.03
EBITDA/Revenue	0.16	0.17	0.17	0.19	0.17	0.15	0.15	0.19	0.18	0.16	0.17
RoE	31.3%	28.8%	24.2%	24.3%	21.8%	17.7%	20.9%	28.0%	23.8%	23.1%	24.4%

Source: Company, Centrum Broking

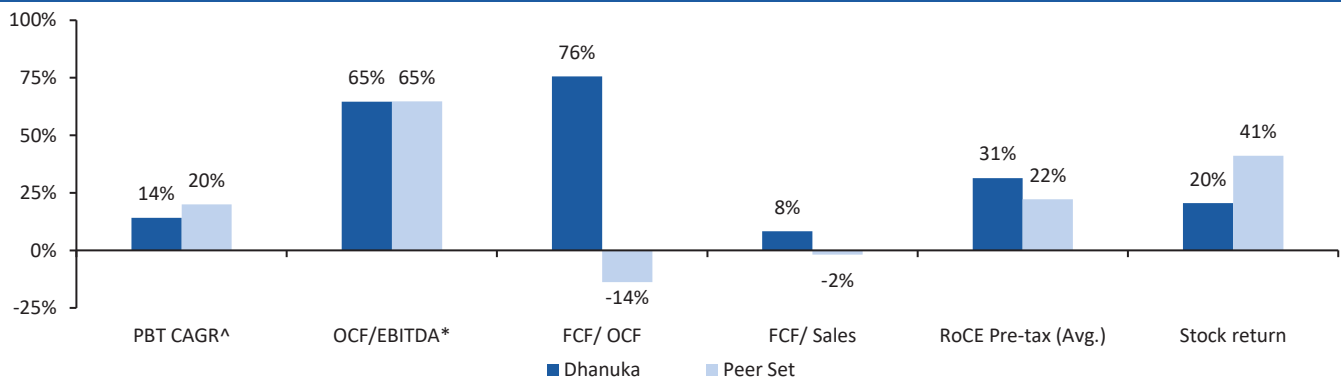
Exhibit 190: Price movement vs. Financials – Stock returns supported from consistent growth despite monsoon vagaries

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 191: Effective FCF utilization – Consistently positive FCF, regular buybacks to reward shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	26	829	1,176	519	1,377	165	1,640	2,317	557	480
FCF yield	0%	4%	4%	1%	4%	1%	9%	7%	1%	1%
Dividend + Buyback (b)	193	117	662	800	154	1,032	723	1,232	466	1,129
Distribution of FCF (b/a)	751%	14%	56%	154%	11%	625%	44%	53%	84%	235%
Cash & equivalents*/Capital employed	48.0%	46.0%	46.6%	43.9%	35.3%	46.8%	38.1%	37.6%	48.9%	50.2%

Source: Company, Centrum Broking, *including liquid investments

Exhibit 192: Dhanuka vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	13,875	14,778	17,002	18,740	21,215
Operating Expense	8,633	9,391	11,155	12,158	13,708
Employee cost	1,183	1,205	1,263	1,452	1,670
Others	1,368	1,547	1,798	1,944	2,159
EBITDA	2,691	2,635	2,787	3,185	3,678
Depreciation & Amortisation	152	163	176	233	319
EBIT	2,539	2,472	2,611	2,952	3,359
Interest expenses	27	32	31	25	27
Other income	337	336	448	246	271
PBT	2,849	2,776	3,027	3,173	3,603
Taxes	744	687	692	777	883
Effective tax rate (%)	26.1	24.7	22.9	24.5	24.5
PAT	2,106	2,089	2,335	2,396	2,721
Minority/Associates	0	0	0	0	0
Recurring PAT	2,106	2,089	2,335	2,396	2,721
Extraordinary items	0	0	0	0	0
Reported PAT	2,106	2,089	2,335	2,396	2,721
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	23.9	6.5	15.1	10.2	13.2
EBITDA	55.2	(2.1)	5.8	14.3	15.5
Adj. EPS	49.0	(0.8)	11.8	2.6	13.6
Margins (%)					
Gross	37.8	36.5	34.4	35.1	35.4
EBITDA	19.4	17.8	16.4	17.0	17.3
EBIT	18.3	16.7	15.4	15.8	15.8
Adjusted PAT	15.2	14.1	13.7	12.8	12.8
Returns (%)					
ROE	28.0	23.8	23.1	20.7	20.0
ROCE	28.0	23.9	23.3	20.8	20.1
ROIC	23.8	18.5	18.2	18.0	19.1
Turnover (days)					
Gross block turnover ratio (x)	6.1	6.4	6.8	4.0	4.1
Debtors	64	65	67	70	69
Inventory	115	125	113	110	110
Creditors	47	55	57	54	53
Net working capital	155	161	129	136	154
Solvency (x)					
Net debt-equity	0.0	0.0	0.0	0.0	(0.1)
Interest coverage ratio	99.9	82.3	89.4	128.8	137.6
Net debt/EBITDA	0.0	0.0	0.0	(0.2)	(0.5)
Per share (Rs)					
Adjusted EPS	46.2	45.8	51.2	52.6	59.7
BVPS	174.7	210.7	232.9	274.9	322.7
CEPS	48.5	48.3	55.1	57.7	66.7
DPS	0.0	10.0	2.0	10.5	11.9
Dividend payout (%)	0.0	22.3	3.9	20.0	20.0
Valuation (x)					
P/E	18.4	18.5	16.6	16.1	14.2
P/BV	4.9	4.0	3.6	3.1	2.6
EV/EBITDA	14.4	14.7	13.9	11.9	10.0
Dividend yield (%)	0.0	1.2	0.2	1.2	1.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	93	93	91	91	91
Reserves & surplus	7,869	9,511	10,522	12,438	14,615
Shareholders fund	7,962	9,604	10,613	12,530	14,706
Minority Interest	0	0	0	0	0
Total debt	84	10	38	38	38
Non Current Liabilities	507	418	437	437	437
Def tax liab. (net)	83	56	24	24	24
Total liabilities	8,635	10,088	11,112	13,028	15,205
Gross block	2,265	2,300	2,507	4,707	5,207
Less: acc. Depreciation	(615)	(728)	(873)	(1,100)	(1,413)
Net block	1,650	1,571	1,634	3,607	3,794
Capital WIP	76	483	1,532	532	532
Net fixed assets	1,745	2,070	3,178	4,150	4,337
Non Current Assets	79	107	324	324	324
Investments	903	1,398	1,589	1,589	1,589
Inventories	2,955	3,472	3,451	3,884	4,379
Sundry debtors	2,427	2,825	3,390	3,748	4,243
Cash & Cash Equivalents	15	24	43	661	1,898
Loans & advances	402	7	5	5	5
Other current assets	2,784	3,218	2,073	1,673	1,673
Trade payables	1,086	1,747	1,752	1,858	2,094
Other current liab.	1,586	1,287	1,187	1,146	1,146
Provisions	2	0	2	2	2
Net current assets	5,908	6,513	6,020	6,965	8,955
Total assets	8,635	10,088	11,112	13,028	15,205
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,849	2,776	3,027	3,173	3,603
Depreciation & Amortisation	152	163	176	233	319
Net Interest	27	32	31	25	27
Net Change – WC	(155)	(519)	(466)	(726)	(753)
Direct taxes	(714)	(714)	(724)	(777)	(883)
Net cash from operations	1,821	1,401	1,597	1,681	2,042
Capital expenditure	(636)	(442)	(1,257)	(1,205)	(505)
Acquisitions, net	0	0	0	0	0
Investments	(1,191)	(579)	812	400	0
Others	337	336	448	246	271
Net cash from investing	(1,490)	(685)	3	(559)	(234)
FCF	332	716	1,600	1,122	1,808
Issue of share capital	(2)	0	(2)	0	0
Increase/(decrease) in debt	4	(74)	28	0	0
Dividend paid	0	(466)	(279)	(479)	(544)
Interest paid	(27)	(32)	(31)	(25)	(27)
Others	(553)	(136)	(1,296)	0	0
Net cash from financing	(578)	(707)	(1,580)	(504)	(571)
Net change in Cash	(246)	9	20	618	1,237

Source: Company, Centrum Broking

Navin Fluorine (NFIL)

Navin Fluorine posted revenue/PBT CAGR of 14%/22% over FY14-23. The ex-cash NWC has seen an increment from average 74 days over FY14-19 to 127 days over FY20-23, largely due to increasing Inventory levels for new project start-up. With rise in operating profit, NFIL's aggregate OCF was Rs8bn over FY14-23, with a poor EBITDA to OCF conversion rate of 35% impacted by rising WC. Navin's capex intensity rose over the past couple of years with aggregate capex of Rs17.5bn, of which Rs13.3bn was invested in FY22-23, leading to negative Rs10bn FCF. Due to high cash on the books, avg. net debt/equity ratio was negative 0.01x resulting in avg. RoE/RoCE at 17.1%/13.8% over FY14-23. The company, despite of negative FCF in recent past has distributed dividends consistently.

22 September 2023

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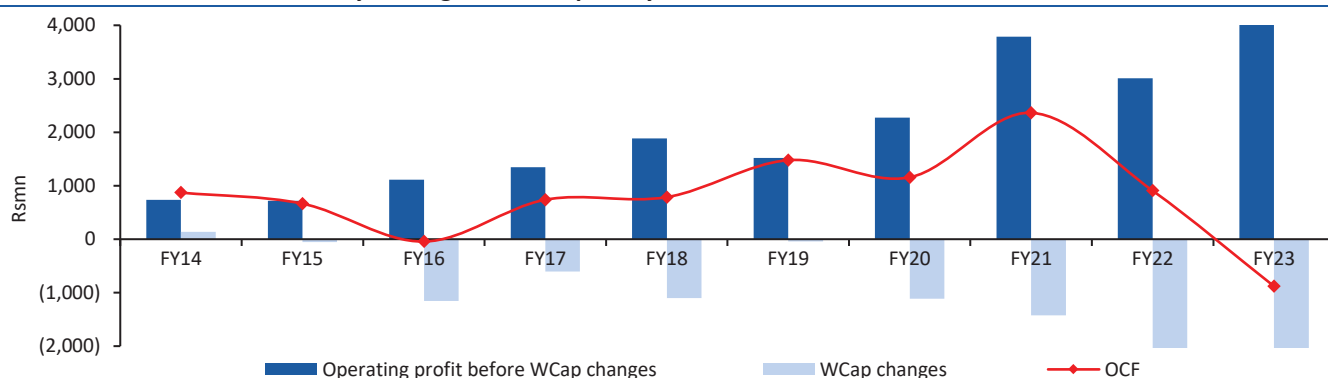
Institutional Research

Market data

Current price:	Rs4,489
Bloomberg:	NFIL IN
52-week H/L:	Rs4,950/3,765
Market cap:	Rs222.6bn
Free float:	69.4%
Avg. daily vol. 3mth:	174349

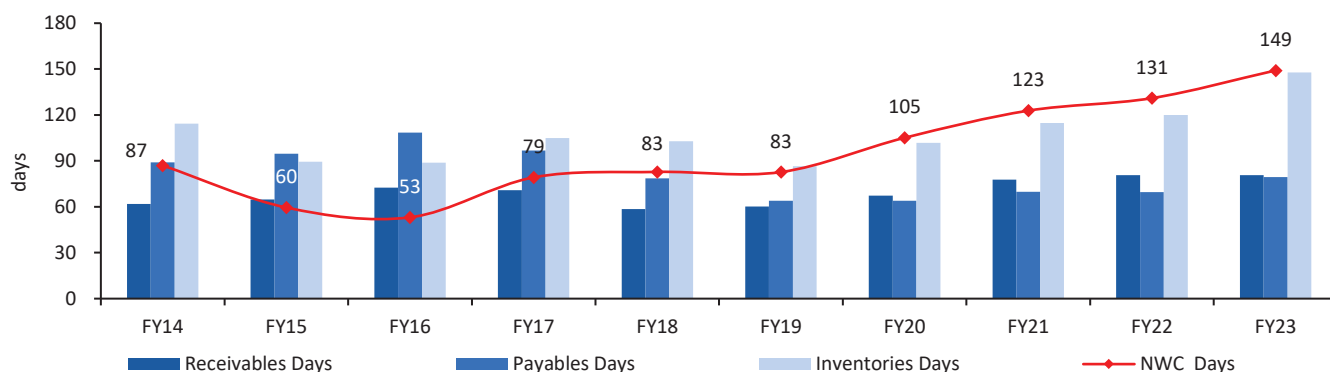
Source: Bloomberg

Exhibit 193: OCF rose consistently barring recent couple of years



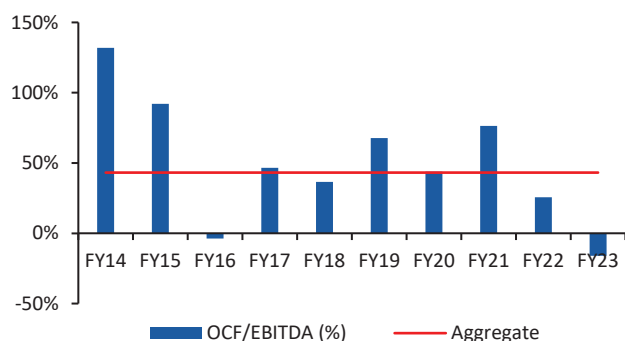
Source: Company, Centrum Broking

Exhibit 194: Working capital levels rose substantially over the years



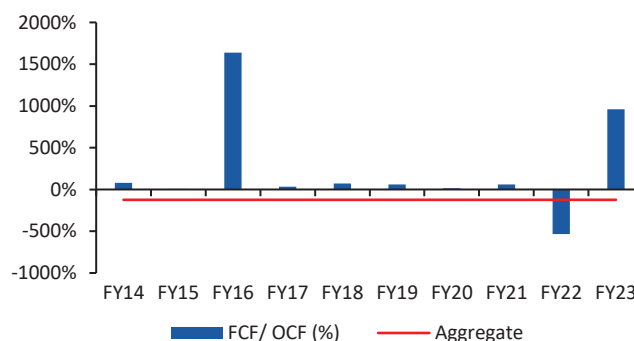
Source: Company, Centrum Broking

Exhibit 195: EBITDA to OCF conversion of 35% over 10 years



Source: Company, Centrum Broking

Exhibit 196: OCF to FCF conversion 9 out of 10 years



Source: Company, Centrum Broking

Exhibit 197: Declining return ratios in recent past

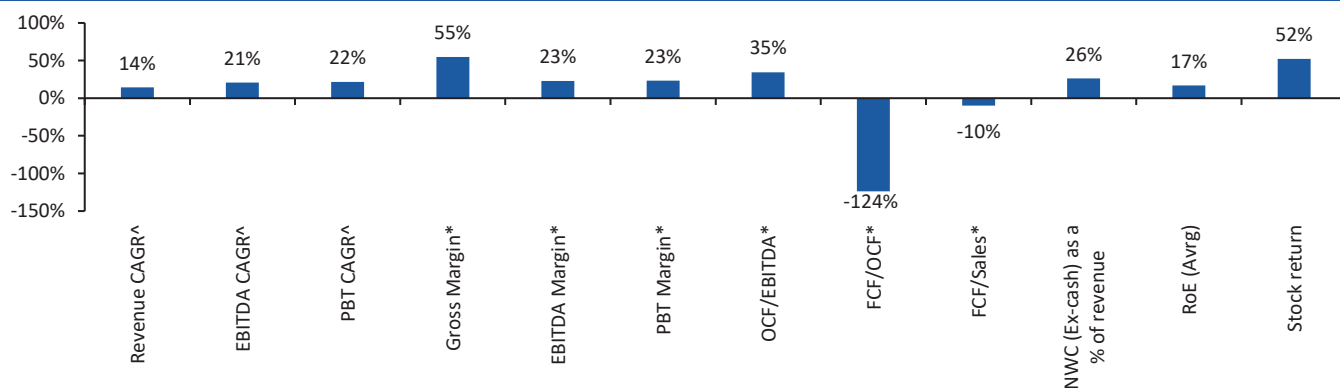
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.0	0.1	0.1	(0.0)	(0.0)	(0.0)	(0.2)	(0.3)	0.0	0.4	(0.01)
Net Debt/EBITDA	0.3	0.5	0.5	(0.1)	(0.1)	(0.2)	(1.1)	(1.8)	0.0	1.5	(0.05)
RoCE pre-tax	12.3%	12.7%	17.2%	23.4%	28.9%	21.7%	20.9%	22.6%	19.3%	21.0%	20.0%
RoCE	9.7%	9.5%	12.4%	17.6%	19.8%	14.3%	9.2%	15.3%	14.8%	15.9%	13.8%
RoIC (pre-tax)	6.8%	7.5%	12.4%	14.9%	17.3%	17.4%	19.4%	23.0%	16.1%	15.9%	15.1%
RoE	12.4%	9.5%	13.5%	18.5%	19.8%	14.5%	32.9%	15.9%	15.1%	18.6%	17.1%

Source: Company, Centrum Broking

Exhibit 198: DuPont Analysis – RoE improvement concurrent to margin improvement

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.95	0.70	0.72	0.75	0.67	0.66	1.58	0.71	0.76	0.76	0.83
Revenue/average total assets	0.73	0.84	0.90	0.87	0.93	0.91	0.82	0.75	0.78	0.81	0.84
Average total assets/Average NW	1.26	1.23	1.23	1.15	1.08	1.06	1.04	1.03	1.06	1.27	1.14
PBT/EBITDA	1.05	1.08	0.98	1.15	1.24	1.03	0.98	1.11	0.97	0.90	1.05
EBITDA/Revenue	0.14	0.12	0.17	0.21	0.24	0.22	0.25	0.26	0.24	0.26	0.21
RoE	12.4%	9.5%	13.5%	18.5%	19.8%	14.5%	32.9%	15.9%	15.1%	18.6%	17.1%

Source: Company, Centrum Broking

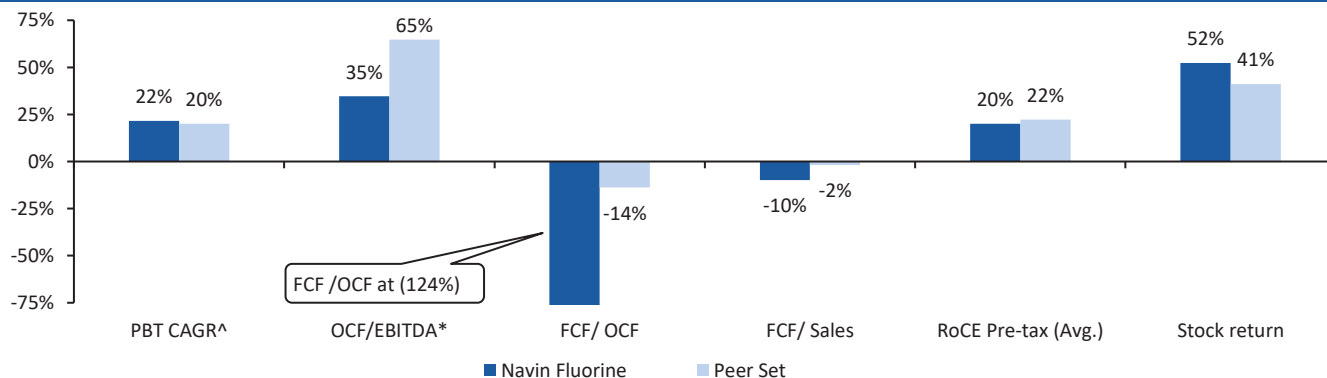
Exhibit 199: Price movement vs. Financials – High PBT growth and high margins led to high stock returns

Source: Company, Centrum Broking; ^: FY14-23 CAGR; *: aggregate, Note: FY13-23 CAGR, excluded FY12 due to substantial income from carbon credits

Exhibit 200: Effective FCF utilization in large investments

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	691	43	(722)	249	576	866	178	1,458	(4,851)	(8,458)
FCF yield	32%	1%	NA	1%	2%	3%	0%	1%	NA	NA
Dividend + Buyback (b)	183	216	343	350	611	714	394	542	542	543
Distribution of FCF (b/a)	27%	501%	(47%)	141%	106%	82%	222%	37%	(11%)	(6%)
Cash & equivalents*/Capital employed	16.9%	15.5%	20.1%	23.5%	25.3%	23.7%	38.7%	52.1%	23.1%	19.3%

Source: Company, Centrum Broking *including liquid investments

Exhibit 201: Navin vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	11,794	14,534	20,774	27,182	35,093
Operating Expense	5,374	6,656	8,960	11,588	14,715
Employee cost	1,417	1,815	2,494	3,217	3,957
Others	1,910	2,514	3,817	4,893	6,317
EBITDA	3,093	3,548	5,503	7,484	10,104
Depreciation & Amortisation	442	479	626	1,000	1,298
EBIT	2,651	3,069	4,877	6,483	8,806
Interest expenses	18	19	275	822	787
Other income	790	392	357	250	350
PBT	3,423	3,442	4,959	5,912	8,370
Taxes	1,108	812	1,207	1,380	1,845
Effective tax rate (%)	32.4	23.6	24.3	23.3	22.0
PAT	2,315	2,631	3,752	4,532	6,525
Minority/Associates	105	0	0	0	0
Recurring PAT	2,420	2,631	3,752	4,532	6,525
Extraordinary items	155	0	0	0	0
Reported PAT	2,575	2,631	3,752	4,532	6,525

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	11.1	23.2	42.9	30.8	29.1
EBITDA	17.4	14.7	55.1	36.0	35.0
Adj. EPS	(40.8)	8.7	42.6	20.8	44.0
Margins (%)					
Gross	54.4	54.2	56.9	57.4	58.1
EBITDA	26.2	24.4	26.5	27.5	28.8
EBIT	22.5	21.1	23.5	23.9	25.1
Adjusted PAT	20.5	18.1	18.1	16.7	18.6
Returns (%)					
ROE	15.9	15.1	18.6	19.0	22.7
ROCE	15.3	14.8	15.9	15.0	17.6
ROIC	15.5	12.3	12.0	13.0	16.0
Turnover (days)					
Gross block turnover ratio (x)	2.4	2.7	1.2	1.1	1.2
Debtors	78	81	81	84	82
Inventory	115	120	148	159	143
Creditors	70	70	79	79	70
Net working capital	308	161	183	171	138
Solvency (x)					
Net debt-equity	(0.3)	0.0	0.4	0.4	0.3
Interest coverage ratio	168.1	186.7	20.0	9.1	12.8
Net debt/EBITDA	(1.8)	0.0	1.5	1.5	1.0
Per share (Rs)					
Adjusted EPS	48.8	53.1	75.7	91.5	131.7
BVPS	329.8	372.2	441.0	521.9	638.2
CEPS	57.8	62.8	88.4	111.7	157.9
DPS	8.0	12.0	11.0	10.5	15.3
Dividend payout (%)	15.4	22.6	14.5	11.5	11.6
Valuation (x)					
P/E	91.9	84.6	59.3	49.1	34.1
P/BV	13.6	12.1	10.2	8.6	7.0
EV/EBITDA	70.2	62.7	41.9	31.3	23.1
Dividend yield (%)	0.2	0.3	0.2	0.2	0.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	99	99	99	99	99
Reserves & surplus	16,240	18,343	21,750	25,760	31,526
Shareholders fund	16,339	18,442	21,850	25,859	31,625
Minority Interest	0	0	0	0	0
Total debt	25	1,045	8,487	12,487	10,987
Non Current Liabilities	409	372	350	350	350
Def tax liab. (net)	207	201	348	348	348
Total liabilities	16,981	20,060	31,033	39,043	43,309
Gross block	4,882	5,475	16,952	23,652	28,652
Less: acc. Depreciation	(1,346)	(1,699)	(2,233)	(3,227)	(4,516)
Net block	3,537	3,776	14,718	20,425	24,136
Capital WIP	949	7,421	2,786	2,786	2,786
Net fixed assets	5,379	12,087	18,405	24,114	27,826
Non Current Assets	972	916	1,591	1,591	1,591
Investments	677	659	636	636	636
Inventories	1,804	2,575	4,681	5,410	6,131
Sundry debtors	2,841	3,577	5,615	6,970	8,773
Cash & Cash Equivalents	5,439	958	348	955	474
Loans & advances	0	5	0	0	0
Other current assets	1,864	3,077	4,017	3,767	2,767
Trade payables	1,074	1,465	2,435	2,575	3,066
Other current liab.	879	2,275	1,745	1,745	1,745
Provisions	42	54	80	80	80
Net current assets	9,953	6,398	10,402	12,702	13,256
Total assets	16,981	20,060	31,033	39,043	43,309

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,578	3,442	4,959	5,912	8,370
Depreciation & Amortisation	442	479	626	1,000	1,298
Net Interest	18	19	275	822	787
Net Change – WC	(4,309)	3,012	(4,603)	(1,693)	(1,034)
Direct taxes	(1,194)	(818)	(1,061)	(1,380)	(1,845)
Net cash from operations	(2,305)	5,742	(161)	4,411	7,226
Capital expenditure	(795)	(7,065)	(6,847)	(6,710)	(5,010)
Acquisitions, net	0	0	0	0	0
Investments	11	11	11	0	0
Others	790	392	357	250	350
Net cash from investing	7	(6,662)	(6,479)	(6,460)	(4,660)
FCF	(2,298)	(920)	(6,639)	(2,049)	2,566
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	11	1,020	7,442	4,000	(1,500)
Dividend paid	(396)	(545)	(545)	(522)	(760)
Interest paid	(18)	(19)	(275)	(822)	(787)
Others	2,252	(97)	(595)	0	0
Net cash from financing	1,849	359	6,026	2,656	(3,046)
Net change in Cash	(449)	(561)	(613)	607	(481)

Source: Company, Centrum Broking

PI Industries (PI)

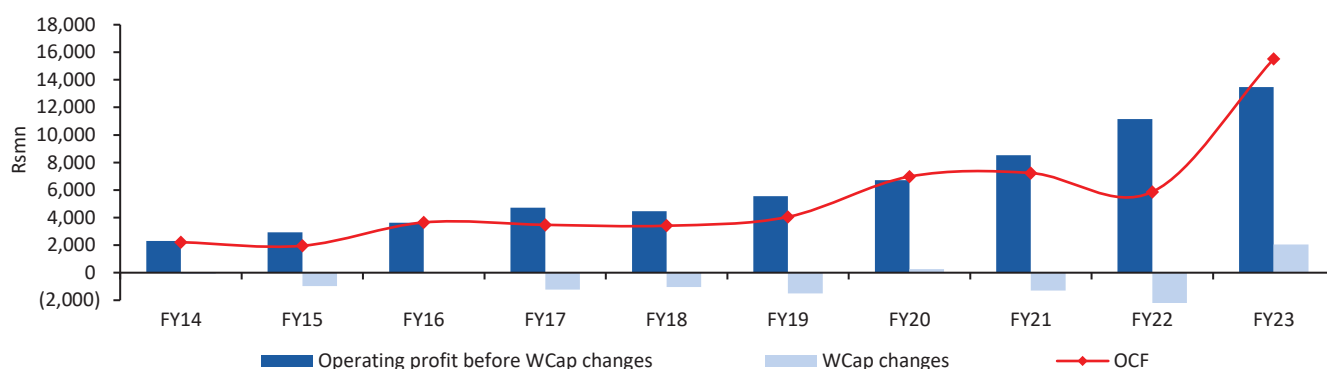
PI Industries posted revenue/PBT CAGR of 19%/26% over FY14-23. The ex-cash NWC rose from average 76 days over FY14-17 to 97 days over FY18-23, largely due to increasing inventory levels. With healthy rise in operating profit, PI's aggregate OCF was Rs54.4bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 76%. Over FY14-23, 55% of the total OCF was spent on capex aggregating Rs29.9bn, while 37% was converted to FCF at Rs20.1bn. Avg. net debt/equity ratio stood at negative 0.1x, benefitted from Rs20bn raised through QIP in mid-2020 without any utilisation till FY23. Avg. RoE/RoCE stood healthy at 23.5%/22.1% over FY14-23. Distribution of FCF as dividend remained healthy at an aggregate of 30.7% over FY14-23.

Market data

Current price:	Rs3,590
Bloomberg:	PI IN
52-week H/L:	Rs4,011/2,869
Market cap:	Rs544.7bn
Free float:	52%
Avg. daily vol. 3mth:	290439

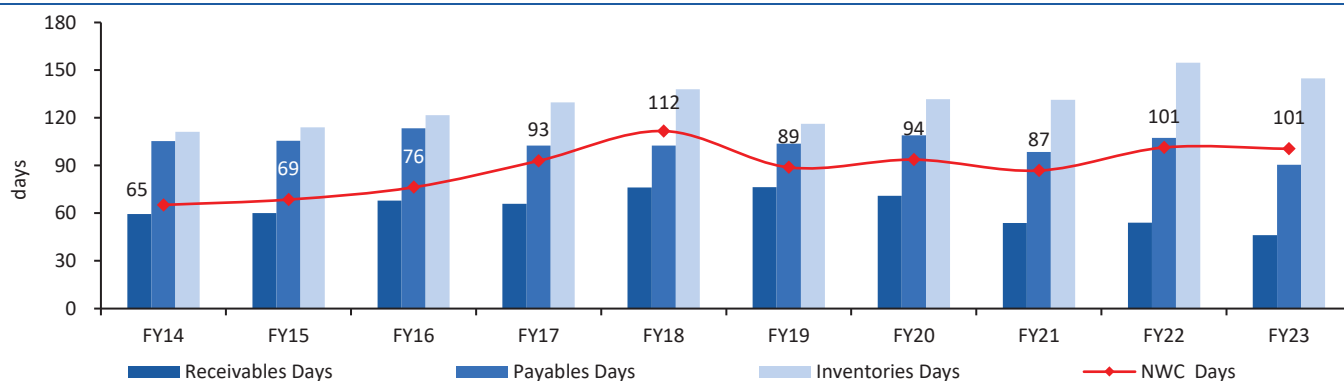
Source: Bloomberg

Exhibit 202: Consistently positive and increasing OCF



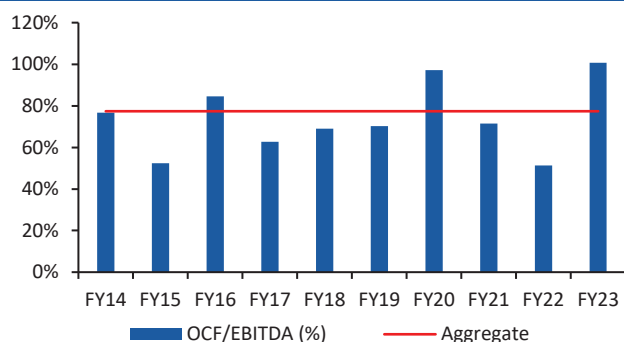
Source: Company, Centrum Broking

Exhibit 203: WC cycle rose in first half of decade, however now stabilised to ~100 days



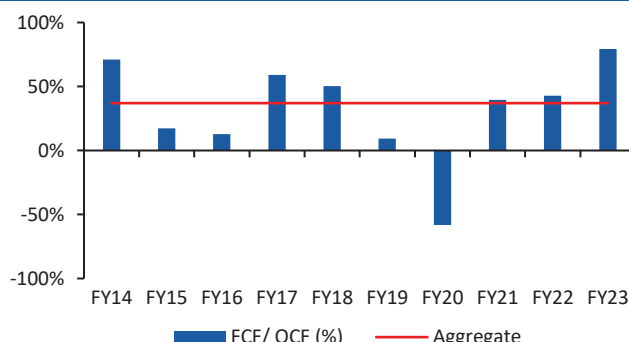
Source: Company, Centrum Broking

Exhibit 204: EBITDA to OCF conversion of 76% over 10 years



Source: Company, Centrum Broking

Exhibit 205: Positive OCF to FCF conv. barring one year



Source: Company, Centrum Broking

Exhibit 206: Cash rich balance sheet; return ratios impacted in recent years

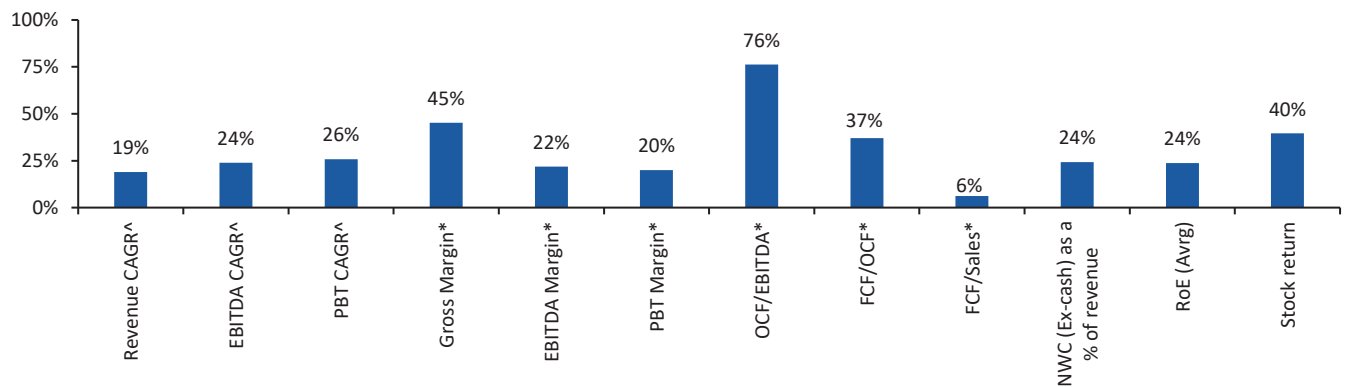
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.1	0.1	(0.0)	(0.0)	(0.0)	0.1	(0.3)	(0.2)	(0.3)	(0.05)
Net Debt/EBITDA	0.1	0.1	0.2	(0.1)	(0.2)	(0.1)	0.5	(1.3)	(1.0)	(1.5)	(0.32)
RoCE pre-tax	36.4%	41.5%	36.3%	34.4%	25.6%	25.4%	23.2%	22.1%	17.4%	21.7%	28.4%
RoCE	26.2%	28.7%	28.1%	31.0%	20.2%	19.4%	17.3%	17.3%	14.2%	18.5%	22.1%
RoIC (pre-tax)	32.8%	35.8%	32.7%	32.9%	23.5%	23.4%	21.7%	23.2%	18.3%	26.0%	27.0%
RoE	30.7%	30.9%	30.1%	32.8%	20.7%	19.5%	18.6%	18.4%	14.7%	18.4%	23.5%

Source: Company, Centrum Broking

Exhibit 207: DuPont Analysis – Lower asset turn, non-deployment of Rs20bn QIP money raised in FY21 impacted RoEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.72	0.69	0.77	0.90	0.79	0.76	0.74	0.79	0.82	0.85	0.78
Revenue/average total assets	1.95	2.06	1.75	1.46	1.21	1.30	1.21	1.02	0.86	0.94	1.38
Average total assets/Average NW	1.33	1.18	1.16	1.11	1.06	1.03	1.14	1.13	1.07	1.04	1.13
PBT/EBITDA	0.90	0.95	0.93	0.92	0.94	0.93	0.85	0.92	0.90	0.93	0.92
EBITDA/Revenue	0.18	0.19	0.21	0.24	0.22	0.20	0.21	0.22	0.22	0.24	0.21
RoE	30.7%	30.9%	30.1%	32.8%	20.7%	19.5%	18.6%	18.4%	14.7%	18.4%	23.5%

Source: Company, Centrum Broking

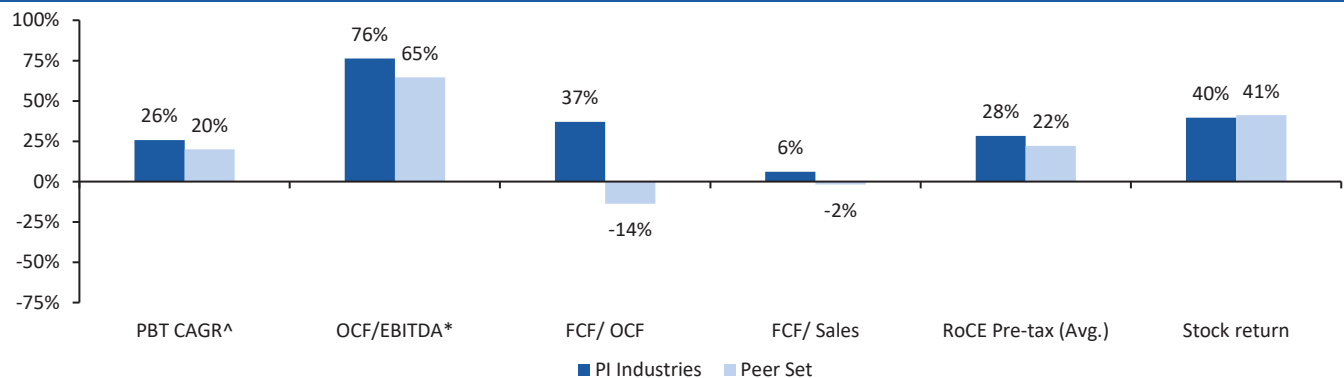
Exhibit 208: Price movement vs. Financials – PBT growth coupled with high avg. RoEs led to 40% CAGR in stock returns

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 209: Effective FCF utilisation for capex while consistently paying dividends

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,574	340	467	2,055	1,710	375	(4,063)	2,860	2,505	12,295
FCF yield	6%	1%	1%	2%	1%	0%	NA	1%	1%	3%
Dividend + Buyback (b)	272	300	603	248	662	831	748	607	758	1,137
Distribution of FCF (b/a)	17%	88%	129%	12%	39%	222%	(18)%	21%	30%	9%
Cash & equivalents*/Capital employed	5.8%	3.7%	4.5%	7.9%	8.6%	5.3%	5.5%	29.7%	22.7%	31.4%

Source: Company, Centrum Broking *including liquid investments

Exhibit 210: PI vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	45,770	52,995	64,920	78,719	95,288
Operating Expense	25,712	29,228	35,527	42,291	51,193
Employee cost	4,169	4,804	5,266	6,846	8,078
Others	5,767	7,539	8,706	10,635	12,769
EBITDA	10,122	11,424	15,421	18,947	23,248
Depreciation & Amortisation	1,748	2,018	2,265	2,800	3,458
EBIT	8,374	9,406	13,156	16,147	19,790
Interest expenses	282	128	371	225	248
Other income	1,249	1,014	1,590	1,829	2,011
PBT	9,341	10,292	14,375	17,750	21,554
Taxes	2,002	1,890	2,148	2,851	3,893
Effective tax rate (%)	21.4	18.4	14.9	16.1	18.1
PAT	7,339	8,402	12,227	14,899	17,661
Minority/Associates	0	0	0	0	0
Recurring PAT	7,339	8,402	12,227	14,899	17,661
Extraordinary items	44	36	68	71	75
Reported PAT	7,383	8,438	12,295	14,970	17,736
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	36.0	15.8	22.5	21.3	21.0
EBITDA	41.0	12.9	35.0	22.9	22.7
Adj. EPS	61.0	14.5	45.5	21.9	18.5
Margins (%)					
Gross	43.8	44.8	45.3	46.3	46.3
EBITDA	22.1	21.6	23.8	24.1	24.4
EBIT	18.3	17.7	20.3	20.5	20.8
Adjusted PAT	16.0	15.9	18.9	19.0	18.6
Returns (%)					
ROE	18.4	14.7	18.4	19.0	19.1
ROCE	17.3	14.2	18.5	19.3	19.4
ROIC	18.2	15.0	22.1	20.0	20.8
Turnover (days)					
Gross block turnover ratio (x)	1.8	1.7	1.9	1.5	1.5
Debtors	54	54	46	40	40
Inventory	131	155	145	134	134
Creditors	98	107	91	80	79
Net working capital	258	256	252	202	199
Solvency (x)					
Net debt-equity	(0.3)	(0.2)	(0.3)	(0.2)	(0.2)
Interest coverage ratio	35.9	89.3	41.6	84.2	93.9
Net debt/EBITDA	(1.3)	(1.0)	(1.5)	(1.0)	(1.0)
Per share (Rs)					
Adjusted EPS	48.3	55.3	80.4	98.0	116.2
BVPS	351.5	402.7	473.6	557.3	656.5
CEPS	59.8	68.6	95.3	116.4	138.9
DPS	4.0	5.0	5.5	14.8	17.5
Dividend payout (%)	8.2	9.0	6.8	15.0	15.0
Valuation (x)					
P/E	74.4	65.0	44.6	36.6	30.9
P/BV	10.2	8.9	7.6	6.4	5.5
EV/EBITDA	52.6	46.8	33.9	27.8	22.5
Dividend yield (%)	0.1	0.1	0.2	0.4	0.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	152	152	152	152	152
Reserves & surplus	53,272	61,052	71,833	84,558	99,633
Shareholders fund	53,424	61,204	71,985	84,710	99,785
Minority Interest	0	0	0	0	0
Total debt	2,574	2,678	0	0	0
Non Current Liabilities	655	651	781	781	781
Def tax liab. (net)	796	875	213	213	213
Total liabilities	57,449	65,408	72,979	85,704	1,00,779
Gross block	26,088	31,039	34,606	51,352	61,591
Less: acc. Depreciation	(5,891)	(7,709)	(9,662)	(12,353)	(15,699)
Net block	20,197	23,330	24,944	38,999	45,893
Capital WIP	2,495	638	625	625	625
Net fixed assets	24,410	25,860	27,637	41,603	48,404
Non Current Assets	492	2,019	433	433	433
Investments	54	258	55	55	55
Inventories	10,528	14,234	13,976	17,056	20,646
Sundry debtors	7,035	8,687	7,720	9,403	11,382
Cash & Cash Equivalents	16,195	14,102	22,429	18,104	22,927
Loans & advances	103	30	83	83	83
Other current assets	11,070	12,586	12,415	12,415	12,415
Trade payables	7,960	9,242	8,380	10,059	12,176
Other current liab.	4,545	3,167	3,160	3,160	3,160
Provisions	65	94	278	278	278
Net current assets	32,361	37,136	44,805	43,564	51,838
Total assets	57,449	65,408	72,979	85,704	1,00,779
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	9,385	10,328	14,443	17,821	21,629
Depreciation & Amortisation	1,748	2,018	2,265	2,800	3,458
Net Interest	282	128	371	225	248
Net Change – WC	(2,397)	(5,368)	2,685	(3,084)	(3,452)
Direct taxes	(1,753)	(1,950)	(2,650)	(2,851)	(3,893)
Net cash from operations	6,016	4,142	15,524	13,083	15,978
Capital expenditure	(4,677)	(3,214)	(3,590)	(16,766)	(10,259)
Acquisitions, net	0	0	0	0	0
Investments	(5,738)	(1,672)	(1,093)	0	0
Others	1,249	1,014	1,590	1,829	2,011
Net cash from investing	(9,166)	(3,872)	(3,093)	(14,938)	(8,248)
FCF	(2,928)	374	12,747	(1,666)	7,933
Issue of share capital	14	0	0	0	0
Increase/(decrease) in debt	(2,503)	104	(2,678)	0	0
Dividend paid	(606)	(758)	(1,137)	(2,246)	(2,660)
Interest paid	(282)	(128)	(371)	(225)	(248)
Others	6,281	(12,177)	(13,620)	0	0
Net cash from financing	2,904	(12,959)	(17,806)	(2,471)	(2,908)
Net change in Cash	(246)	(12,689)	(5,375)	(4,325)	4,823

Source: Company, Centrum Broking

SRF (SRF)

SRF posted revenue/PBT CAGR of 14%/23% over FY14-23. The ex-cash NWC has seen a meaningful reduction from average 58 days over FY14-16 to 42 days over FY17-23, largely due to higher payables and lower receivables. With significant rise in operating profit, SRF's aggregate OCF was Rs108.9bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 70% over FY14-23. Capex intensity too remained high with aggregate capex of Rs120.6bn in FY14-23 due to which FCF remained negative at Rs8.8bn. Due to high capex, funded partly through debt, avg. net debt/equity ratio stood at 0.6x and avg. RoE/RoCE stood at 17.3%/12.4% over FY14-23. Despite negative FCF, SRF has consistently distributed dividends aggregating Rs11.8bn over FY14-23.

22 September 2023

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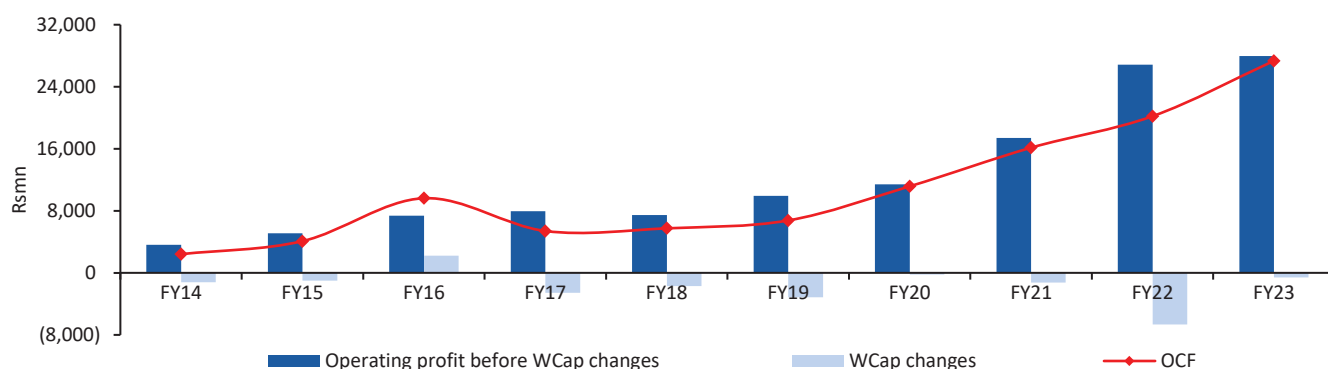
Institutional Research

Market data

Current price:	Rs2,369
Bloomberg:	SRF IN
52-week H/L:	Rs2,736/2,040
Market cap:	Rs702.1bn
Free float:	44.8%
Avg. daily vol. 3mth:	655695

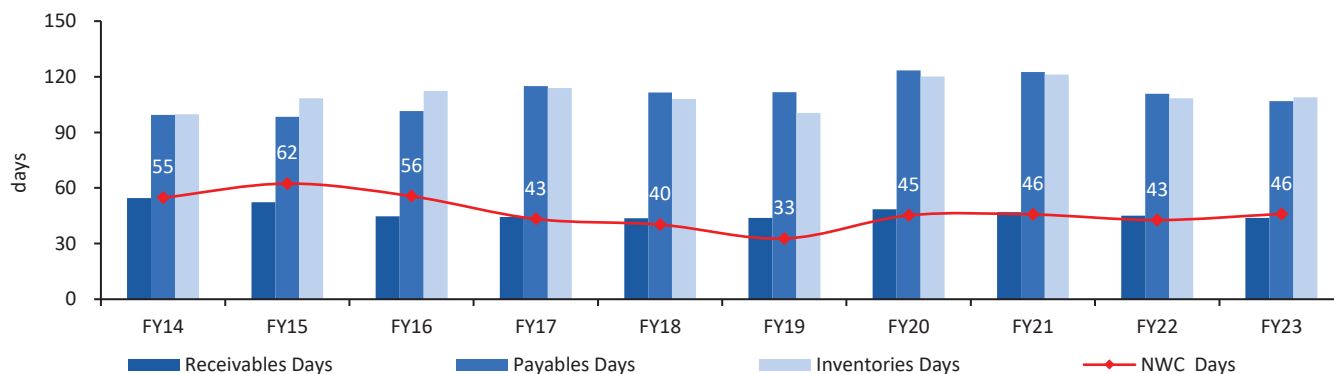
Source: Bloomberg

Exhibit 211: Consistently rising cash flow from operations for the entire period



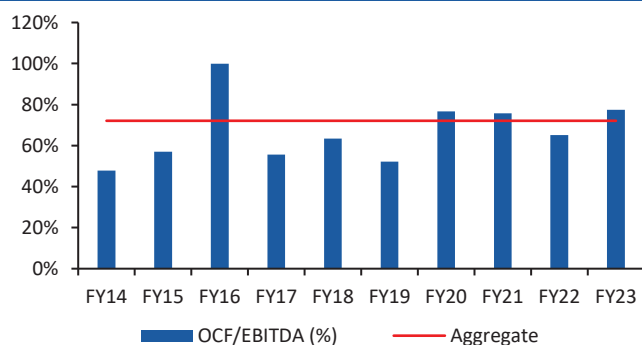
Source: Company, Centrum Broking

Exhibit 212: Impressive WC control, probably the best in the industry



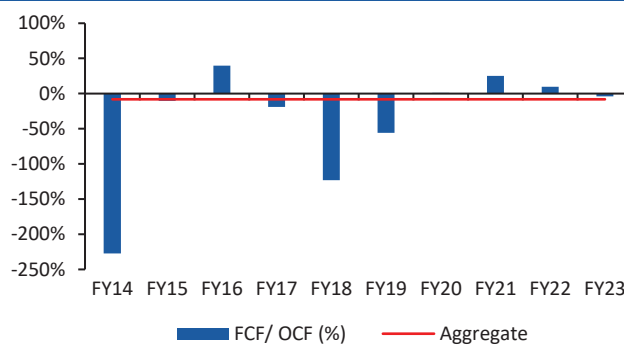
Source: Company, Centrum Broking

Exhibit 213: EBITDA to OCF conversion of 70% over 10 years



Source: Company, Centrum Broking

Exhibit 214: Rising capex intensity affected FCF



Source: Company, Centrum Broking

Exhibit 215: Leverage consistently going down

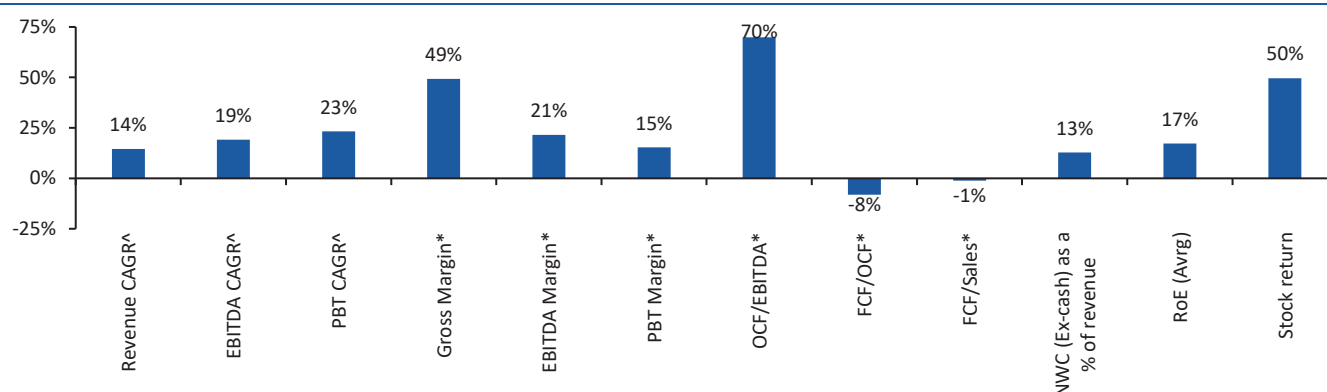
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.9	0.8	0.6	0.6	0.7	0.7	0.6	0.4	0.4	0.4	0.62
Net Debt/EBITDA	3.9	2.7	1.8	1.9	2.9	2.4	2.2	1.2	1.0	1.1	2.11
RoCE pre-tax	8.2%	12.8%	15.5%	15.1%	12.3%	14.1%	14.3%	19.4%	24.7%	22.6%	15.9%
RoCE	6.4%	9.7%	11.4%	11.8%	9.8%	10.8%	14.3%	14.4%	18.0%	17.3%	12.4%
RoIC (pre-tax)	6.4%	10.1%	13.9%	12.7%	9.0%	12.3%	12.7%	16.7%	20.4%	19.4%	13.4%
RoE	8.1%	13.9%	17.0%	17.3%	13.7%	15.4%	20.2%	20.3%	24.5%	22.9%	17.3%

Source: Company, Centrum Broking

Exhibit 216: DuPont Analysis – Despite lower asset turn, RoE improvement through EBITDA margin expansion

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.78	0.76	0.73	0.78	0.79	0.77	1.00	0.74	0.73	0.77	0.79
Revenue/average total assets	0.99	0.97	0.89	0.88	0.90	0.96	0.86	0.88	1.05	1.01	0.94
Average total assets/Average NW	1.99	2.12	2.00	1.82	1.81	1.88	1.80	1.60	1.52	1.54	1.81
PBT/EBITDA	0.41	0.56	0.61	0.68	0.64	0.59	0.63	0.76	0.83	0.80	0.65
EBITDA/Revenue	0.13	0.16	0.21	0.20	0.16	0.19	0.21	0.26	0.25	0.24	0.20
RoE	8.1%	13.9%	17.0%	17.3%	13.7%	15.4%	20.2%	20.3%	24.5%	22.9%	17.5%

Source: Company, Centrum Broking

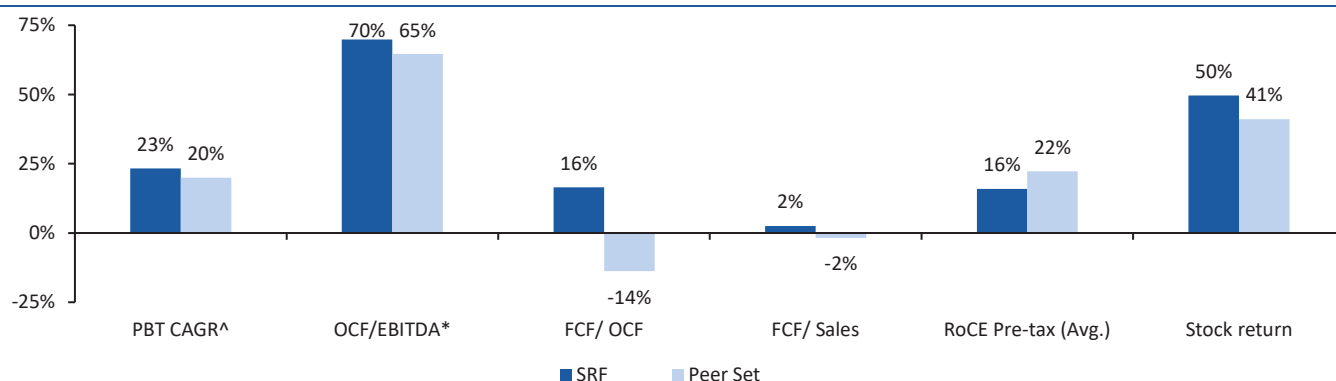
Exhibit 217: Price movement vs. Financials – Stock returns led by margin expansion, efficient WC mgmt., high OCF/ EBITDA

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 218: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(5,484)	(428)	3,835	(1,013)	(7,084)	(3,766)	123	4,097	1,930	(1,037)
FCF yield	NA	NA	6%	NA	NA	NA	0%	2%	0%	NA
Dividend + Buyback (b)	667	678	692	829	829	836	969	1,408	2,117	2,133
Distribution of FCF (b/a)	(12%)	(158%)	18%	(82%)	(12%)	(22%)	787%	34%	110%	(206%)
Cash & equivalents*/Capital employed	2.0%	2.5%	8.0%	1.9%	1.5%	2.7%	1.5%	2.9%	3.8%	4.2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 219: SRF vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	82,954	1,23,128	1,45,918	1,49,834	1,74,239
Operating Expense	40,189	60,669	73,935	76,371	86,765
Employee cost	6,214	7,800	8,138	9,359	10,763
Others	16,264	24,835	31,337	30,894	35,032
EBITDA	21,333	31,032	35,292	34,080	42,600
Depreciation & Amortisation	4,531	5,172	5,753	6,701	7,940
EBIT	16,803	25,860	29,539	27,379	34,660
Interest expenses	1,340	1,159	2,048	2,971	2,675
Other income	664	1,155	749	674	843
PBT	16,127	25,856	28,240	25,082	32,828
Taxes	4,144	6,966	6,617	5,894	7,714
Effective tax rate (%)	25.7	26.9	23.4	23.5	23.5
PAT	11,983	18,889	21,623	19,188	25,113
Minority/Associates	0	0	0	0	0
Recurring PAT	11,983	18,889	21,623	19,188	25,113
Extraordinary items	0	0	0	0	0
Reported PAT	11,983	18,889	21,623	19,188	25,113
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	17.5	48.4	18.5	2.7	16.3
EBITDA	46.6	45.5	13.7	(3.4)	25.0
Adj. EPS	30.8	57.6	14.5	(11.3)	30.9
Margins (%)					
Gross	52.8	51.7	51.2	49.6	50.7
EBITDA	25.4	25.0	23.7	22.6	24.3
EBIT	20.0	20.8	19.9	18.2	19.8
Adjusted PAT	14.3	15.2	14.5	12.7	14.3
Returns (%)					
ROE	20.3	24.5	22.9	17.1	19.0
ROCE	14.4	18.0	17.3	13.8	15.5
ROIC	12.4	14.9	14.8	12.3	13.8
Turnover (days)					
Gross block turnover ratio (x)	0.9	1.2	1.2	1.0	1.0
Debtors	47	45	44	44	42
Inventory	121	108	109	110	105
Creditors	122	111	107	111	108
Net working capital	59	77	73	68	67
Solvency (x)					
Net debt-equity	0.4	0.4	0.4	0.3	0.3
Interest coverage ratio	15.9	26.8	17.2	11.5	15.9
Net debt/EBITDA	1.2	1.0	1.1	1.1	0.9
Per share (Rs)					
Adjusted EPS	40.4	63.7	72.9	64.7	84.7
BVPS	231.3	289.0	348.4	406.7	482.9
CEPS	278.8	81.2	92.4	87.3	111.5
DPS	23.9	7.1	7.2	6.5	8.5
Dividend payout (%)	11.8	11.2	9.9	10.0	10.0
Valuation (x)					
P/E	58.6	37.2	32.5	36.6	28.0
P/BV	10.2	8.2	6.8	5.8	4.9
EV/EBITDA	34.2	23.6	21.0	21.7	17.4
Dividend yield (%)	1.0	0.3	0.3	0.3	0.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	603	2,974	2,974	2,974	2,974
Reserves & surplus	67,962	82,679	1,00,296	1,17,565	1,40,167
Shareholders fund	68,564	85,654	1,03,270	1,20,540	1,43,142
Minority Interest	0	0	0	0	0
Total debt	29,307	35,394	43,541	43,541	43,541
Non Current Liabilities	1,507	3,402	3,901	3,901	3,901
Def tax liab. (net)	3,862	6,775	8,092	8,092	8,092
Total liabilities	1,03,240	1,31,224	1,58,805	1,76,074	1,98,676
Gross block	94,172	1,04,017	1,25,108	1,50,108	1,76,608
Less: acc. Depreciation	(19,200)	(23,512)	(28,630)	(35,235)	(43,076)
Net block	74,972	80,505	96,479	1,14,873	1,33,532
Capital WIP	7,723	16,716	24,055	24,055	24,055
Net fixed assets	83,825	98,416	1,21,681	1,40,030	1,58,640
Non Current Assets	5,857	6,650	7,886	7,886	7,886
Investments	42	42	42	42	42
Inventories	14,658	21,385	22,743	23,336	26,512
Sundry debtors	12,746	17,925	17,856	18,838	21,895
Cash & Cash Equivalents	2,820	4,594	6,165	5,211	6,146
Loans & advances	112	88	110	110	110
Other current assets	9,053	8,553	10,876	10,876	10,876
Trade payables	15,852	20,964	22,313	24,014	27,189
Other current liab.	10,116	5,505	6,349	6,349	6,349
Provisions	87	74	79	79	79
Net current assets	13,335	26,001	29,009	27,929	31,921
Total assets	1,03,240	1,31,224	1,58,805	1,76,074	1,98,676
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	16,127	25,856	28,240	25,082	32,828
Depreciation & Amortisation	4,531	5,172	5,753	6,701	7,940
Net Interest	1,340	1,159	2,048	2,971	2,675
Net Change – WC	(3,911)	(12,067)	515	126	(3,057)
Direct taxes	(3,526)	(6,323)	(6,617)	(5,894)	(7,714)
Net cash from operations	13,896	12,643	29,190	28,312	31,828
Capital expenditure	(12,898)	(18,885)	(28,383)	(25,050)	(26,550)
Acquisitions, net	0	0	0	0	0
Investments	(2,140)	958	(1,733)	0	0
Others	664	1,155	749	674	843
Net cash from investing	(14,375)	(16,772)	(29,367)	(24,376)	(25,707)
FCF	(479)	(4,129)	(177)	3,936	6,121
Issue of share capital	7	0	0	0	0
Increase/(decrease) in debt	(3,364)	6,086	8,147	0	0
Dividend paid	(1,413)	(2,119)	(2,134)	(1,919)	(2,511)
Interest paid	(1,340)	(1,159)	(2,048)	(2,971)	(2,675)
Others	6,716	3,006	(2,302)	0	0
Net cash from financing	607	5,814	1,663	(4,889)	(5,187)
Net change in Cash	128	1,685	1,486	(953)	935

Source: Company, Centrum Broking

UPL (UPLL)

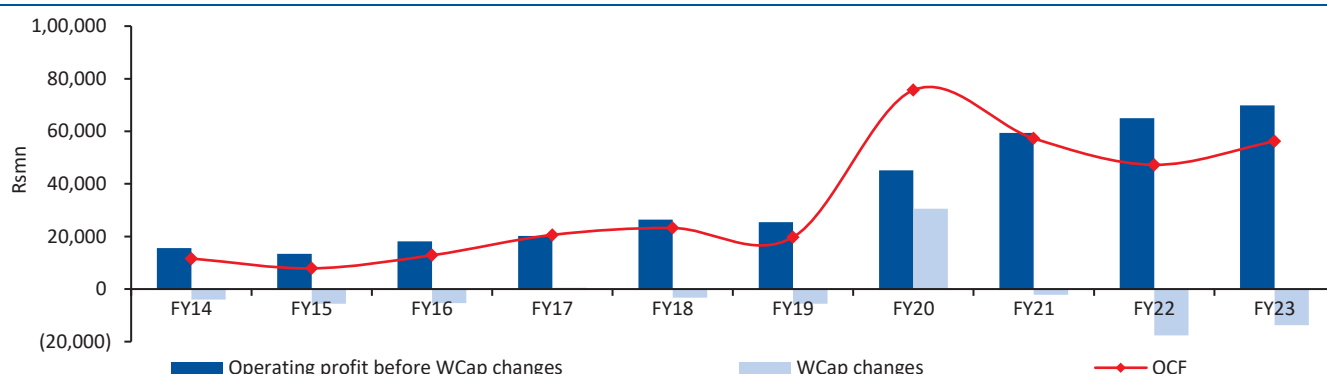
UPL posted revenue/PBT CAGR of 20%/18% over FY14-23. The ex-cash NWC has seen a meaningful reduction from average 96 days over FY14-20 to 59 days over FY21-23, largely due to increasing payables. With rise in operating profit benefitted from Arysta acquisition, UPL's aggregate OCF was Rs332.3bn over FY14-23, with a good EBITDA to OCF conversion rate of 64%. Over FY14-23, Rs154.4bn was invested in capex while investments through acquisitions aggregated at Rs310bn leading to negative FCF of Rs132.1bn. Avg. net debt/equity ratio stood at 0.6x with avg. RoE/RoCE at 19%/14.8% over FY14-23. UPL, despite of negative FCF and acquisitions distributed dividends/buybacks aggregating Rs57.8bn over FY14-23

Market data

Current price:	Rs630
Bloomberg:	UPLL IN
52-week H/L:	Rs807/577
Market cap:	Rs473bn
Free float:	63.2%
Avg. daily vol. 3mth:	2894377

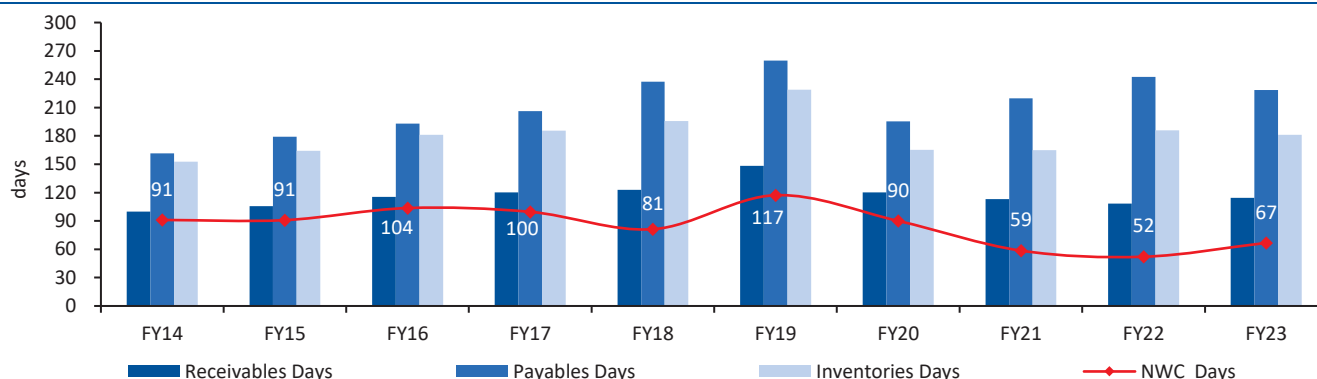
Source: Bloomberg

Exhibit 220: Consistently positive OCF over the decade



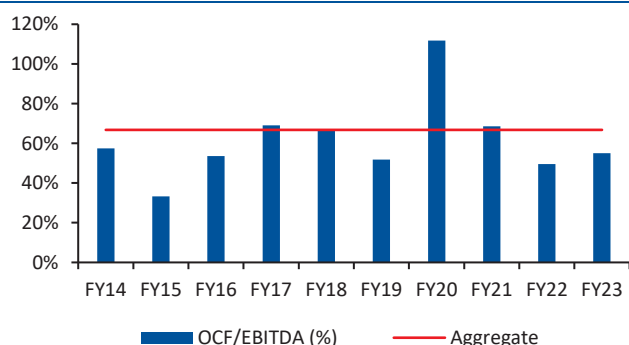
Source: Company, Centrum Broking

Exhibit 221: Reduction in WC cycle, despite higher scale of operations due to Arysta acquisition in FY19



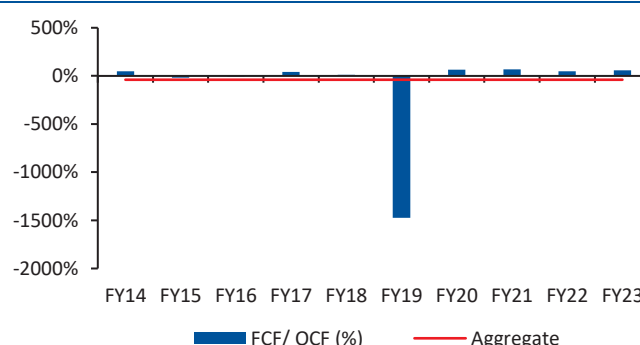
Source: Company, Centrum Broking

Exhibit 222: EBITDA to OCF conversion of 64% over 10 years



Source: Company, Centrum Broking

Exhibit 223: Avg. OCF to FCF conv. distorted due to Arysta acq.



Source: Company, Centrum Broking Note: FY19 sub. negative FCF due to Arysta acq.

Exhibit 224: Consistent net debt/ EBITDA reduction in past few years, FY23 at 1.7x

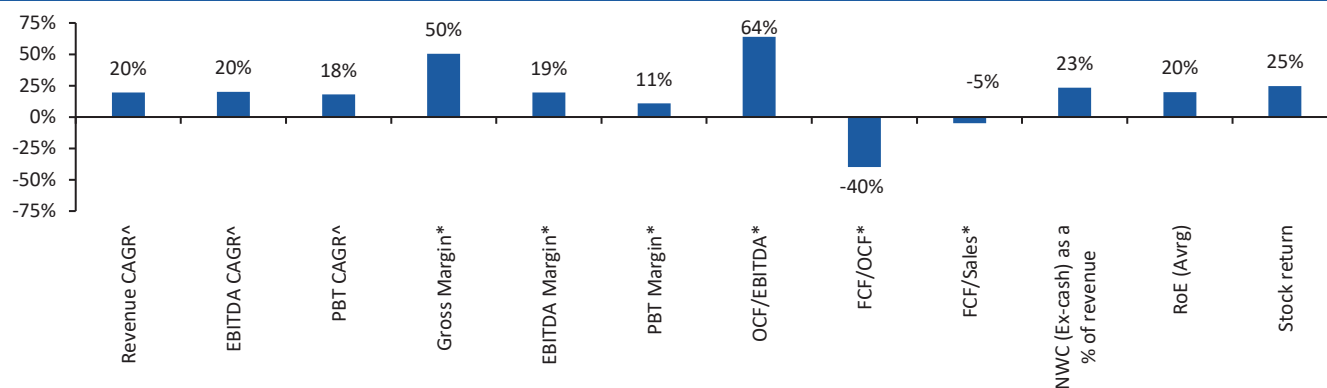
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.3	0.3	0.6	0.4	0.4	1.4	1.0	0.8	0.7	0.5	0.64
Net Debt/EBITDA	0.9	0.7	1.5	1.1	1.0	6.8	3.2	2.3	2.1	1.7	2.13
RoCE pre-tax	20.4%	22.8%	21.0%	22.8%	22.2%	10.1%	9.9%	12.9%	14.4%	14.3%	17.1%
RoCE	16.8%	18.9%	18.4%	20.7%	19.7%	9.2%	8.2%	10.9%	12.9%	12.3%	14.8%
RoIC (pre-tax)	21.7%	22.8%	17.0%	20.7%	21.5%	6.3%	9.9%	13.0%	13.6%	13.6%	16.0%
RoE	21.4%	21.5%	18.2%	27.5%	26.3%	16.1%	14.1%	15.3%	16.8%	13.1%	19.0%

Source: Company, Centrum Broking

Exhibit 225: DuPont Analysis – RoE improvement since FY20 aided by rising asset turn and EBITDA margins

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.84	0.84	0.80	0.90	0.89	0.87	0.71	0.70	0.74	0.69	0.80
Revenue/average total assets	1.22	1.35	1.35	1.29	1.15	0.67	0.69	0.72	0.83	0.88	1.01
Average total assets/Average NW	1.76	1.62	1.77	1.91	1.82	2.74	3.06	2.67	2.44	2.22	2.20
PBT/EBITDA	0.62	0.60	0.56	0.68	0.70	0.58	0.50	0.52	0.54	0.51	0.58
EBITDA/Revenue	0.19	0.20	0.17	0.18	0.20	0.17	0.19	0.22	0.21	0.19	0.19
RoE	21.4%	21.5%	18.2%	27.5%	26.3%	16.1%	14.1%	15.3%	16.8%	13.1%	19.9%

Source: Company, Centrum Broking

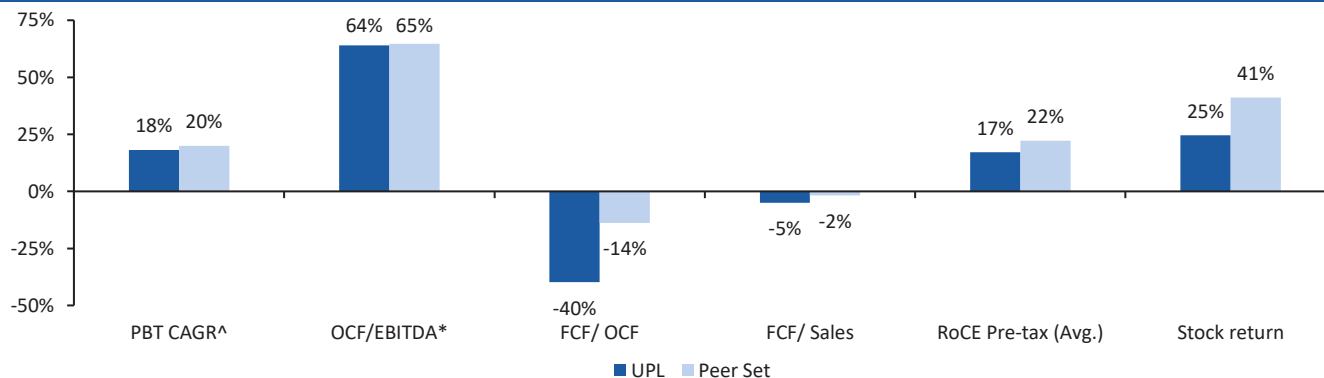
Exhibit 226: Price movement vs. Financials – Healthy P&L performance aids stock price returns

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 227: Consistent dividend payments

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	5,775	(1,460)	(624)	8,570	2,690	(2,90,920)	49,340	38,420	22,910	33,160
FCF yield	8%	NA	NA	3%	1%	NA	11%	11%	4%	6%
Dividend + Buyback (b)	4,033	1,830	2,291	2,280	3,690	4,240	4,570	4,580	9,220	21,050
Distribution of FCF (b/a)	70%	(125%)	(367%)	27%	137%	(1%)	9%	12%	40%	63%
Cash & equivalents*/Capital employed	16.1%	11.7%	11.2%	21.5%	18.5%	6.6%	14.1%	10.9%	12.2%	13.1%

Source: Company, Centrum Broking *including liquid investments

Exhibit 228: UPL vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	3,86,940	4,62,400	5,35,760	5,30,749	5,62,718
Operating Expense	1,90,960	2,20,720	2,72,810	2,67,605	2,81,473
Employee cost	37,120	46,220	50,560	55,616	63,958
Others	75,340	1,00,170	1,10,430	1,04,090	1,07,546
EBITDA	83,520	95,290	1,01,960	1,03,439	1,09,741
Depreciation & Amortisation	21,730	23,590	25,470	27,696	29,643
EBIT	61,790	71,700	76,490	75,742	80,099
Interest expenses	20,600	22,950	29,630	30,029	22,079
Other income	2,580	2,810	4,770	3,578	3,613
PBT	43,770	51,560	51,630	49,291	61,633
Taxes	6,860	5,290	7,360	7,632	12,333
Effective tax rate (%)	15.7	10.3	14.3	15.5	20.0
PAT	36,910	46,270	44,270	41,659	49,300
Minority/Associates	(6,240)	(8,110)	(8,440)	(7,394)	(8,294)
Recurring PAT	30,670	38,160	35,830	34,266	41,007
Extraordinary items	(1,960)	(1,900)	(130)	(52)	31
Reported PAT	28,710	36,260	35,700	34,214	41,038
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	8.2	19.5	15.9	(0.9)	6.0
EBITDA	23.3	14.1	7.0	1.5	6.1
Adj. EPS	61.7	26.3	(1.5)	(4.2)	19.9
Margins (%)					
Gross	50.6	52.3	49.1	49.6	50.0
EBITDA	21.6	20.6	19.0	19.5	19.5
EBIT	16.0	15.5	14.3	14.3	14.2
Adjusted PAT	7.9	8.3	6.7	6.5	7.3
Returns (%)					
ROE	15.3	16.8	13.1	11.0	12.0
ROCE	10.9	12.9	12.3	11.3	11.0
ROIC	11.0	12.2	11.6	10.9	10.7
Turnover (days)					
Gross block turnover ratio (x)	3.2	3.5	3.5	3.3	3.3
Debtors	113	108	114	125	119
Inventory	165	186	181	191	182
Creditors	220	242	229	239	229
Net working capital	114	125	108	125	127
Solvency (x)					
Net debt-equity	0.8	0.7	0.5	0.4	0.3
Interest coverage ratio	4.1	4.2	3.4	3.4	5.0
Net debt/EBITDA	2.3	2.1	1.7	1.5	1.2
Per share (Rs)					
Adjusted EPS	38.3	48.3	47.6	45.6	54.7
BVPS	278.5	328.8	397.9	434.4	478.2
CEPS	68.5	80.7	81.7	82.6	94.2
DPS	6.0	10.0	10.0	9.1	10.9
Dividend payout (%)	16.0	21.1	21.0	20.0	20.0
Valuation (x)					
P/E	16.5	13.0	13.2	13.8	11.5
P/BV	2.3	1.9	1.6	1.5	1.3
EV/EBITDA	7.9	7.0	6.3	6.1	5.5
Dividend yield (%)	1.0	1.6	1.6	1.4	1.7

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,530	1,530	1,500	1,500	1,500
Reserves & surplus	2,07,340	2,45,080	2,96,940	3,24,311	3,57,141
Shareholders fund	2,08,870	2,46,610	2,98,440	3,25,811	3,58,641
Minority Interest	36,930	46,470	55,850	63,244	71,537
Total debt	2,37,690	2,58,660	2,29,990	2,14,990	1,84,990
Non Current Liabilities	14,210	10,950	15,050	15,050	15,050
Def tax liab. (net)	26,620	24,750	24,620	24,620	24,620
Total liabilities	5,24,320	5,87,440	6,23,950	6,43,715	6,54,839
Gross block	1,22,280	1,33,890	1,52,500	1,62,340	1,72,672
Less: acc. Depreciation	(57,760)	(61,030)	(70,860)	(85,028)	(1,00,103)
Net block	64,520	72,860	81,640	77,312	72,569
Capital WIP	15,940	19,760	21,030	21,030	21,030
Net fixed assets	3,72,620	3,92,540	4,25,040	4,21,944	4,18,131
Non Current Assets	12,320	10,990	7,790	7,790	7,790
Investments	2,010	5,220	6,050	6,050	6,050
Inventories	94,220	1,30,780	1,39,850	1,40,059	1,40,680
Sundry debtors	1,21,450	1,53,280	1,82,240	1,79,865	1,87,573
Cash & Cash Equivalents	48,530	61,200	60,970	57,325	54,723
Loans & advances	120	160	250	250	250
Other current assets	36,380	51,860	36,970	53,470	58,470
Trade payables	1,27,590	1,65,520	1,76,140	1,73,968	1,79,757
Other current liab.	29,310	66,350	80,650	70,650	60,650
Provisions	23,090	7,480	5,030	5,030	5,030
Net current assets	1,20,710	1,57,930	1,58,460	1,81,321	1,96,258
Total assets	5,24,320	5,87,440	6,23,950	6,43,715	6,54,839
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	41,810	49,660	51,500	49,240	61,664
Depreciation & Amortisation	21,730	23,590	25,470	27,696	29,643
Net Interest	20,600	22,950	29,630	30,029	22,079
Net Change – WC	6,260	(30,960)	4,700	(26,506)	(17,539)
Direct taxes	(8,310)	(10,960)	(15,060)	(7,632)	(12,333)
Net cash from operations	81,470	51,470	91,470	69,249	79,900
Capital expenditure	(15,850)	(24,160)	(35,940)	(24,600)	(25,830)
Acquisitions, net	0	0	0	0	0
Investments	(400)	(11,240)	7,110	0	0
Others	2,580	2,810	4,770	3,578	3,613
Net cash from investing	(13,670)	(32,590)	(24,060)	(21,023)	(22,217)
FCF	67,800	18,880	67,410	48,227	57,684
Issue of share capital	0	0	(30)	0	0
Increase/(decrease) in debt	(49,000)	20,970	(28,670)	(15,000)	(30,000)
Dividend paid	(4,580)	(7,640)	(7,510)	(6,843)	(8,208)
Interest paid	(20,600)	(22,950)	(29,630)	(30,029)	(22,079)
Others	(12,890)	740	130	0	0
Net cash from financing	(87,070)	(8,880)	(65,710)	(51,871)	(60,286)
Net change in Cash	(19,270)	10,000	1,700	(3,645)	(2,603)

Source: Company, Centrum Broking

Vinati Organics (VO)

Vinati posted revenue/PBT CAGR of 14%/20% over FY14-23. The ex-cash NWC has seen an increase from average 87 days over FY14-15 to 101 days over FY16-19 and further to 115 days over FY20-23, due to increasing inventory levels and rising receivables. With healthy rise in operating profit, Vinati's aggregate OCF was at Rs22.4bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 71%. During FY14-23, 53% of the total OCF was invested in capex aggregating Rs11.8bn, while 47% was converted to FCF at Rs10.6bn. With significantly low avg. net debt/equity ratio at 0.01x, avg. RoE/RoCE remained robust at 25.3%/23.9% over FY14-23. Distribution of FCF as dividend aggregated Rs3.2bn over FY14-23.

22 September 2023

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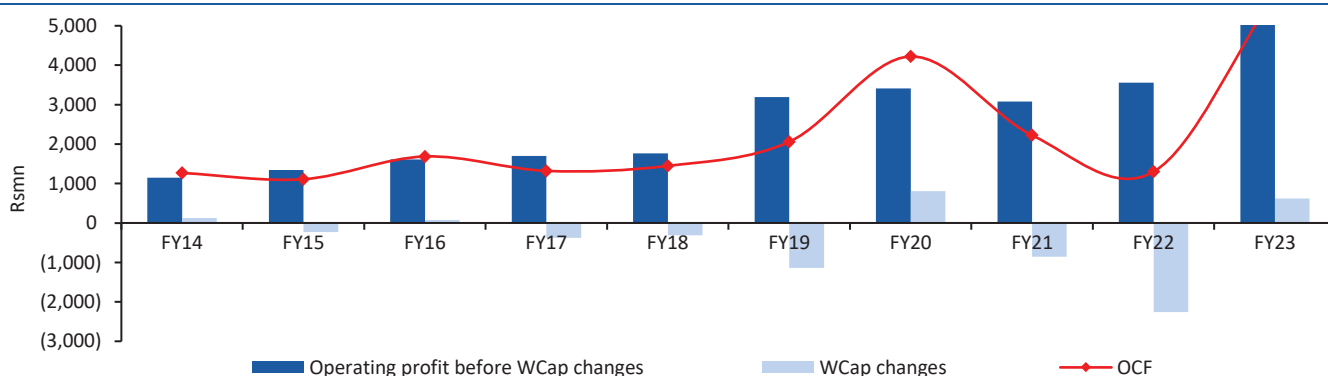
Institutional Research

Market data

Current price:	Rs1,888
Bloomberg:	VO IN
52-week H/L:	Rs2,271/1,693
Market cap:	Rs194.1bn
Free float:	24.8%
Avg. daily vol. 3mth:	65652

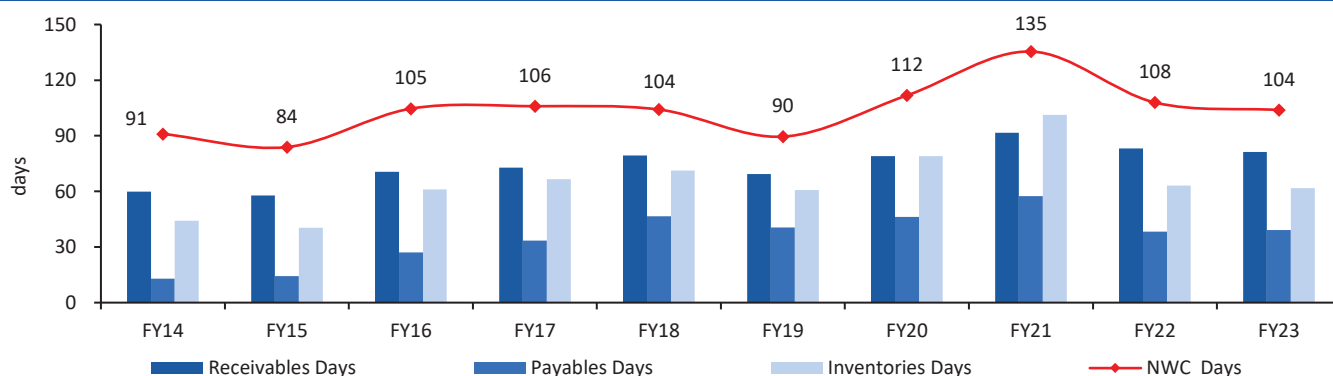
Source: Bloomberg

Exhibit 229: Consistently positive cash flows, however lower OCF due to WC stress over the past few years



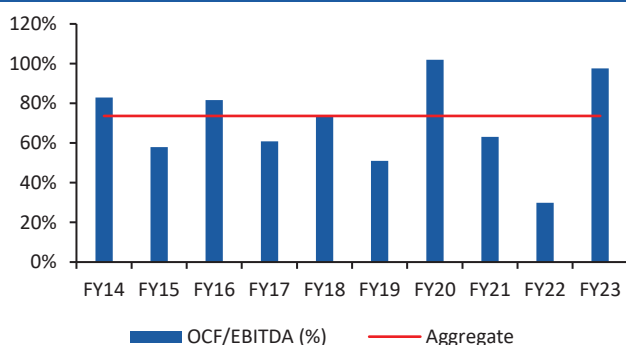
Source: Company, Centrum Broking

Exhibit 230: WC stress increased in in some years, however lessened in past couple of years



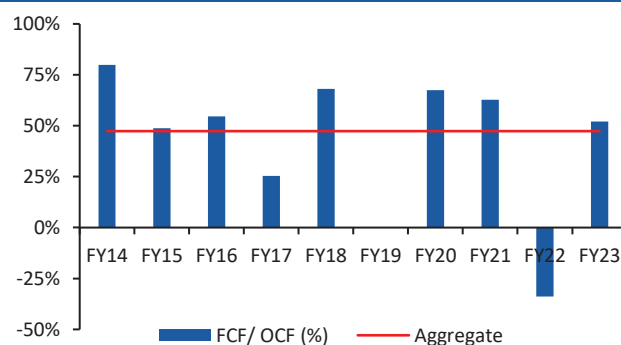
Source: Company, Centrum Broking

Exhibit 231: EBITDA to OCF conversion of 71% over 10 years



Source: Company, Centrum Broking

Exhibit 232: Healthy OCF to FCF conversion over 10 years



Source: Company, Centrum Broking

Exhibit 233: Consistently low leverage, declining return ratios due to declining margins

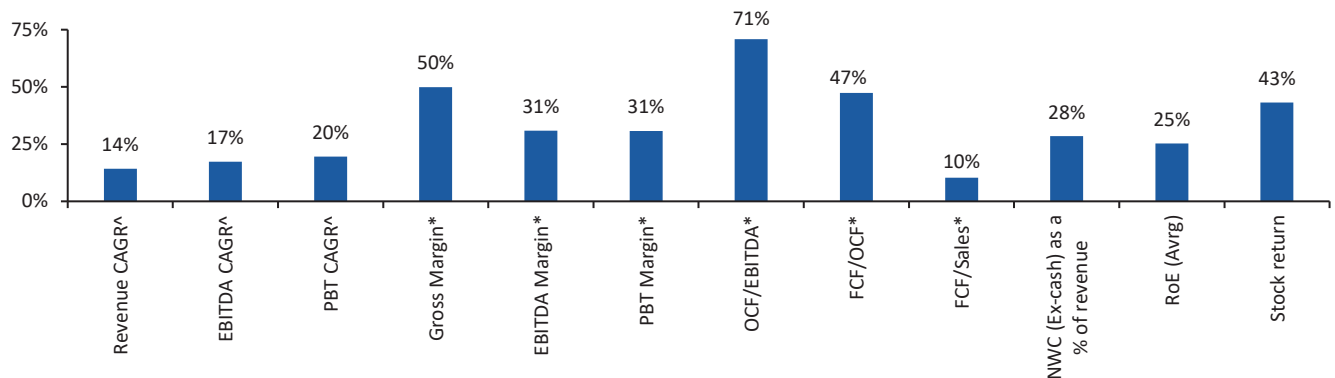
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.3	0.0	(0.1)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.01
Net Debt/EBITDA	0.5	0.1	(0.3)	(0.0)	0.1	(0.0)	(0.1)	(0.0)	0.0	(0.0)	0.02
RoCE pre-tax	33.6%	40.5%	37.8%	33.5%	27.4%	45.7%	36.5%	23.7%	26.5%	30.3%	33.5%
RoCE	22.5%	27.0%	26.6%	22.8%	19.4%	30.3%	28.7%	19.1%	20.5%	22.6%	23.9%
RoIC (pre-tax)	32.5%	35.9%	35.3%	25.5%	19.5%	33.0%	29.3%	19.1%	20.1%	23.5%	27.4%
RoE	31.3%	31.1%	27.0%	23.0%	19.5%	30.6%	28.6%	19.1%	20.6%	22.6%	25.3%

Source: Company, Centrum Broking

Exhibit 234: DuPont Analysis – Lower asset turn, lower margins impacting RoEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	0.67	0.71	0.68	0.71	0.66	0.79	0.80	0.77	0.74	0.72
Revenue/average total assets	1.49	1.58	1.13	0.93	0.88	1.09	0.82	0.64	0.90	0.98	1.04
Average total assets/Average NW	1.69	1.31	1.15	1.13	1.13	1.10	1.07	1.06	1.06	1.05	1.18
PBT/EBITDA	0.84	0.90	0.90	0.95	1.03	1.05	1.03	0.95	1.03	1.03	0.97
EBITDA/Revenue	0.22	0.25	0.33	0.34	0.27	0.36	0.40	0.37	0.27	0.29	0.31
RoE	31.3%	31.1%	27.0%	23.0%	19.5%	30.6%	28.6%	19.1%	20.6%	22.6%	25.3%

Source: Company, Centrum Broking

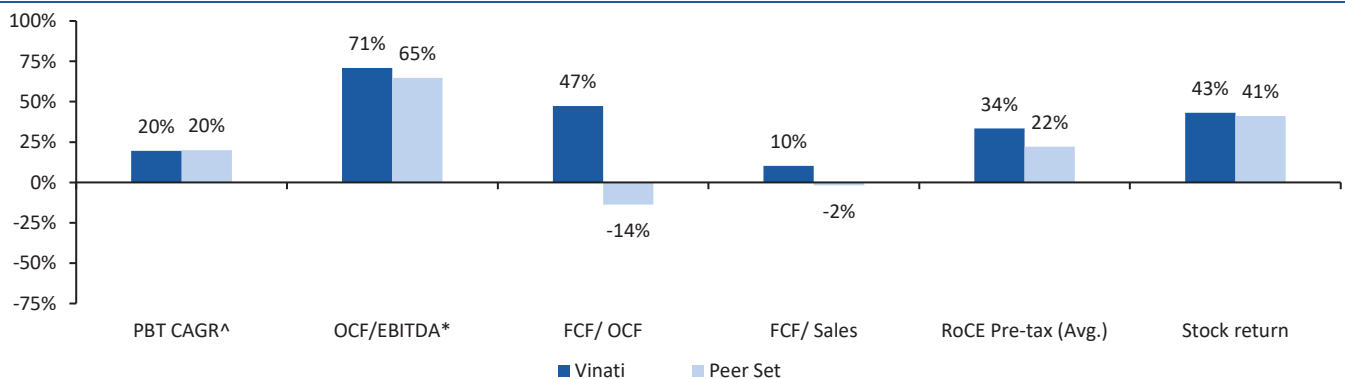
Exhibit 235: Price movement vs. Financials – Healthy P&L growth with high return ratios aided robust stock returns

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 236: Effective FCF utilization – Consistent dividend payouts

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,014	542	921	335	985	(1)	2,850	1,394	(439)	3,027
FCF yield	14%	3%	4%	1%	2%	NA	3%	1%	NA	1%
Dividend + Buyback (b)	142	145	217	35	32	278	1,046	55	618	670
Distribution of FCF (b/a)	14%	27%	24%	11%	3%	(28817%)	37%	4%	(141%)	22%
Cash & equivalents*/Capital employed	12.8%	6.3%	13.5%	1.1%	8.3%	12.8%	11.7%	15.2%	10.0%	0.5%

Source: Company, Centrum Broking *including liquid investments

Exhibit 237: Vinati vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	9,543	16,155	20,847	20,011	24,877
Operating Expense	3,877	8,607	10,835	10,801	13,551
Employee cost	726	840	932	1,072	1,233
Others	1,414	2,367	3,126	3,002	3,607
EBITDA	3,525	4,341	5,954	5,137	6,486
Depreciation & Amortisation	429	455	519	609	727
EBIT	3,096	3,886	5,435	4,528	5,759
Interest expenses	2	3	6	10	10
Other income	258	609	724	869	956
PBT	3,352	4,492	6,153	5,387	6,704
Taxes	659	1,026	1,573	1,347	1,643
Effective tax rate (%)	19.7	22.8	25.6	25.0	24.5
PAT	2,693	3,466	4,580	4,040	5,062
Minority/Associates	0	0	0	0	0
Recurring PAT	2,693	3,466	4,580	4,040	5,062
Extraordinary items	0	0	0	0	0
Reported PAT	2,693	3,466	4,580	4,040	5,062
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(7.3)	69.3	29.0	(4.0)	24.3
EBITDA	(14.8)	23.1	37.2	(13.7)	26.3
Adj. EPS	(19.3)	28.7	32.1	(11.8)	25.3
Margins (%)					
Gross	59.4	46.7	48.0	46.0	45.5
EBITDA	36.9	26.9	28.6	25.7	26.1
EBIT	32.4	24.1	26.1	22.6	23.1
Adjusted PAT	28.2	21.5	22.0	20.2	20.3
Returns (%)					
ROE	19.1	20.6	22.6	16.9	18.2
ROCE	19.1	20.5	22.6	16.9	18.3
ROIC	15.3	15.5	17.5	12.9	14.6
Turnover (days)					
Gross block turnover ratio (x)	1.1	1.5	1.9	1.3	1.4
Debtors	92	83	81	83	73
Inventory	101	63	62	65	59
Creditors	57	38	39	40	36
Net working capital	211	142	136	143	145
Solvency (x)					
Net debt-equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio	1,663.6	1,677.9	949.3	505.6	639.6
Net debt/EBITDA	0.0	0.0	0.0	(0.1)	(0.2)
Per share (Rs)					
Adjusted EPS	26.2	33.7	44.6	39.3	49.2
BVPS	150.2	177.9	215.8	249.2	291.1
CEPS	30.4	38.1	49.6	45.2	56.3
DPS	8.5	0.5	6.0	7.0	5.9
Dividend payout (%)	32.4	1.5	13.5	17.8	12.0
Valuation (x)					
P/E	72.1	56.0	42.4	48.0	38.3
P/BV	12.6	10.6	8.7	7.6	6.5
EV/EBITDA	55.0	44.7	32.6	37.7	29.7
Dividend yield (%)	0.5	0.0	0.3	0.4	0.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	103	103	103	103	103
Reserves & surplus	15,331	18,177	22,080	25,514	29,817
Shareholders fund	15,434	18,280	22,183	25,617	29,920
Minority Interest	0	0	0	0	0
Total debt	20	184	2	2	2
Non Current Liabilities	60	45	69	69	69
Def tax liab. (net)	779	900	1,021	1,021	1,021
Total liabilities	16,294	19,409	23,274	26,708	31,011
Gross block	8,995	10,603	11,209	15,109	18,109
Less: acc. Depreciation	(1,439)	(1,884)	(2,398)	(2,990)	(3,696)
Net block	7,557	8,719	8,811	12,119	14,413
Capital WIP	547	515	2,347	2,347	2,347
Net fixed assets	8,115	9,246	11,167	14,483	16,781
Non Current Assets	1,593	2,956	4,032	4,032	4,032
Investments	1,078	935	334	334	334
Inventories	1,219	1,762	1,909	1,950	2,447
Sundry debtors	2,772	4,584	4,696	4,447	5,528
Cash & Cash Equivalents	68	43	116	461	1,193
Loans & advances	1	3	0	0	0
Other current assets	2,489	1,369	3,218	3,218	3,218
Trade payables	664	1,146	1,181	1,200	1,506
Other current liab.	331	289	965	965	965
Provisions	47	54	51	51	51
Net current assets	5,508	6,271	7,742	7,860	9,865
Total assets	16,294	19,409	23,274	26,708	31,011
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,352	4,492	6,153	5,387	6,704
Depreciation & Amortisation	429	455	519	609	727
Net Interest	2	3	6	10	10
Net Change – WC	(499)	(362)	(1,456)	227	(1,272)
Direct taxes	(585)	(905)	(1,453)	(1,347)	(1,643)
Net cash from operations	2,441	3,073	3,046	4,017	3,571
Capital expenditure	(725)	(1,585)	(2,439)	(3,925)	(3,025)
Acquisitions, net	0	0	0	0	0
Investments	0	0	0	0	0
Others	258	609	724	869	956
Net cash from investing	(467)	(975)	(1,715)	(3,056)	(2,069)
FCF	1,974	2,098	1,331	961	1,502
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	17	164	(182)	0	0
Dividend paid	(51)	(617)	(668)	(606)	(759)
Interest paid	(2)	(3)	(6)	(10)	(10)
Others	(2,458)	(1,701)	(461)	0	0
Net cash from financing	(2,495)	(2,157)	(1,317)	(616)	(769)
Net change in Cash	(520)	(59)	13	345	732

Source: Company, Centrum Broking

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Consumer Sector

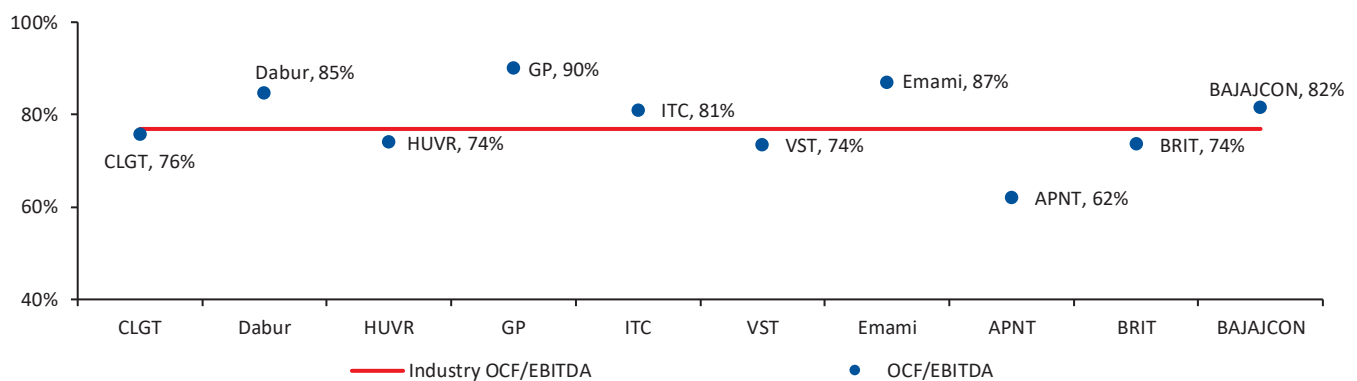
Our Consumer sector universe posted revenue/EBITDA/PAT CAGR of 7.6%/9.5%/10.1% over FY14-23 with an average EBITDA margin of 24.7%. Even though sector saw many acquisitions cumulative cash flow from operating activities has been robust at Rs2,522.8bn on aggregate basis, with FCF/Sales at 15.1%. OCF to FCF conversion has been healthy at 79.7%, whilst OCF/EBITDA stood at 76.9% till FY23. Over past decade, the sector saw capex investments of Rs547.8bn (Capex/Sales stood at 4.1%) and generated FCF of Rs2,011.1bn. In 10-years, average RoE stood at 39% driven by healthy gross margin of 52%. Dividend pay-out has been >60% while net debt remained negative. Over the decade, BRIT delivered higher stock return at CAGR 33% with OCF/FCF 74% & RoE of 45%.

Nifty 50 vs NSE FMCG Index



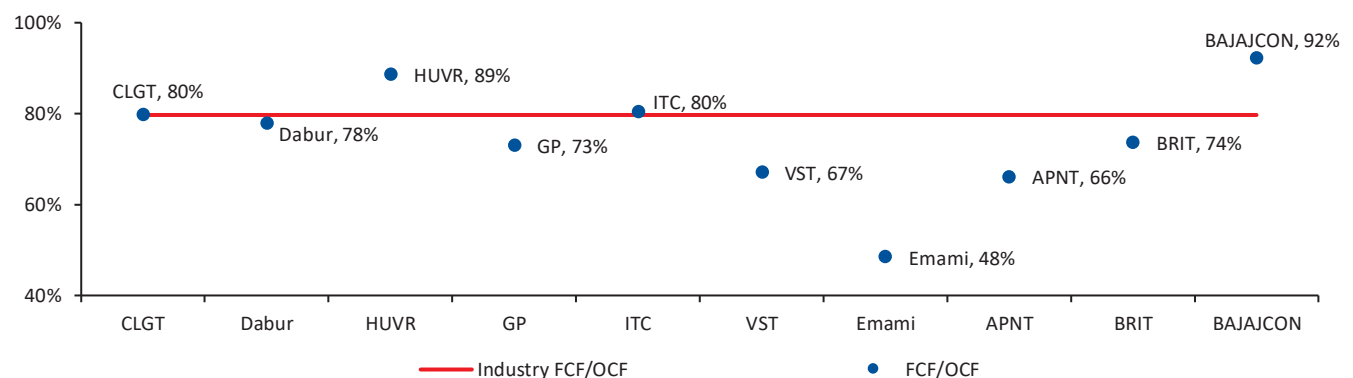
Source: Bloomberg

Exhibit 238: EBITDA to OCF conversion has been strong for the industry – GP/HMN/Dabur saw higher than average



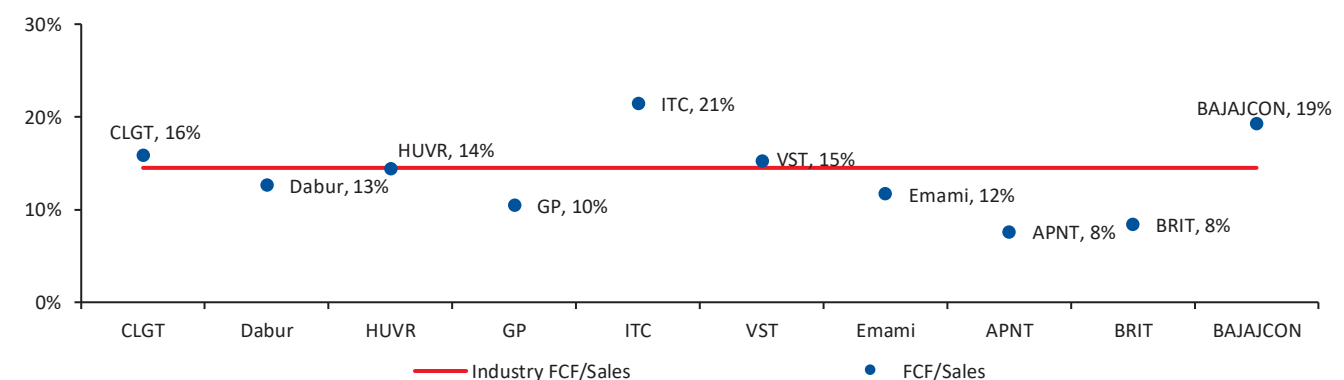
Source: Company, Centrum Broking

Exhibit 239: OCF to FCF conversion weak for HMN, APNT & VST due to higher investments and capex



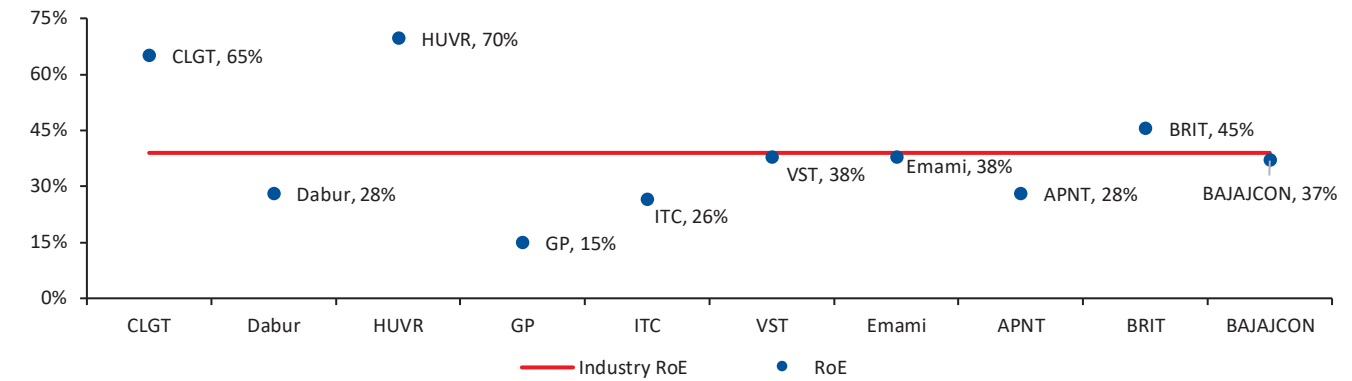
Source: Company, Centrum Broking

Exhibit 240: FCF to Sales conversion weak for APNT, BRIT & GP

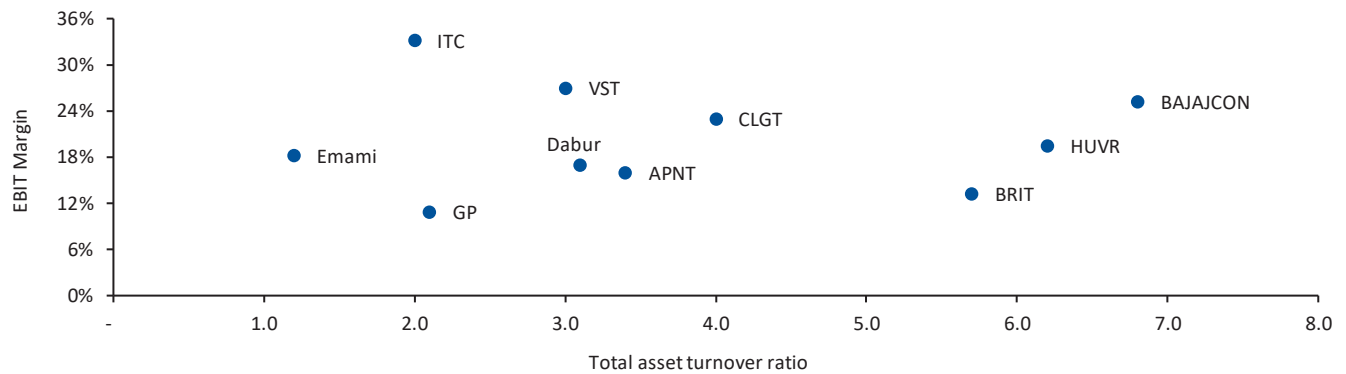


Source: Company, Centrum Broking

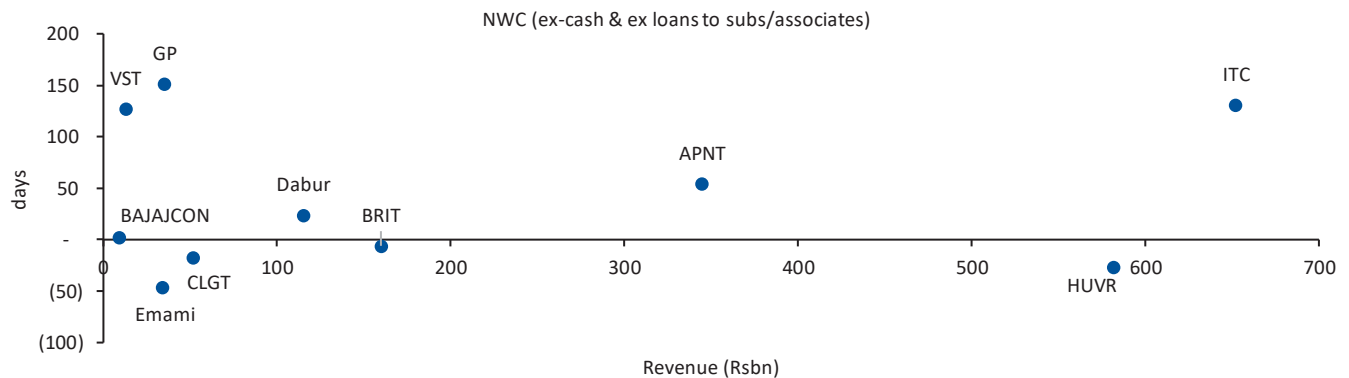
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 241: RoE has been healthy across the industry over the decade led by HUVR/CLGT/BRIT above trend line

Source: Company, Centrum Broking

Exhibit 242: BAJAJCON, HUVR & BRIT have higher total asset turnover ratio along with higher EBIT margin

Source: Company, Centrum broking

Exhibit 243: Stretched working capital for cigarette industry while consumer companies squeezed suppliers credit

Source: Company, Centrum Broking, FY23 Revenue has taken

Exhibit 244: Key performance metrics for 10 years ended FY23

	CLGT	DABUR	HUVR	GP	ITC	VST	EMAMI	APNT	BRIT	BAJAJCON
Revenue CAGR (%)^	5	7	9	6	8	7	8	12	10	5
EBITDA CAGR (%)^	9	5	13	11	8	8	10	14	21	(3)
PBT CAGR (%)^	8	8	12	13	8	9	10	13	22	(2)
Gross margin (%)	64	50	51	53	59	52	65	42	40	62
EBITDA margin (%)	26	19	21	15	33	31	28	19	15	26
PBT margin (%)	24	20	22	15	36	32	20	17	15	30
Net Debt/Equity (x)	(0.4)	(0.1)	(0.7)	-	(0.4)	(0.7)	(0.1)	(0.2)	-	(0.7)
Net Debt/EBITDA (x)	(0.4)	(0.2)	(0.8)	(0.3)	(1.4)	(1.3)	(0.2)	(0.4)	(0.1)	(2.2)
OCF/EBITDA (%)	76	85	74	90	81	74	87	62	74	82
FCF/OCF (%)	80	78	89	73	80	67	49	66	74	92
FCF/Sales (%)	16	13	15	11	22	15	12	8	8	19
NWC (ex-cash & ex loans to subs/associates) – days	(17)	24	(27)	151	131	127	(46)	54	(6)	2
RoE (%)	65	28	70	15	26	38	38	28	45	37
Stock return (%)^	16	17	19	8	6	6	10	23	33	(1)

Source: Company, Centrum Broking; ^: FY13-23 CAGR

Asian Paints (APNT)

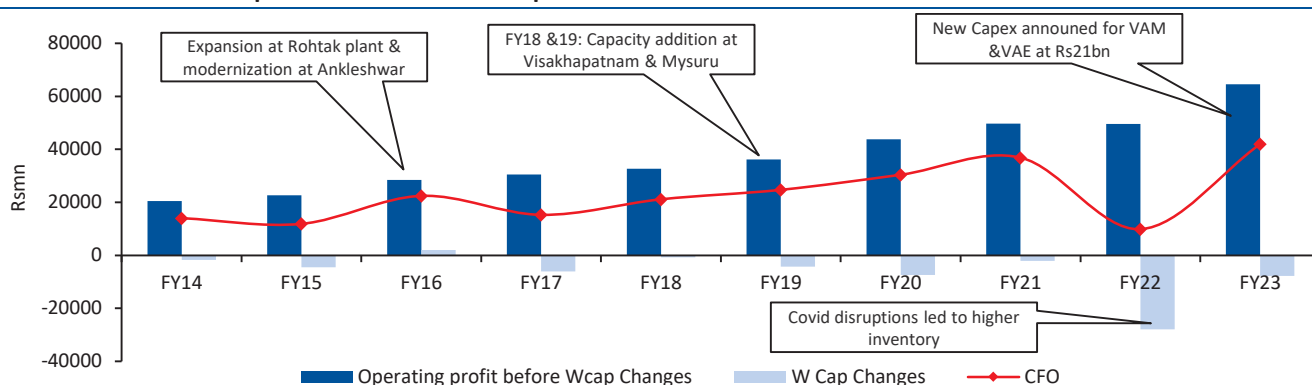
APNT's revenue/PBT grew CAGR of 12.2%/13.1% over FY14-23. Operating profits have been robust and expanded consistently (+250bp) despite crude oil volatility. Though the paint industry operates on direct dealer model, APNT is known for efficient inventory management. Over FY14-23, cumulative profit before WC was Rs378.8bn (tax paid: Rs96.6bn) and OCF was Rs228.4bn. End of FY23 OCF/FCF conversion at 66.1% and OCF/EBITDA stood at 62.1%. Every four years APNT has invested in capacity expansion, cumulative capex was Rs71.0bn, and FCF was Rs151bn. Net working capital cycle has been stable over the decade (54 days) despite inventory in the range of 62 days. With average dividend pay-out at 53.6%, stock delivered CAGR 23% return.

Market data

Current price:	Rs3,206
Bloomberg:	APNT IN
52-week H/L:	Rs3,590/2,686
Market cap:	Rs3,075.5bn
Free float:	48.1%
Avg. daily vol. 3mth:	832018

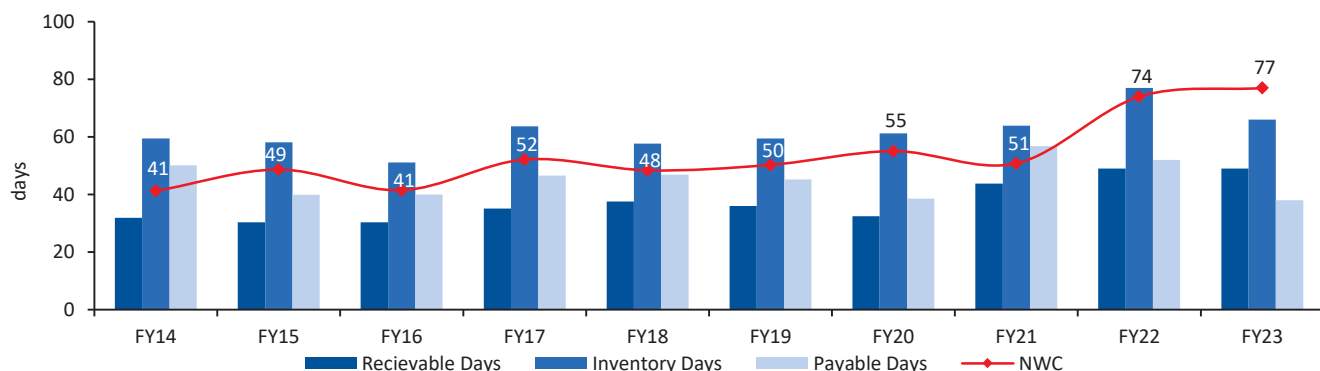
Source: Bloomberg

Exhibit 245: Consistent positive cash flow from operations



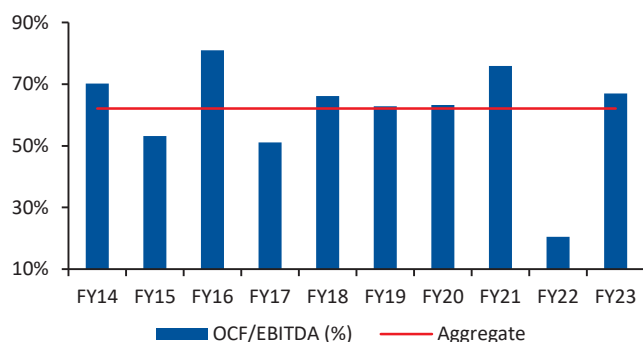
Source: Company, Centrum Broking

Exhibit 246: Working capital cycle slowly increasing over the decade due to higher inventory (+5) and receivable days (+17)



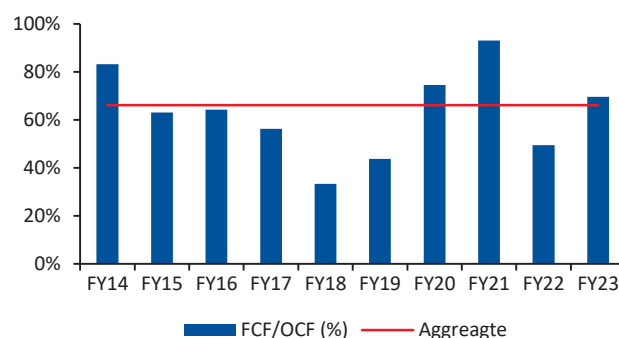
Source: Company, Centrum Broking

Exhibit 247: EBITDA to OCF conversion at 62.1% over 10 years



Source: Company, Centrum Broking

Exhibit 248: OCF to FCF conversion at 66.1% over 10 years



Source: Company, Centrum Broking

Exhibit 249: Leverage has been consistently low; Return ratios have deteriorated for last 5-6years except FY23

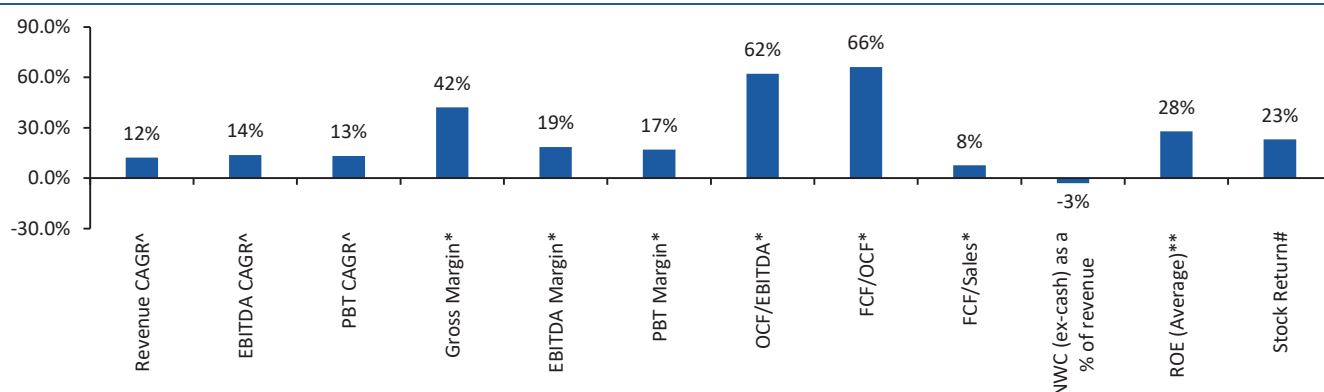
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.3)	(0.2)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.3)	(0.2)	(0.2)	(0.2)
Net Debt/EBITDA	(0.5)	(0.4)	(0.6)	(0.5)	(0.3)	(0.3)	(0.2)	(0.7)	(0.3)	(0.3)	(0.4)
RoCE pre-tax	36.4%	34.4%	32.6%	29.4%	28.9%	27.6%	27.6%	27.2%	24.4%	28.4%	29.7%
RoCE	31.3%	29.8%	29.3%	24.9%	22.5%	22.3%	25.4%	25.0%	18.1%	20.9%	20.8%
RoIC (pre-tax)	34.2%	31.5%	30.3%	26.0%	22.3%	21.4%	23.5%	27.3%	24.3%	27.6%	28.5%
RoE	33.1%	32.4%	31.9%	27.1%	24.6%	24.1%	27.5%	27.4%	22.0%	28.5%	27.9%

Source: Company, Centrum Broking

Exhibit 250: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	0.68	0.67	0.66	0.65	0.66	0.75	0.74	0.69	0.75	0.69
Revenue/average total assets	2.87	2.69	2.14	1.81	1.79	1.84	1.72	1.60	1.86	1.95	2.03
Average total assets/Average NW	1.19	1.20	1.19	1.18	1.18	1.17	1.19	1.19	1.17	1.19	1.18
PBT/EBITDA	0.92	0.94	0.96	0.97	0.95	0.93	0.86	0.88	0.89	0.90	0.92
EBITDA/Revenue	0.16	0.16	0.19	0.20	0.19	0.18	0.21	0.22	0.17	0.18	0.19
RoE	33.1%	32.4%	31.9%	27.1%	24.6%	24.1%	27.5%	27.4%	22.0%	28.5%	27.9%

Source: Company, Centrum Broking

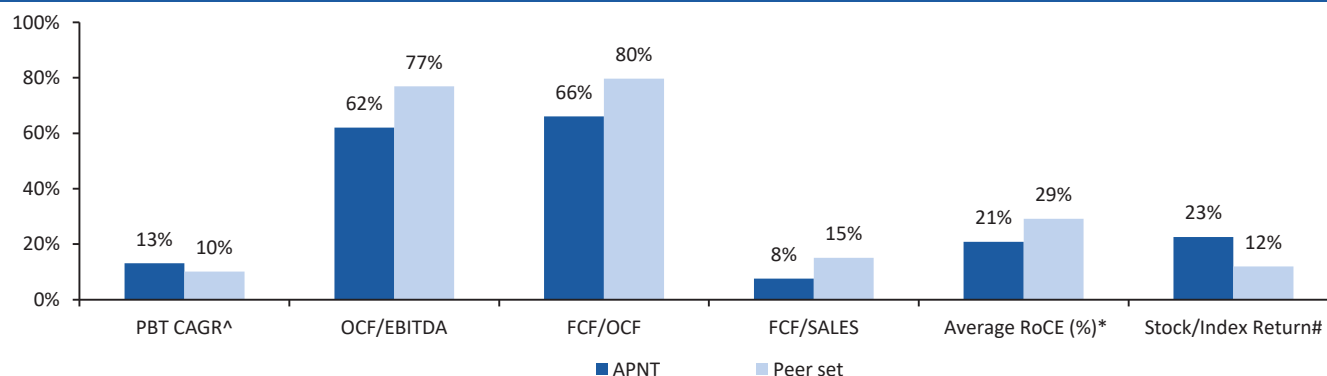
Exhibit 251: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate, Note: Stock return benchmark = Nifty Consumer

Exhibit 252: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	11,667	7,500	14,408	8,601	7,047	10,807	22,650	34,291	4,878	29,201
FCF yield	3%	1%	2%	1%	1%	1%	1%	2%	0%	1%
Dividend + Buyback (b)	5,084	5,851	7,194	9,880	9,538	10,072	11,510	17,122	16,660	24,248
Distribution of FCF (b/a)	44%	78%	50%	115%	135%	93%	51%	50%	341%	83%
Cash & equivalents*/Capital employed	4.8%	3.6%	5.6%	8.9%	4.1%	4.0%	6.4%	4.1%	5.3%	4.4%

Source: Company, Centrum Broking *including liquid investments

Exhibit 253: APNT vs. Peer set (60% of APNT's RM linked to Crude Oil)

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY14-23 CAGR; **: relevant benchmark index = Nifty FMCG Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	217,108	291,013	344,886	398,428	448,066
Operating Expense	120,972	183,008	211,565	234,998	267,240
Employee cost	15,408	17,867	20,281	21,914	24,240
Others	32,192	42,103	50,442	57,883	60,121
EBITDA	48,536	48,036	62,598	83,633	96,465
Depreciation & Amortisation	7,913	8,164	8,580	9,136	11,996
EBIT	40,623	39,873	54,018	74,497	84,470
Interest expenses	916	954	1,445	1,516	1,427
Other income	3,031	3,800	3,865	4,968	5,917
PBT	42,737	42,719	56,439	77,949	88,960
Taxes	10,976	11,029	14,762	21,046	24,019
Effective tax rate (%)	25.7	25.8	26.2	27.0	27.0
PAT	31,761	31,689	41,676	56,903	64,941
Minority/Associates	286	316	939	(587)	(653)
Recurring PAT	32,047	32,005	42,615	56,316	64,288
Extraordinary items	0	(1,157)	(489)	0	0
Reported PAT	32,047	30,848	42,126	56,316	64,288
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	7.4	34.0	18.5	15.5	12.5
EBITDA	16.6	(1.0)	30.3	33.6	15.3
Adj. EPS	18.6	(0.1)	33.2	32.2	14.2
Margins (%)					
Gross	44.3	37.1	38.7	41.0	40.4
EBITDA	22.4	16.5	18.2	21.0	21.5
EBIT	18.7	13.7	15.7	18.7	18.9
Adjusted PAT	14.8	10.6	12.2	14.1	14.3
Returns (%)					
ROE	27.9	24.0	28.6	32.9	33.1
ROCE	25.0	21.5	25.0	29.8	30.3
ROIC	27.4	24.3	27.7	32.2	31.6
Turnover (days)					
Gross block turnover ratio (x)	2.7	3.5	3.7	3.2	2.9
Debtors	37	41	45	46	46
Inventory	108	99	107	103	101
Creditors	83	75	67	61	62
Net working capital	111	107	103	91	86
Solvency (x)					
Net debt-equity	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage ratio	53.0	50.3	43.3	55.2	67.6
Net debt/EBITDA	(0.6)	(0.3)	(0.3)	(0.1)	(0.1)
Per share (Rs)					
Adjusted EPS	33.4	33.4	44.4	58.7	67.0
BVPS	133.5	144.0	166.7	190.1	215.1
CEPS	41.7	41.9	53.4	68.2	79.5
DPS	5.2	18.4	20.2	35.3	42.1
Dividend payout (%)	15.6	57.1	46.0	60.2	62.8
Valuation (x)					
P/E	96.0	96.1	72.2	54.6	47.9
P/BV	24.0	22.3	19.2	16.9	14.9
EV/EBITDA	62.8	63.8	48.9	36.7	31.8
Dividend yield (%)	0.2	0.6	0.6	1.1	1.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	959	959	959	959	959
Reserves & surplus	127,104	137,156	158,963	181,403	205,325
Shareholders fund	128,063	138,116	159,922	182,362	206,284
Minority Interest	4,229	3,875	4,537	5,124	5,776
Total debt	10,848	15,869	19,326	18,065	17,565
Non Current Liabilities	2,231	2,226	3,163	3,653	4,109
Def tax liab. (net)	4,013	3,228	3,348	3,348	3,348
Total liabilities	149,384	163,314	190,296	212,552	237,082
Gross block	80,366	82,953	94,191	122,742	152,079
Less: acc. Depreciation	(24,807)	(30,191)	(38,771)	(47,907)	(59,903)
Net block	55,559	52,762	55,420	74,835	92,176
Capital WIP	1,830	4,264	10,196	10,196	10,196
Net fixed assets	60,415	59,455	67,901	87,315	104,656
Non Current Assets	8,176	7,938	6,999	8,085	9,093
Investments	14,697	10,668	15,647	15,647	15,647
Inventories	37,986	61,530	62,106	70,657	77,004
Sundry debtors	26,022	38,714	46,369	53,295	59,628
Cash & Cash Equivalents	38,779	30,450	35,408	29,408	30,243
Loans & advances	11,972	15,335	15,928	18,401	20,693
Other current assets	5,507	5,494	5,540	6,400	7,197
Trade payables	33,787	41,643	36,354	42,544	48,458
Other current liab.	19,538	23,930	30,588	35,336	39,738
Provisions	844	697	742	857	964
Net current assets	66,096	85,253	97,668	99,422	105,604
Total assets	149,384	163,314	190,296	212,552	237,082
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	43,044	41,877	56,888	77,949	88,960
Depreciation & Amortisation	7,913	8,164	8,580	9,136	11,996
Net Interest	165	(125)	237	298	148
Net Change – WC	(2,065)	(27,952)	(7,721)	(8,351)	(5,899)
Direct taxes	(10,797)	(11,757)	(14,943)	(21,046)	(24,019)
Net cash from operations	36,834	9,865	41,934	57,986	71,185
Capital expenditure	(2,543)	(4,987)	(12,734)	(28,551)	(29,337)
Acquisitions, net	0	0	0	0	0
Investments	(3,679)	973	1,448	0	0
Others	743	797	(3,183)	1,218	1,279
Net cash from investing	(5,478)	(3,217)	(14,469)	(27,333)	(28,058)
FCF	31,356	6,648	27,466	30,653	43,127
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	1,412	4,100	785	(1,262)	(500)
Dividend paid	(4,994)	(17,628)	(19,361)	(33,876)	(40,366)
Interest paid	(2,923)	(3,150)	(3,977)	(1,516)	(1,427)
Others	0	(1,399)	1,153	0	0
Net cash from financing	(6,504)	(18,076)	(21,400)	(36,653)	(42,292)
Net change in Cash	24,852	(11,428)	6,065	(6,000)	835

Source: Company, Centrum Broking

Bajaj Consumer (BAJAJCON)

Bajaj Consumer's revenue grew at CAGR of 4.6%, however PBT declined 2.1% over the last decade. Despite No-marks acquisition in FY14 (Rs1.5bn), cumulative profit before WC healthy at Rs22.5bn (tax paid: Rs4.7bn). Though gross margin/EBITDA margin cut by 628bp/1394bp due to higher RM/PM cost, inventory days declined by 11days. The cash flow from operating activities stood at Rs17.4bn. For FY23, healthy OCF/FCF conversion at 92.3%, OCF/EBITDA stood at 81.6%. Over the decade, the company invested Rs2.5bn in capex and generated FCF of Rs16bn. Average dividend pay-out at 71.6%; Buyback of Rs807mn in FY23. With product diversification the average pre-tax ROCE at 38.5% while stock price return stood negative (1.1%).

22 September 2023

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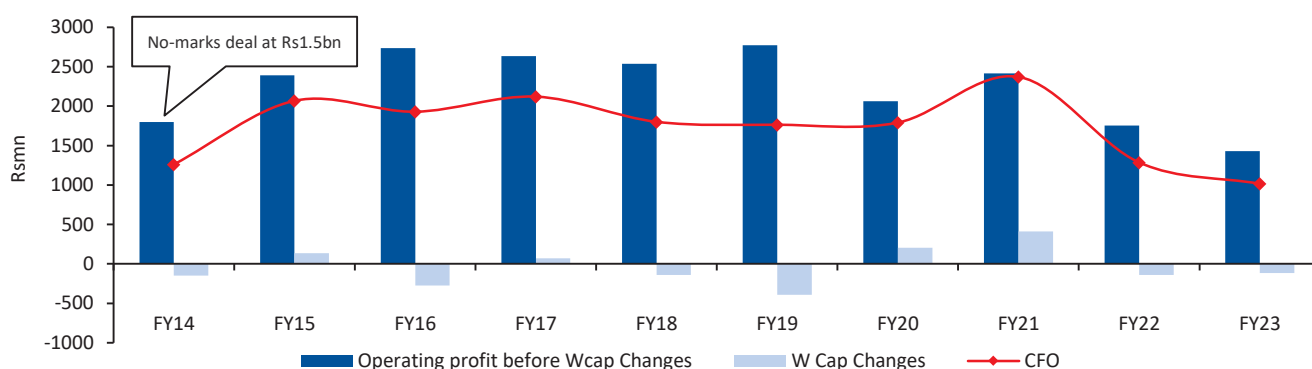
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Market data

Current price:	Rs232
Bloomberg:	BAJAJCON IN
52-week H/L:	Rs263/146
Market cap:	Rs33.2bn
Free float:	58.3%
Avg. daily vol. 3mth:	918325

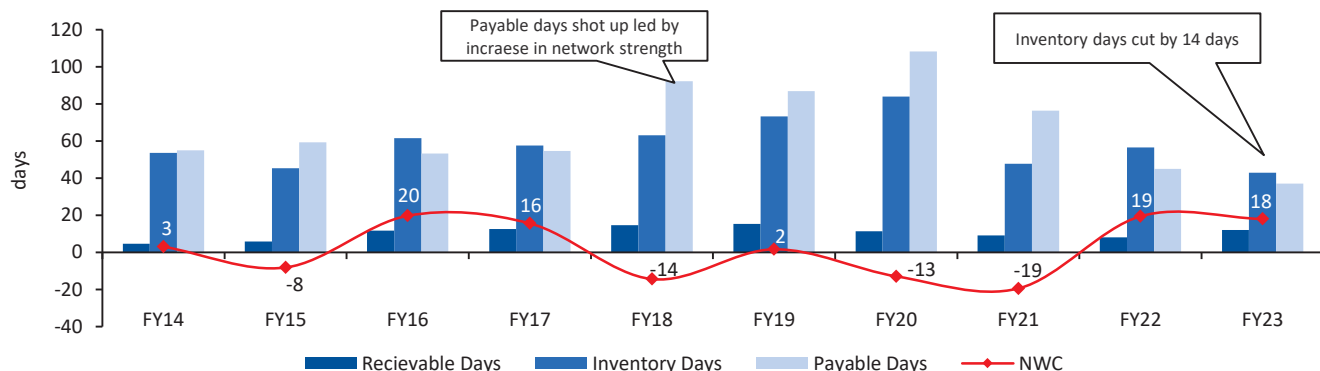
Source: Bloomberg

Exhibit 254: Consistent positive cash flow from operations from FY15



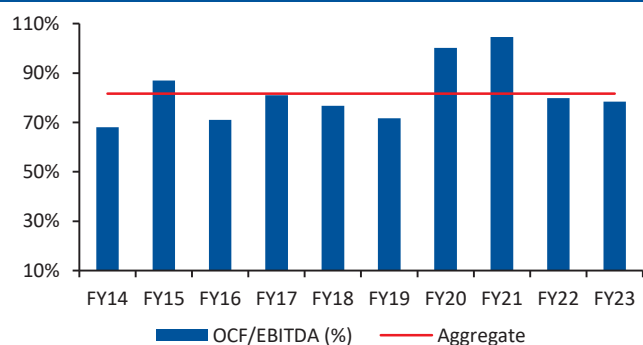
Source: Company, Centrum Broking

Exhibit 255: Working capital cycle by-and-large steady over the decade, yet inched up due to entry in new product segments



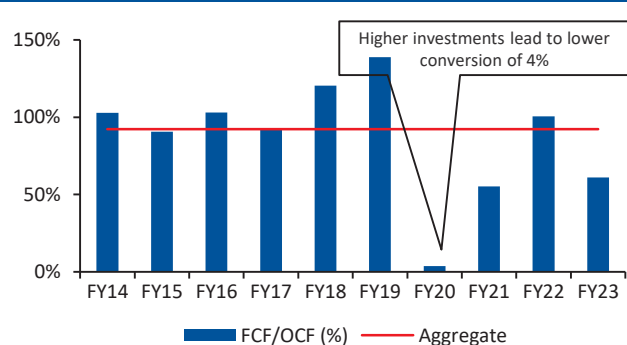
Source: Company, Centrum Broking

Exhibit 256: EBITDA to OCF conversion of 81.6% over 10 years



Source: Company, Centrum Broking

Exhibit 257: OCF to FCF conversion of 92.3% over 10 years



Source: Company, Centrum Broking

Exhibit 258: Leverage has been consistently low; Return ratios steady over the decade

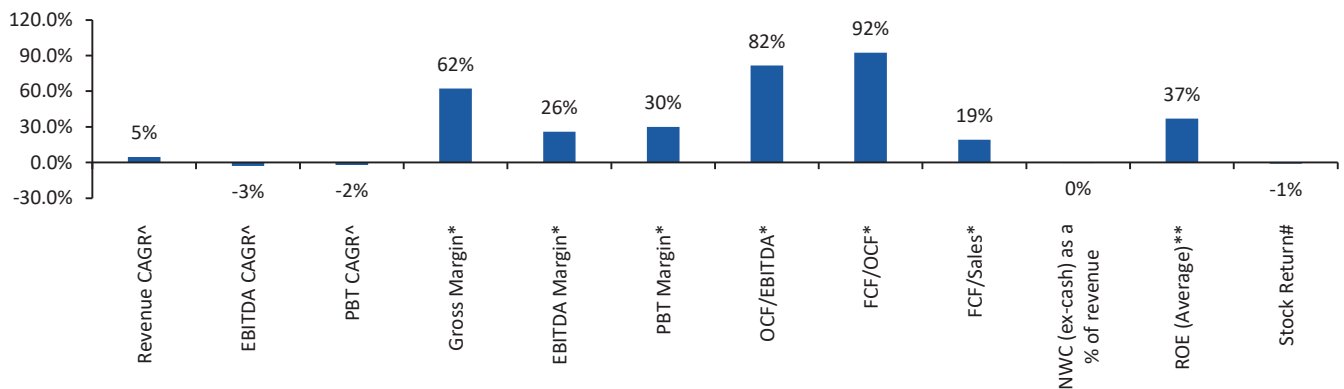
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.6)	(0.7)	(0.8)	(0.8)	(0.7)	(0.7)
Net Debt/EBITDA	(1.5)	(1.3)	(1.2)	(1.3)	(1.4)	(1.1)	(2.6)	(2.6)	(3.9)	(4.5)	(2.2)
RoCE pre-tax	36.0%	46.1%	54.9%	52.5%	46.0%	49.7%	30.8%	31.3%	19.9%	17.4%	38.5%
RoCE	28.7%	38.1%	45.0%	41.9%	36.0%	38.9%	25.3%	25.8%	16.4%	13.9%	31.0%
RoIC (pre-tax)	77.3%	135.8%	182.0%	178.0%	131.7%	118.1%	89.0%	135.5%	85.0%	71.0%	120.3%
RoE	34.3%	43.6%	50.2%	48.5%	42.8%	46.2%	33.0%	31.6%	21.7%	17.4%	36.9%

Source: Company, Centrum Broking

Exhibit 259: DuPont Analysis

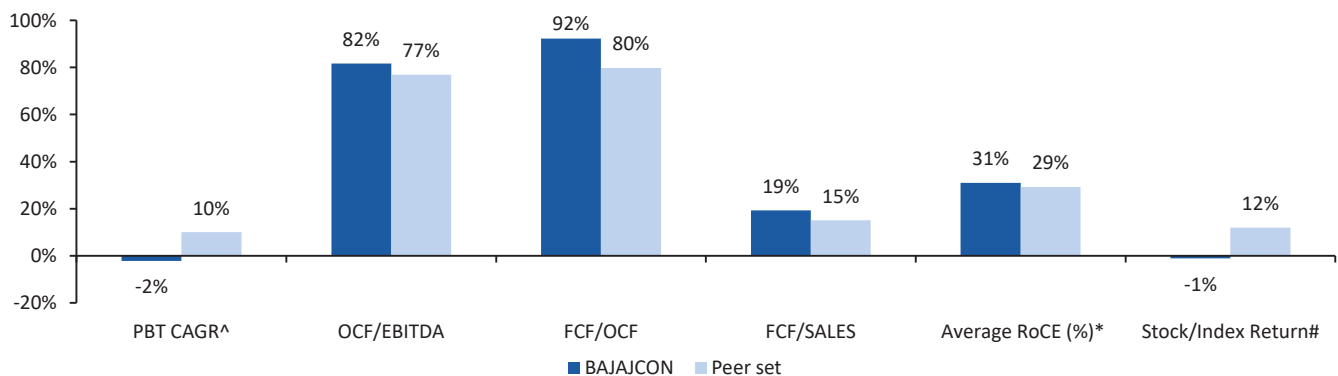
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.80	0.83	0.82	0.80	0.78	0.78	0.82	0.83	0.82	0.82	0.81
Revenue/average total assets	1.34	1.63	1.64	1.63	1.63	1.85	1.47	1.28	1.11	1.18	1.48
Average total assets/Average NW	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.01	1.00
PBT/EBITDA	1.17	1.12	1.09	1.13	1.15	1.15	1.26	1.19	1.28	1.30	1.19
EBITDA/Revenue	0.28	0.29	0.34	0.33	0.29	0.28	0.22	0.25	0.19	0.14	0.26
RoE	34.3%	43.6%	50.2%	48.5%	42.8%	46.2%	33.0%	31.6%	21.7%	17.4%	36.9%

Source: Company, Centrum Broking

Exhibit 260: Price movement vs. Financials (Hair oil category saw volume decline in past four years)Source: Company, Centrum Broking; [^]: FY13-23 CAGR; ^{*}: aggregate**Exhibit 261: Effective FCF utilization**

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	2,731	1,295	1,872	1,989	1,967	2,169	2,449	65	1,308	1,292
FCF yield	4%	4%	3%	3%	3%	4%	0%	5%	4%	7%
Dividend + Buyback (b)	959	1,696	1,696	1,696	1,770	2,065	295	1,475	1,180	425
Distribution of FCF (b/a)	74%	91%	85%	86%	82%	84%	456%	113%	91%	26%
Cash & equivalents*/Capital employed	39.2%	24.9%	27.5%	12.5%	2.5%	2.7%	3.1%	1.9%	1.3%	1.8%

Source: Company, Centrum Broking *including liquid investments

Exhibit 262: BAJAJCON vs. Peer setSource: Company, Centrum Broking; ^{*}: FY14-23 average; [^]: FY13-23 CAGR; ^{**}: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	9,052	8,671	9,491	10,822	12,821
Operating Expense	5,477	5,750	7,305	7,295	8,527
Employee cost	850	883	892	1,104	1,333
Others	457	428	0	527	620
EBITDA	2,268	1,611	1,294	1,896	2,341
Depreciation & Amortisation	63	51	85	93	101
EBIT	2,205	1,560	1,209	1,803	2,240
Interest expenses	14	10	10	13	9
Other income	0	0	0	0	0
PBT	2,704	2,065	1,688	2,396	2,940
Taxes	472	368	296	419	514
Effective tax rate (%)	17.5	17.8	17.5	17.5	17.5
PAT	2,231	1,696	1,392	1,977	2,425
Minority/Associates	0	0	0	0	0
Recurring PAT	2,231	1,696	1,392	1,977	2,425
Extraordinary items	5	0	0	1	1
Reported PAT	2,236	1,696	1,392	1,978	2,426
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	9.6	(4.2)	9.5	14.0	18.5
EBITDA	26.9	(29.0)	(19.7)	46.6	23.4
Adj. EPS	20.8	(24.0)	(17.9)	42.0	22.7
Margins (%)					
Gross	63.6	57.5	53.6	55.8	56.8
EBITDA	25.1	18.6	13.6	17.5	18.3
EBIT	24.4	18.0	12.7	16.7	17.5
Adjusted PAT	24.7	19.6	14.7	18.3	18.9
Returns (%)					
ROE	31.6	21.7	17.4	23.7	26.1
ROCE	31.8	21.8	17.4	23.5	26.0
ROIC	102.0	74.0	50.8	69.3	84.5
Turnover (days)					
Gross block turnover ratio (x)	6.5	5.8	5.7	6.1	6.6
Debtors	10	9	10	10	9
Inventory	59	50	45	48	53
Creditors	83	57	38	40	46
Net working capital	234	263	234	234	225
Solvency (x)					
Net debt-equity	(0.8)	(0.8)	(0.7)	(0.8)	(0.8)
Interest coverage ratio	164.9	159.6	132.9	140.6	273.3
Net debt/EBITDA	(2.6)	(3.9)	(4.5)	(3.5)	(3.3)
Per share (Rs)					
Adjusted EPS	15.1	11.5	9.4	13.4	16.4
BVPS	51.3	54.9	53.8	59.4	66.3
CEPS	15.5	11.8	10.0	14.0	17.1
DPS	8.0	8.0	4.0	7.8	9.5
Dividend payout (%)	52.8	69.6	42.4	58.0	58.0
Valuation (x)					
P/E	15.3	20.2	24.6	17.3	14.1
P/BV	4.5	4.2	4.3	3.9	3.5
EV/EBITDA	12.5	17.4	21.9	14.6	11.3
Dividend yield (%)	3.4	3.4	1.7	3.4	4.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	148	148	143	143	143
Reserves & surplus	7,424	7,949	7,754	8,585	9,605
Shareholders fund	7,571	8,096	7,935	8,766	9,785
Minority Interest	0	0	0	0	0
Total debt	0	0	93	93	93
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	41	41
Total liabilities	7,571	8,096	8,028	8,900	9,919
Gross block	1,402	1,485	1,657	1,788	1,943
Less: acc. Depreciation	(347)	(397)	(483)	(576)	(677)
Net block	1,056	1,088	1,175	1,212	1,266
Capital WIP	252	275	277	285	285
Net fixed assets	1,738	1,793	1,881	1,927	1,981
Non Current Assets	39	49	46	46	46
Investments	0	0	0	0	0
Inventories	432	571	513	740	857
Sundry debtors	224	191	304	292	333
Cash & Cash Equivalents	5,944	6,261	5,942	6,691	7,756
Loans & advances	3	9	0	0	0
Other current assets	555	437	554	635	752
Trade payables	689	455	450	589	802
Other current liab.	671	710	748	825	983
Provisions	5	52	18	20	24
Net current assets	5,793	6,252	6,097	6,923	7,889
Total assets	7,571	8,096	8,028	8,900	9,919
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,704	2,065	1,688	2,396	2,940
Depreciation & Amortisation	63	51	85	93	101
Net Interest	(316)	(347)	(378)	(210)	(255)
Net Change – WC	411	(140)	(117)	(45)	99
Direct taxes	(456)	(327)	(296)	(419)	(514)
Net cash from operations	2,371	1,285	1,015	1,817	2,372
Capital expenditure	(24)	(105)	(64)	(131)	(155)
Acquisitions, net	0	0	0	0	0
Investments	(1,367)	(244)	332	0	0
Others	328	355	378	210	255
Net cash from investing	(1,063)	7	646	79	100
FCF	1,308	1,292	1,661	1,896	2,472
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(150)	(50)	(33)	0	0
Dividend paid	(1,180)	(1,180)	(590)	(1,147)	(1,407)
Interest paid	(12)	(9)	(1)	0	0
Others	0	0	(1,002)	0	0
Net cash from financing	(1,342)	(1,239)	(1,626)	(1,147)	(1,407)
Net change in Cash	(34)	53	35	749	1,065

Source: Company, Centrum Broking

Britannia Industries (BRIT)

Britannia posted revenue/PBT CAGR of 10%/22.2% over FY14-22. Operating profits have expanded consistently, with operating margin up by 850bp from 9.2% in FY14 to 17.7% in FY23. Cumulative profit before WC has been Rs167.2bn (tax paid: Rs48.1bn) and cash flow from operations at Rs122.2bn. On an aggregate, OCF/EBITDA conversion was at 73.6% till FY23 while FCF/OCF stood at 73.7%. Britannia consistently expanded its in-house manufacturing to launch premium products and incurred cumulative capex of Rs32.1bn, resulting in FCF of Rs90bn. In Nov'22, it sold 49% stake in BDPL subsidiary to Bel SA garnering Rs2.6bn. With average dividend payout at 49.1%, pre-tax ROCE of 45.4%, stock delivered CAGR 33% return.

22 September 2023

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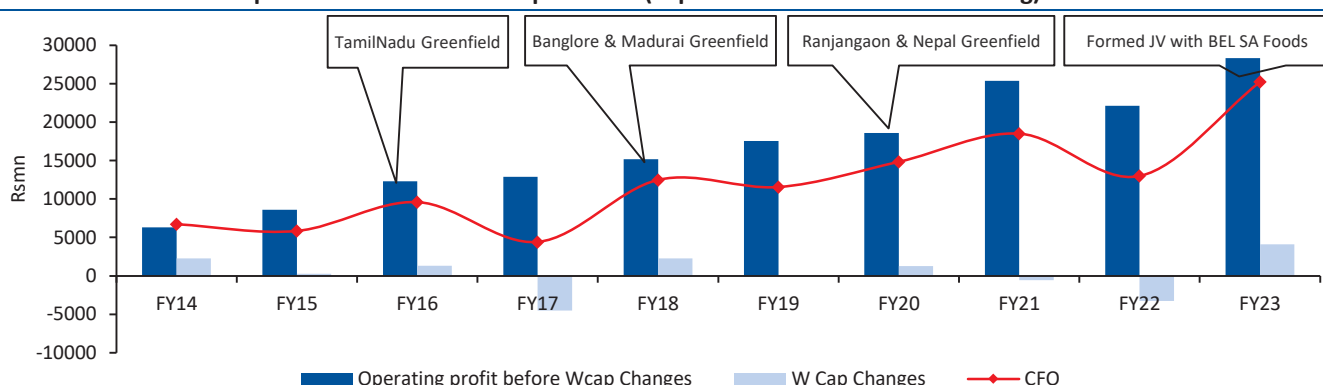
institutional Research

Market data

Current price:	Rs4,596
Bloomberg:	BRIT IN
52-week H/L:	Rs5,270/3,555
Market cap:	Rs1,107.1bn
Free float:	43.3%
Avg. daily vol. 3mth:	397434

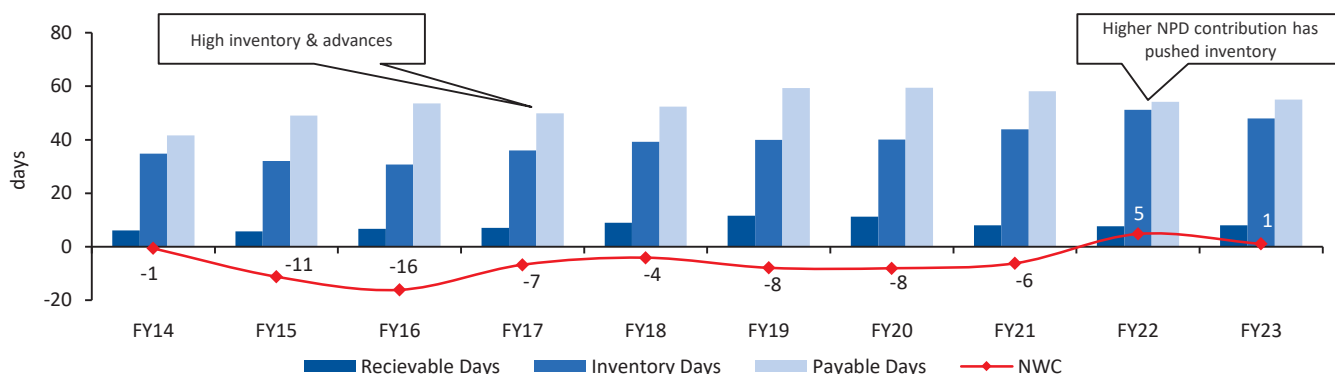
Source: Bloomberg

Exhibit 263: Consistent positive cash flow from operations (expanded in-house manufacturing)



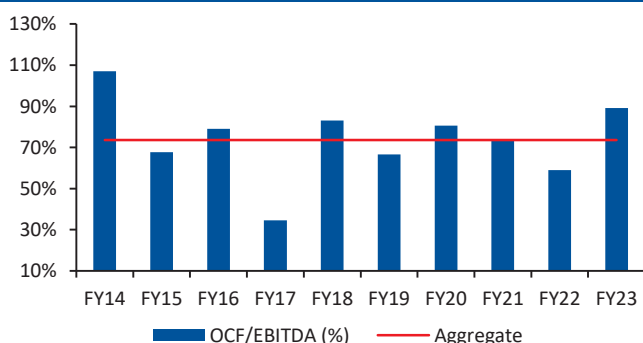
Source: Company, Centrum Broking

Exhibit 264: Working capital cycle by-and-large steady over the decade, though inventory days inched up 13 days



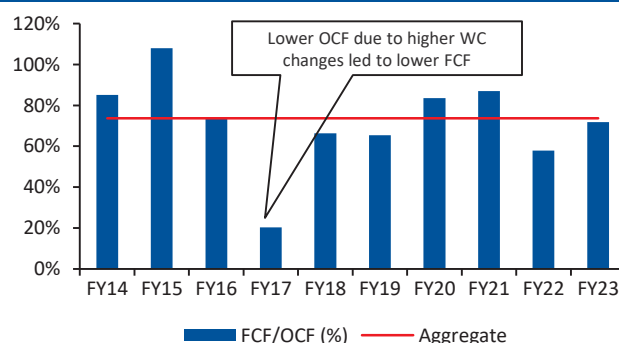
Source: Company, Centrum Broking

Exhibit 265: EBITDA to OCF conversion of 73.6% over 10 years



Source: Company, Centrum Broking

Exhibit 266: OCF to FCF conversion 73.7% over 10 years



Source: Company, Centrum Broking

Exhibit 267: Leverage has been consistently low; Return ratios have been steady

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.2)	(0.4)	(0.2)	(0.1)	(0.3)	(0.2)	0.1	0.1	0.6	0.3	(0.0)
Net Debt/EBITDA	(0.2)	(0.6)	(0.3)	(0.1)	(0.6)	(0.4)	0.2	0.2	0.7	0.3	(0.1)
RoCE pre-tax	51.9%	60.7%	61.2%	46.1%	42.3%	39.0%	31.7%	39.3%	37.0%	44.5%	45.4%
RoCE	38.5%	34.9%	33.7%	27.8%	24.9%	23.1%	20.9%	29.6%	28.8%	33.2%	29.5%
RoIC (pre-tax)	53.3%	67.2%	43.7%	31.1%	35.0%	28.6%	25.8%	41.1%	36.0%	40.9%	40.3%
RoE	58.3%	53.1%	49.4%	36.9%	32.9%	30.1%	32.4%	46.9%	50.0%	64.0%	45.4%

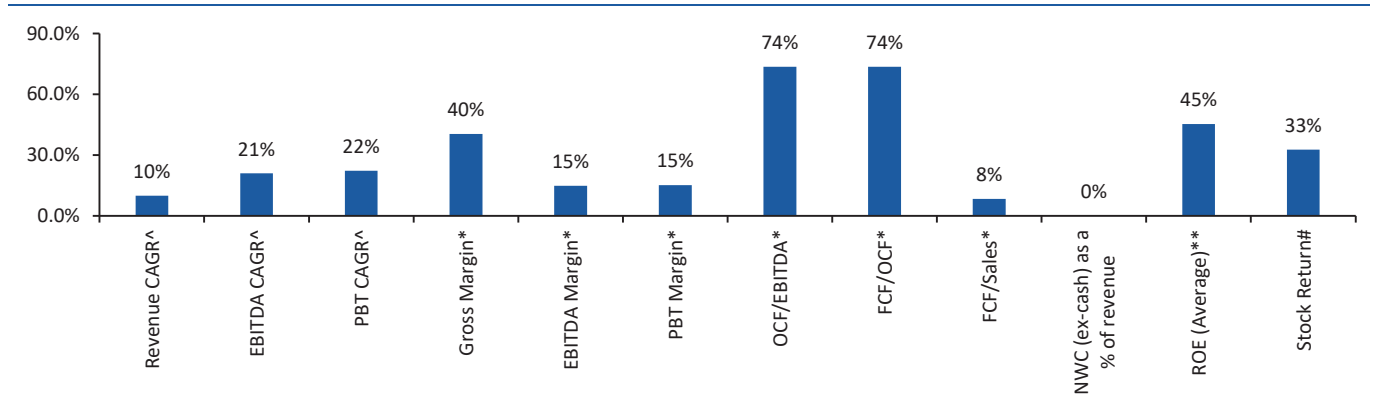
Source: Company, Centrum Broking

Exhibit 268: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.69	0.68	0.68	0.68	0.66	0.65	0.75	0.74	0.73	0.73	0.70
Revenue/average total assets	6.51	6.56	4.63	3.56	3.05	2.72	2.19	2.19	2.58	2.73	3.67
Average total assets/Average NW	1.55	1.16	1.08	1.05	1.05	1.05	1.21	1.48	1.77	1.92	1.33
PBT/EBITDA	0.91	0.93	1.00	1.02	1.01	1.02	1.01	1.00	0.94	0.94	0.98
EBITDA/Revenue	0.09	0.11	0.15	0.14	0.15	0.16	0.16	0.19	0.16	0.18	0.15
RoE	58.3%	53.1%	49.4%	36.9%	32.9%	30.1%	32.4%	46.9%	50.0%	64.0%	45.4%

Source: Company, Centrum Broking

Exhibit 269: Price movement vs. Financials



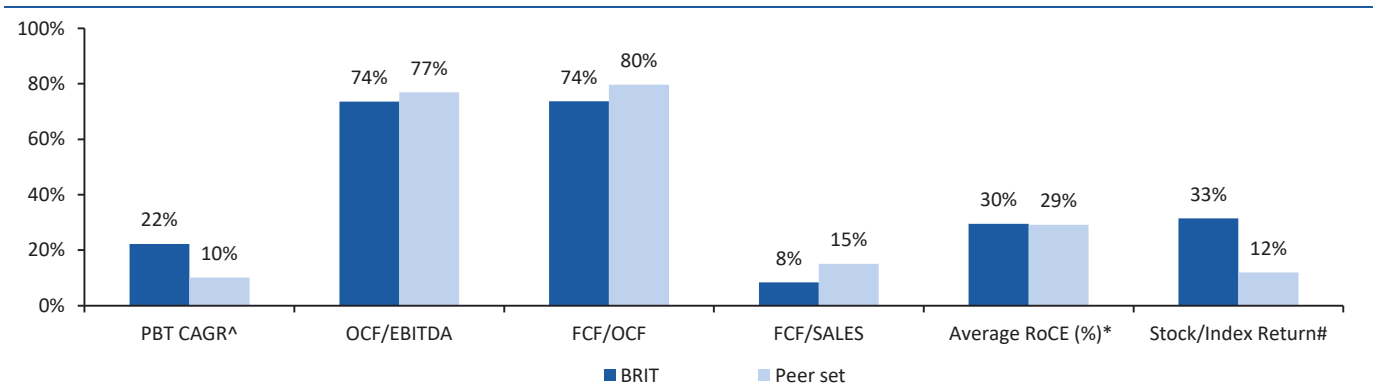
Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 270: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	5,720	6,308	7,098	894	8,276	7,564	12,411	16,112	7,525	18,148
FCF yield	6%	4%	2%	0%	2%	1%	2%	2%	1%	2%
Dividend + Buyback (b)	1,439	1,919	2,400	2,640	3,179	3,619	8,416	34,914	13,609	17,343
Distribution of FCF (b/a)	25%	30%	34%	295%	38%	48%	68%	217%	181%	96%
Cash & equivalents*/Capital employed	11.1%	16.3%	4.0%	4.3%	5.2%	2.5%	2.0%	3.7%	3.6%	3.0%

Source: Company, Centrum Broking *including liquid investments

Exhibit 271: BRIT vs. Peer set



Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	131,361	141,363	163,006	180,595	211,162
Operating Expense	76,261	87,603	95,913	126,206	146,133
Employee cost	5,274	5,423	6,584	6,448	7,611
Others	24,734	26,322	32,200	15,898	18,558
EBITDA	25,093	22,015	28,309	32,043	38,861
Depreciation & Amortisation	1,979	2,005	2,259	2,277	2,520
EBIT	23,114	20,010	26,050	29,767	36,341
Interest expenses	1,109	1,443	1,691	1,845	1,836
Other income	3,129	2,228	2,159	3,238	3,724
PBT	25,134	20,795	26,518	31,160	38,230
Taxes	6,630	5,624	7,165	7,728	9,488
Effective tax rate (%)	26.4	27.0	27.0	24.8	24.8
PAT	18,504	15,172	19,353	23,431	28,741
Minority/Associates	141	86	134	86	86
Recurring PAT	18,645	15,258	19,487	23,518	28,827
Extraordinary items	(21)	(10)	3,756	0	0
Reported PAT	18,624	15,248	23,243	23,518	28,827
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	14.8	7.6	15.3	10.8	16.9
EBITDA	36.1	(12.3)	28.6	13.2	21.3
Adj. EPS	32.8	(18.2)	27.7	20.7	22.6
Margins (%)					
Gross	41.9	38.0	41.2	40.5	41.0
EBITDA	19.1	15.6	17.4	17.7	18.4
EBIT	17.6	14.2	16.0	16.5	17.2
Adjusted PAT	14.2	10.8	14.3	13.0	13.7
Returns (%)					
ROE	46.9	50.0	64.0	59.2	57.1
ROCE	33.1	30.1	35.4	35.8	37.9
ROIC	37.7	35.6	43.7	43.6	48.0
Turnover (days)					
Gross block turnover ratio (x)	5.0	5.1	4.2	4.2	4.6
Debtors	8	8	7	7	7
Inventory	44	51	49	49	50
Creditors	58	54	52	53	56
Net working capital	60	41	46	44	51
Solvency (x)					
Net debt-equity	0.1	0.6	0.3	0.2	0.0
Interest coverage ratio	22.6	15.3	16.7	17.4	21.2
Net debt/EBITDA	0.2	0.7	0.4	0.3	0.0
Per share (Rs)					
Adjusted EPS	77.4	63.3	80.9	97.6	119.7
BVPS	147.3	106.2	146.7	182.9	236.0
CEPS	85.6	71.7	90.3	107.1	130.1
DPS	117.2	103.2	56.4	66.5	71.5
Dividend payout (%)	151.6	163.0	58.5	68.1	59.7
Valuation (x)					
P/E	59.4	72.6	56.9	47.8	39.0
P/BV	31.2	43.3	31.3	25.5	19.8
EV/EBITDA	44.3	50.9	39.4	35.4	28.9
Dividend yield (%)	2.5	2.2	1.2	1.4	1.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	241	240	241	241	241
Reserves & surplus	35,236	25,340	35,102	43,806	56,616
Shareholders fund	35,477	25,580	35,343	44,047	56,857
Minority Interest	363	277	302	216	130
Total debt	21,215	24,793	29,974	28,924	28,774
Non Current Liabilities	449	544	858	965	1,128
Def tax liab. (net)	(10)	(509)	19	19	19
Total liabilities	57,494	50,686	66,495	74,170	86,907
Gross block	26,094	27,694	38,679	42,999	46,409
Less: acc. Depreciation	(9,666)	(11,698)	(13,957)	(16,234)	(18,753)
Net block	16,428	15,997	24,722	26,765	27,656
Capital WIP	1,165	5,357	1,050	1,050	1,050
Net fixed assets	18,953	22,749	27,196	29,239	30,130
Non Current Assets	2,825	2,759	3,230	3,417	3,703
Investments	14,019	9,426	15,639	19,588	23,538
Inventories	10,915	13,675	11,933	16,916	17,526
Sundry debtors	2,573	3,319	3,289	3,946	4,531
Cash & Cash Equivalents	16,046	10,186	19,990	18,038	29,087
Loans & advances	14,661	12,523	12,251	13,773	16,112
Other current assets	0	0	0	0	0
Trade payables	13,132	12,852	14,488	16,644	21,223
Other current liab.	5,491	6,250	7,410	8,331	9,746
Provisions	3,875	4,851	5,134	5,772	6,752
Net current assets	21,698	15,751	20,430	21,926	29,536
Total assets	57,494	50,686	66,495	74,170	86,907
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	25,128	20,785	30,274	31,160	38,230
Depreciation & Amortisation	1,979	2,005	2,259	2,277	2,520
Net Interest	(1,238)	(403)	60	(4,925)	1,083
Net Change – WC	(562)	(3,273)	4,107	(3,527)	3,316
Direct taxes	(6,328)	(5,869)	(7,165)	(7,728)	(9,488)
Net cash from operations	18,510	12,995	25,262	13,405	31,808
Capital expenditure	(2,399)	(5,470)	(7,115)	(4,320)	(3,410)
Acquisitions, net	0	0	0	0	0
Investments	4,677	12,512	(9,803)	1,107	1,107
Others	2,334	2,068	1,747	6,769	753
Net cash from investing	4,613	9,109	(15,171)	3,556	(1,551)
FCF	23,123	22,104	10,092	16,961	30,257
Issue of share capital	1,172	6,985	10,100	0	0
Increase/(decrease) in debt	5,678	(3,724)	(7,210)	(1,050)	(150)
Dividend paid	(28,238)	(24,849)	(13,592)	(16,018)	(17,222)
Interest paid	(1,049)	(871)	418	(1,845)	(1,836)
Others	0	0	0	0	0
Net cash from financing	(22,437)	(22,458)	(10,284)	(18,912)	(19,208)
Net change in Cash	686	(354)	(192)	(1,952)	11,049

Source: Company, Centrum Broking

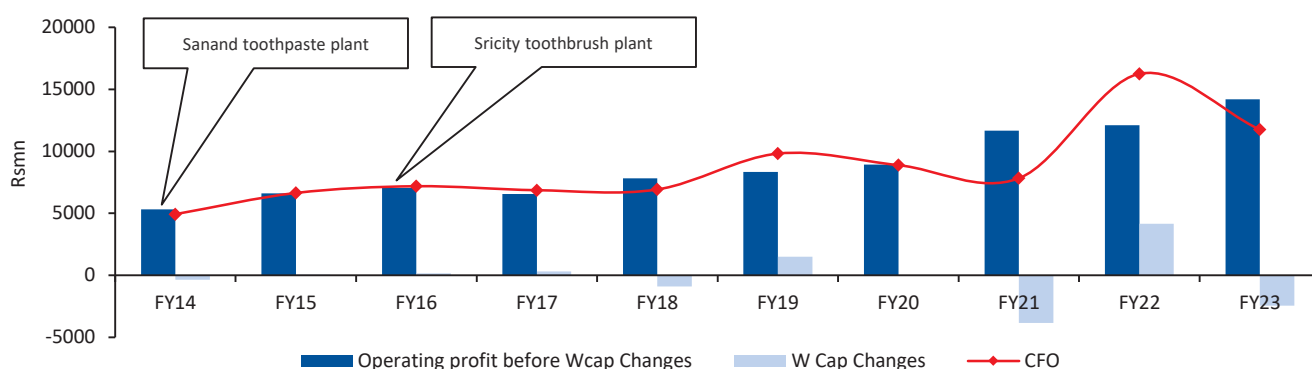
Colgate Palmolive India (CLGT)

Over the last 10 years, CLGT has recorded revenue/PBT CAGR of 5.1%/7.9%. The gross/operating margins expanded by 460bp/1050bp led by operating leverage and sweating of assets. Over FY14-23, with negative working capital (-18 days) cumulative profit before WC at Rs88.6bn (tax paid: Rs28.4bn). Cash flow from operating activities at Rs87.2bn. Though OCF/EBITDA and OCF/FCF remained strong at 75.8%/79.8%, CLGT's CF/PAT stood at 125%. With cumulative OCF of Rs87.2bn, capex at Rs17.7bn, resulted in cumulative FCF generation of Rs69.6bn. Over FY14-23, average dividend pay-out has been 82%, resulting in healthy RoE/RoCE of 65.1%/62.6%. With clear, focus on oral care category (95% of sales) the stock price delivered CAGR 9.4% return.

Market data

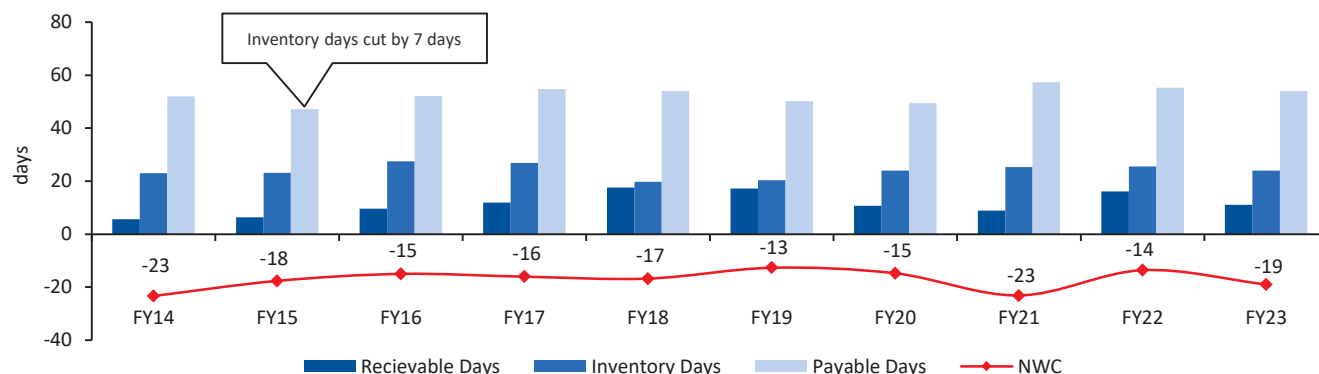
Current price:	Rs1,996
Bloomberg:	CLGT IN
52-week H/L:	Rs2,062/1,435
Market cap:	Rs542.8bn
Free float:	44%
Avg. daily vol. 3mth:	577270
Source: Bloomberg	

Exhibit 272: Consistent positive cash flow from operations (added two high-tech manufacturing units)



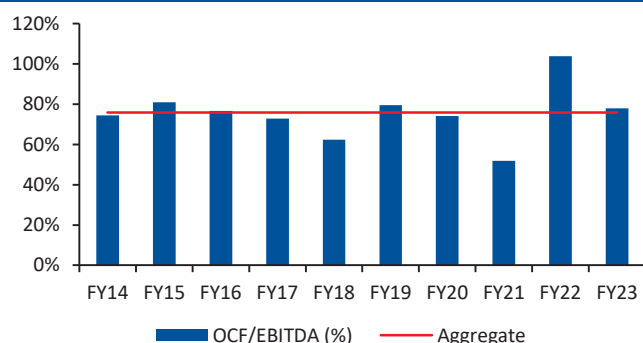
Source: Company, Centrum Broking

Exhibit 273: Working capital cycle by-and-large steady over the decade, payable days increased by 5 days over 10 years



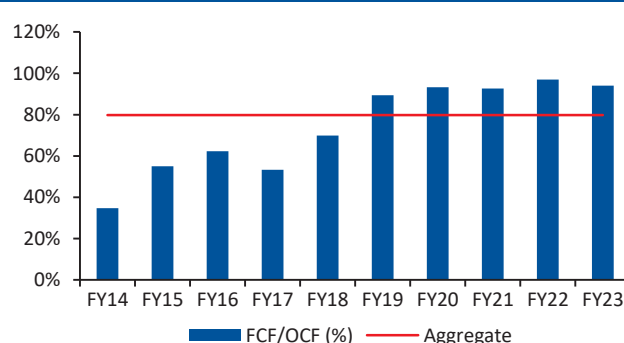
Source: Company, Centrum Broking

Exhibit 274: EBITDA to OCF conversion of 75.8% over 10 years



Source: Company, Centrum Broking

Exhibit 275: OCF to FCF conversion 79.8% over 10 years



Source: Company, Centrum Broking

Exhibit 276: Leverage has been consistently low; Return ratios have been stable over the decade

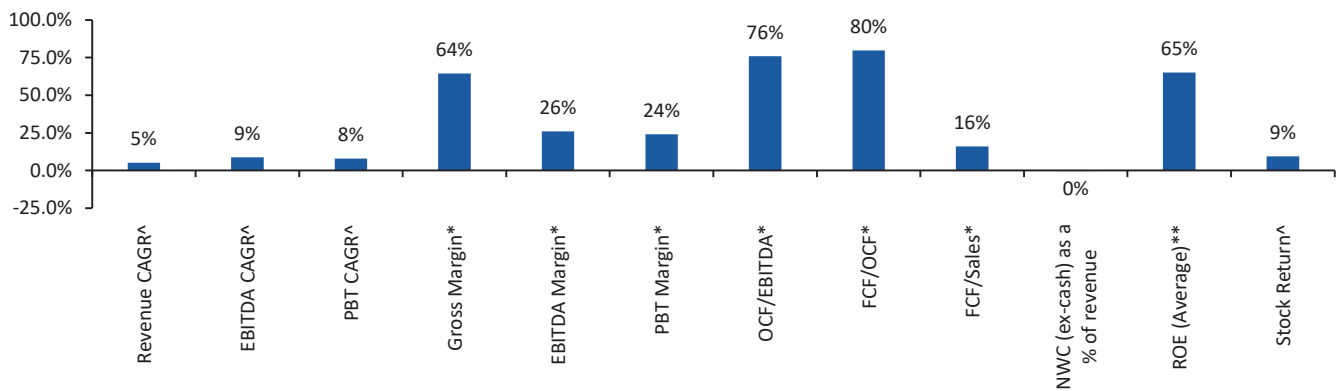
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.4)	(0.3)	(0.3)	(0.2)	(0.3)	(0.2)	(0.2)	(0.7)	(0.4)	(0.5)	(0.4)
Net Debt/EBITDA	(0.4)	(0.2)	(0.3)	(0.3)	(0.4)	(0.3)	(0.3)	(0.5)	(0.4)	(0.6)	(0.4)
RoCE pre-tax	115.3%	107.0%	92.9%	73.8%	71.0%	73.0%	65.7%	92.8%	92.8%	74.3%	85.9%
RoCE	82.6%	76.7%	65.7%	50.0%	48.9%	48.9%	51.4%	71.2%	71.0%	59.2%	62.6%
RoIC (pre-tax)	286.0%	130.3%	92.9%	64.8%	64.2%	65.6%	66.2%	126.9%	150.8%	103.9%	115.2%
RoE	90.6%	82.5%	67.5%	49.3%	47.9%	49.1%	53.1%	74.9%	74.4%	61.3%	65.1%

Source: Company, Centrum Broking

Exhibit 277: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.72	0.72	0.71	0.68	0.69	0.67	0.78	0.77	0.77	0.74	0.7
Revenue/average total assets	0.78	0.71	0.61	0.57	0.55	0.53	0.51	0.52	0.52	0.52	0.6
Average total assets/Average NW	8.71	8.26	7.03	5.96	5.35	5.55	5.75	6.76	6.78	5.77	6.6
PBT/EBITDA	1.00	0.95	0.92	0.90	0.89	0.90	0.87	0.89	0.90	0.94	0.9
EBITDA/Revenue	0.19	0.21	0.24	0.24	0.27	0.28	0.27	0.31	0.31	0.29	0.3
RoE	90.6%	82.5%	67.5%	49.3%	47.9%	49.1%	53.1%	74.9%	74.4%	61.3%	65.1%

Source: Company, Centrum Broking

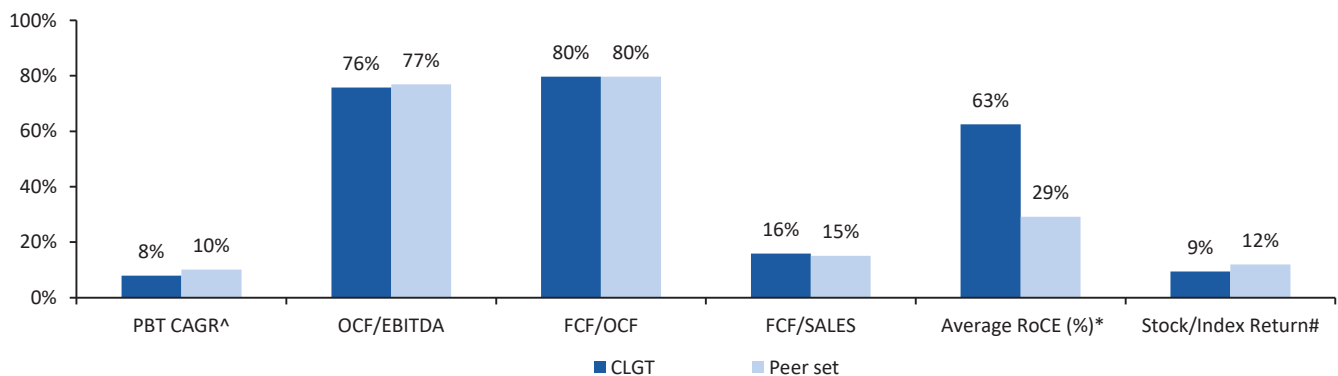
Exhibit 278: Price movement vs. Financials (subdued revenues due to slower growth in oral care category last five years)

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 279: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,712	3,662	4,487	3,668	4,852	8,788	8,295	7,265	15,763	11,062
FCF yield	1%	1%	2%	1%	2%	3%	2%	2%	4%	3%
Dividend + Buyback (b)	3,672	3,264	2,720	2,720	3,536	7,072	7,616	10,335	10,879	10,608
Distribution of FCF (b/a)	214%	89%	61%	74%	73%	80%	92%	142%	69%	96%
Cash & equivalents*/Capital employed	47.2%	30.9%	28.1%	22.6%	29.2%	25.6%	25.0%	69.7%	41.8%	51.7%

Source: Company, Centrum Broking *including liquid investments

Exhibit 280: CLGT vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	48,412	50,998	51,879	55,745	59,843
Operating Expense	25,670	27,248	24,283	30,486	32,144
Employee cost	3,656	3,851	3,770	4,348	4,668
Others	3,990	4,239	8,740	4,740	5,085
EBITDA	15,096	15,659	15,087	16,171	17,946
Depreciation & Amortisation	1,825	1,773	1,748	1,431	1,317
EBIT	13,271	13,886	13,339	14,740	16,629
Interest expenses	73	59	49	0	0
Other income	304	263	919	455	625
PBT	13,502	14,090	14,209	15,195	17,253
Taxes	3,148	3,307	3,625	3,566	4,049
Effective tax rate (%)	23.3	23.5	25.5	23.5	23.5
PAT	10,354	10,783	10,584	11,628	13,204
Minority/Associates	0	0	0	0	0
Recurring PAT	10,354	10,783	10,584	11,628	13,204
Extraordinary items	0	0	(112)	0	0
Reported PAT	10,354	10,783	10,471	11,628	13,204
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	7.0	5.3	1.7	7.5	7.4
EBITDA	25.6	3.7	(3.7)	7.2	11.0
Adj. EPS	26.8	4.1	(1.9)	9.9	13.5
Margins (%)					
Gross	68.0	67.3	65.4	66.4	67.3
EBITDA	31.2	30.7	29.1	29.0	30.0
EBIT	27.4	27.2	25.7	26.4	27.8
Adjusted PAT	21.4	21.1	20.2	20.9	22.1
Returns (%)					
ROE	75.0	74.4	61.3	68.0	77.7
ROCE	71.2	71.0	59.2	65.3	74.6
ROIC	126.9	150.8	103.9	165.5	348.1
Turnover (days)					
Gross block turnover ratio (x)	2.4	2.5	2.4	2.6	2.8
Debtors	9	12	13	12	12
Inventory	75	76	70	64	62
Creditors	162	168	156	158	167
Net working capital	3	52	57	60	62
Solvency (x)					
Net debt-equity	(0.7)	(0.4)	(0.5)	(0.7)	(0.9)
Interest coverage ratio	208.0	265.9	307.3	0.0	0.0
Net debt/EBITDA	(0.5)	(0.4)	(0.6)	(0.7)	(0.8)
Per share (Rs)					
Adjusted EPS	38.1	39.6	38.9	42.8	48.5
BVPS	42.9	63.8	63.1	62.7	62.3
CEPS	44.8	46.2	45.3	48.0	53.4
DPS	38.0	40.0	39.3	43.1	49.0
Dividend payout (%)	99.8	100.9	102.0	100.9	100.9
Valuation (x)					
P/E	52.3	50.2	51.2	46.6	41.0
P/BV	46.5	31.2	31.6	31.8	32.0
EV/EBITDA	35.4	34.2	35.3	32.8	29.4
Dividend yield (%)	1.9	2.0	2.0	2.2	2.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	272	272	272	272	272
Reserves & surplus	11,387	17,075	16,892	16,788	16,670
Shareholders fund	11,659	17,347	17,164	17,060	16,942
Minority Interest	0	0	0	0	0
Total debt	791	707	690	690	690
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	0	0
Total liabilities	12,449	18,054	17,854	17,750	17,632
Gross block	19,831	20,504	21,240	21,476	21,729
Less: acc. Depreciation	(9,184)	(10,874)	(12,622)	(14,053)	(15,370)
Net block	10,647	9,630	8,618	7,423	6,359
Capital WIP	1,448	1,218	1,141	1,141	1,141
Net fixed assets	12,096	10,848	9,759	8,564	7,500
Non Current Assets	0	0	0	0	0
Investments	0	0	0	0	0
Inventories	3,358	3,572	3,355	3,207	3,443
Sundry debtors	1,171	2,247	1,574	1,989	1,922
Cash & Cash Equivalents	8,862	7,547	9,230	12,745	15,325
Loans & advances	3,453	4,804	4,913	5,013	5,113
Other current assets	0	0	0	0	0
Trade payables	7,604	7,714	7,611	8,601	9,326
Other current liab.	7,765	2,271	2,184	4,097	5,265
Provisions	1,122	980	1,181	1,071	1,081
Net current assets	354	7,206	8,095	9,186	10,132
Total assets	12,449	18,054	17,854	17,750	17,632
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	11,664	12,107	14,209	13,059	14,521
Depreciation & Amortisation	0	0	0	0	0
Net Interest	0	0	0	0	0
Net Change – WC	(3,826)	4,152	(2,446)	2,425	1,634
Direct taxes	0	0	0	0	0
Net cash from operations	7,839	16,258	11,762	15,484	16,155
Capital expenditure	(578)	(496)	(701)	(236)	(253)
Acquisitions, net	0	0	0	0	0
Investments	1,287	(581)	626	1,168	0
Others	4	1	0	0	0
Net cash from investing	714	(1,077)	(75)	932	(253)
FCF	8,552	15,182	11,688	16,416	15,902
Issue of share capital	(103)	(109)	(191)	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(9,211)	(10,572)	(10,575)	(11,732)	(13,322)
Interest paid	0	0	0	0	0
Others	0	0	0	0	0
Net cash from financing	(9,314)	(10,681)	(10,765)	(11,732)	(13,322)
Net change in Cash	(762)	4,500	922	4,684	2,580

Source: Company, Centrum Broking

Dabur India (DABUR)

DABUR reported revenue/PBT CAGR of 6.5%/8.8% over FY14-23. Operating profits remained healthy and consistently expanded. High volatility in input prices cut gross margins by 630bp, yet rising scale of healthcare segment led increase in operating margins by 280bp. Over last decade, the working capital cycle reduced from 36 days to 22 days. Cumulative profit before WC has been Rs175.9bn (tax paid: Rs32.3bn) and cash flow from operating activities healthy at Rs141.7bn. OCF/EBITDA at 84.7% and OCF/FCF steady at 77.9%. With cumulative capex of Rs31.2bn, DABUR generated FCF of Rs110.4bn over FY14-23. With average dividend pay-out at 52.1%, Dabur reported steady RoE ~28% and stock price return at CAGR 16.8% over FY14-23.

22 September 2023

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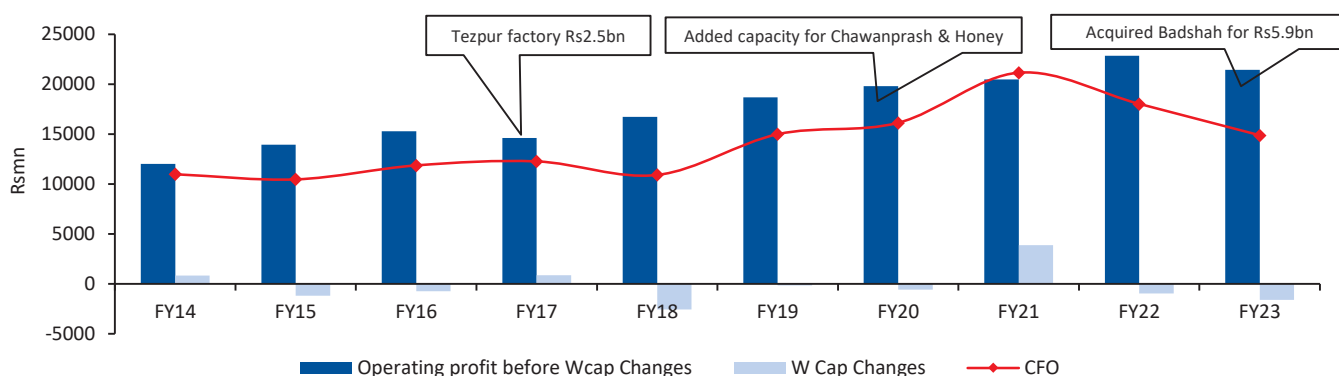
Institutional Research

Market data

Current price:	Rs566
Bloomberg:	DABUR IN
52-week H/L:	Rs611/504
Market cap:	Rs1,002.4bn
Free float:	34.9%
Avg. daily vol. 3mth:	1726443

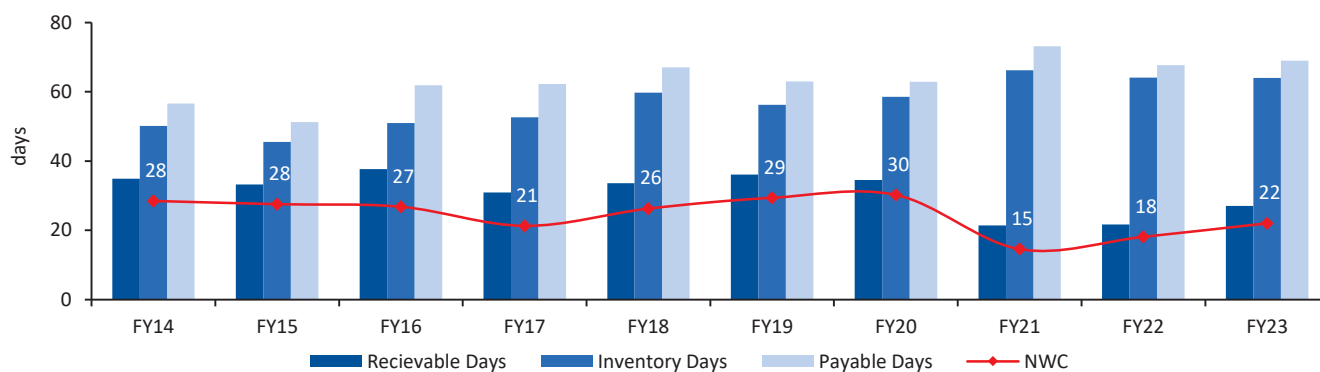
Source: Bloomberg

Exhibit 281: Consistent improvement in positive cash flow from operations



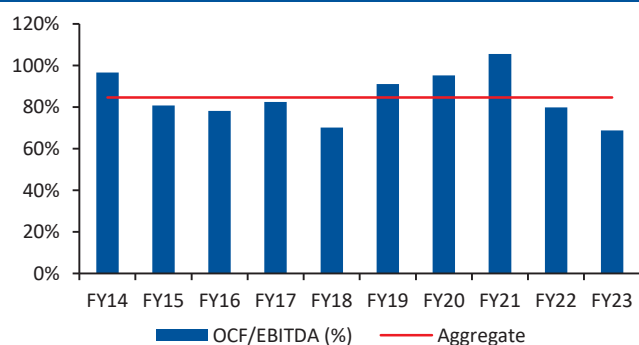
Source: Company, Centrum Broking

Exhibit 282: Working capital cycle reduced over the decade led by higher creditor days (+12); receivable days cut by 8 days



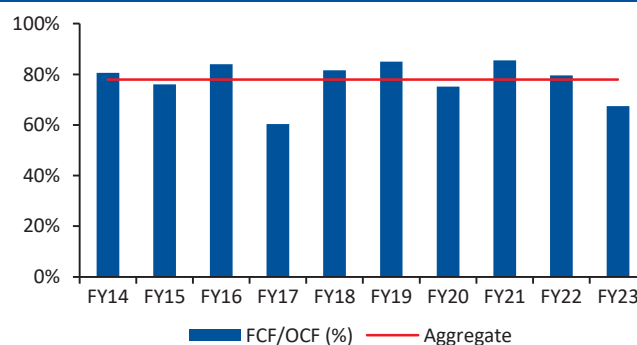
Source: Company, Centrum Broking

Exhibit 283: EBITDA to OCF conversion of 84.7% over 10 years



Source: Company, Centrum Broking

Exhibit 284: OCF to FCF conversion of 77.9% over 10 years



Source: Company, Centrum Broking

Exhibit 285: Leverage has been consistently low; Return ratios deteriorated over the decade

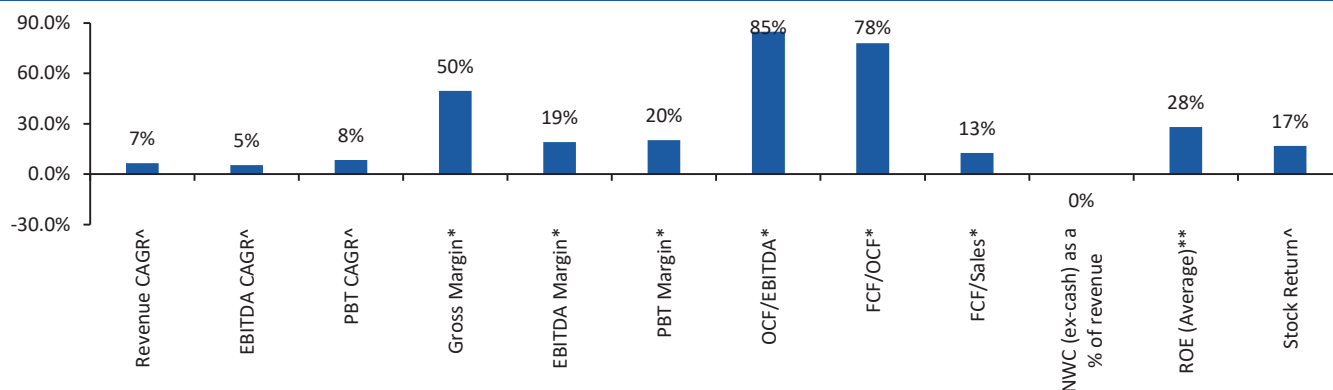
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.1)	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)	(0.0)	0.0	(0.1)
Net Debt/EBITDA	(0.2)	0.1	(0.1)	(0.0)	(0.1)	(0.1)	(0.9)	(0.7)	(0.1)	0.1	(0.2)
RoCE pre-tax	29.0%	29.0%	28.6%	24.1%	21.6%	21.8%	21.0%	22.1%	21.8%	17.7%	23.7%
RoCE	23.4%	23.5%	23.1%	19.2%	17.3%	18.4%	17.8%	18.3%	16.9%	13.8%	19.2%
RoIC (pre-tax)	48.6%	54.2%	60.3%	56.5%	53.4%	52.0%	43.9%	51.7%	65.9%	42.4%	52.9%
RoE	38.5%	35.7%	33.4%	28.3%	25.9%	26.8%	25.2%	23.8%	22.7%	19.7%	28.0%

Source: Company, Centrum Broking

Exhibit 286: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.80	0.81	0.81	0.79	0.80	0.84	0.85	0.82	0.77	0.77	0.81
Revenue/average total assets	1.64	1.55	1.35	1.17	1.03	1.07	1.10	1.06	1.01	1.01	1.20
Average total assets/Average NW	1.81	1.69	1.55	1.46	1.42	1.38	1.28	1.27	1.34	1.32	1.45
PBT/EBITDA	1.00	1.02	1.04	1.08	1.10	1.09	1.08	1.03	1.05	1.03	1.05
EBITDA/Revenue	0.16	0.17	0.19	0.19	0.20	0.19	0.20	0.21	0.21	0.19	0.19
RoE	38.5%	35.7%	33.4%	28.3%	25.9%	26.8%	25.2%	23.8%	22.7%	19.7%	28.0%

Source: Company, Centrum Broking

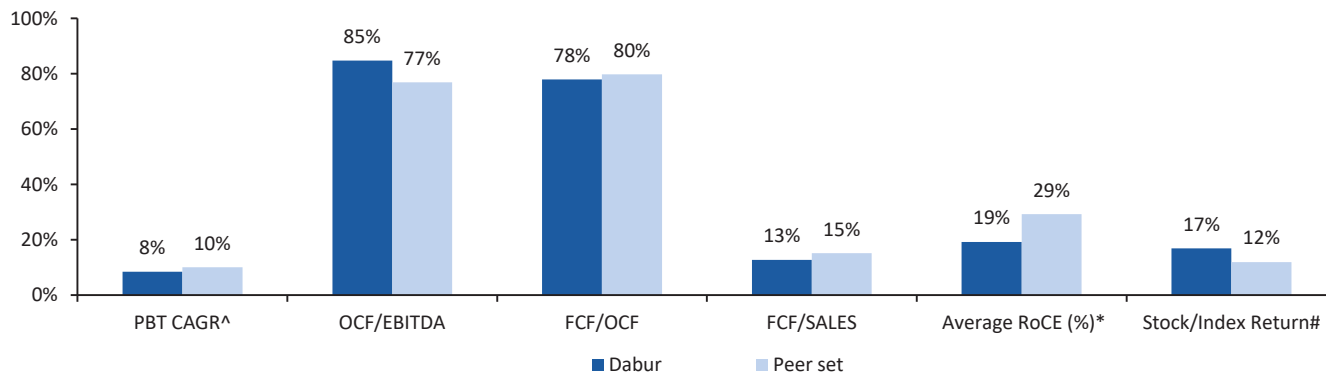
Exhibit 287: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY12-23 CAGR; *: aggregate

Exhibit 288: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	8,853	7,961	9,978	7,411	8,912	12,741	12,131	18,083	14,331	10,027
FCF yield	3%	3%	(5%)	2%	2%	2%	3%	6%	1%	1%
Dividend + Buyback (b)	3,052	3,512	3,958	3,963	3,963	4,857	5,301	8,395	9,193	9,213
Distribution of FCF (b/a)	34%	44%	40%	53%	44%	38%	44%	46%	64%	92%
Cash & equivalents*/Capital employed	14.4%	6.4%	4.4%	5.2%	4.6%	5.1%	11.1%	15.8%	5.9%	3.2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 289: DABUR vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	95,617	108,887	115,299	130,312	148,232
Operating Expense	62,997	72,852	82,288	87,193	99,257
Employee cost	10,335	10,800	11,370	14,527	15,032
Others	2,258	2,697	0	3,135	3,482
EBITDA	20,027	22,538	21,641	25,456	30,461
Depreciation & Amortisation	2,401	2,529	3,110	3,280	3,122
EBIT	17,626	20,009	18,532	22,176	27,339
Interest expenses	308	386	782	489	474
Other income	3,253	3,932	4,454	4,721	5,004
PBT	20,570	23,555	22,203	26,408	31,869
Taxes	3,611	5,264	5,174	6,266	7,493
Effective tax rate (%)	17.6	22.3	23.3	23.7	23.5
PAT	16,960	18,291	17,030	20,142	24,376
Minority/Associates	(27)	(49)	42	0	0
Recurring PAT	16,933	18,242	17,072	20,142	24,376
Extraordinary items	0	(850)	0	0	0
Reported PAT	16,933	17,392	17,072	20,142	24,376
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	11.1	13.9	5.9	13.0	13.8
EBITDA	18.2	12.5	(4.0)	17.6	19.7
Adj. EPS	9.6	7.7	(6.4)	18.0	21.0
Margins (%)					
Gross	49.9	48.2	45.6	47.9	47.4
EBITDA	20.9	20.7	18.8	19.5	20.5
EBIT	18.4	18.4	16.1	17.0	18.4
Adjusted PAT	17.7	16.0	14.8	15.5	16.4
Returns (%)					
ROE	23.7	22.7	19.7	21.5	23.7
ROCE	21.8	20.5	17.4	18.7	20.9
ROIC	42.6	51.1	39.5	44.2	59.2
Turnover (days)					
Gross block turnover ratio (x)	2.8	2.8	2.2	3.0	3.1
Debtors	26	20	24	22	18
Inventory	119	118	115	115	112
Creditors	129	127	122	124	121
Net working capital	223	243	220	248	240
Solvency (x)					
Net debt-equity	(0.6)	(0.7)	(0.6)	(0.7)	(0.7)
Interest coverage ratio	65.0	58.4	27.7	52.0	64.2
Net debt/EBITDA	(2.4)	(2.4)	(2.5)	(2.7)	(2.6)
Per share (Rs)					
Adjusted EPS	9.6	10.3	9.7	11.4	13.8
BVPS	43.4	47.4	50.8	55.2	61.0
CEPS	10.9	11.7	11.4	13.2	15.6
DPS	4.8	5.6	6.3	7.1	7.9
Dividend payout (%)	49.6	56.9	64.7	62.3	57.7
Valuation (x)					
P/E	59.0	54.8	58.5	49.8	41.1
P/BV	13.0	11.9	11.1	10.3	9.3
EV/EBITDA	47.3	41.7	43.5	36.5	30.2
Dividend yield (%)	0.8	1.0	1.1	1.3	1.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,767	1,768	1,772	1,772	1,772
Reserves & surplus	74,868	82,045	87,961	95,830	106,152
Shareholders fund	76,635	83,813	89,733	97,602	107,924
Minority Interest	367	406	4,682	4,682	4,682
Total debt	7,222	12,821	11,738	11,238	10,738
Non Current Liabilities	647	679	693	777	877
Def tax liab. (net)	139	823	910	910	910
Total liabilities	85,010	98,541	107,755	115,208	125,131
Gross block	34,396	38,424	52,226	43,672	47,604
Less: acc. Depreciation	(15,324)	(17,853)	(20,963)	(24,242)	(27,364)
Net block	19,072	20,571	31,263	19,430	20,240
Capital WIP	1,473	1,675	1,751	1,751	1,751
Net fixed assets	23,905	24,757	37,067	25,234	26,044
Non Current Assets	2,674	1,272	1,228	1,340	1,474
Investments	0	0	0	0	0
Inventories	17,343	19,114	20,242	22,528	25,260
Sundry debtors	5,616	6,462	8,488	7,090	7,700
Cash & Cash Equivalents	54,887	67,898	66,382	80,081	89,627
Loans & advances	174	362	290	327	372
Other current assets	3,874	2,981	2,847	10,582	11,024
Trade payables	19,153	20,180	21,866	24,150	27,471
Other current liab.	2,430	2,265	4,782	5,405	6,148
Provisions	1,878	1,860	2,140	2,419	2,751
Net current assets	58,432	72,512	69,460	88,635	97,613
Total assets	85,010	98,541	107,755	115,208	125,131
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	20,560	22,687	22,187	26,408	31,869
Depreciation & Amortisation	2,401	2,529	3,110	3,280	3,122
Net Interest	(2,300)	(2,847)	(3,611)	(4,619)	(5,465)
Net Change – WC	3,884	(968)	(1,601)	1,860	534
Direct taxes	(3,213)	(3,876)	(4,945)	(6,266)	(7,493)
Net cash from operations	21,147	18,023	14,884	20,663	22,567
Capital expenditure	(3,063)	(3,692)	(4,857)	(3,692)	(3,932)
Acquisitions, net	0	0	0	0	0
Investments	(13,611)	(12,731)	(4,950)	5,666	0
Others	2,616	3,668	3,942	5,108	5,940
Net cash from investing	(14,058)	(12,755)	(5,865)	7,083	2,008
FCF	7,089	5,269	9,019	27,746	24,575
Issue of share capital	0	1	4	0	0
Increase/(decrease) in debt	369	5,408	488	(500)	(500)
Dividend paid	(5,921)	(9,723)	(9,213)	(12,551)	(14,054)
Interest paid	(582)	(590)	(779)	(489)	(474)
Others	0	0	(852)	0	0
Net cash from financing	(6,134)	(4,905)	(10,352)	(13,541)	(15,028)
Net change in Cash	955	364	(1,333)	14,205	9,546

Source: Company, Centrum Broking

EMAMI Limited (HMN)

Emami reported revenue/PBT CAGR of 7.9%/9.5% over FY14-23. The operating profits have been healthy and grown steadily driven by 470bp expansion in gross margins; EBITDA margin cut by 60bp. Though Kesh King acquisition in FY16 helped Emami to expand its hair oil business, it took three years to digest. Over FY14-23, cumulative profit before WC has been Rs73.5bn (tax paid: Rs9.3bn) and cash flow from operating activities remained steady at Rs62.4bn. OCF/EBITDA healthy at 86.9%, while OCF/FCF stood at 48.5% till FY23. With cumulative capex of Rs32.1bn, the company generated FCF of Rs30.2bn over FY14-23. With average dividend pay-out of 54% and HMN conducted two Buybacks (Rs3.53bn) it saw stable ROE of 37.7%, reflecting in stock price return at CAGR 9.6%.

22 September 2023

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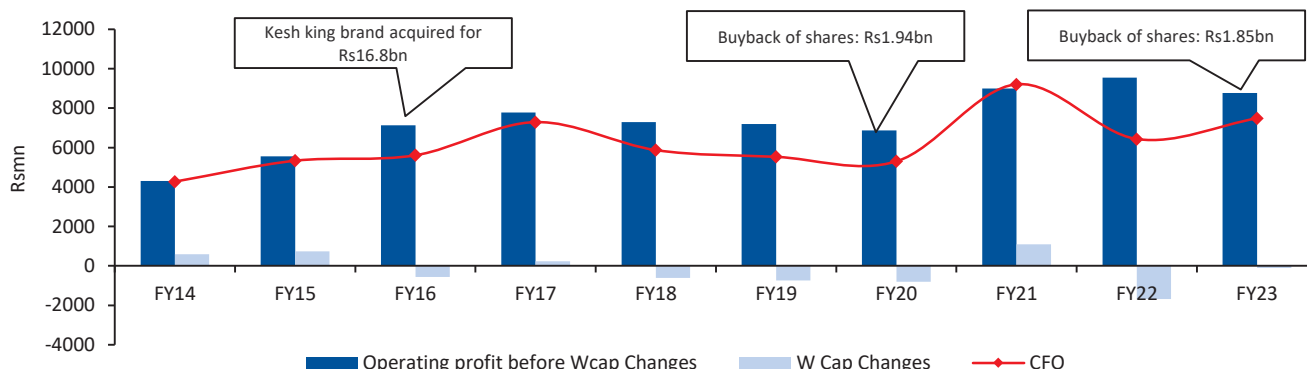
Institutional Research

Market data

Current price:	Rs550
Bloomberg:	HMN IN
52-week H/L:	Rs583/341
Market cap:	Rs242.1bn
Free float:	44.3%
Avg. daily vol. 3mth:	804708

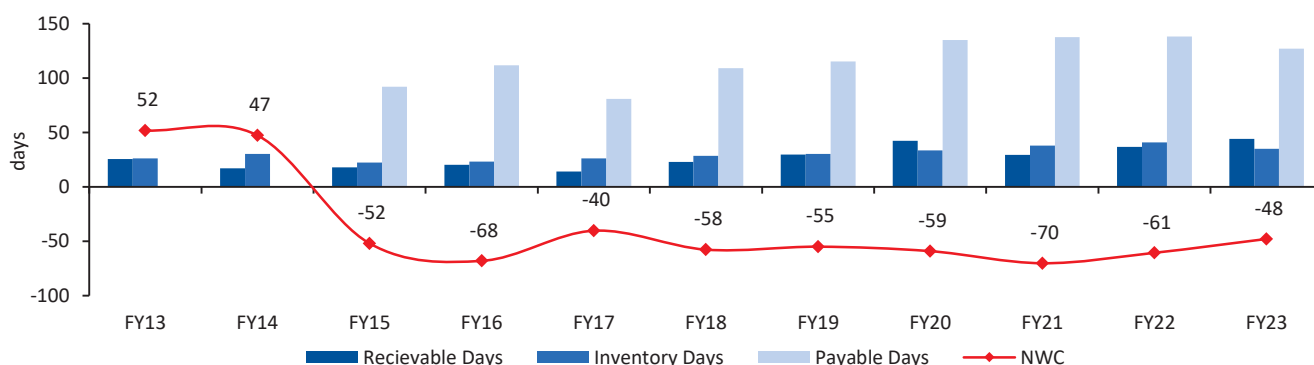
Source: Bloomberg

Exhibit 290: Consistent positive cash flow from operations



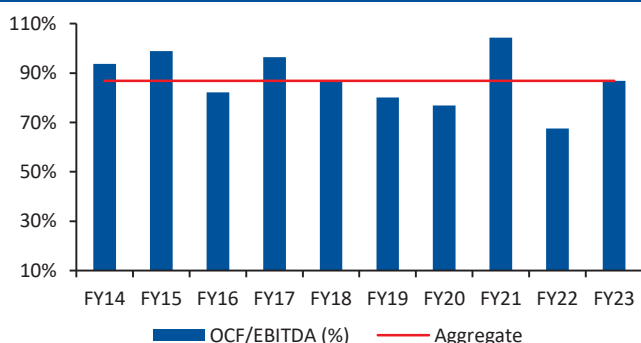
Source: Company, Centrum Broking

Exhibit 291: Working capital cycle improved over the decade; high seasonality impact led to increase in inventory +13 days



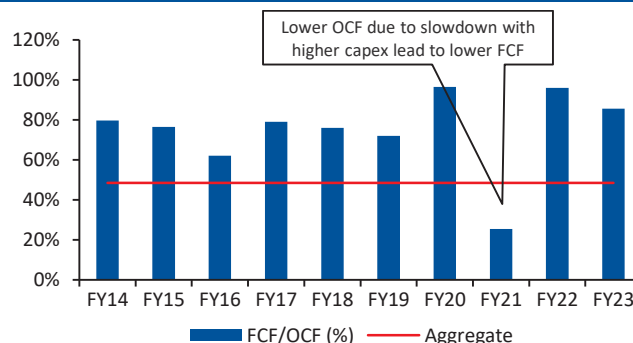
Source: Company, Centrum Broking

Exhibit 292: EBITDA to OCF conversion of 86.9% over 10 years



Source: Company, Centrum Broking

Exhibit 293: OCF to FCF conversion of 48.5% over 10 years



Source: Company, Centrum Broking

Exhibit 294: Leverage has been consistently low; Return ratios continued to improve

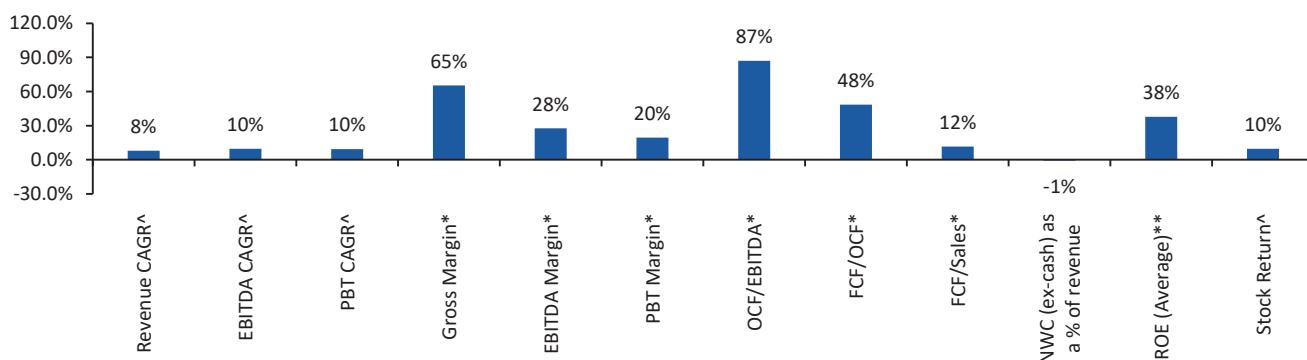
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.4)	(0.5)	(0.6)	0.3	0.1	0.1	(0.0)	0.0	(0.2)	0.1	(0.1)
Net Debt/EBITDA	(1.0)	(1.2)	(1.5)	0.8	0.1	0.2	(0.1)	0.0	(0.4)	0.1	(0.2)
RoCE pre-tax	43.6%	43.3%	23.5%	21.3%	17.2%	16.2%	16.8%	26.5%	35.6%	24.4%	26.9%
RoCE	38.5%	35.6%	20.2%	17.1%	13.5%	12.3%	13.7%	21.3%	24.0%	26.2%	22.2%
RoIC (pre-tax)	40.4%	37.0%	20.7%	17.7%	14.5%	13.4%	14.7%	22.8%	39.8%	27.3%	24.8%
RoE	54.1%	43.6%	37.0%	32.6%	26.3%	24.3%	26.9%	37.3%	59.1%	35.6%	37.7%

Source: Company, Centrum Broking

Exhibit 295: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	1.00	0.83	1.29	1.29	1.26	1.19	1.35	1.17	1.60	1.15	1.21
Revenue/average total assets	1.81	1.74	1.26	1.15	1.13	1.14	1.22	1.44	1.48	1.40	1.38
Average total assets/Average NW	1.10	1.06	1.27	1.29	1.17	1.14	1.12	1.12	1.12	1.11	1.15
PBT/EBITDA	1.05	1.11	0.62	0.56	0.58	0.60	0.57	0.65	0.74	0.78	0.73
EBITDA/Revenue	0.26	0.26	0.29	0.30	0.27	0.26	0.26	0.31	0.30	0.25	0.28
RoE	54.1%	43.6%	37.0%	32.6%	26.3%	24.3%	26.9%	37.3%	59.1%	35.6%	37.7%

Source: Company, Centrum Broking

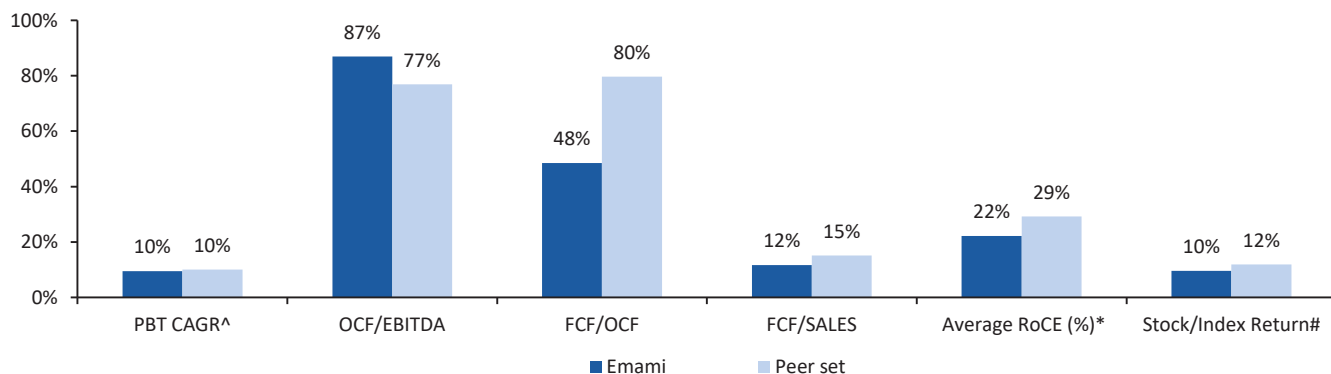
Exhibit 296: Price movement vs. Financials (price performance was impacted due to heavy pledge on Emami Book)

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 297: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	3,635	4,256	(12,527)	4,483	4,646	4,208	3,826	8,895	1,636	7,188
FCF yield	3%	3%	5%	2%	2%	2%	3%	6%	1%	4%
Dividend + Buyback (b)	1,589	1,589	1,589	1,192	1,589	1,816	1,191	1,801	1,529	3,519
Distribution of FCF (b/a)	44%	37%	(13%)	27%	34%	43%	31%	20%	93%	49%
Cash & equivalents*/Capital employed	27.5%	26.2%	4.7%	2.6%	3.4%	9.3%	5.8%	19.4%	5.0%	8.0%

Source: Company, Centrum Broking *including liquid investments

Exhibit 298: EMAMI vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	28,805	31,920	34,057	37,859	41,874
Operating Expense	13,874	16,008	17,621	19,308	20,937
Employee cost	3,092	3,178	3,678	3,975	4,397
Others	3,009	3,211	4,132	4,158	4,005
EBITDA	8,831	9,524	8,628	10,418	12,535
Depreciation & Amortisation	3,670	3,348	2,473	2,363	2,136
EBIT	5,161	6,176	6,155	8,055	10,399
Interest expenses	133	51	74	81	86
Other income	703	953	689	757	754
PBT	5,731	7,078	6,771	8,731	11,067
Taxes	1,142	(1,487)	421	730	1,610
Effective tax rate (%)	19.9	21.0	6.2	8.4	14.5
PAT	4,589	8,564	6,349	8,001	9,457
Minority/Associates	(42)	(123)	47	(60)	(55)
Recurring PAT	4,547	8,442	6,396	7,941	9,402
Extraordinary items	0	(52)	0	0	0
Reported PAT	4,547	8,390	6,396	7,941	9,402
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	8.5	10.8	6.7	11.2	10.6
EBITDA	27.9	7.9	(9.4)	20.8	20.3
Adj. EPS	47.8	85.7	(23.7)	24.2	18.4
Margins (%)					
Gross	67.7	66.2	64.7	66.0	67.0
EBITDA	30.7	29.8	25.3	27.5	29.9
EBIT	17.9	19.3	18.1	21.3	24.8
Adjusted PAT	15.8	26.3	18.8	21.0	22.5
Returns (%)					
ROE	25.4	44.0	29.2	32.3	33.7
ROCE	24.2	26.9	27.2	31.8	33.2
ROIC	24.5	26.3	26.1	31.4	32.7
Turnover (days)					
Gross block turnover ratio (x)	1.0	1.0	1.0	1.1	1.2
Debtors	34	32	39	41	39
Inventory	107	111	104	91	87
Creditors	133	129	125	125	126
Net working capital	66	48	69	54	52
Solvency (x)					
Net debt-equity	(0.2)	0.1	(0.1)	(0.1)	(0.1)
Interest coverage ratio	66.5	187.8	116.7	127.9	146.1
Net debt/EBITDA	(0.4)	0.1	(0.2)	(0.2)	(0.2)
Per share (Rs)					
Adjusted EPS	10.2	19.0	14.5	18.0	21.3
BVPS	39.7	46.7	52.2	59.2	67.2
CEPS	18.5	26.5	20.1	23.4	26.2
DPS	8.0	12.9	9.0	11.0	13.4
Dividend payout (%)	78.2	68.5	61.9	61.0	62.7
Valuation (x)					
P/E	53.7	28.9	37.9	30.5	25.8
P/BV	13.8	11.7	10.5	9.3	8.2
EV/EBITDA	27.8	26.3	28.6	23.7	19.7
Dividend yield (%)	1.5	2.4	1.6	2.0	2.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	445	441	441	441	441
Reserves & surplus	17,182	20,325	22,587	25,685	29,194
Shareholders fund	17,627	20,766	23,028	26,126	29,636
Minority Interest	(9)	(23)	(100)	(100)	(100)
Total debt	919	2,637	905	906	1,002
Non Current Liabilities	536	599	705	1,054	1,209
Def tax liab. (net)	42	75	134	149	165
Total liabilities	19,114	24,055	24,673	28,135	31,911
Gross block	30,266	32,394	32,657	34,108	35,645
Less: acc. Depreciation	(18,941)	(18,941)	(21,414)	(23,777)	(25,913)
Net block	11,325	13,453	11,243	10,331	9,733
Capital WIP	58	17	58	56	55
Net fixed assets	11,383	13,470	11,301	10,387	9,788
Non Current Assets	872	3,746	4,595	5,106	5,646
Investments	1,664	2,632	2,334	7,001	10,502
Inventories	3,004	3,576	3,280	3,112	3,442
Sundry debtors	2,318	3,209	4,146	4,378	4,601
Cash & Cash Equivalents	4,493	1,555	2,981	2,737	2,885
Loans & advances	30	38	60	63	67
Other current assets	1,433	2,349	2,400	2,535	2,663
Trade payables	3,507	4,087	4,163	4,671	4,901
Other current liab.	1,147	1,089	1,240	1,378	1,525
Provisions	1,428	1,344	1,021	1,135	1,256
Net current assets	5,195	4,207	6,443	5,640	5,976
Total assets	19,114	24,055	24,673	28,135	31,911
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	5,689	6,880	6,696	8,731	11,067
Depreciation & Amortisation	3,670	3,348	2,473	2,363	2,136
Net Interest	(38)	(227)	(603)	(757)	(754)
Net Change – WC	1,088	(1,691)	(112)	412	(557)
Direct taxes	(865)	(1,426)	(1,170)	(730)	(1,610)
Net cash from operations	9,241	6,447	7,366	10,100	10,368
Capital expenditure	(320)	(4,802)	(301)	(1,449)	(1,537)
Acquisitions, net	(15)	(624)	0	0	0
Investments	(2,253)	2,850	(1,568)	(4,668)	(3,501)
Others	319	227	740	(683)	(2,060)
Net cash from investing	(2,270)	(2,349)	(1,128)	(6,800)	(7,098)
FCF	6,971	4,098	6,238	3,300	3,270
Issue of share capital	(1,756)	(2,001)	(465)	0	0
Increase/(decrease) in debt	(1,247)	1,580	(1,912)	0	96
Dividend paid	(3,747)	(3,556)	(3,529)	(4,843)	(5,892)
Interest paid	(133)	(45)	(60)	(81)	(86)
Others	0	0	(109)	0	0
Net cash from financing	(6,882)	(4,021)	(6,076)	(4,924)	(5,882)
Net change in Cash	90	77	162	(1,624)	(2,612)

Source: Company, Centrum Broking

Godfrey Phillips India (GP)

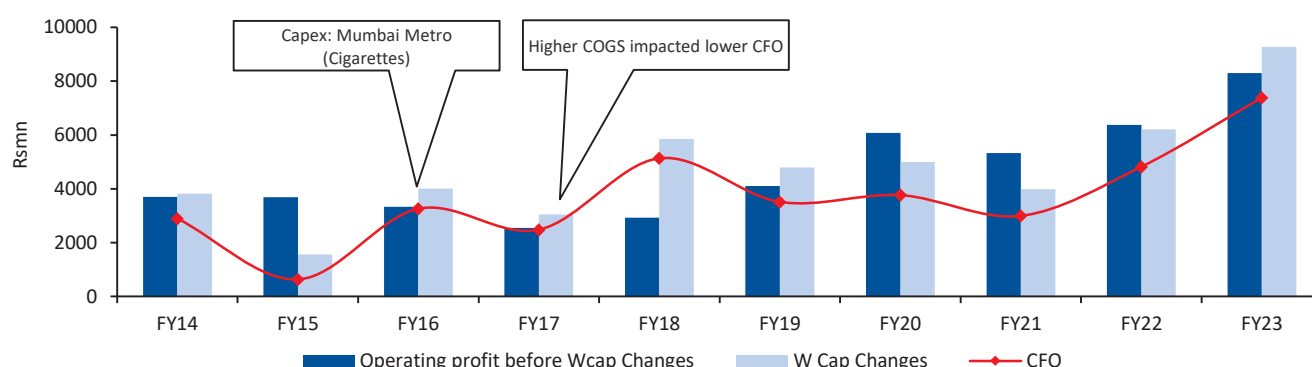
Over the last 10 years, GP has delivered revenue/PBT CAGR of 5.6%/12.8%. The highly regulated cigarette industry saw frequent policy interventions and changes in taxation led to volatile performance. Operating profits moderated due to investments in 24Seven retail business. Over FY14-23, cumulative profit before WC has been Rs46.3bn (tax paid: Rs10.2bn) and cash flow from operating activities has been Rs36.9bn. OCF/FCF conversion at 73%, while OCF/EBITDA stood at 90%. With cumulative capex at Rs10bn, GP generated cumulative FCF of Rs27bn over FY14-23. Due to high capital investments in retail business average ROE suffered at 14.9%. Average dividend pay-out at 30.2% resulted in stock price return of CAGR 8.2%.

Market data

Current price:	Rs2,056
Bloomberg:	GP IN
52-week H/L:	Rs2,252/1,079
Market cap:	Rs106.9bn
Free float:	41.7%
Avg. daily vol. 3mth:	147069

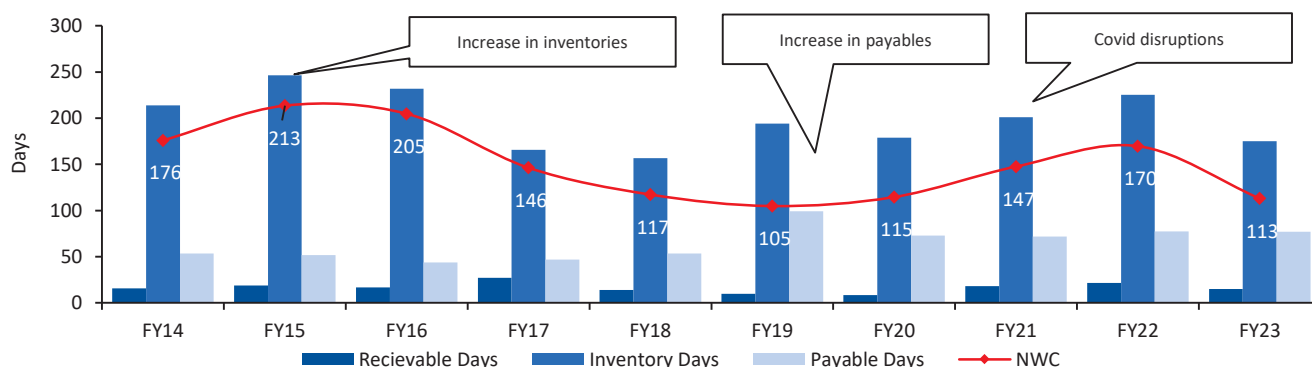
Source: Bloomberg

Exhibit 299: Consistent positive cash flow from operations for last 7 years



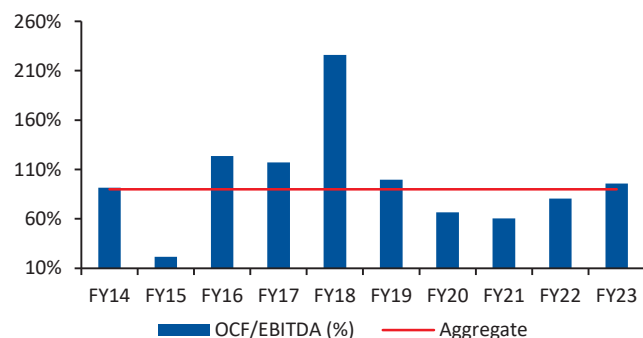
Source: Company, Centrum Broking

Exhibit 300: Working capital cycle by-and-large steady over the decade, inventory days cut by 39 days over 10 years



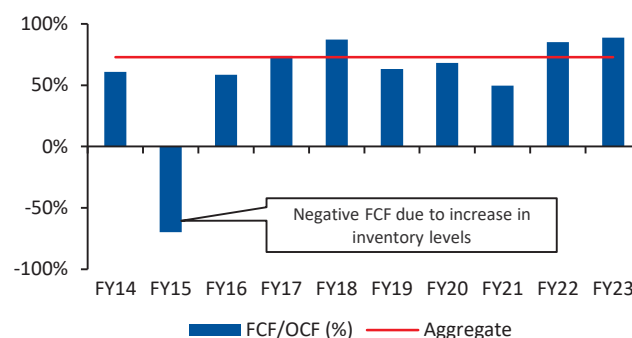
Source: Company, Centrum Broking

Exhibit 301: EBITDA to OCF conversion of 90% over 10 years



Source: Company, Centrum Broking

Exhibit 302: OCF to FCF conversion of 73% over 10 years



Source: Company, Centrum Broking

Exhibit 303: Leverage has been consistently low; Return ratios by-and-large steady

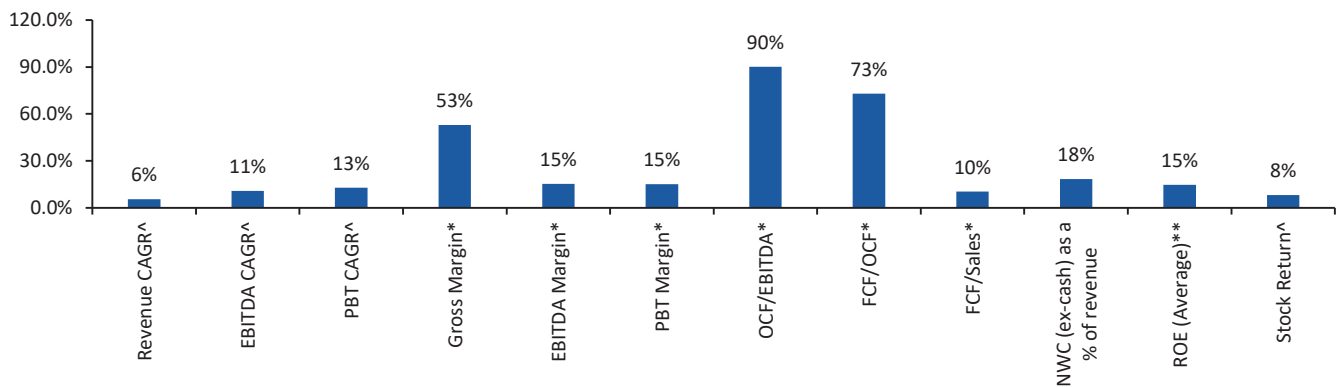
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.1	0.0	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.0)	(0.0)
Net Debt/EBITDA	0.2	0.6	0.1	(0.2)	(0.7)	(0.6)	(0.2)	(0.9)	(0.8)	(0.2)	(0.3)
RoCE pre-tax	18.7%	14.3%	11.8%	8.8%	8.5%	13.4%	19.6%	15.9%	16.8%	19.6%	14.8%
RoCE	13.3%	9.7%	8.3%	6.1%	5.6%	8.9%	14.7%	12.2%	12.9%	14.7%	10.6%
RoIC (pre-tax)	20.0%	14.9%	12.2%	9.2%	9.2%	15.2%	23.1%	19.7%	22.0%	21.0%	16.7%
RoE	18.7%	14.3%	11.8%	8.8%	8.5%	13.4%	19.6%	15.9%	16.8%	20.6%	14.8%

Source: Company, Centrum Broking

Exhibit 304: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.71	0.67	0.70	0.69	0.66	0.66	0.75	0.77	0.77	0.77	0.72
Revenue/average total assets	1.92	1.85	1.50	1.46	1.34	1.33	1.32	0.97	0.92	1.08	1.37
Average total assets/Average NW	1.14	1.07	1.04	1.04	1.03	1.02	1.08	1.14	1.12	1.10	1.08
PBT/EBITDA	0.92	0.92	0.93	0.93	0.94	1.03	0.91	0.94	0.94	1.02	0.95
EBITDA/Revenue	0.13	0.12	0.12	0.09	0.10	0.14	0.20	0.20	0.23	0.22	0.15
RoE	18.7%	14.3%	11.8%	8.8%	8.5%	13.4%	19.6%	15.9%	16.8%	20.6%	14.8%

Source: Company, Centrum Broking

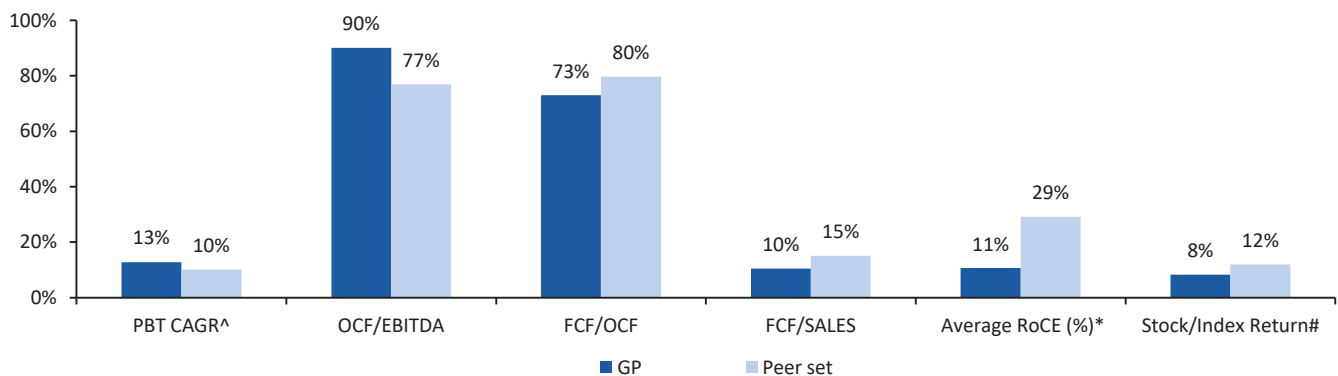
Exhibit 305: Price movement vs. Financials (revenues are volatile due to heavy regulations/taxation of cigarette industry)

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 306: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,770	(440)	1,910	1,834	4,564	2,278	2,616	1,730	4,113	6,559
FCF yield	6%	NA	4%	3%	8%	5%	5%	4%	7%	9%
Dividend + Buyback (b)	416	416	416	416	416	520	1,248	1,248	1,456	2,288
Distribution of FCF (b/a)	24%	NA	22%	23%	9%	23%	48%	72%	35%	35%
Cash & equivalents*/Capital employed	1.8%	1.7%	1.6%	1.7%	2.1%	1.5%	1.8%	1.1%	1.3%	1.0%

Source: Company, Centrum Broking *including liquid investments

Exhibit 307: GP vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Nifty Consumer Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	24,686	26,453	35,302	41,058	44,299
Operating Expense	15,691	15,740	17,812	23,054	24,328
Employee cost	2,355	2,510	2,845	3,460	3,835
Others	1,687	2,223	6,932	5,306	5,725
EBITDA	4,954	5,981	7,714	9,237	10,410
Depreciation & Amortisation	1,385	1,422	1,507	1,699	1,822
EBIT	3,569	4,559	6,208	7,538	8,588
Interest expenses	307	338	289	368	376
Other income	1,387	1,395	1,978	3,067	3,625
PBT	4,649	5,616	7,896	10,237	11,838
Taxes	1,080	1,296	1,812	2,365	2,734
Effective tax rate (%)	23.2	23.1	23.0	23.1	23.1
PAT	3,569	4,320	6,084	7,872	9,103
Minority/Associates	0	0	0	0	0
Recurring PAT	3,569	4,320	6,084	7,872	9,103
Extraordinary items	0	0	0	0	0
Reported PAT	3,569	4,320	6,084	7,872	9,103
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(12.7)	7.2	33.5	16.3	7.9
EBITDA	(12.5)	20.7	29.0	19.7	12.7
Adj. EPS	(8.0)	21.0	40.8	29.4	15.6
Margins (%)					
Gross	50.6	53.7	49.5	51.7	52.7
EBITDA	20.1	22.6	21.9	22.5	23.5
EBIT	14.5	17.2	17.6	18.4	19.4
Adjusted PAT	14.5	16.3	17.2	19.2	20.5
Returns (%)					
ROE	15.9	16.8	20.6	22.4	21.6
ROCE	14.7	15.8	19.1	21.6	21.4
ROIC	21.9	26.8	38.2	47.8	51.3
Turnover (days)					
Gross block turnover ratio (x)	1.6	1.7	2.1	2.2	2.1
Debtors	14	19	16	14	15
Inventory	192	213	165	166	170
Creditors	73	74	65	72	74
Net working capital	253	283	268	269	289
Solvency (x)					
Net debt-equity	(0.5)	(0.5)	(0.6)	(0.7)	(0.7)
Interest coverage ratio	16.1	17.7	26.7	25.1	27.7
Net debt/EBITDA	(2.4)	(2.4)	(2.6)	(2.8)	(2.9)
Per share (Rs)					
Adjusted EPS	68.6	83.1	117.0	151.4	175.1
BVPS	464.8	523.8	613.2	736.8	884.0
CEPS	95.3	110.4	146.0	184.1	210.1
DPS	24.0	28.0	46.0	60.0	69.0
Dividend payout (%)	35.0	33.7	39.3	39.6	39.4
Valuation (x)					
P/E	29.9	24.7	17.6	13.6	11.7
P/BV	4.4	3.9	3.3	2.8	2.3
EV/EBITDA	19.2	15.5	11.2	8.7	7.3
Dividend yield (%)	1.2	1.4	2.2	2.9	3.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	104	104	104	104	104
Reserves & surplus	24,060	27,133	31,780	38,203	45,857
Shareholders fund	24,164	27,237	31,884	38,307	45,961
Minority Interest	0	0	0	0	0
Total debt	3,346	3,358	3,538	1,683	1,683
Non Current Liabilities	260	254	227	227	(2,395)
Def tax liab. (net)	70	52	20	20	20
Total liabilities	27,840	30,901	35,669	40,238	45,270
Gross block	15,839	15,593	16,688	18,625	20,676
Less: acc. Depreciation	(5,852)	(6,114)	(7,707)	(9,405)	(11,227)
Net block	9,986	9,478	8,982	9,220	9,448
Capital WIP	262	415	211	211	211
Net fixed assets	10,248	9,893	9,193	9,431	9,660
Non Current Assets	501	476	576	576	576
Investments	0	0	0	0	0
Inventories	6,706	7,564	8,560	9,509	10,048
Sundry debtors	1,237	1,556	1,495	1,739	1,876
Cash & Cash Equivalents	15,022	17,549	23,962	27,710	32,039
Loans & advances	15	17	9	9	9
Other current assets	1,455	1,407	1,590	1,314	1,418
Trade payables	2,393	2,592	3,740	4,075	4,380
Other current liab.	4,754	4,822	5,823	5,823	5,823
Provisions	197	148	152	152	152
Net current assets	17,091	20,531	25,901	30,230	35,034
Total assets	27,840	30,901	35,669	40,238	45,270
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	4,649	5,616	7,896	10,237	11,838
Depreciation & Amortisation	1,385	1,422	1,507	1,699	1,822
Net Interest	(706)	(657)	(1,100)	(2,699)	(3,249)
Net Change – WC	(1,341)	(174)	973	(581)	(475)
Direct taxes	(991)	(1,386)	(1,887)	(2,365)	(2,734)
Net cash from operations	2,996	4,820	7,390	6,291	7,200
Capital expenditure	(1,267)	(707)	(831)	(1,937)	(2,050)
Acquisitions, net	(242)	0	0	(2,227)	(2,450)
Investments	(1,710)	(1,671)	(4,664)	0	0
Others	38	54	137	0	0
Net cash from investing	(3,180)	(2,325)	(5,359)	(4,164)	(4,500)
FCF	(184)	2,496	2,031	2,127	2,700
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	384	(761)	(355)	515	1,004
Dividend paid	(25)	(1,239)	(1,449)	(1,449)	(1,449)
Interest paid	(287)	(380)	(259)	(368)	(376)
Others	0	0	0	0	0
Net cash from financing	72	(2,380)	(2,063)	(1,303)	(821)
Net change in Cash	(112)	116	(32)	824	1,880

Source: Company, Centrum Broking

Hindusan Unilever (HUVR)

HUVR reported revenue/PBT CAGR of 8.7%/11.7% over FY14-23. Operating profits have been healthy and expanded consistently. With volatility in input prices and slower than expected recovery in acquired portfolio of GSK-CH, gross margins declined 147bp; EBITDA margins improved 708bp. Cumulative profit before WC at Rs845.4bn (tax paid: Rs220.2bn) and cash flow from operating activities healthy at Rs624.1bn. Importantly, with tighter supply chain HUVR could cut inventory days from 36 to 25, while receivables steady at 16 days. OCF/ EBITDA stood at 74% and FCF/OCF healthy at 88.7%. With cumulative capex at Rs109.5bn it generated cumulative FCF of Rs554bn over FY14-23. Dividend pay-out of >90% reflected in stock price return at CAGR 19% over the decade.

22 September 2023

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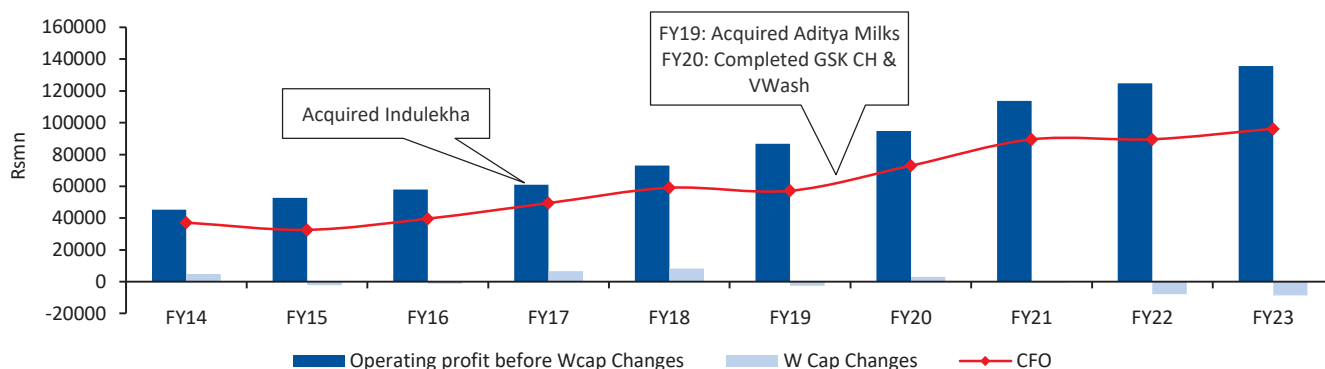
Institutional Research

Market data

Current price:	Rs2,489
Bloomberg:	HUVR IN
52-week H/L:	Rs2,770/2,393
Market cap:	Rs5,847.3bn
Free float:	33.4%
Avg. daily vol. 3mth:	1544431

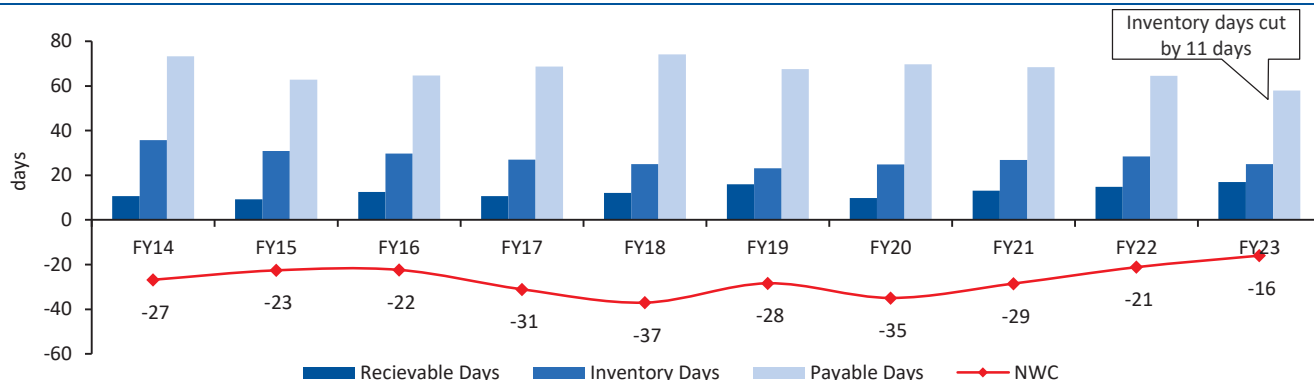
Source: Bloomberg

Exhibit 308: Consistent positive cash flow from operations



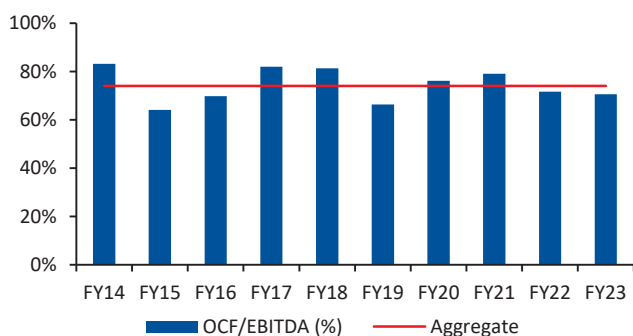
Source: Company, Centrum Broking

Exhibit 309: Working capital cycle by-and-large steady over the decade (company could squeeze the suppliers)



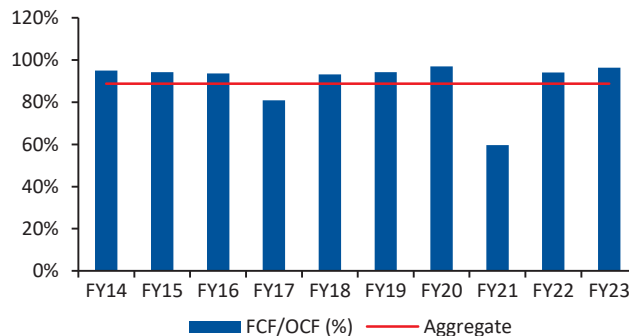
Source: Company, Centrum Broking

Exhibit 310: EBITDA to OCF conversion of 74.0% over 10 years



Source: Company, Centrum Broking

Exhibit 311: OCF to FCF conversion of 88.7% over 10 years



Source: Company, Centrum Broking

Exhibit 312: Leverage has been consistently low over the decade where return ratios have contracted

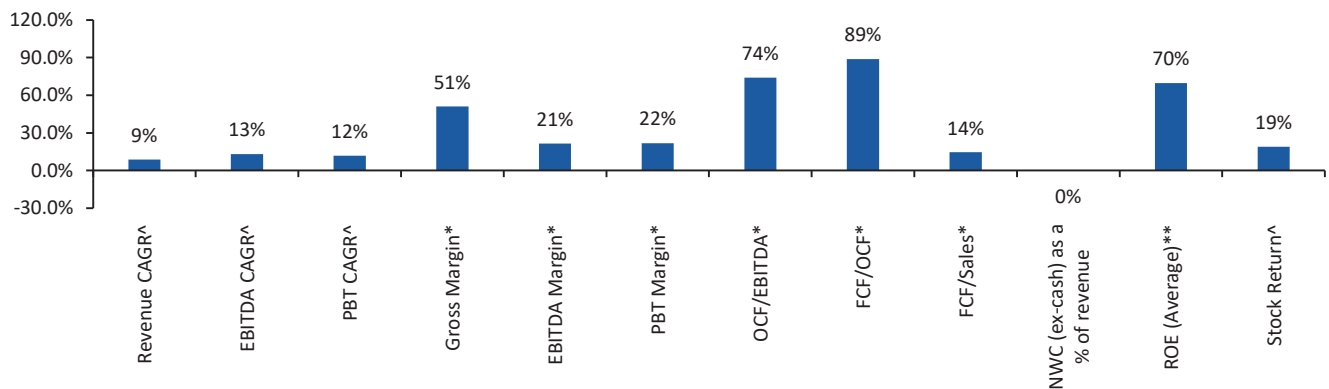
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(1.4)	(1.4)	(0.8)	(0.8)	(0.9)	(0.8)	(0.8)	(0.1)	(0.1)	(0.1)	(0.7)
Net Debt/EBITDA	(1.0)	(1.0)	(0.9)	(0.9)	(0.9)	(0.7)	(0.7)	(0.6)	(0.6)	(0.5)	(0.8)
RoCE pre-tax	96.0%	98.0%	86.8%	76.3%	84.6%	90.0%	86.6%	30.4%	19.8%	21.2%	69.0%
RoCE	71.1%	68.0%	60.3%	52.6%	61.1%	64.4%	64.6%	23.2%	14.9%	16.2%	49.7%
RoIC (pre-tax)	NA	NA	NA	295.1%	329.4%	330.9%	252.7%	38.2%	22.7%	24.5%	184.8%
RoE	119.5%	107.5%	82.3%	66.5%	78.1%	85.0%	88.4%	29.5%	18.4%	20.3%	69.6%

Source: Company, Centrum Broking, Note: RoIC (pre-tax) beyond FY17 data were not comparable

Exhibit 313: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.74	0.69	0.69	0.69	0.72	0.72	0.75	0.76	0.75	0.76	0.73
Revenue/average total assets	6.24	6.12	4.92	4.22	4.22	4.18	3.83	1.34	0.87	0.98	3.69
Average total assets/Average NW	1.48	1.40	1.24	1.16	1.18	1.22	1.28	1.22	1.21	1.20	1.26
PBT/EBITDA	1.07	1.06	1.04	1.02	1.01	1.01	0.97	0.95	0.94	0.96	1.00
EBITDA/Revenue	0.16	0.17	0.19	0.19	0.21	0.23	0.25	0.25	0.25	0.23	0.21
RoE	119.5%	107.5%	82.3%	66.5%	78.1%	85.0%	88.4%	29.5%	18.4%	20.3%	69.6%

Source: Company, Centrum Broking

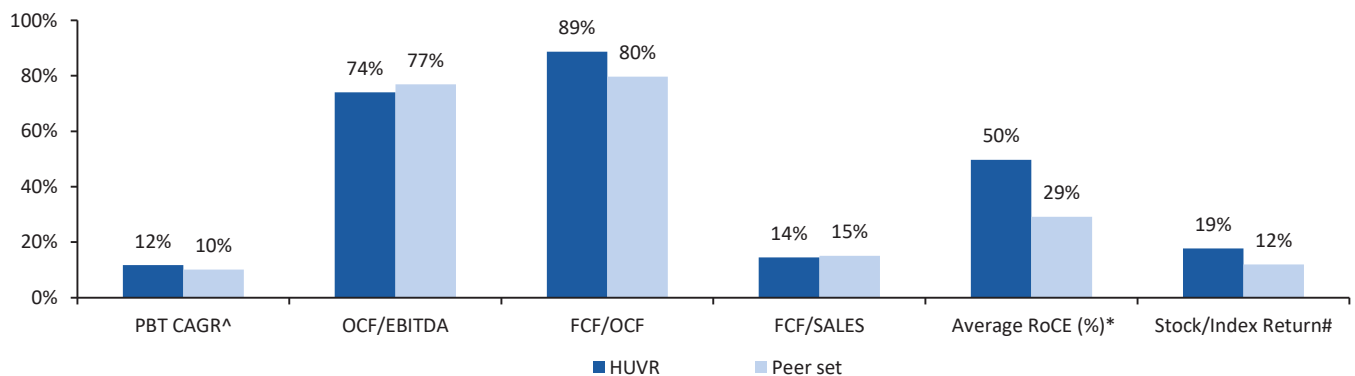
Exhibit 314: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 315: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	35,389	30,843	37,200	40,040	55,150	54,020	70,820	53,470	84,310	92,660
FCF yield	3%	2%	2%	2%	2%	1%	2%	1%	1%	2%
Dividend + Buyback (b)	28,114	32,453	33,540	35,710	43,290	47,620	51,960	88,110	119,830	91,640
Distribution of FCF (b/a)	79%	105%	90%	89%	78%	88%	73%	165%	142%	99%
Cash & equivalents*/Capital employed	63.2%	63.5%	43.9%	25.7%	47.7%	48.2%	62.5%	9.1%	7.4%	8.8%

Source: Company, Centrum Broking *including liquid investments

Exhibit 316: HUVR vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	453,110	503,360	581,540	633,830	705,180
Operating Expense	315,760	354,300	428,470	438,097	484,210
Employee cost	22,290	23,990	26,650	30,424	34,554
Others	8,670	8,610	0	15,486	16,912
EBITDA	113,240	125,030	136,320	149,823	169,504
Depreciation & Amortisation	10,120	10,250	10,300	10,578	10,919
EBIT	103,120	114,780	126,020	139,245	158,585
Interest expenses	1,080	980	1,010	606	606
Other income	0	0	0	0	0
PBT	107,170	117,730	131,410	142,479	161,435
Taxes	25,360	29,210	31,170	35,620	41,489
Effective tax rate (%)	23.7	24.8	23.7	25.0	25.7
PAT	81,810	88,520	100,240	106,860	119,946
Minority/Associates	0	0	0	0	0
Recurring PAT	81,810	88,520	100,240	106,860	119,946
Extraordinary items	(2,270)	(340)	(620)	0	0
Reported PAT	79,540	88,180	99,620	106,860	119,946
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	18.4	11.1	15.5	9.0	11.3
EBITDA	18.0	10.4	9.0	9.9	13.1
Adj. EPS	8.7	8.2	13.2	6.6	12.2
Margins (%)					
Gross	53.7	51.8	48.1	49.7	49.8
EBITDA	24.6	24.4	23.0	23.6	24.0
EBIT	22.4	22.4	21.3	22.0	22.5
Adjusted PAT	17.8	17.2	16.8	16.9	17.0
Returns (%)					
ROE	29.5	18.4	20.3	21.1	23.2
ROCE	29.8	18.6	20.4	21.2	23.3
ROIC	28.9	16.9	18.4	19.8	22.4
Turnover (days)					
Gross block turnover ratio (x)	5.1	5.3	5.3	5.3	5.3
Debtors	11	13	14	16	14
Inventory	51	53	46	47	46
Creditors	135	127	107	112	115
Net working capital	23	27	28	32	38
Solvency (x)					
Net debt-equity	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Interest coverage ratio	104.9	127.6	135.0	247.2	279.7
Net debt/EBITDA	(0.6)	(0.6)	(0.5)	(0.6)	(0.7)
Per share (Rs)					
Adjusted EPS	34.8	37.7	42.7	45.5	51.1
BVPS	201.8	207.5	213.8	217.2	223.3
CEPS	39.1	42.0	47.0	50.0	55.7
DPS	37.5	34.0	39.0	42.0	45.0
Dividend payout (%)	110.8	90.6	92.0	92.3	88.1
Valuation (x)					
P/E	71.4	66.0	58.3	54.7	48.7
P/BV	12.3	12.0	11.6	11.4	11.1
EV/EBITDA	46.9	42.5	39.0	35.3	31.1
Dividend yield (%)	1.5	1.4	1.6	1.7	1.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	2,350	2,350	2,350	2,350	2,350
Reserves & surplus	471,990	485,250	499,860	508,041	522,260
Shareholders fund	474,340	487,600	502,210	510,391	524,610
Minority Interest	0	0	0	0	0
Total debt	0	0	0	0	0
Non Current Liabilities	98,410	100,330	99,770	109,747	120,722
Def tax liab. (net)	0	0	0	0	0
Total liabilities	572,750	587,930	601,980	620,138	645,331
Gross block	88,640	94,730	108,790	120,199	132,892
Less: acc. Depreciation	(30,780)	(36,600)	(46,900)	(56,630)	(66,576)
Net block	57,860	58,130	61,890	63,569	66,316
Capital WIP	6,230	9,010	10,200	11,220	12,342
Net fixed assets	516,500	519,350	524,250	526,949	530,818
Non Current Assets	25,140	25,430	23,680	26,048	28,653
Investments	3,120	6,120	9,830	10,813	11,894
Inventories	33,830	38,900	40,310	41,463	48,062
Sundry debtors	16,480	19,320	27,350	27,784	27,048
Cash & Cash Equivalents	70,040	71,280	72,330	92,272	120,218
Loans & advances	15,880	16,840	20,380	22,418	24,660
Other current assets	170	130	120	120	120
Trade payables	86,270	88,640	93,910	102,455	119,784
Other current liab.	17,230	17,460	18,570	21,213	21,839
Provisions	4,910	3,340	3,790	4,062	4,519
Net current assets	27,990	37,030	44,220	56,328	73,966
Total assets	572,750	587,930	601,980	620,138	645,331
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	104,900	117,390	130,790	142,479	161,435
Depreciation & Amortisation	10,690	10,400	10,450	10,578	10,919
Net Interest	(3,440)	(2,400)	(5,430)	(3,234)	(2,850)
Net Change – WC	(560)	(7,890)	(8,630)	19,119	24,747
Direct taxes	(23,670)	(27,200)	(30,680)	(35,620)	(41,489)
Net cash from operations	89,570	89,640	96,260	132,833	151,638
Capital expenditure	(39,540)	(7,730)	(9,030)	(11,409)	(12,693)
Acquisitions, net	0	0	0	0	0
Investments	22,330	(12,200)	8,020	(17,406)	(7,903)
Others	3,540	2,610	(9,610)	(1,020)	(1,122)
Net cash from investing	(13,670)	(17,320)	(10,620)	(29,835)	(21,718)
FCF	75,900	72,320	85,640	102,998	129,920
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(88,110)	(75,190)	(84,590)	(98,679)	(105,728)
Interest paid	(4,690)	(4,650)	(5,070)	1,568	(464)
Others	0	0	0	0	0
Net cash from financing	(92,800)	(79,840)	(89,660)	(97,111)	(106,191)
Net change in Cash	(16,900)	(7,520)	(4,020)	5,887	23,729

Source: Company, Centrum Broking

ITC Limited

ITC reported revenue/PBT CAGR 8.2%/8.3% over FY14-23. Operating profits have been healthy and expanded consistently. Higher tax incidence saw cigarette business remained volatile, ensuing cut in gross margin by 420bp. Over FY14-23, cumulative profit before WC has been Rs1.7tn (tax paid: Rs481.8bn) and cash flow from operating activities remained healthy at Rs1.2tn. Commendably ITC cut its inventory from 204 to 134 days over FY14-23. OCF/FCF conversion stood at 80.3% while OCF/EBITDA at 81%. Rising investments in Hotel/FMCG businesses saw cumulative capex of Rs231.8bn yet delivered FCF of Rs947.2bn. Average dividend pay-out has been 78.3% over the decade resulting in stock price return CAGR 6%, (last 1-year at ~41%).

22 September 2023

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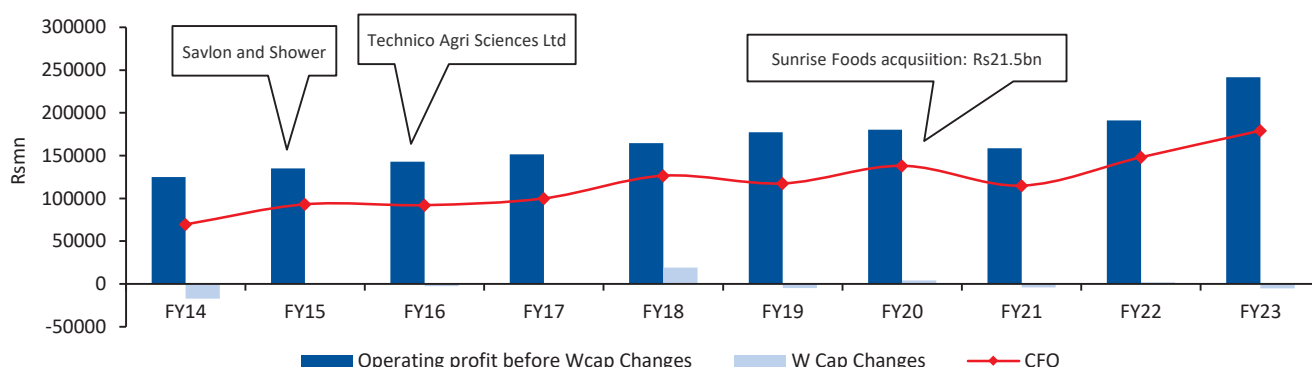
Institutional Research

Market data

Current price:	Rs452
Bloomberg:	ITC IN
52-week H/L:	Rs500/321
Market cap:	Rs5,637.2bn
Free float:	52.5%
Avg. daily vol. 3mth:	11556430

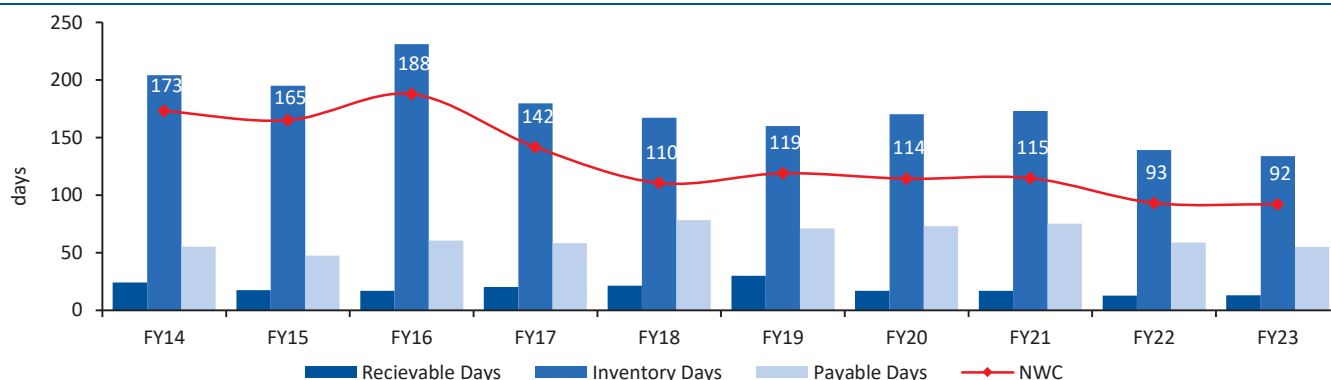
Source: Bloomberg

Exhibit 317: Generated consistently positive cash flow from operations despite higher investments in Hotels/FMCG segment



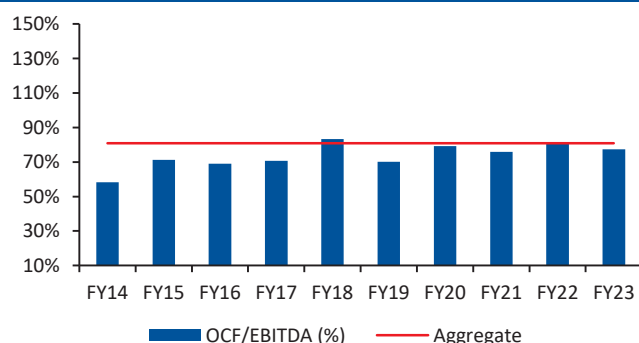
Source: Company, Centrum Broking

Exhibit 318: Working capital cycle decreased over the decade, the company could cut its inventory by 70 days



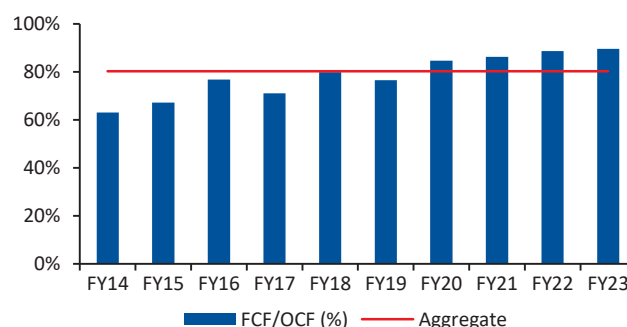
Source: Company, Centrum Broking

Exhibit 319: EBITDA to OCF conversion of 81.0% over 10 years



Source: Company, Centrum Broking

Exhibit 320: OCF to FCF conversion of 80.3% over 10 years



Source: Company, Centrum Broking

Exhibit 321: Leverage has been consistently low; Return ratios by-and-large steady for last 7 years

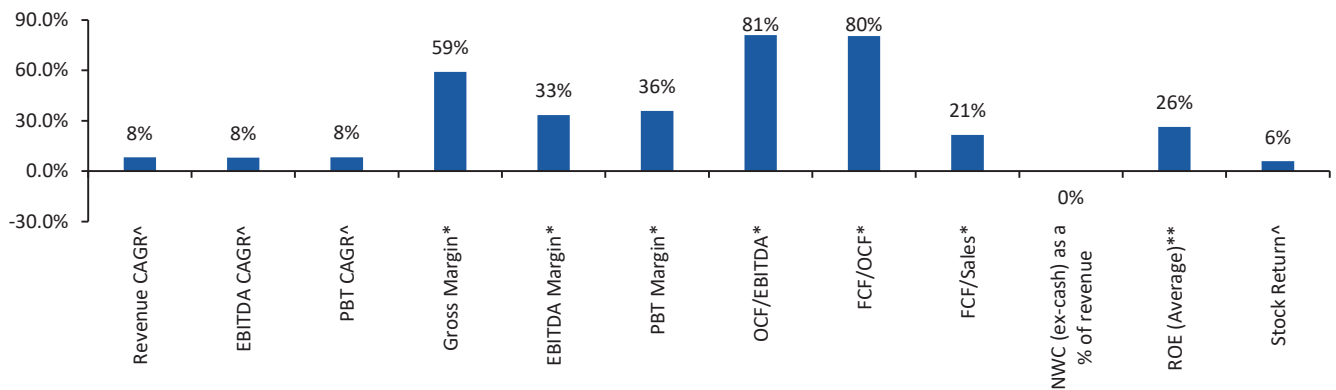
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.3)	(0.4)
Net Debt/EBITDA	(0.8)	(1.0)	(1.2)	(1.3)	(1.5)	(1.6)	(1.9)	(1.8)	(1.5)	(0.9)	(1.4)
RoCE pre-tax	27.6%	25.5%	18.3%	18.2%	17.4%	17.3%	19.0%	16.8%	19.9%	30.5%	21.1%
RoCE	19.2%	17.5%	11.8%	12.0%	11.6%	11.7%	15.0%	12.8%	15.1%	24.4%	15.1%
RoIC (pre-tax)	46.2%	44.7%	34.1%	30.1%	31.3%	32.9%	38.4%	31.3%	36.4%	46.8%	37.2%
RoE	35.6%	33.7%	25.8%	23.2%	22.6%	22.8%	25.0%	21.2%	25.0%	29.0%	26.4%

Source: Company, Centrum Broking

Exhibit 322: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.69	0.69	0.65	0.66	0.67	0.68	0.79	0.76	0.76	0.76	0.71
Revenue/average total assets	1.28	1.20	0.95	0.87	0.80	0.78	0.71	0.71	0.89	0.98	0.92
Average total assets/Average NW	1.06	1.06	1.05	1.05	1.04	1.04	1.04	1.04	1.04	1.03	1.04
PBT/EBITDA	1.04	1.07	1.08	1.09	1.08	1.10	1.11	1.13	1.08	1.06	1.09
EBITDA/Revenue	0.36	0.36	0.37	0.36	0.38	0.38	0.39	0.34	0.33	0.36	0.36
RoE	35.6%	33.7%	25.8%	23.2%	22.6%	22.8%	25.0%	21.2%	25.0%	29.0%	26.4%

Source: Company, Centrum Broking

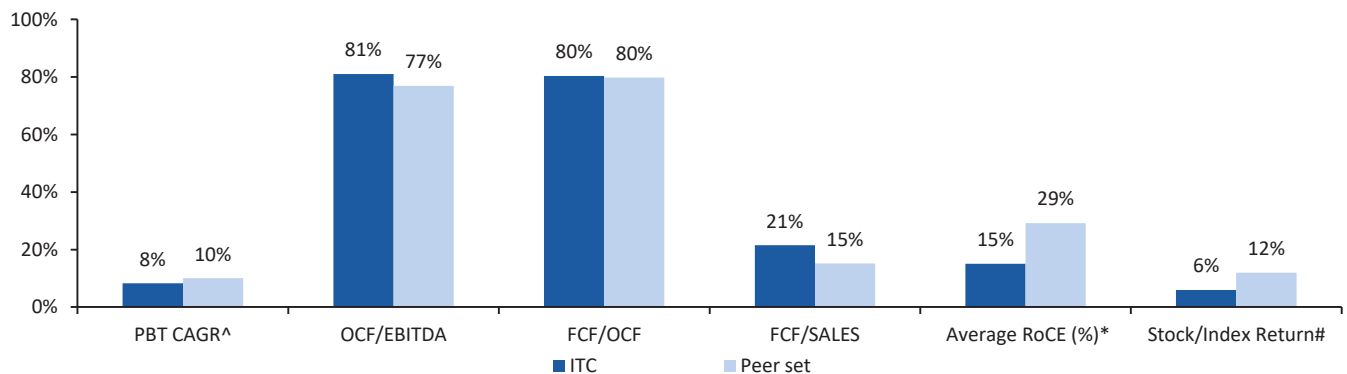
Exhibit 323: Price movement vs. Financials (revenue performance remain volatile due to heavy regulation for cigarette)

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 324: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	43,897	62,644	70,743	71,049	101,030	89,896	116,926	99,145	131,330	160,534
FCF yield	2%	2%	3%	2%	3%	3%	4%	4%	5%	4%
Dividend + Buyback (b)	47,719	50,097	68,401	57,700	62,852	70,487	124,766	70,776	141,717	226,811
Distribution of FCF (b/a)	109%	80%	97%	81%	62%	78%	107%	71%	108%	141%
Cash & equivalents*/Capital employed	11.9%	23.3%	12.9%	5.8%	4.8%	6.3%	10.3%	6.5%	6.1%	5.7%

Source: Company, Centrum Broking *including liquid investments

Exhibit 325: ITC vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Nifty FMCG Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	451,118	556,968	652,729	758,239	846,925
Operating Expense	199,746	262,325	288,802	332,071	361,637
Employee cost	28,210	30,620	35,695	41,703	46,581
Others	71,671	81,131	96,492	111,986	128,913
EBITDA	151,492	182,892	231,741	272,479	309,795
Depreciation & Amortisation	15,618	16,522	16,627	17,944	19,122
EBIT	135,873	166,370	215,114	254,535	290,673
Interest expenses	475	420	418	436	436
Other income	36,243	32,344	32,080	30,476	28,952
PBT	171,642	198,295	246,775	284,575	319,189
Taxes	41,325	47,717	59,971	70,006	78,520
Effective tax rate (%)	24.1	24.1	24.3	24.6	24.6
PAT	130,316	150,578	186,804	214,570	240,668
Minority/Associates	0	0	0	0	0
Recurring PAT	130,316	150,578	186,804	214,570	240,668
Extraordinary items	0	0	729	0	0
Reported PAT	130,316	150,578	187,533	214,570	240,668
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(0.1)	23.5	17.2	16.2	11.7
EBITDA	(13.0)	20.7	26.7	17.6	13.7
Adj. EPS	(14.7)	15.4	23.0	14.9	12.2
Margins (%)					
Gross	55.7	52.9	55.8	56.2	57.3
EBITDA	33.6	32.8	35.5	35.9	36.6
EBIT	30.1	29.9	33.0	33.6	34.3
Adjusted PAT	28.9	27.0	28.7	28.3	28.4
Returns (%)					
ROE	21.2	25.0	29.0	31.0	33.1
ROCE	21.1	24.9	28.9	30.9	33.0
ROIC	31.1	35.5	37.5	37.9	41.9
Turnover (days)					
Gross block turnover ratio (x)	1.7	1.9	2.1	2.3	2.4
Debtors	17	13	12	12	12
Inventory	160	135	130	216	306
Creditors	69	58	54	92	132
Net working capital	252	200	128	162	159
Solvency (x)					
Net debt-equity	(0.5)	(0.4)	(0.3)	(0.3)	(0.3)
Interest coverage ratio	319.1	436.0	554.3	624.9	710.5
Net debt/EBITDA	(1.8)	(1.4)	(0.9)	(0.8)	(0.8)
Per share (Rs)					
Adjusted EPS	10.6	12.2	15.0	17.3	19.4
BVPS	48.0	49.8	54.4	57.0	59.9
CEPS	11.9	13.6	16.4	18.7	20.9
DPS	10.8	11.5	12.8	14.7	16.5
Dividend payout (%)	101.5	94.1	84.7	85.0	85.0
Valuation (x)					
P/E	42.7	37.0	30.1	26.2	23.3
P/BV	9.4	9.1	8.3	7.9	7.5
EV/EBITDA	34.9	29.0	23.1	19.6	17.2
Dividend yield (%)	2.4	2.5	2.8	3.2	3.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	12,309	12,323	12,428	12,428	12,428
Reserves & surplus	577,737	601,672	663,510	695,696	731,796
Shareholders fund	590,046	613,996	675,938	708,124	744,224
Minority Interest	0	0	0	0	0
Total debt	3,290	3,112	3,234	3,234	3,234
Non Current Liabilities	3,964	2,834	3,543	4,116	4,597
Def tax liab. (net)	17,277	16,671	16,211	16,211	16,211
Total liabilities	614,577	636,612	698,927	731,684	768,267
Gross block	265,633	289,087	311,425	329,440	347,755
Less: acc. Depreciation	(69,700)	(82,725)	(99,353)	(117,296)	(136,418)
Net block	195,933	206,362	212,072	212,143	211,337
Capital WIP	33,300	24,423	16,815	16,815	16,815
Net fixed assets	255,083	256,868	255,033	255,104	254,297
Non Current Assets	13,064	28,064	51,914	57,747	62,649
Investments	35,487	47,060	163,636	81,818	81,818
Inventories	94,709	99,978	105,939	286,904	319,301
Sundry debtors	20,904	19,525	23,213	25,542	27,949
Cash & Cash Equivalents	274,499	264,543	201,883	216,430	237,132
Loans & advances	11,999	22,937	7,117	8,268	9,235
Other current assets	10,061	11,952	13,881	16,125	18,011
Trade payables	41,195	42,234	43,513	123,114	138,094
Other current liab.	58,342	71,523	79,542	92,400	103,207
Provisions	1,691	556	636	739	825
Net current assets	310,943	304,621	228,343	337,015	369,501
Total assets	614,577	636,612	698,927	731,684	768,267
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	171,642	198,295	247,504	284,575	319,189
Depreciation & Amortisation	15,618	16,522	16,627	17,944	19,122
Net Interest	(19,013)	(18,201)	(14,838)	(17,611)	(19,383)
Net Change – WC	(3,948)	1,841	(5,169)	(99,386)	(16,205)
Direct taxes	(39,566)	(45,100)	(58,006)	(70,006)	(78,520)
Net cash from operations	114,940	148,078	178,389	115,517	224,203
Capital expenditure	(15,794)	(16,748)	(18,583)	(18,015)	(18,315)
Acquisitions, net	0	0	0	0	0
Investments	61,508	(16,570)	(54,384)	81,818	0
Others	19,265	18,148	21,373	18,047	19,819
Net cash from investing	64,979	(15,171)	(51,594)	81,850	1,504
FCF	179,918	132,907	126,795	197,367	225,707
Issue of share capital	2,907	2,918	24,774	0	0
Increase/(decrease) in debt	389	148	7	0	0
Dividend paid	(186,153)	(135,471)	(151,504)	(182,384)	(204,568)
Interest paid	(931)	(966)	(920)	(436)	(436)
Others	0	0	339	0	0
Net cash from financing	(183,789)	(133,370)	(127,304)	(182,820)	(205,004)
Net change in Cash	(3,871)	(463)	(509)	14,547	20,702

Source: Company, Centrum Broking

VST Industries (VST)

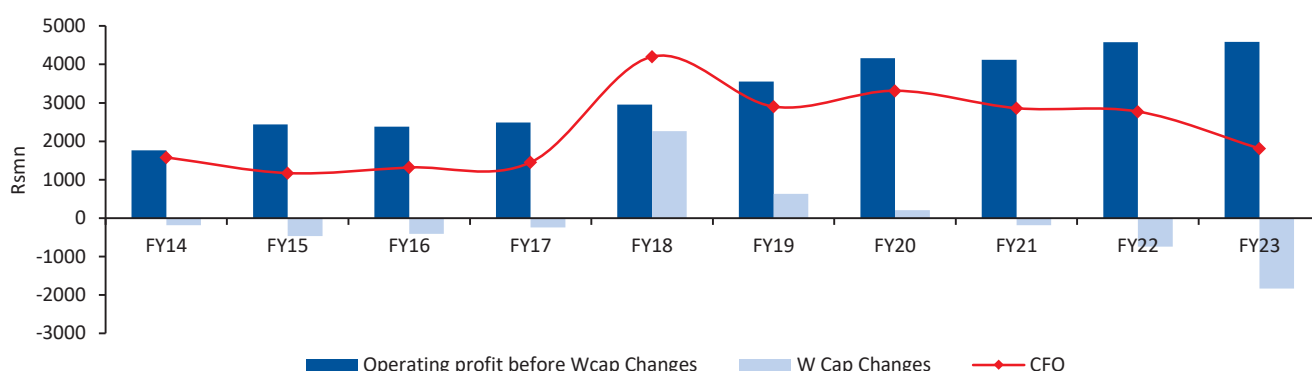
VST reported revenue/PBT CAGR at 6.9%/8.8% over FY14-23 period. Operating profits have been healthy and consistently expanded despite regulatory headwinds faced by the cigarette industry. With clear focus on entry-point cigarette, VST established leadership in the capsule segment. With cumulative profit before WC of Rs33bn (tax paid: Rs10.3bn), cash flow from operating activities stood at Rs23.4bn. OCF/FCF conversion at 67.1%, while OCF/EBITDA steady at 73.5%. Cumulative cash from operating activities has been at Rs23.4bn and limited refurbishment capex at Rs7.7bn, reflected in cumulative FCF of Rs15.7bn. Over FY14-23, average dividend pay-out stood at 66% (Div. yield 3%) reflecting stock price return of CAGR 6.3%.

Market data

Current price:	Rs3,568
Bloomberg:	VST IN
52-week H/L:	Rs3,880/2,910
Market cap:	Rs55.1bn
Free float:	33.4%
Avg. daily vol. 3mth:	7133

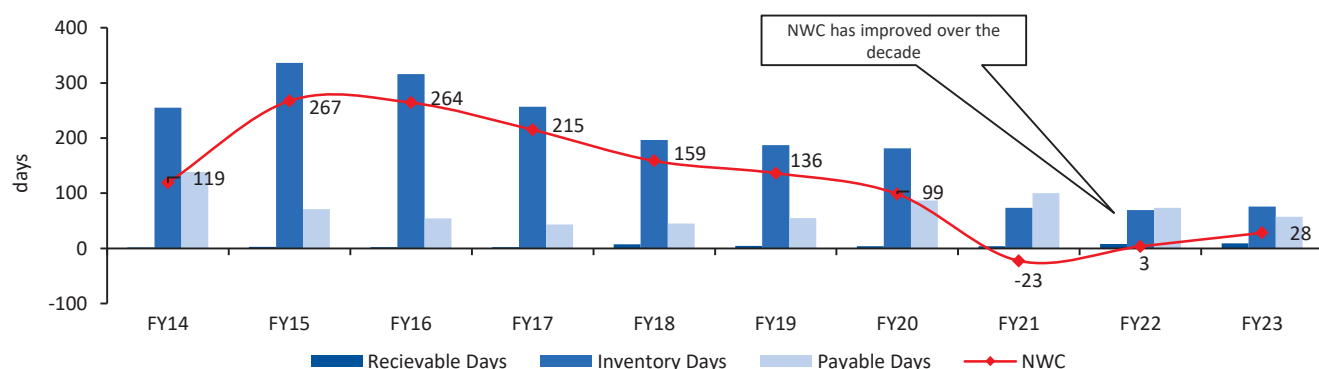
Source: Bloomberg

Exhibit 326: Consistent positive cash flow from operations (cigarette industry is highly regulated and highly taxed)



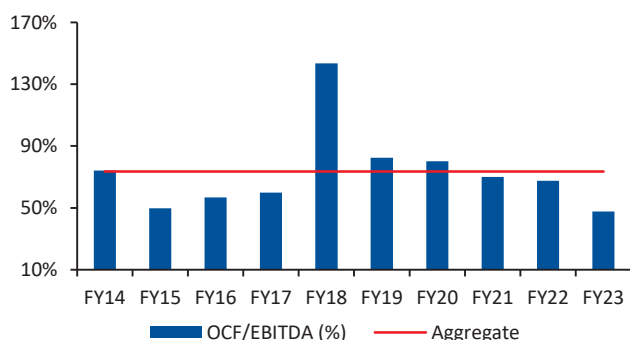
Source: Company, Centrum Broking

Exhibit 327: Working capital cycle: Inventory days cut by 179 days over the decades while creditor days in the same range



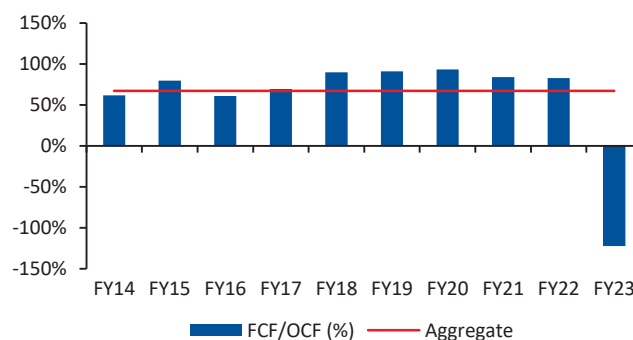
Source: Company, Centrum Broking

Exhibit 328: EBITDA to OCF conversion of 73.5% over 10 years



Source: Company, Centrum Broking

Exhibit 329: OCF to FCF conversion of 67.1% over 10 years



Source: Company, Centrum Broking

Exhibit 330: Leverage has been consistently low; Return ratios continued to improve

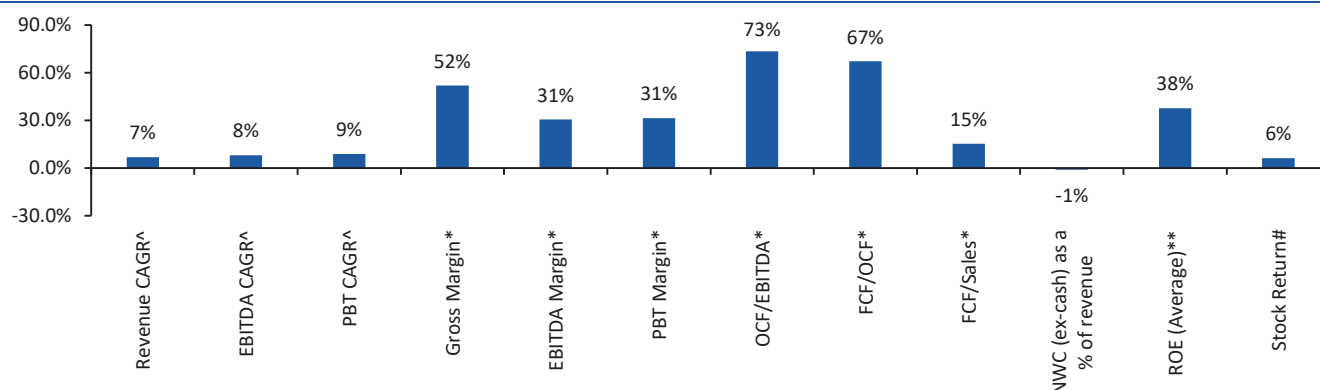
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.7)	(0.6)	(0.4)	(0.3)	(0.8)	(0.9)	(1.0)	(1.0)	(0.7)	(0.3)	(0.7)
Net Debt/EBITDA	(1.0)	(0.9)	(0.8)	(0.7)	(1.5)	(1.7)	(1.8)	(2.2)	(1.9)	(1.0)	(1.3)
RoCE pre-tax	58.2%	60.4%	39.8%	39.2%	44.4%	47.6%	47.6%	39.9%	35.3%	38.8%	45.1%
RoCE	39.0%	40.2%	26.9%	25.8%	28.9%	30.8%	34.4%	29.7%	26.4%	31.0%	31.3%
RoIC (pre-tax)	47.9%	67.6%	61.8%	41.3%	70.0%	222.0%	NA	NA	175.1%	49.4%	91.9%
RoE	48.9%	46.8%	36.9%	29.9%	33.9%	38.1%	43.6%	37.1%	32.5%	29.5%	37.7%

Source: Company, Centrum Broking, Note: RoIC = 8 years avg

Exhibit 331: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	0.67	0.68	0.66	0.65	0.65	0.72	0.74	0.75	0.76	0.69
Revenue/average total assets	2.54	2.51	2.08	1.78	1.72	1.80	1.73	1.29	1.17	1.14	1.78
Average total assets/Average NW	1.01	1.01	1.02	1.02	1.02	1.03	1.03	1.03	1.02	1.02	1.02
PBT/EBITDA	1.05	0.97	0.97	0.95	0.95	1.00	1.02	1.02	1.04	1.13	1.01
EBITDA/Revenue	0.27	0.28	0.27	0.27	0.31	0.32	0.33	0.37	0.35	0.29	0.31
RoE	48.9%	46.8%	36.9%	29.9%	33.9%	38.1%	43.6%	37.1%	32.5%	29.5%	37.7%

Source: Company, Centrum Broking

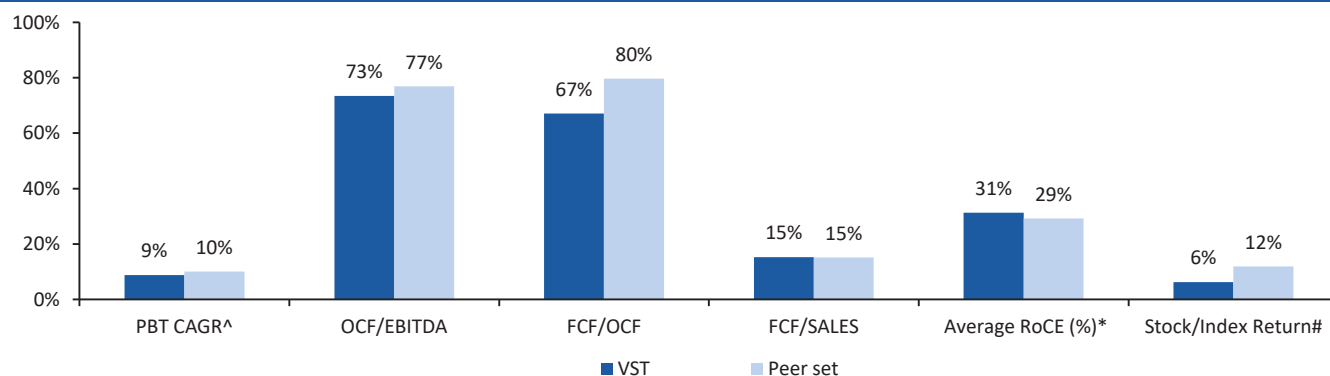
Exhibit 332: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 333: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	978	938	805	1,012	3,769	2,644	3,098	2,398	2,290	(2,224)
FCF yield	3%	3%	3%	3%	8%	6%	5%	5%	4%	NA
Dividend + Buyback (b)	1,081	1,081	1,081	1,158	1,197	1,467	1,591	1,760	2,055	2,235
Distribution of FCF (b/a)	138%	115%	134%	114%	32%	55%	51%	73%	90%	NA
Cash & equivalents*/Capital employed	14.6%	12.4%	2.8%	2.3%	5.0%	4.0%	3.4%	2.2%	1.4%	1.7%

Source: Company, Centrum Broking *including liquid investments

Exhibit 334: VST vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Nifty FMCG Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	11,098	11,766	12,901	13,841	14,923
Operating Expense	5,037	5,439	6,210	6,363	6,729
Employee cost	1,144	1,164	1,203	1,204	1,283
Others	822	1,063	1,685	1,863	1,964
EBITDA	4,094	4,101	3,804	4,411	4,947
Depreciation & Amortisation	351	301	302	412	438
EBIT	3,743	3,800	3,502	3,999	4,509
Interest expenses	0	0	0	0	0
Other income	430	482	787	525	698
PBT	4,173	4,282	4,289	4,524	5,207
Taxes	1,065	1,080	1,019	1,108	1,276
Effective tax rate (%)	25.5	25.2	23.8	24.5	24.5
PAT	3,108	3,203	3,270	3,416	3,931
Minority/Associates	0	0	0	0	0
Recurring PAT	3,108	3,203	3,270	3,416	3,931
Extraordinary items	0	0	0	0	0
Reported PAT	3,108	3,203	3,270	3,416	3,931
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(10.4)	6.0	9.6	7.3	7.8
EBITDA	(1.0)	0.2	(7.3)	16.0	12.2
Adj. EPS	2.2	3.0	2.1	4.5	15.1
Margins (%)					
Gross	56.8	56.4	51.9	55.8	56.7
EBITDA	36.9	34.9	29.5	31.9	33.2
EBIT	33.7	32.3	27.1	28.9	30.2
Adjusted PAT	28.0	27.2	25.3	24.7	26.3
Returns (%)					
ROE	36.0	31.8	29.0	27.5	28.3
ROCE	36.0	31.8	29.0	27.5	28.3
ROIC	1,586.6	175.1	49.4	38.7	42.9
Turnover (days)					
Gross block turnover ratio (x)	3.0	2.8	1.5	1.5	1.6
Debtors	5	8	11	11	11
Inventory	227	211	190	210	210
Creditors	105	83	59	61	61
Net working capital	239	201	107	129	156
Solvency (x)					
Net debt-equity	(1.0)	(0.7)	(0.3)	(0.4)	(0.5)
Interest coverage ratio	0.0	0.0	0.0	0.0	0.0
Net debt/EBITDA	(2.2)	(1.9)	(1.0)	(1.2)	(1.3)
Per share (Rs)					
Adjusted EPS	201.3	207.4	211.7	221.2	254.6
BVPS	609.0	695.7	764.0	845.2	953.5
CEPS	224.0	226.9	231.3	247.9	283.0
DPS	114.0	140.0	140.0	146.2	168.3
Dividend payout (%)	56.6	67.5	66.1	66.1	66.1
Valuation (x)					
P/E	17.5	17.3	16.9	16.2	14.1
P/BV	5.4	5.2	4.7	4.2	3.8
EV/EBITDA	11.9	11.6	13.5	11.3	9.8
Dividend yield (%)	4.0	3.9	3.9	4.1	4.7

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	154	154	154	154	154
Reserves & surplus	9,250	10,589	11,643	12,896	14,570
Shareholders fund	9,404	10,743	11,797	13,051	14,724
Minority Interest	0	0	0	0	0
Total debt	0	0	0	0	0
Non Current Liabilities	221	230	215	215	215
Def tax liab. (net)	(252)	(216)	(178)	(178)	(178)
Total liabilities	9,373	10,757	11,834	13,088	14,761
Gross block	3,643	4,162	8,416	8,969	9,626
Less: acc. Depreciation	(1,916)	(2,212)	(2,514)	(2,926)	(3,364)
Net block	1,727	1,950	5,901	6,043	6,261
Capital WIP	333	105	3	3	3
Net fixed assets	2,060	2,054	5,905	6,047	6,265
Non Current Assets	10	185	116	116	116
Investments	28	2,031	2,018	2,018	2,018
Inventories	2,972	2,956	3,493	3,538	3,908
Sundry debtors	152	333	432	419	473
Cash & Cash Equivalents	9,053	7,830	3,954	5,353	6,630
Loans & advances	0	4	0	0	0
Other current assets	331	297	441	468	505
Trade payables	1,315	1,034	968	1,092	1,081
Other current liab.	3,918	3,900	3,556	3,778	4,074
Provisions	0	0	0	0	0
Net current assets	7,275	6,487	3,795	4,907	6,362
Total assets	9,373	10,757	11,834	13,088	14,761
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	4,117	4,576	4,590	4,411	4,947
Depreciation & Amortisation	0	0	0	0	0
Net Interest	0	0	0	0	0
Net Change – WC	(181)	(743)	(1,837)	287	(177)
Direct taxes	(1,075)	(1,061)	(939)	(1,108)	(1,276)
Net cash from operations	2,862	2,772	1,815	3,589	3,494
Capital expenditure	(464)	(482)	(4,038)	(554)	(657)
Acquisitions, net	0	0	0	0	0
Investments	(977)	(556)	4,311	0	0
Others	1	81	194	525	698
Net cash from investing	(1,440)	(958)	467	(29)	42
FCF	1,422	1,815	2,282	3,561	3,536
Issue of share capital	0	(107)	(82)	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(1,591)	(1,760)	(2,154)	(2,162)	(2,258)
Interest paid	0	0	0	0	0
Others	0	0	0	0	0
Net cash from financing	(1,590)	(1,866)	(2,236)	(2,162)	(2,258)
Net change in Cash	(168)	(52)	46	1,399	1,278

Source: Company, Centrum Broking

Chirag Muchhala

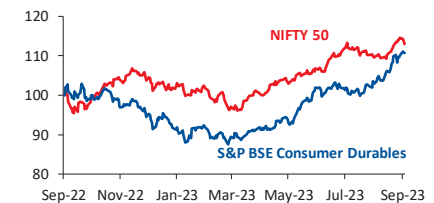
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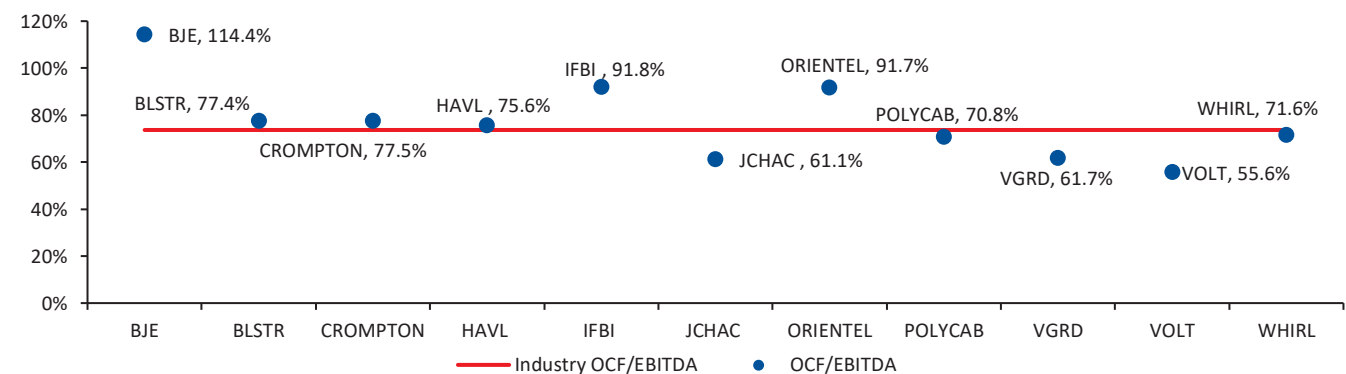
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Consumer Durables sector

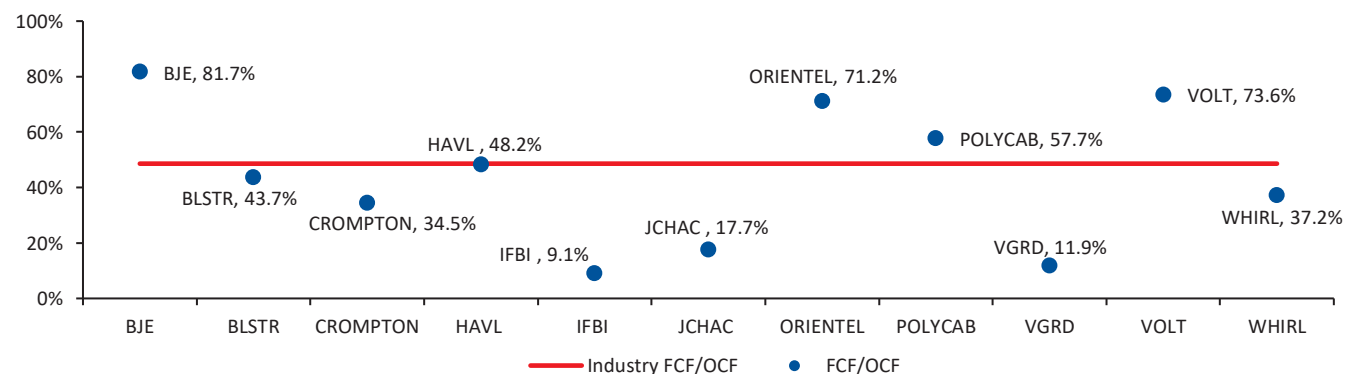
The Consumer Durable sector has seen robust EBITDA to OCF conversion of 74% over FY14-23 with avg. ex-cash NWC cycle at 37 days. WHIRL and CROMPTON stand out with negative ex-cash NWC. The conversion from OCF to FCF is healthy at 49%, with outsourcing focussed firms (like BJE, VOLT, etc.) reporting higher conversion rates. The sector is also witnessing M&A activities, which is lowering FCF/OCF conversion. The sector has generated an average FCF at 2.9% of sales over FY14-23, with electrical firms outperforming durable firms. The avg. RoE for the sector is 15% over FY14-23 with an avg. PBT margin of 7.1% and an avg. total asset turn at 3.1x across our coverage universe. Avg. annualized stock return across our coverage is 24.7%.

Nifty 50 vs S&P BSE Consumer Durables


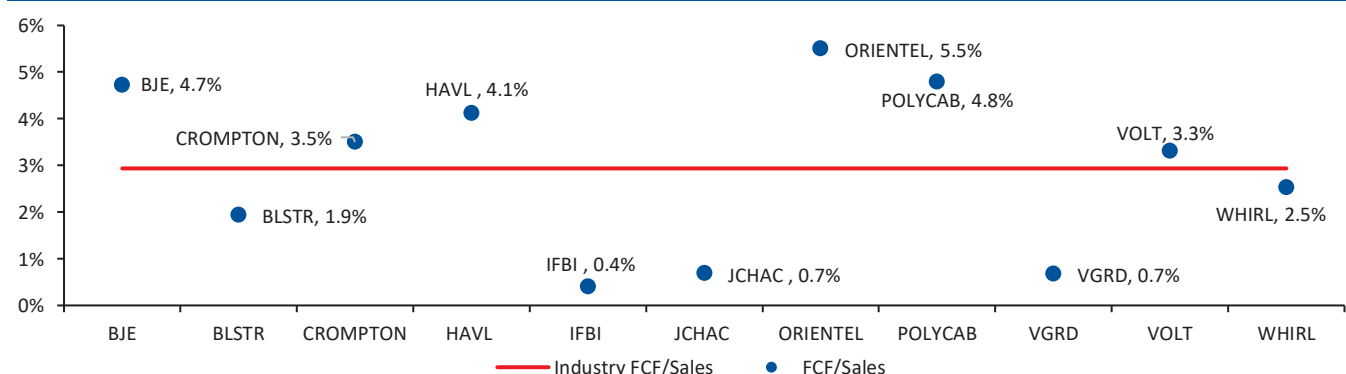
Source: Bloomberg

Exhibit 335: EBITDA to OCF conversion over FY14-23 is robust at 74%


Source: Company, Centrum Broking

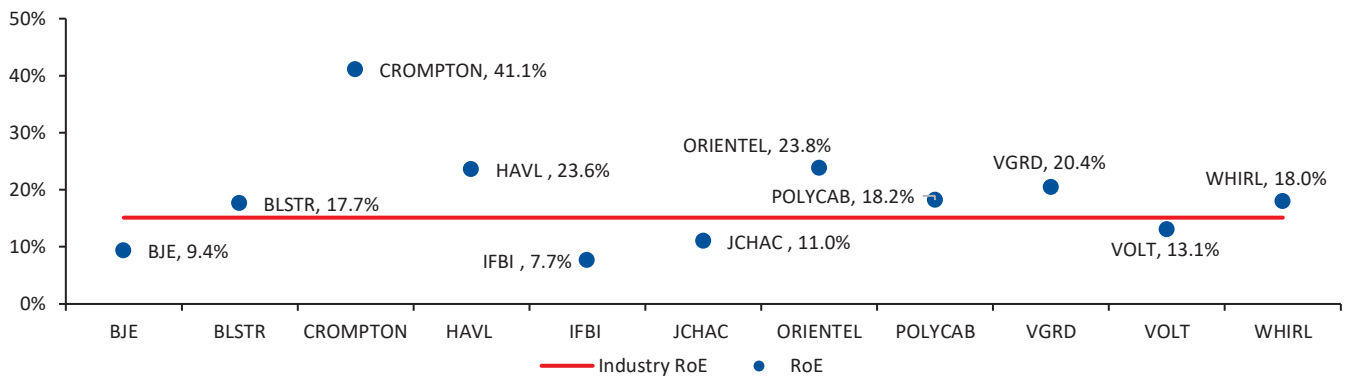
Exhibit 336: OCF to FCF conversion healthy at 49%; In-house manufacturing focussed companies have higher capex intensity


Source: Company, Centrum Broking

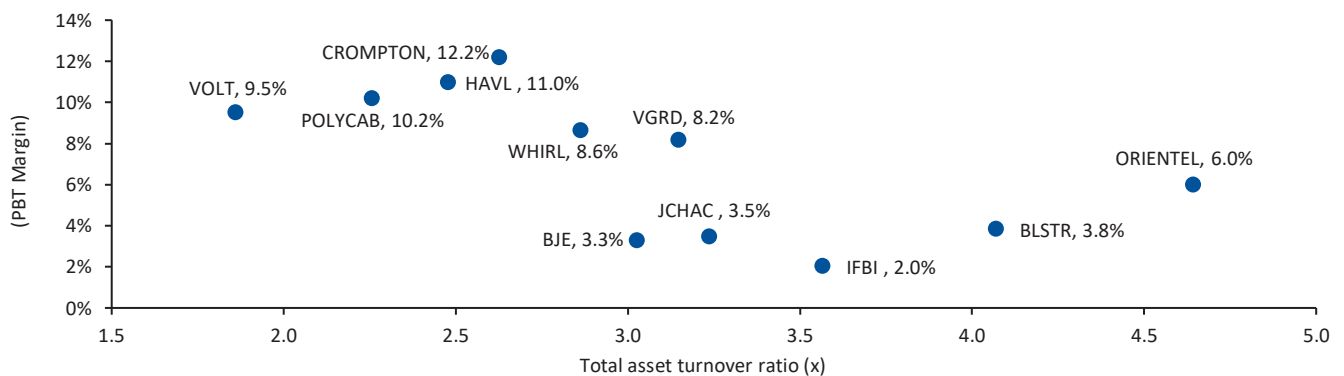
Exhibit 337: FCF to Sales ratio for the sector at 2.9%; Electrical firms outperform durable firms


Source: Company, Centrum Broking

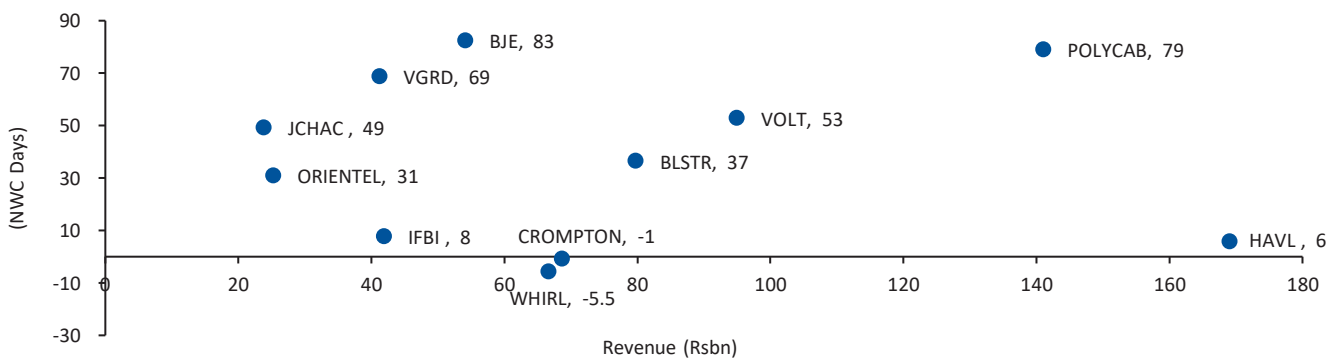
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 338: Average RoE at 15% over FY14-23 for the sector

Source: Company, Centrum Broking

Exhibit 339: Average PBT margin at 7.1% while average total asset turnover is at 3.1x

Source: Company, Centrum broking

Exhibit 340: Average ex-cash NWC at 37 days; WHIRL and CROMPTON stand out with negative ex-cash NWC

Source: Company, Centrum Broking

Exhibit 341: Key performance metrics for 10 years over FY14-23

	BJE	BLSTR	CROMPTON	HAVL	IFBI	JCHAC	ORIENTEL	POLYCAB	VGRD	VOLT	WHIRL
Revenue CAGR (%)^	4.8	10.6	9.9	8.8	16.4	9.9	9.6	17.0	11.7	5.6	9.2
EBITDA CAGR (%)^	12.4	18.5	8.0	9.1	12.5	NA	2.0	25.2	11.3	9.2	5.2
PBT CAGR (%)^	16.5	25.2	6.3	8.1	(2.2)	NA	0.8	29.6	12.0	4.3	5.2
Gross margin (%)	26.4	25.7	31.4	37.5	41.7	34.9	30.3	24.8	30.1	26.9	36.9
EBITDA margin (%)	5.0	5.7	13.1	11.1	4.8	6.3	8.4	11.7	9.1	8.1	9.5
PBT margin (%)	3.3	3.8	12.2	11.0	2.0	3.5	6.0	10.2	8.2	9.5	8.6
Net Debt/Equity (x)	0.5	0.4	0.3	(0.3)	0.0	0.2	0.0	0.1	0.0	0.0	(0.6)
Net Debt/EBITDA (x)	2.2	1.1	0.6	(1.1)	0.3	(0.2)	(0.1)	0.2	0.1	(0.2)	(2.5)
OCF/EBITDA (%)	114.4	77.4	77.5	75.6	91.8	61.1	91.7	70.8	61.7	55.6	71.6
FCF/OCF (%)	81.7	43.7	34.5	48.2	9.1	17.7	71.2	57.7	11.9	73.6	37.2
FCF/Sales (%)	4.7	1.9	3.5	4.1	0.4	0.7	5.5	4.8	0.7	3.3	2.5
NWC (ex-cash)	83	36.6	(1)	6	8	49	31	79	69	53	(5.5)
RoE (%)	9.4	17.7	41.1	23.6	7.7	11.0	23.8	18.2	20.4	13.1	18.0
Stock Returns^ (%)	19.3	20.4	14.0	26.2	26.6	26.9	18.9	49.4	24.4	24.4	20.7

Source: Company, Centrum Broking; ^: FY13-23 CAGR

Bajaj Electricals (BJE)

BJE posted revenue/PBT CAGR of 5%/16.5% over FY13-23. It operated at a higher ex-cash NWC with an average of 83 days in the past 10 years, largely due to presence in EPC (leading to higher debtors at an avg. of 137 days). Aggregate OCF over FY14-23 was Rs27.9bn, 114% of aggregate EBITDA at Rs24.4bn as EPC loss in 5 out of 10 years has suppressed operating profits. 18% of OCF was spent of capex totalling to Rs5.1bn while conversion to FCF was 82% at Rs22.8bn. Avg. net debt/equity is 0.5x, however, it has turned net cash in FY22/23. Avg. RoE/RoCE at 9.4%/9.7% and distribution of FCF as dividend at only 12% aggregate over FY14-23 is lower than industry average, mainly due to presence in EPC projects. Stock return was healthy at 19% CAGR over FY13-23.

22 September 2023

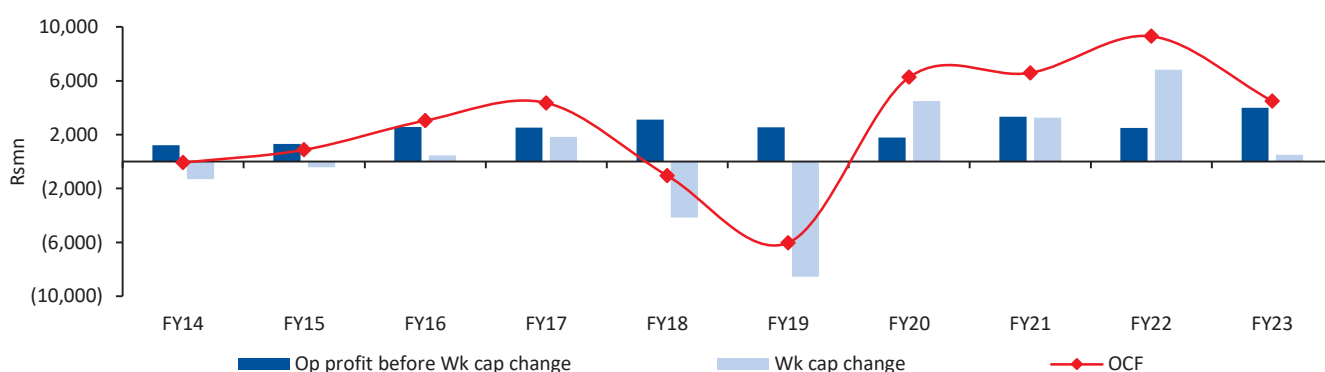
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Market data

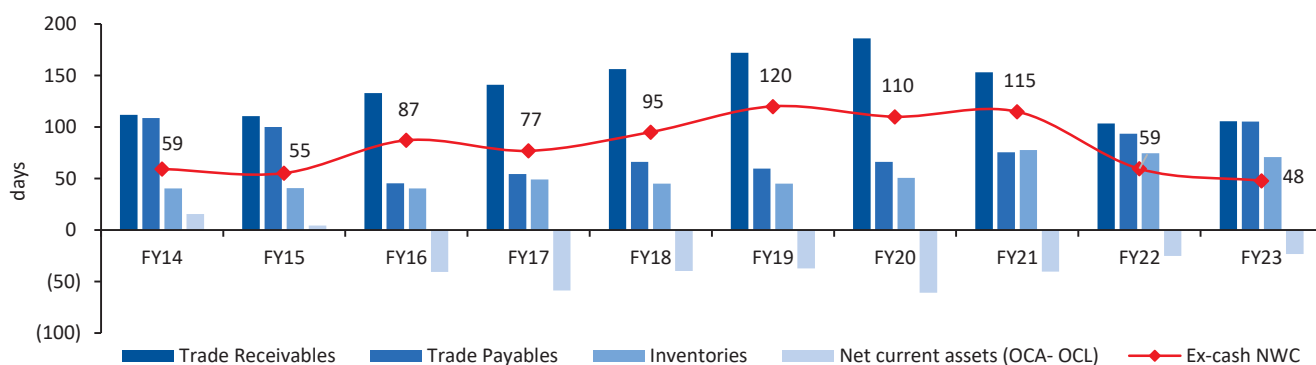
Current price:	Rs1,121
Bloomberg:	BJE IN
52-week H/L:	Rs1,193/862
Market cap:	Rs129bn
Free float:	37.4%
Avg. daily vol. 3mth:	117186.6
Source: Bloomberg	

Exhibit 342: OCF improves materially over FY20-23



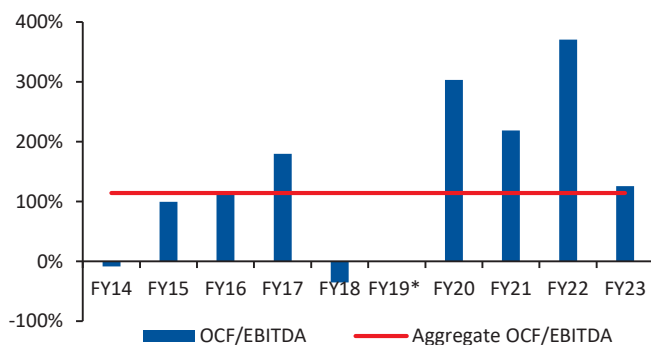
Source: Company, Centrum Broking

Exhibit 343: Ex-cash NWC higher than peers due to presence in EPC projects, however it improved in FY22 and FY23



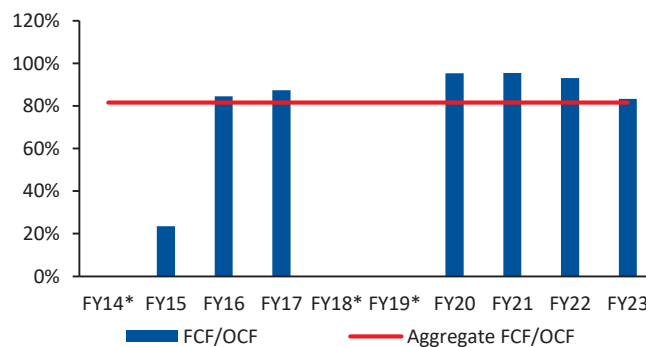
Source: Company, Centrum Broking

Exhibit 344: EBITDA to OCF conversion of 114% over 10 years



Source: Company, Centrum Broking. * FY19 is NA as it is negative beyond 100%

Exhibit 345: OCF to FCF conversion at 82% over 10 years



Source: Company, Centrum Broking. * FY14/18/19 is NA as both OCF & FCF are negative

Exhibit 346: Turned net cash in FY22; Return ratios lower than peers due to presence in EPC

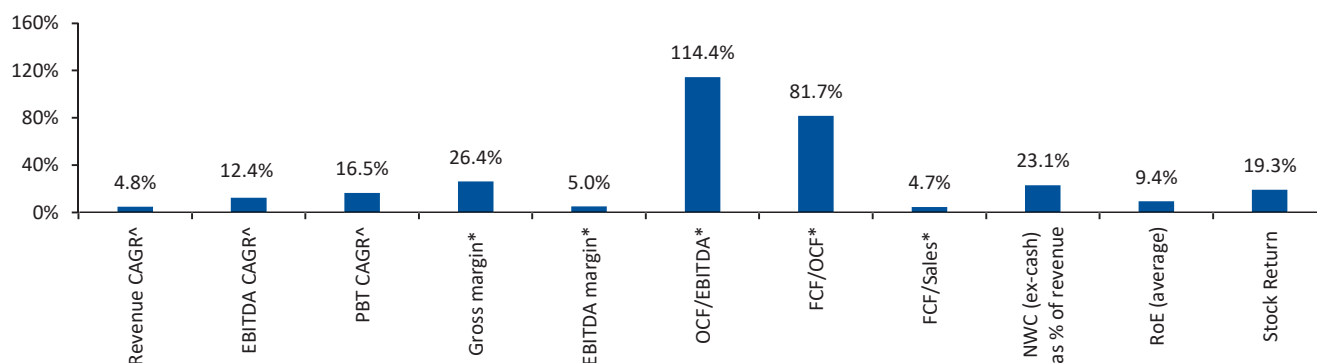
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.4	0.5	1.0	0.6	0.7	1.4	0.5	0.3	(0.1)	(0.2)	0.5
Net Debt/EBITDA	3.5	3.9	2.9	2.0	2.4	4.5	3.1	1.3	(0.4)	(1.0)	2.2
RoCE pre-tax	7.4%	7.9%	21.5%	16.6%	20.3%	17.4%	8.0%	14.6%	13.5%	19.5%	14.7%
RoCE	6.6%	5.3%	13.4%	10.6%	13.8%	11.2%	0.0%	11.1%	10.4%	14.2%	9.7%
RoIC (pre-tax)	6.6%	6.2%	19.6%	15.7%	17.9%	14.7%	6.1%	12.2%	11.4%	19.9%	13.0%
RoE	(0.7%)	(2.0%)	15.3%	13.2%	19.0%	16.5%	0.0%	12.3%	8.2%	12.4%	9.4%

Source: Company, Centrum Broking

Exhibit 347: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.89	0.67	0.62	0.64	0.68	0.64	(0.01)	0.76	0.77	0.73	0.64
Revenue/average total assets	4.15	4.01	3.46	2.85	3.06	3.09	2.09	2.19	2.49	2.90	3.03
Average total assets/Average NW	1.35	1.52	1.84	1.84	1.70	2.13	1.94	1.40	1.15	1.01	1.59
PBT/EBITDA	(0.07)	(0.24)	0.67	0.69	0.87	0.74	0.11	0.80	0.71	0.89	0.52
EBITDA/Revenue	0.02	0.02	0.06	0.06	0.06	0.05	0.04	0.07	0.05	0.07	0.05
RoE	(0.7%)	(2.0%)	15.3%	13.2%	19.0%	16.5%	(0.0%)	12.3%	8.2%	12.4%	9.4%

Source: Company, Centrum Broking

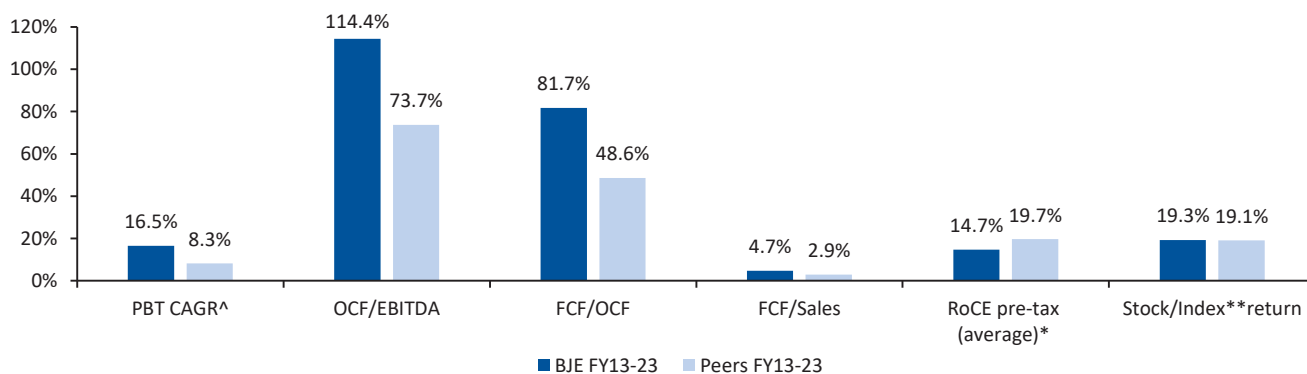
Exhibit 348: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 349: Effective FCF utilization – Distribution of FCF as dividend is low at 12% over FY14-23

Rsm	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(544)	208	2,579	3,818	(1,409)	(6,590)	5,981	6,300	8,666	3,754
FCF yield	(3%)	1%	11%	15%	(3%)	(12%)	14%	10%	7%	3%
Dividend + Buyback (b)	175	182	340	341	429	430	-	-	345	460
Distribution of FCF (b/a)	(32%)	88%	13%	9%	(30%)	(9%)	0%	0%	4%	12%
Cash & equivalents/Capital employed	5.2%	3.5%	3.5%	4.6%	1.5%	0.6%	4.9%	3.0%	8.0%	18.8%

Source: Company, Centrum Broking

Exhibit 350: BJE vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	45,731	47,882	48,892	54,422	62,762
Operating Expense	32,402	34,134	33,815	37,551	43,180
Employee cost	3,883	3,954	3,437	3,701	4,205
Others	6,430	7,283	7,893	9,067	9,776
EBITDA	3,015	2,511	3,748	4,103	5,601
Depreciation & Amortisation	693	630	738	973	1,031
EBIT	2,323	1,881	3,010	3,130	4,570
Interest expenses	756	687	436	393	432
Other income	727	724	450	676	743
PBT	2,412	1,786	3,024	3,413	4,882
Taxes	575	418	870	859	1,229
Effective tax rate (%)	23.9	23.4	28.8	25.2	25.2
PAT	1,836	1,368	2,154	2,554	3,653
Minority/Associates	0	0	0	0	0
Recurring PAT	1,836	1,368	2,154	2,554	3,653
Extraordinary items	0	0	0	0	0
Reported PAT	1,836	1,368	2,154	2,554	3,653
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(8.1)	4.7	2.1	11.3	15.3
EBITDA	45.7	(16.7)	49.2	9.5	36.5
Adj. EPS	nm	(25.7)	57.2	18.5	43.0
Margins (%)					
Gross	29.1	28.7	30.8	31.0	31.2
EBITDA	6.6	5.2	7.7	7.5	8.9
EBIT	5.1	3.9	6.2	5.8	7.3
Adjusted PAT	4.0	3.0	4.4	4.7	5.8
Returns (%)					
ROE	12.3	8.2	11.6	12.4	15.9
ROCE	11.1	10.4	13.2	13.8	17.3
ROIC	9.3	8.7	15.1	17.0	24.5
Turnover (days)					
Gross block turnover ratio (x)	7.9	5.9	5.2	5.4	6.0
Debtors	178	125	109	107	101
Inventory	94	104	109	104	97
Creditors	104	116	150	150	139
Net working capital	120	70	81	90	98
Solvency (x)					
Net debt-equity	0.3	(0.1)	(0.2)	(0.3)	(0.3)
Interest coverage ratio	4.0	3.7	8.6	10.5	13.0
Net debt/EBITDA	1.3	(0.4)	(1.0)	(1.4)	(1.4)
Per share (Rs)					
Adjusted EPS	16.0	11.9	18.7	22.2	31.7
BVPS	140.1	151.9	170.4	187.6	212.3
CEPS	22.1	17.4	25.1	30.6	40.7
DPS	0.0	3.0	4.0	5.0	7.0
Dividend payout (%)	0.0	25.2	21.4	22.5	22.1
Valuation (x)					
P/E	69.8	94.0	59.8	50.5	35.3
P/BV	8.0	7.4	6.6	6.0	5.3
EV/EBITDA	44.1	50.9	33.4	30.0	21.6
Dividend yield (%)	0.0	0.3	0.4	0.4	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	229	230	230	230	230
Reserves & surplus	15,818	17,217	19,380	21,359	24,206
Shareholders fund	16,047	17,447	19,611	21,589	24,436
Minority Interest	0	0	0	0	0
Total debt	4,637	358	2	0	0
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	0	0
Total liabilities	20,685	17,805	19,612	21,589	24,436
Gross block	5,764	8,183	9,350	10,105	10,505
Less: acc. Depreciation	(2,338)	(2,491)	(3,096)	(4,068)	(5,099)
Net block	3,426	5,693	6,255	6,037	5,406
Capital WIP	100	279	405	50	50
Net fixed assets	3,527	5,972	6,660	6,087	5,456
Non Current Assets	0	0	0	0	0
Investments	1,639	1,795	2,201	2,201	2,201
Inventories	9,711	9,760	10,496	10,802	12,185
Sundry debtors	19,162	13,577	15,648	16,252	18,571
Cash & Cash Equivalents	616	1,419	3,692	5,584	8,075
Loans & advances	1,154	930	1,065	1,088	1,255
Other current assets	6,169	5,749	7,386	7,075	8,159
Trade payables	9,441	12,240	15,603	15,329	17,509
Other current liab.	11,269	8,960	11,223	11,429	13,180
Provisions	1,106	1,011	656	689	723
Net current assets	14,995	9,224	10,806	13,355	16,833
Total assets	20,685	17,805	19,612	21,589	24,436
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,412	1,786	3,024	3,413	4,882
Depreciation & Amortisation	693	630	738	973	1,031
Net Interest	756	687	436	393	432
Net Change – WC	609	6,574	692	(657)	(987)
Direct taxes	(575)	(418)	(870)	(859)	(1,229)
Net cash from operations	3,893	9,259	4,020	3,262	4,129
Capital expenditure	(68)	(3,075)	(1,426)	(400)	(400)
Acquisitions, net	0	0	0	0	0
Investments	(1,110)	(157)	(406)	0	0
Others	0	0	0	0	0
Net cash from investing	(1,178)	(3,232)	(1,832)	(400)	(400)
FCF	2,715	6,027	2,188	2,862	3,729
Issue of share capital	2	1	1	0	0
Increase/(decrease) in debt	(2,737)	(4,279)	(357)	(2)	0
Dividend paid	0	(345)	(460)	(576)	(806)
Interest paid	(756)	(687)	(436)	(393)	(432)
Others	345	86	1,338	0	0
Net cash from financing	(3,147)	(5,224)	85	(970)	(1,238)
Net change in Cash	(431)	803	2,273	1,892	2,491

Source: Company, Centrum Broking

Blue Star (BLSTR)

BLSTR reported revenue/PBT CAGR of 10.6%/25.2% over FY13-23. Ex-cash NWC fell from avg. 53 days over FY14-16 to 37 days over FY17-19 and further to 23 days over FY20-23, largely due to declining debtors (from 104 days in FY14 to 71 days in FY23). Aggregate OCF was Rs21.1bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 77%. Further, 56% of the total OCF was spent on capex totalling to Rs11.9bn while 44% was converted to FCF at Rs9.2bn. Average net debt/equity is manageable at 0.4x over FY14-23. Average RoE/RoCE are decent at 17.7%/14.9% over FY14-23. Distribution of FCF as dividend is robust at an aggregate of 82% over FY14-23. Stock return over FY14-23 is healthy at 20.4% CAGR.

22 September 2023

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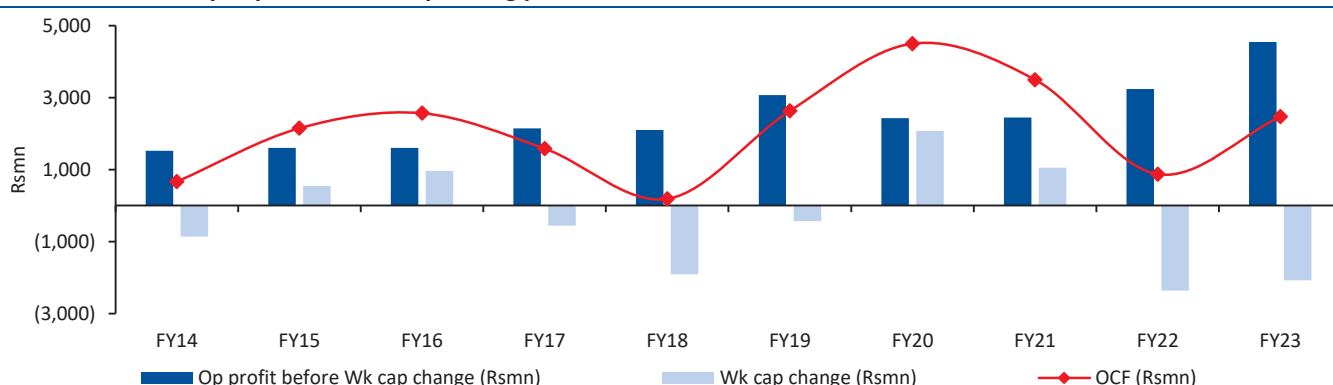
Institutional Research

Market data

Current price:	Rs800
Bloomberg:	BLSTR IN
52-week H/L:	Rs826/521
Market cap:	Rs154.1bn
Free float:	58.3%
Avg. daily vol. 3mth:	166088

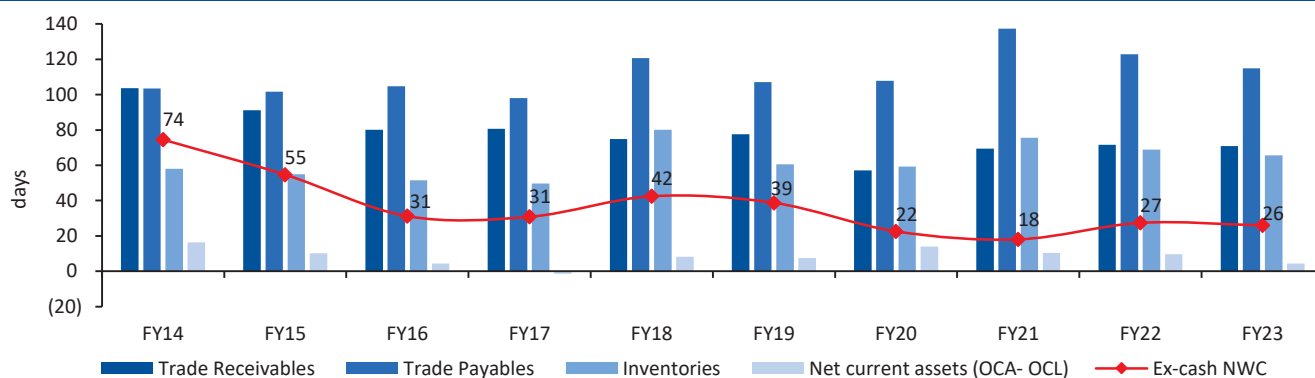
Source: Bloomberg

Exhibit 351: Healthy improvement in operating profits



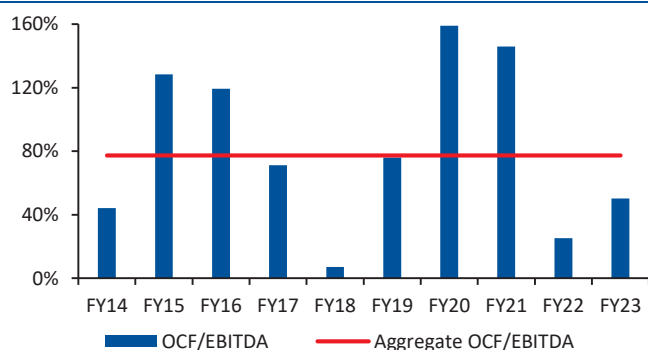
Source: Company, Centrum Broking

Exhibit 352: Ex-cash NWC cycle reduced significantly from 74 days in FY14 to 26 days in FY23



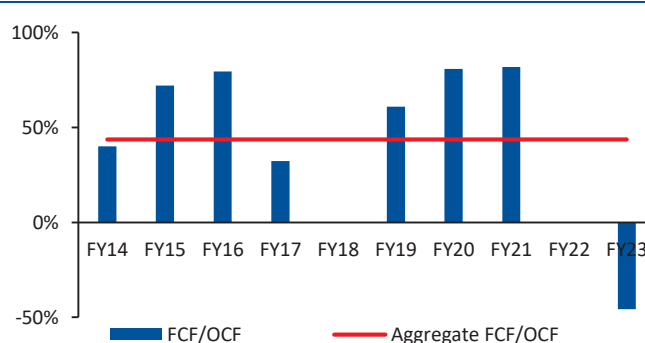
Source: Company, Centrum Broking

Exhibit 353: EBITDA to OCF conversion at 77% over 10 years



Source: Company, Centrum Broking.

Exhibit 354: OCF to FCF conversion at 44% over 10 years



Source: Company, Centrum Broking. Note: FY18 and FY22 is NA as FCF is negative

Exhibit 355: Avg. net debt/equity is manageable at 0.4x; Return ratios are decent

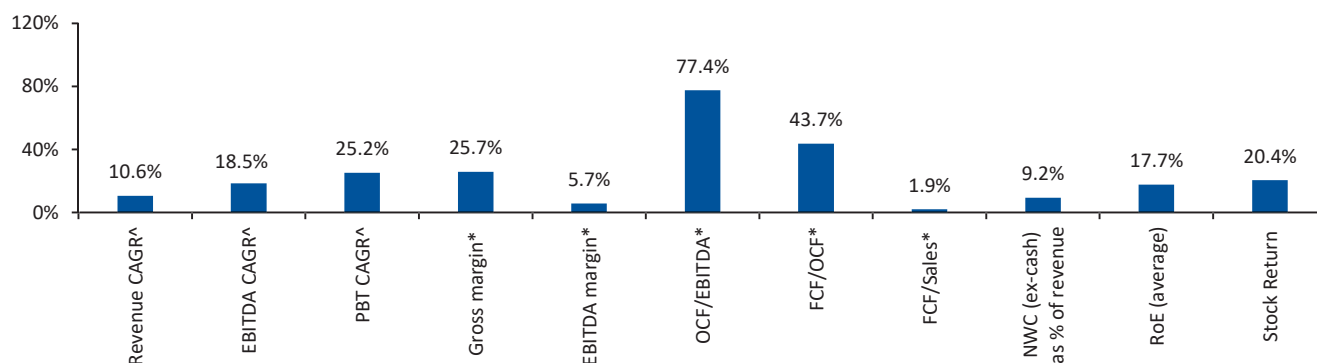
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.9	0.8	0.5	0.2	0.4	0.3	0.2	0.1	0.2	0.2	0.4
Net Debt/EBITDA	2.8	2.1	1.5	0.5	1.1	0.7	0.5	0.5	0.6	0.7	1.1
RoCE pre-tax	14.5%	14.5%	20.3%	20.0%	20.5%	24.9%	19.5%	16.3%	20.9%	25.7%	19.7%
RoCE	14.1%	11.8%	16.1%	15.3%	15.3%	20.7%	13.3%	11.0%	13.9%	17.5%	14.9%
RoIC (pre-tax)	13.7%	15.1%	20.3%	19.6%	20.9%	25.0%	19.8%	18.9%	29.7%	31.9%	21.5%
RoE	17.6%	11.6%	19.3%	17.7%	18.6%	22.8%	17.3%	12.0%	17.6%	22.2%	17.7%

Source: Company, Centrum Broking

Exhibit 356: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	1.02	1.27	0.79	0.78	0.74	0.76	0.70	0.69	0.67	0.68	0.81
Revenue/average total assets	3.27	3.49	4.11	4.45	4.34	4.39	4.37	3.31	4.27	4.68	4.07
Average total assets/Average NW	2.04	1.95	1.70	1.42	1.38	1.43	1.48	1.54	1.49	1.45	1.59
PBT/EBITDA	0.51	0.26	0.62	0.71	0.74	0.72	0.73	0.61	0.72	0.78	0.64
EBITDA/Revenue	0.05	0.05	0.06	0.05	0.06	0.07	0.05	0.06	0.06	0.06	0.06
RoE	17.6%	11.6%	19.3%	17.7%	18.6%	22.8%	17.3%	12.0%	17.6%	22.2%	17.7%

Source: Company, Centrum Broking

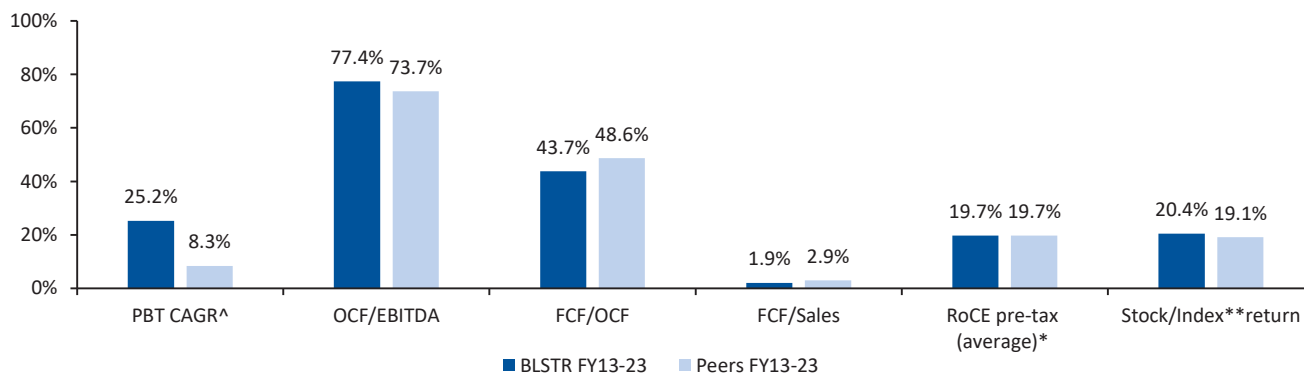
Exhibit 357: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 358: Effective FCF utilization - Distribution of FCF as dividend is robust at 82% over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	267	1,548	2,038	511	(794)	1,606	3,639	2,863	(1,305)	(1,130)
FCF yield	1.9%	5.6%	6.5%	1.1%	(1.1%)	2.5%	5.0%	4.6%	(1.5%)	(1.0%)
Dividend + Buyback (b)	450	450	585	717	960	963	963	385	963	1,156
Distribution of FCF (b/a)	169%	29%	29%	140%	NA	60%	26%	13%	NA	NA
Cash & equivalents/Capital employed	7.0%	5.2%	4.6%	9.9%	6.9%	8.3%	23.8%	24.8%	18.0%	12.9%

Source: Company, Centrum Broking

Exhibit 359: BLSTR vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	42,636	60,641	79,773	93,918	1,13,582
Operating Expense	32,714	47,332	61,817	72,504	87,345
Employee cost	3,818	5,086	5,914	6,856	8,064
Others	3,706	4,759	7,114	8,152	10,160
EBITDA	2,398	3,465	4,928	6,405	8,013
Depreciation & Amortisation	923	860	848	952	1,046
EBIT	1,475	2,605	4,080	5,453	6,967
Interest expenses	647	464	547	693	751
Other income	624	357	309	410	465
PBT	1,452	2,498	3,842	5,170	6,682
Taxes	471	829	1,231	1,241	1,604
Effective tax rate (%)	32.4	33.2	32.0	24.0	24.0
PAT	981	1,669	2,611	3,929	5,078
Minority/Associates	23	8	2	5	15
Recurring PAT	1,004	1,677	2,612	3,934	5,093
Extraordinary items	0	0	1,392	0	0
Reported PAT	1,004	1,677	4,005	3,934	5,093
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(20.5)	42.2	31.6	17.7	20.9
EBITDA	(15.2)	44.5	42.2	30.0	25.1
Adj. EPS	(29.9)	67.1	55.8	50.6	29.4
Margins (%)					
Gross	23.3	21.9	22.5	22.8	23.1
EBITDA	5.6	5.7	6.2	6.8	7.1
EBIT	3.5	4.3	5.1	5.8	6.1
Adjusted PAT	2.4	2.8	5.0	4.2	4.5
Returns (%)					
ROE	12.0	17.6	22.2	26.4	27.9
ROCE	11.0	13.9	17.5	21.3	22.8
ROIC	12.8	19.8	21.7	24.7	26.0
Turnover (days)					
Gross block turnover ratio (x)	7.6	8.9	7.0	5.9	6.0
Debtors	71	60	63	60	54
Inventory	98	78	76	72	67
Creditors	178	141	134	126	115
Net working capital	46	44	37	37	36
Solvency (x)					
Net debt-equity	0.1	0.2	0.2	0.2	0.2
Interest coverage ratio	3.7	7.5	9.0	9.2	10.7
Net debt/EBITDA	0.5	0.6	0.7	0.6	0.5
Per share (Rs)					
Adjusted EPS	5.2	8.7	13.6	20.4	26.4
BVPS	46.0	52.8	69.1	85.5	103.9
CEPS	10.0	13.2	18.0	25.4	31.9
DPS	2.0	5.0	6.0	6.0	8.0
Dividend payout (%)	38.4	57.4	28.9	29.4	30.3
Valuation (x)					
P/E	153.5	91.9	59.0	39.2	30.3
P/BV	17.4	15.1	11.6	9.4	7.7
EV/EBITDA	64.8	45.1	31.9	24.6	19.7
Dividend yield (%)	0.2	0.6	0.7	0.7	1.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	193	193	193	385	385
Reserves & surplus	8,659	9,983	13,114	16,085	19,637
Shareholders fund	8,852	10,176	13,307	16,471	20,023
Minority Interest	27	30	32	32	32
Total debt	4,516	4,778	5,776	6,276	6,776
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	0	0
Total liabilities	13,395	14,984	19,115	22,779	26,831
Gross block	5,602	6,799	11,389	15,812	19,062
Less: acc. Depreciation	(2,409)	(2,998)	(3,493)	(4,445)	(5,491)
Net block	3,193	3,801	7,896	11,367	13,571
Capital WIP	1,238	1,940	1,423	250	250
Net fixed assets	4,431	5,740	9,319	11,617	13,821
Non Current Assets	0	0	0	0	0
Investments	3,069	1,734	1,584	1,584	1,584
Inventories	8,824	11,442	14,334	14,352	17,518
Sundry debtors	8,110	11,897	15,488	15,228	18,476
Cash & Cash Equivalents	3,322	2,697	2,473	2,672	3,106
Loans & advances	425	223	268	261	311
Other current assets	6,838	9,117	10,445	11,290	13,487
Trade payables	16,049	20,417	25,112	25,024	30,218
Other current liab.	5,459	7,017	9,000	8,424	10,375
Provisions	592	709	764	856	958
Net current assets	5,419	7,234	8,132	9,498	11,347
Total assets	13,395	14,984	19,115	22,779	26,831
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,452	2,498	3,842	5,170	6,682
Depreciation & Amortisation	923	860	848	952	1,046
Net Interest	647	464	547	693	751
Net Change – WC	1,202	(2,440)	(1,123)	(1,167)	(1,415)
Direct taxes	(128)	(630)	(1,035)	(1,241)	(1,604)
Net cash from operations	4,118	761	3,081	4,413	5,475
Capital expenditure	(870)	(2,169)	(4,427)	(3,250)	(3,250)
Acquisitions, net	0	0	0	0	0
Investments	(2,273)	1,335	150	0	0
Others	0	0	0	0	0
Net cash from investing	(3,143)	(834)	(4,277)	(3,250)	(3,250)
FCF	975	(73)	(1,196)	1,163	2,225
Issue of share capital	0	0	0	193	0
Increase/(decrease) in debt	27	262	998	500	500
Dividend paid	(385)	(963)	(1,156)	(1,156)	(1,541)
Interest paid	(647)	(464)	(547)	(693)	(751)
Others	414	613	1,676	193	0
Net cash from financing	(592)	(552)	972	(963)	(1,792)
Net change in Cash	382	(625)	(224)	199	434

Source: Company, Centrum Broking

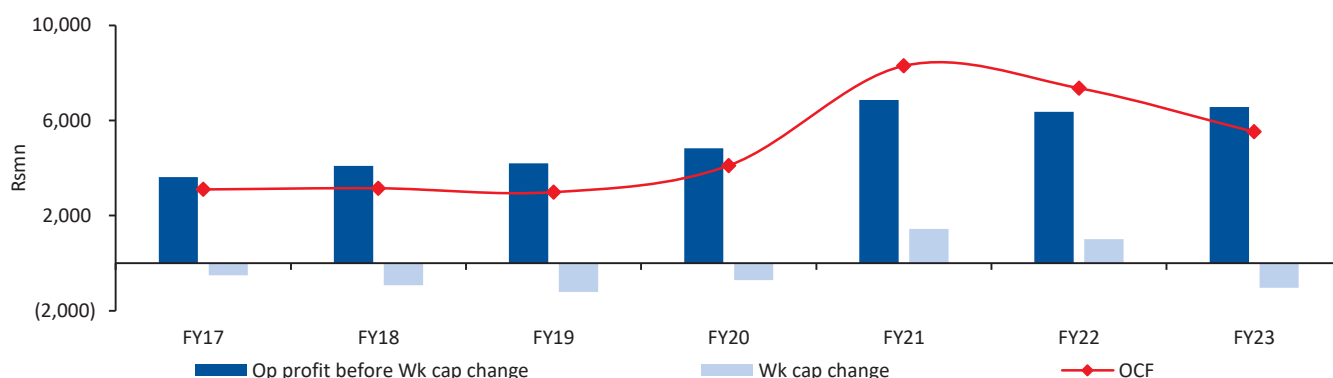
Crompton Greaves Consumer Electricals

CROMPTON reported revenue/PBT CAGR of 9.9%/6.3% over FY17-23. It has lowest working capital cycle in the industry with average ex-cash NWC of negative 1 days over FY17-23. OCF generation over FY17-23 was Rs34.5bn, with OCF/EBITDA conversion of 77%. FCF/OCF conversion was at 34% over FY17-23, with Rs11.9bn FCF generated, Rs3.6bn aggregate capex and Rs19bn spent on Butterfly acquisition. Avg. RoE/RoCE of 41%/27% over the past 7 years are strong, but were impacted in FY22/23 due to Butterfly acquisition. Avg net debt/equity was at 0.3x. Distribution of FCF as dividend is robust at an aggregate of 86% over FY17-23. Return from stock was at 14% CAGR over FY17-23.

Market data

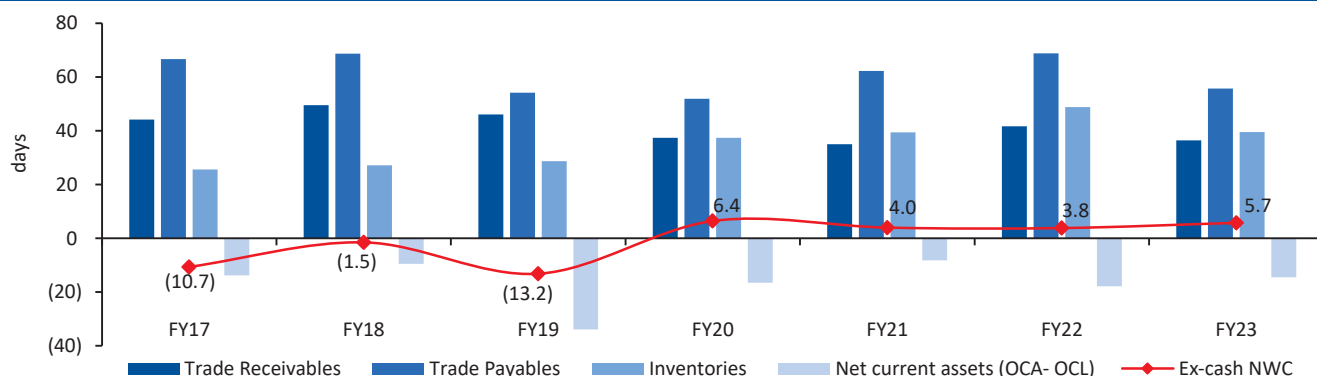
Current price:	Rs305
Bloomberg:	CROMPTON IN
52-week H/L:	Rs425/251
Market cap:	Rs195.4bn
Free float:	98.5%
Avg. daily vol. 3mth:	2831056
Source: Bloomberg	

Exhibit 360: Rising trend of operating profit



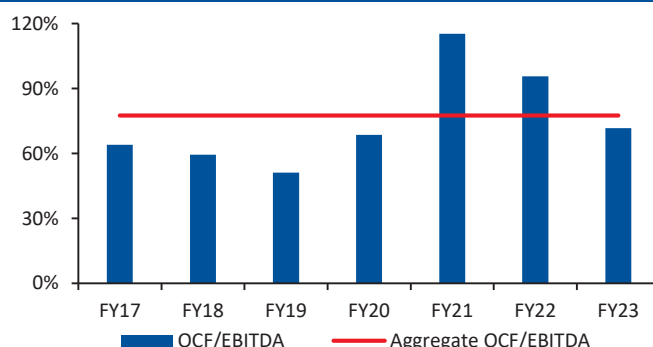
Source: Company, Centrum Broking

Exhibit 361: Ex-cash NWC one of the lowest in the industry



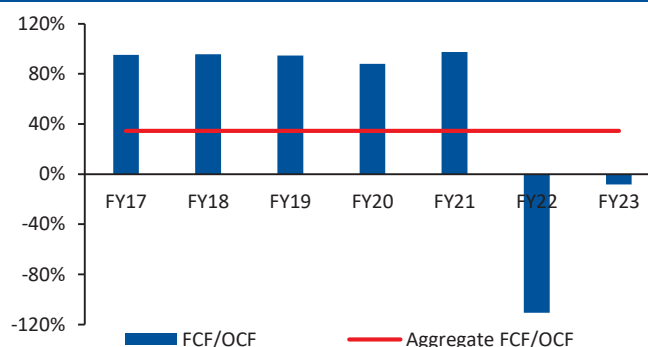
Source: Company, Centrum Broking

Exhibit 362: EBITDA to OCF conversion of 77% over FY17-23



Source: Company, Centrum Broking.

Exhibit 363: OCF to FCF conversion at 34% over FY17-23



Source: Company, Centrum Broking.

Exhibit 364: Net debt/equity remains low; Return ratios are historically strong but fell in FY22/23 due to Butterfly acquisition

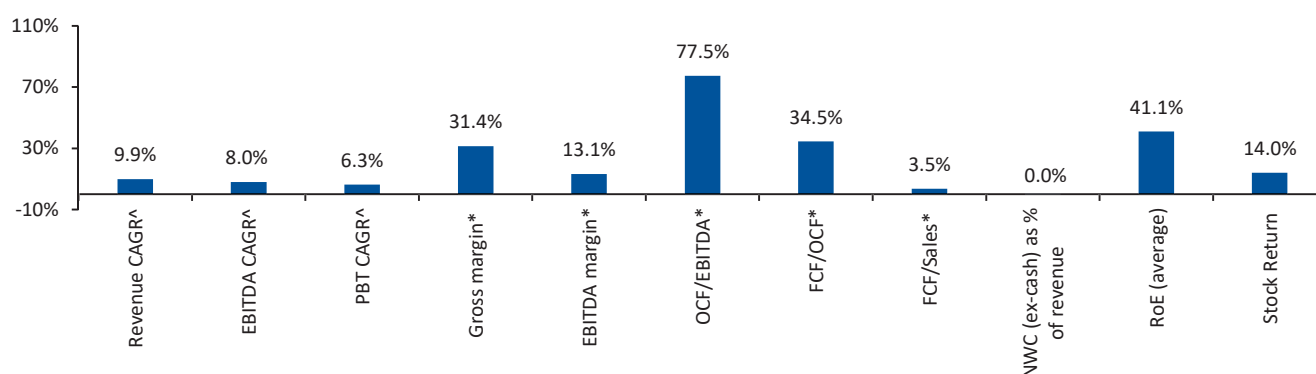
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY17-23 average
Net Debt/Equity	1.1	0.6	0.2	0.1	(0.1)	0.2	0.3	0.3
Net Debt/EBITDA	1.2	0.9	0.4	0.2	(0.2)	0.9	1.1	0.6
RoCE pre-tax	48.4%	42.2%	42.9%	40.8%	37.8%	22.1%	16.3%	35.8%
RoCE	32.2%	28.1%	30.8%	34.3%	32.2%	17.0%	12.7%	26.8%
RoIC (pre-tax)	60.7%	62.1%	69.0%	62.8%	65.9%	33.5%	19.6%	53.4%
RoE	75.9%	49.5%	42.5%	38.7%	36.3%	26.4%	18.1%	41.1%

Source: Company, Centrum Broking

Exhibit 365: DuPont Analysis

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY17-23 avg
PAT/PBT	0.67	0.67	0.72	0.84	0.85	0.77	0.76	0.75
Revenue/average total assets	3.83	3.13	3.11	2.92	2.37	1.49	1.55	2.63
Average total assets/Average NW	2.73	1.99	1.53	1.21	1.19	1.65	1.74	1.72
PBT/EBITDA	0.88	0.91	0.96	0.99	1.00	0.98	0.79	0.93
EBITDA/Revenue	0.12	0.13	0.13	0.13	0.15	0.14	0.11	0.13
RoE	75.9%	49.5%	42.5%	38.7%	36.3%	26.4%	18.1%	41.1%

Source: Company, Centrum Broking

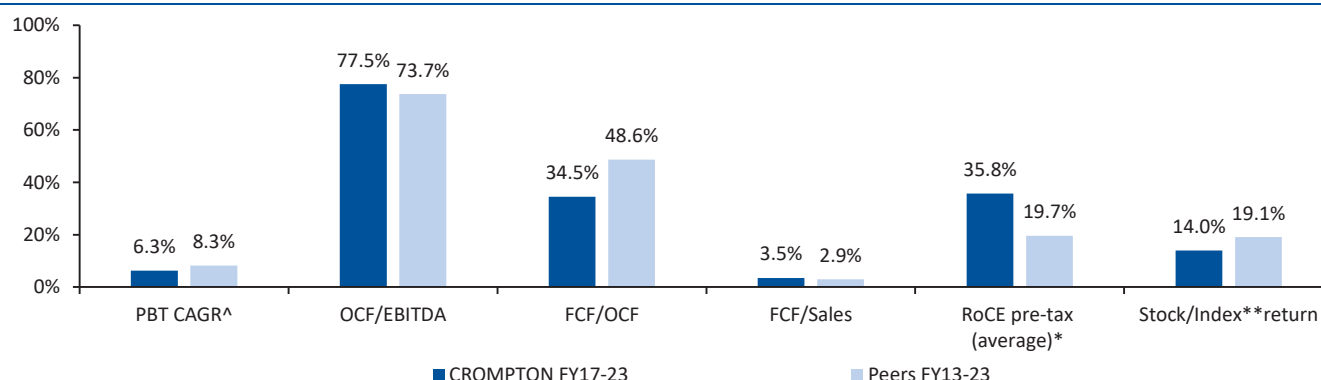
Exhibit 366: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY17-23 CAGR; *: aggregate of FY17-23

Exhibit 367: Effective FCF utilization - Distribution of FCF as dividend is robust at 86% over FY17-23

Rsm	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	2,955	3,020	2,830	3,615	8,101	(8,144)	(461)
FCF yield	2.9%	2.1%	2.0%	2.4%	4.4%	(3.0%)	(0.2%)
Dividend + Buyback (b)	940	1,097	1,254	-	3,452	1,584	1,908
Distribution of FCF (b/a)	32%	36%	44%	0%	43%	(19%)	NA
Cash & equivalents/Capital employed	6.0%	12.3%	9.9%	2.9%	25.1%	18.9%	2.7%

Source: Company, Centrum Broking

Exhibit 368: CROMPTON vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	48,035	53,941	68,696	77,573	90,412
Operating Expense	32,672	37,018	46,804	52,983	61,209
Employee cost	3,366	3,624	5,408	5,818	6,510
Others	4,792	5,605	8,780	10,013	11,450
EBITDA	7,205	7,695	7,705	8,760	11,244
Depreciation & Amortisation	297	423	1,159	1,197	1,287
EBIT	6,908	7,272	6,546	7,563	9,957
Interest expenses	429	353	1,092	710	490
Other income	758	727	668	745	795
PBT	7,236	7,515	6,122	7,598	10,262
Taxes	1,070	1,732	1,358	1,748	2,360
Effective tax rate (%)	14.8	23.0	22.2	23.0	23.0
PAT	6,167	5,784	4,764	5,851	7,901
Minority/Associates	0	0	(132)	(203)	(281)
Recurring PAT	6,167	5,784	4,632	5,648	7,620
Extraordinary items	0	0	0	0	0
Reported PAT	6,167	5,784	4,632	5,648	7,620
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	6.3	12.3	27.4	12.9	16.6
EBITDA	20.3	6.8	0.1	13.7	28.4
Adj. EPS	24.1	(7.1)	(20.3)	21.9	34.9
Margins (%)					
Gross	32.0	31.4	31.9	31.7	32.3
EBITDA	15.0	14.3	11.2	11.3	12.4
EBIT	14.4	13.5	9.5	9.7	11.0
Adjusted PAT	12.8	10.7	6.7	7.3	8.4
Returns (%)					
ROE	36.3	26.4	18.1	19.8	23.2
ROCE	32.2	17.0	12.7	16.0	20.6
ROIC	65.9	33.5	15.3	17.4	23.2
Turnover (days)					
Gross block turnover ratio (x)	22.5	9.3	10.7	11.2	12.2
Debtors	35	36	35	35	35
Inventory	55	61	57	55	56
Creditors	82	91	81	78	78
Net working capital	50	66	12	11	16
Solvency (x)					
Net debt-equity	(0.1)	0.2	0.3	0.1	0.0
Interest coverage ratio	16.8	21.8	7.1	12.3	22.9
Net debt/EBITDA	(0.2)	0.9	1.1	0.4	(0.2)
Per share (Rs)					
Adjusted EPS	9.8	9.1	7.3	8.9	12.0
BVPS	30.8	38.7	41.8	47.7	55.7
CEPS	10.3	9.8	9.1	10.8	14.0
DPS	5.5	2.5	3.0	3.0	4.0
Dividend payout (%)	56.0	27.4	41.2	33.8	33.4
Valuation (x)					
P/E	31.1	33.4	41.9	34.4	25.5
P/BV	9.9	7.9	7.3	6.4	5.5
EV/EBITDA	26.8	26.1	26.2	22.6	17.1
Dividend yield (%)	1.8	0.8	1.0	1.0	1.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,255	1,267	1,272	1,272	1,272
Reserves & surplus	18,059	23,263	25,328	29,068	34,143
Shareholders fund	19,314	24,530	26,600	30,340	35,415
Minority Interest	0	7,825	4,477	4,680	4,961
Total debt	4,788	16,075	9,222	4,722	250
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	0	0
Total liabilities	24,102	48,429	40,299	39,741	40,626
Gross block	2,138	5,805	6,395	6,900	7,400
Less: acc. Depreciation	(810)	(1,049)	(1,556)	(2,752)	(4,039)
Net block	1,328	4,756	4,840	4,148	3,361
Capital WIP	109	130	55	50	50
Intangible Assets	7,822	27,978	27,870	27,870	27,870
Net fixed assets	9,259	32,865	32,765	32,068	31,281
Non Current Assets	0	0	0	0	0
Investments	7,697	6,245	5,482	5,482	5,482
Inventories	5,186	7,210	7,439	8,564	10,062
Sundry debtors	4,608	6,154	6,861	7,864	9,413
Cash & Cash Equivalents	6,040	9,152	1,095	1,132	2,178
Other current assets	2,599	2,863	2,904	3,103	3,616
Trade payables	8,204	10,178	10,486	12,048	14,254
Other current liab.	1,520	2,570	2,640	3,103	3,616
Provisions	2,148	2,918	2,997	3,197	3,412
Net current assets	6,561	9,714	2,175	2,314	3,986
Total assets	24,102	48,429	40,299	39,741	40,626
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	7,236	7,515	6,122	7,598	10,262
Depreciation & Amortisation	297	423	1,159	1,197	1,287
Net Interest	429	353	1,092	710	490
Net Change – WC	275	(41)	(519)	(102)	(626)
Direct taxes	(1,149)	(752)	(1,629)	(1,748)	(2,360)
Net cash from operations	7,088	7,629	6,225	7,655	9,052
Capital expenditure	(284)	(3,873)	(1,167)	(500)	(500)
Acquisitions, net	0	0	0	0	0
Investments	(2,289)	1,452	763	0	0
Others	0	0	0	0	0
Net cash from investing	(2,573)	(2,421)	(404)	(500)	(500)
FCF	4,516	5,208	5,821	7,155	8,552
Issue of share capital	1	11	5	0	0
Increase/(decrease) in debt	2,991	11,287	(6,853)	(4,500)	(4,472)
Dividend paid	(3,452)	(1,584)	(1,908)	(1,908)	(2,544)
Interest paid	(429)	(353)	(1,092)	(710)	(490)
Others	1,933	(11,458)	(4,030)	0	0
Net cash from financing	1,043	(2,096)	(13,878)	(7,118)	(7,506)
Net change in Cash	5,558	3,112	(8,057)	37	1,046

Source: Company, Centrum Broking

Havells India (HAVL)

HAVL posted 8.8%/8.1% revenue/PBT CAGR over FY13-23. Ex-cash NWC is low at an avg. of 6 days over the past 10 years leading to high OCF generation at Rs84.9bn over FY14-23. Aggregate OCF/EBITDA stands at 76% over FY14-23. With higher focus on in-house manufacturing (93% of sales ex-Lloyd) and acquisition of Lloyd, the capex over the past 10 years stood at Rs43.6bn (including Lloyd acquisition cost), leading to 48% conversion from OCF to FCF at Rs40.9bn. HAVL has been a net cash firm since FY14, with decent return ratios (avg. RoE/RoCE of 23.6%/19.5% over FY14-23). Distribution of FCF as dividend is high at an aggregate of 82.7% over FY14-23. Stock return is healthy at 26% CAGR over FY14-23.

22 September 2023

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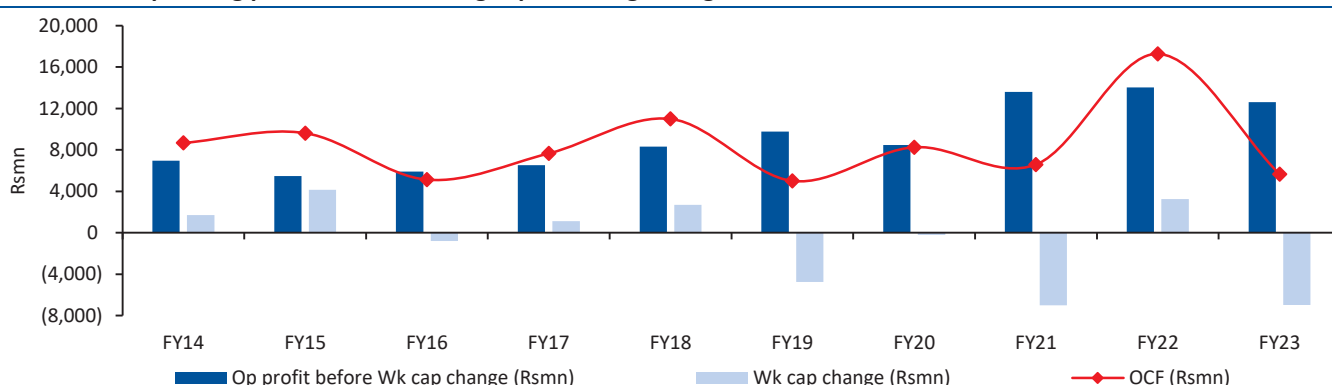
Institutional Research

Market data

Current price:	Rs1,426
Bloomberg:	HAVL IN
52-week H/L:	Rs1,466/1,025
Market cap:	Rs893.6bn
Free float:	32.8%
Avg. daily vol. 3mth:	1037748

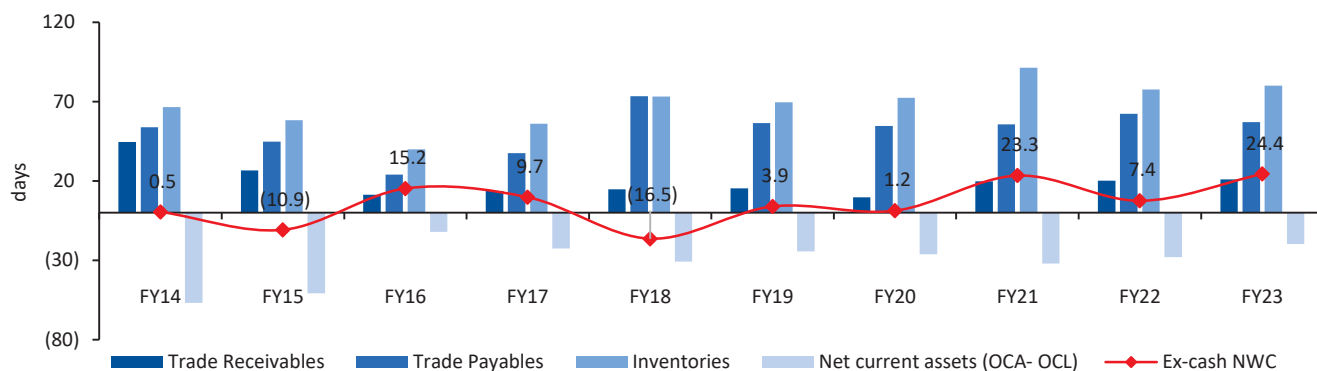
Source: Bloomberg

Exhibit 369: Operating profit before working capital change has grown at 5% CAGR over FY13-23



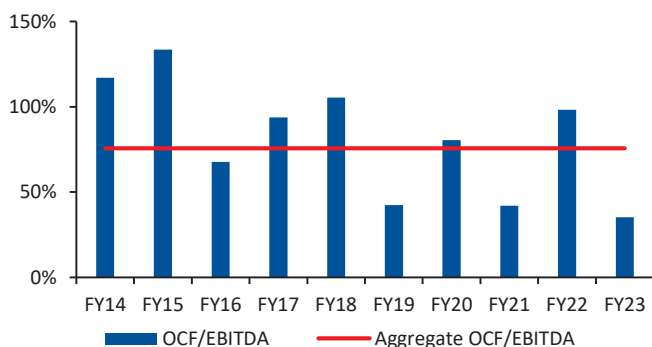
Source: Company, Centrum Broking

Exhibit 370: Ex-cash NWC has averaged at 6 days over the past 10 years



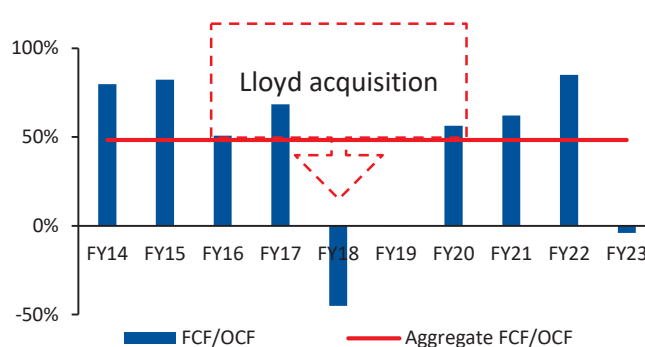
Source: Company, Centrum Broking

Exhibit 371: EBITDA to OCF conversion at 76% over 10 years



Source: Company, Centrum Broking.

Exhibit 372: OCF to FCF conversion at 48% over 10 years



Source: Company, Centrum Broking.

Exhibit 373: HAVL has been a net-cash company since FY14; return ratios are decent

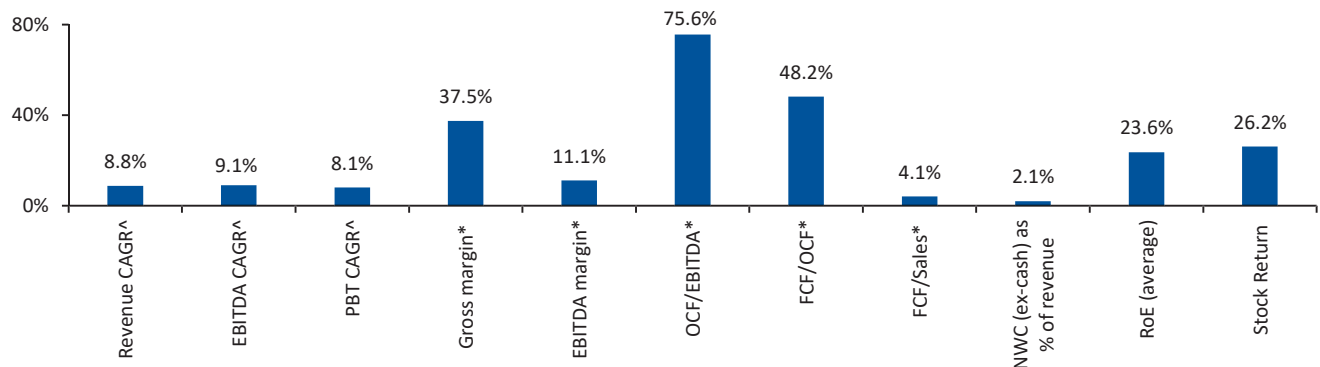
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.0)	(0.3)	(0.5)	(0.5)	(0.4)	(0.3)	(0.3)	(0.2)	(0.4)	(0.3)	(0.3)
Net Debt/EBITDA	(0.1)	(0.7)	(1.8)	(2.2)	(1.4)	(1.1)	(1.1)	(0.7)	(1.2)	(1.2)	(1.1)
RoCE pre-tax	27.2%	27.5%	27.1%	25.2%	27.9%	28.7%	21.6%	30.3%	27.5%	22.7%	26.6%
RoCE	20.4%	18.6%	23.2%	17.2%	19.2%	19.7%	17.5%	22.0%	20.5%	16.8%	19.5%
RoIC (pre-tax)	35.2%	39.6%	44.4%	50.3%	51.4%	40.0%	26.5%	38.4%	42.0%	32.7%	40.1%
RoE	28.7%	22.1%	53.7%	15.3%	19.2%	19.8%	17.2%	22.0%	21.4%	17.0%	23.6%

Source: Company, Centrum Broking

Exhibit 374: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.75	0.68	0.86	0.67	0.69	0.69	0.81	0.73	0.74	0.74	0.74
Revenue/average total assets	3.27	3.70	2.86	1.80	2.13	2.34	2.06	1.97	2.19	2.46	2.48
Average total assets/Average NW	1.61	1.33	1.10	1.08	1.09	1.08	1.08	1.12	1.14	1.09	1.17
PBT/EBITDA	0.80	0.79	2.00	0.87	0.94	0.97	0.88	0.91	0.91	0.90	1.00
EBITDA/Revenue	0.09	0.08	0.10	0.13	0.13	0.12	0.11	0.15	0.13	0.09	0.11
RoE	28.7%	22.1%	53.7%	15.3%	19.2%	19.8%	17.2%	22.0%	21.4%	17.0%	23.6%

Source: Company, Centrum Broking

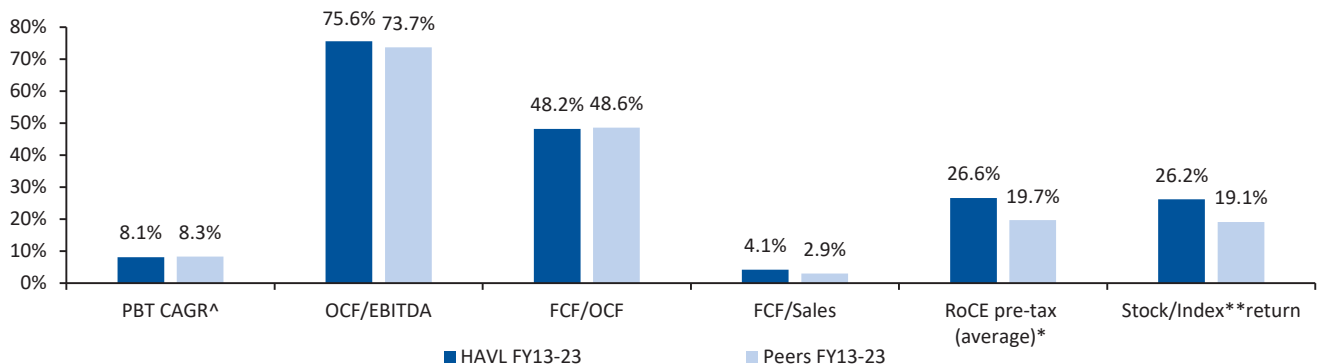
Exhibit 375: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 376: Effective FCF utilization - Distribution of FCF as dividend is high at 82.7% over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	6,925	7,916	2,607	5,254	(4,969)	(2)	4,658	4,104	14,697	(229)
FCF yield	8%	5%	1%	2%	(2%)	0%	1%	1%	2%	0%
Dividend + Buyback (b)	2,191	2,255	4,511	2,631	3,012	3,329	2,503	4,069	4,695	4,695
Distribution of FCF (b/a)	32%	28%	173%	50%	(60%)	NA	53%	99%	32%	NA
Cash & equivalents/Capital employed	35.4%	36.8%	46.9%	56.5%	40.8%	30.8%	26.3%	29.2%	39.8%	28.2%

Source: Company, Centrum Broking

Exhibit 377: HAVL vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	1,04,279	1,38,885	1,68,684	1,94,145	2,24,154
Operating Expense	64,749	93,841	1,16,713	1,32,601	1,51,528
Employee cost	8,853	10,147	12,617	14,367	16,139
Others	15,024	17,322	23,325	27,443	32,820
EBITDA	15,653	17,576	16,030	19,734	23,667
Depreciation & Amortisation	2,489	2,608	2,961	3,104	3,348
EBIT	13,164	14,968	13,069	16,630	20,318
Interest expenses	726	534	336	319	287
Other income	1,878	1,604	1,770	2,210	2,405
PBT	14,316	16,038	14,503	18,521	22,436
Taxes	3,919	4,091	3,753	4,662	5,647
Effective tax rate (%)	27.4	25.5	25.9	25.2	25.2
PAT	10,396	11,947	10,750	13,859	16,789
Minority/Associates	0	0	0	0	0
Recurring PAT	10,396	11,947	10,750	13,859	16,789
Extraordinary items	0	0	0	0	0
Reported PAT	10,396	11,947	10,750	13,859	16,789
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	10.6	33.2	21.5	15.1	15.5
EBITDA	52.4	12.3	(8.8)	23.1	19.9
Adj. EPS	41.8	14.9	(10.1)	28.9	21.1
Margins (%)					
Gross	37.9	32.4	30.8	31.7	32.4
EBITDA	15.0	12.7	9.5	10.2	10.6
EBIT	12.6	10.8	7.7	8.6	9.1
Adjusted PAT	10.0	8.6	6.4	7.1	7.5
Returns (%)					
ROE	22.0	21.4	17.1	19.8	21.4
ROCE	21.9	20.5	16.9	20.2	21.7
ROIC	27.6	31.2	24.3	26.5	30.7
Turnover (days)					
Gross block turnover ratio (x)	3.9	4.6	4.9	4.6	4.8
Debtors	14	17	19	20	19
Inventory	127	109	104	109	108
Creditors	85	77	79	79	81
Net working capital	81	74	65	64	68
Solvency (x)					
Net debt-equity	(0.2)	(0.4)	(0.3)	(0.3)	(0.4)
Interest coverage ratio	21.5	32.9	47.7	61.8	82.3
Net debt/EBITDA	(0.7)	(1.2)	(1.2)	(1.2)	(1.3)
Per share (Rs)					
Adjusted EPS	16.6	19.1	17.2	22.1	26.8
BVPS	82.5	95.6	105.6	117.7	132.4
CEPS	20.6	23.2	21.9	27.1	32.1
DPS	6.5	7.5	7.5	10.0	12.0
Dividend payout (%)	39.1	39.3	43.7	45.2	44.8
Valuation (x)					
P/E	85.8	74.7	83.1	64.5	53.2
P/BV	17.3	14.9	13.5	12.1	10.8
EV/EBITDA	56.3	49.6	54.6	44.1	36.5
Dividend yield (%)	0.5	0.5	0.5	0.7	0.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	626	626	627	627	627
Reserves & surplus	51,019	59,260	65,518	73,110	82,379
Shareholders fund	51,645	59,886	66,145	73,737	83,005
Minority Interest	0	0	0	0	0
Total debt	4,922	3,955	0	0	0
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	3,391	3,506	3,615	3,615	3,615
Total liabilities	59,958	67,348	69,760	77,352	86,620
Gross block	26,527	30,190	34,510	42,144	47,144
Less: acc. Depreciation	(7,920)	(9,976)	(12,232)	(15,336)	(18,685)
Net block	18,607	20,213	22,278	26,807	28,459
Capital WIP	863	568	1,634	500	500
Net fixed assets	33,802	34,907	37,870	41,265	42,917
Non Current Assets	0	0	0	0	0
Investments	3,079	4,277	2,013	2,013	2,013
Inventories	26,199	29,681	37,085	41,778	47,742
Sundry debtors	5,636	7,675	9,729	11,170	12,589
Cash & Cash Equivalents	16,247	25,358	18,619	23,222	30,422
Loans & advances	2,573	2,492	5,489	6,213	6,949
Other current assets	665	661	628	688	778
Trade payables	15,968	23,794	26,425	30,880	36,118
Other current liab.	9,117	10,615	11,130	13,590	15,691
Provisions	3,160	3,295	4,116	4,528	4,981
Net current assets	23,076	28,164	29,877	34,073	41,690
Total assets	59,958	67,348	69,760	77,352	86,620
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	14,316	16,038	14,503	18,521	22,436
Depreciation & Amortisation	2,489	2,608	2,961	3,104	3,348
Net Interest	726	534	336	319	287
Net Change – WC	(6,549)	4,025	(8,355)	407	(418)
Direct taxes	(3,394)	(3,976)	(3,644)	(4,662)	(5,647)
Net cash from operations	7,589	19,230	5,801	17,690	20,007
Capital expenditure	(2,136)	(3,920)	(6,092)	(6,500)	(5,000)
Acquisitions, net	0	0	0	0	0
Investments	(3,063)	(1,198)	2,264	0	0
Others	0	0	0	0	0
Net cash from investing	(5,199)	(5,118)	(3,828)	(6,500)	(5,000)
FCF	2,390	14,112	1,973	11,190	15,007
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	4,922	(967)	(3,955)	0	0
Dividend paid	(4,069)	(4,697)	(4,699)	(6,267)	(7,520)
Interest paid	(726)	(534)	(336)	(319)	(287)
Others	2,662	1,196	278	0	0
Net cash from financing	2,789	(5,001)	(8,712)	(6,586)	(7,808)
Net change in Cash	5,178	9,111	(6,740)	4,604	7,199

Source: Company, Centrum Broking

IFB Industries (IFBI)

IFBI reported revenue CAGR of 16.4% over FY13-23 while PBT CAGR was negative 2.2%. Ex-cash NWC is low at an avg. of 8 days over FY14-23, with FY21-23 turning negative, due to lower receivables (avg. 31 days) and rising payables (avg. 58 days over FY14-18 increasing to 75 days over FY19-23). Aggregate OCF was Rs10.4bn, with a strong OCF/EBITDA conversion of 92% over FY14-23. However, FCF/OCF conversion is low at 9% with FCF of only Rs947mn post total capex outlay of Rs8.5bn & investment of Rs970mn in associate firm IFB Refrigeration. Due to lower margins, average RoE/RoCE are suppressed at 8% each over FY14-23. IFBI does not pay dividend. The stock return is healthy at 26.6% CAGR over FY13-23.

22 September 2023

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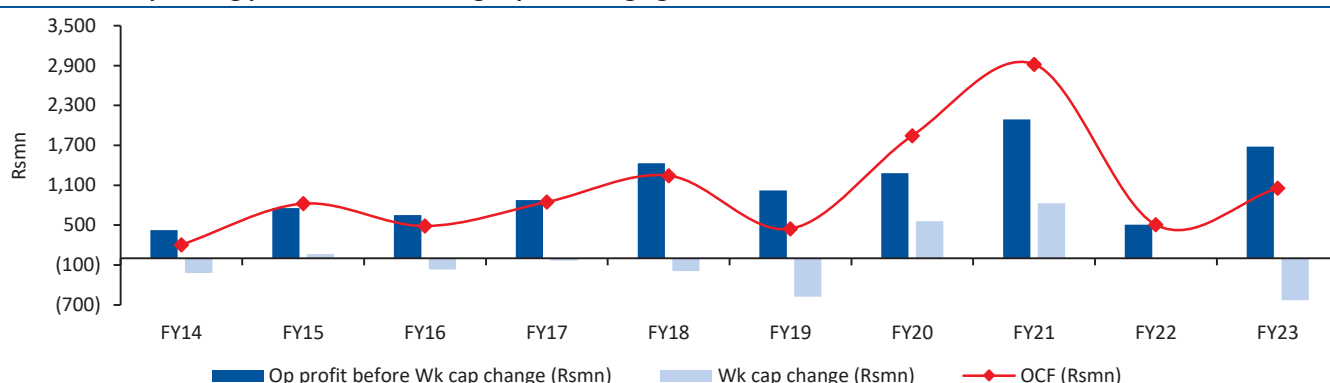
Institutional Research

Market data

Current price:	Rs935
Bloomberg:	IFBI IN
52-week H/L:	Rs1,166/698
Market cap:	Rs37.9bn
Free float:	22.6%
Avg. daily vol. 3mth:	78627

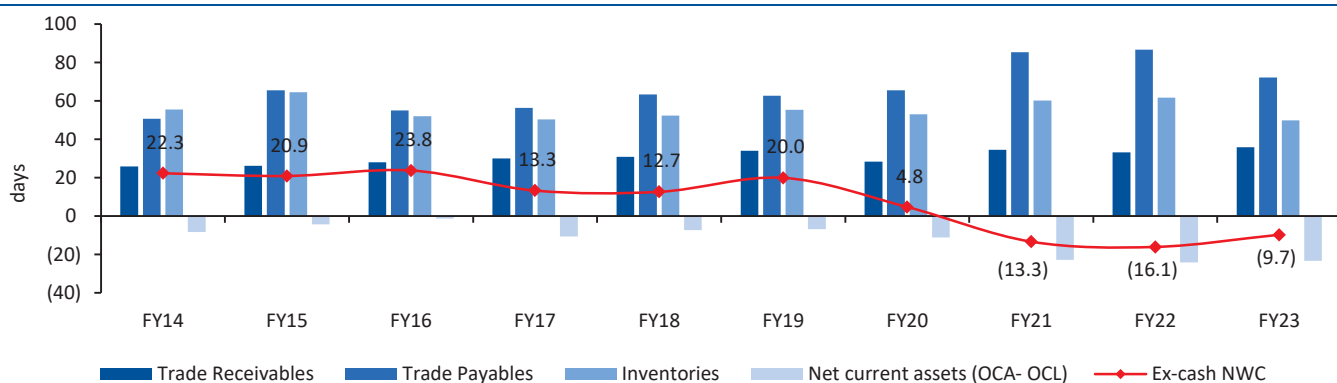
Source: Bloomberg

Exhibit 378: Operating profit before working capital change grew 14% CAGR over FY13-23



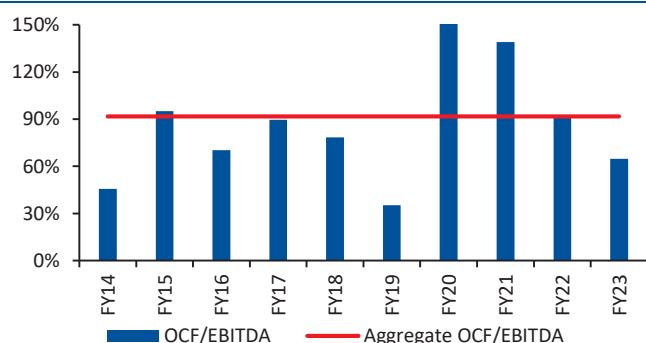
Source: Company, Centrum Broking

Exhibit 379: Ex-cash NWC turned negative over FY21-23 vs. an avg. 17 days over FY14-20



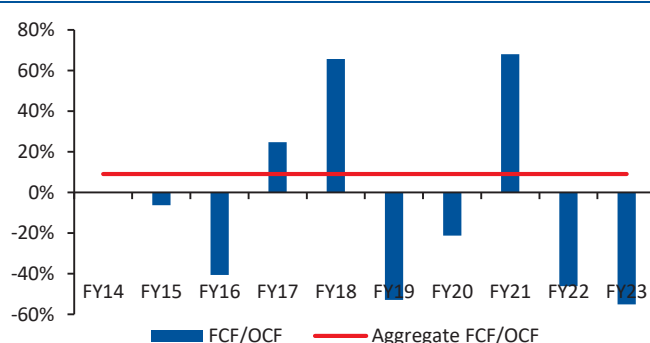
Source: Company, Centrum Broking

Exhibit 380: EBITDA to OCF conversion at 92% over 10 years



Source: Company, Centrum Broking.

Exhibit 381: OCF to FCF conversion at 9% over 10 years



Source: Company, Centrum Broking. Note : FY14 is NA as FCF is negative beyond 100%

Exhibit 382: Low leverage but return ratios are weak on account of poor margins

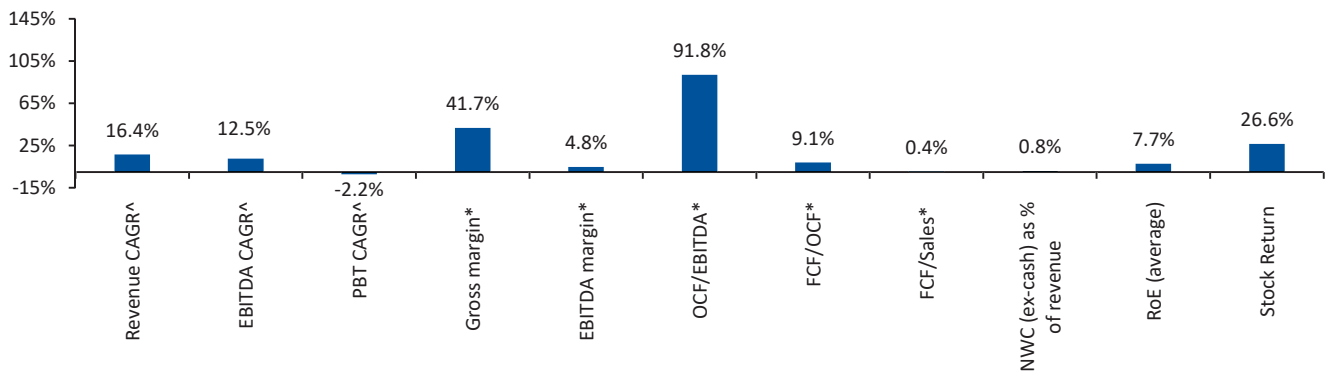
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)	0.3	0.2	0.2	0.2	0.0
Net Debt/EBITDA	(0.5)	(0.1)	(0.5)	(0.1)	(0.3)	(0.6)	1.4	0.5	2.6	0.7	0.3
RoCE pre-tax	8.7%	15.1%	8.7%	13.2%	22.2%	13.5%	5.2%	13.9%	(4.6%)	7.3%	10.3%
RoCE	6.4%	12.7%	7.8%	10.7%	15.3%	10.2%	5.1%	9.0%	(3.0%)	3.7%	7.8%
RoIC (pre-tax)	9.0%	15.2%	6.9%	13.0%	25.5%	14.9%	4.9%	17.9%	(10.8%)	7.2%	10.4%
RoE	6.6%	13.7%	7.8%	11.1%	15.9%	12.5%	4.3%	9.6%	(7.2%)	2.3%	7.7%

Source: Company, Centrum Broking

Exhibit 383: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.7	0.8	0.9	0.8	0.7	0.8	1.0	0.6	0.7	0.4	0.8
Revenue/average total assets	2.7	2.9	3.3	3.6	4.1	4.3	3.3	2.9	3.7	4.7	3.6
Average total assets/Average NW	1.2	1.2	1.1	1.1	1.1	1.1	1.3	1.4	1.4	1.3	1.2
PBT/EBITDA	0.6	0.7	0.5	0.6	0.7	0.7	0.2	0.5	(1.3)	0.2	0.3
EBITDA/Revenue	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.1
RoE	6.6%	13.7%	7.8%	11.1%	15.9%	12.5%	4.3%	9.6%	(7.2%)	2.3%	7.7%

Source: Company, Centrum Broking

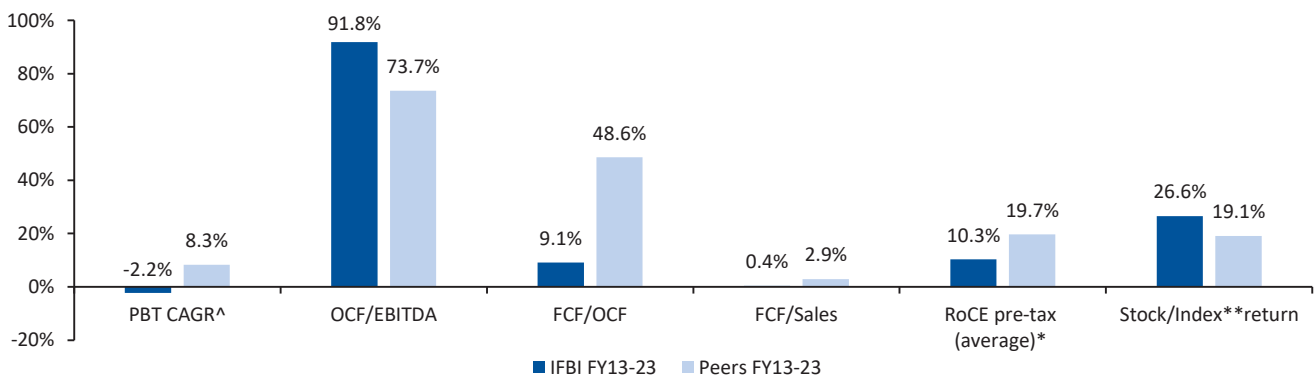
Exhibit 384: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR,; *: aggregate of FY14-23

Exhibit 385: Effective FCF utilization – Nil dividend payment over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(375)	(52)	(198)	209	817	(236)	(391)	1,986	(233)	(581)
FCF yield	(14%)	0%	(1%)	1%	2%	(1%)	(1%)	7%	(1%)	(2%)
Dividend + Buyback (b)	-	-	-	-	-	-	-	-	-	-
Distribution of FCF (b/a)	-	-	-	-	-	-	-	-	-	-
Cash & equivalents/Capital employed	17.7%	10.6%	11.1%	9.3%	11.9%	15.1%	13.4%	13.2%	10.5%	11.1%

Source: Company, Centrum Broking. Note: No dividend paid over FY14-23

Exhibit 386: IFBI vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	28,008	34,154	41,950	48,460	55,800
Operating Expense	15,646	20,624	25,582	29,173	33,312
Employee cost	3,069	3,724	4,051	4,604	5,189
Others	7,194	9,251	10,689	12,044	13,855
EBITDA	2,099	555	1,628	2,639	3,443
Depreciation & Amortisation	1,024	1,155	1,215	1,215	1,243
EBIT	1,075	(600)	413	1,424	2,201
Interest expenses	309	318	294	280	227
Other income	224	181	228	296	340
PBT	989	(737)	346	1,440	2,314
Taxes	348	(255)	172	362	582
Effective tax rate (%)	35.2	34.6	49.8	25.2	25.2
PAT	641	(482)	174	1,077	1,731
Minority/Associates	0	0	(24)	(120)	(90)
Recurring PAT	641	(482)	149	957	1,641
Extraordinary items	0	0	0	0	0
Reported PAT	641	(482)	149	957	1,641
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	6.2	21.9	22.8	15.5	15.1
EBITDA	73.7	(73.6)	193.5	62.1	30.5
Adj. EPS	133.9	nm	nm	540.7	71.4
Margins (%)					
Gross	44.1	39.6	39.0	39.8	40.3
EBITDA	7.5	1.6	3.9	5.4	6.2
EBIT	3.8	(1.8)	1.0	2.9	3.9
Adjusted PAT	2.3	(1.4)	0.4	2.0	2.9
Returns (%)					
ROE	9.6	(7.2)	2.3	13.4	19.4
ROCE	9.0	(3.0)	3.7	14.3	19.1
ROIC	11.6	(7.1)	3.6	18.5	29.7
Turnover (days)					
Gross block turnover ratio (x)	3.1	3.5	3.9	4.2	4.6
Debtors	31	31	31	34	35
Inventory	99	92	82	78	81
Creditors	132	130	117	112	114
Net working capital	3	(6)	(1)	7	18
Solvency (x)					
Net debt-equity	0.2	0.2	0.2	0.0	(0.2)
Interest coverage ratio	6.8	1.7	5.5	9.4	15.1
Net debt/EBITDA	0.5	2.6	0.7	0.0	(0.6)
Per share (Rs)					
Adjusted EPS	15.5	(11.7)	3.6	23.2	39.8
BVPS	168.6	157.0	161.7	184.9	224.6
CEPS	40.3	16.3	33.1	52.6	69.9
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	nm	0.0	0.0	0.0
Valuation (x)					
P/E	60.0	nm	257.4	40.2	23.4
P/BV	5.5	5.9	5.8	5.0	4.1
EV/EBITDA	18.9	72.0	24.3	14.5	10.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	413	413	413	413	413
Reserves & surplus	6,546	6,070	6,262	7,219	8,860
Shareholders fund	6,959	6,483	6,675	7,632	9,273
Minority Interest	0	0	0	0	0
Total debt	2,329	2,386	2,041	1,691	1,341
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	268	(21)	156	156	156
Total liabilities	9,556	8,848	8,871	9,479	10,770
Gross block	8,977	9,843	10,635	11,459	12,209
Less: acc. Depreciation	(3,011)	(3,354)	(4,105)	(5,320)	(6,562)
Net block	5,966	6,489	6,531	6,139	5,646
Capital WIP	188	119	123	50	50
Net fixed assets	6,747	7,127	7,156	6,691	6,198
Non Current Assets	5	6	6	6	7
Investments	2,606	2,296	1,861	1,861	1,861
Inventories	4,623	5,768	5,731	6,794	7,940
Sundry debtors	2,657	3,103	4,134	4,912	5,809
Cash & Cash Equivalents	1,225	929	971	1,804	3,317
Loans & advances	5	6	6	6	7
Other current assets	1,046	1,050	1,205	1,454	1,674
Trade payables	6,555	8,120	8,303	9,591	11,135
Other current liab.	2,152	2,716	3,279	3,634	3,906
Provisions	652	600	614	824	1,004
Net current assets	198	(580)	(151)	921	2,703
Total assets	9,556	8,848	8,871	9,479	10,770
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	989	(737)	346	1,440	2,314
Depreciation & Amortisation	1,024	1,155	1,215	1,215	1,243
Net Interest	309	318	294	280	227
Net Change – WC	1,367	481	(387)	(239)	(270)
Direct taxes	(193)	(33)	4	(362)	(582)
Net cash from operations	3,496	1,183	1,472	2,333	2,931
Capital expenditure	(1,494)	(1,608)	(1,262)	(750)	(750)
Acquisitions, net	0	0	0	0	0
Investments	(1,077)	310	435	0	0
Others	0	0	0	0	0
Net cash from investing	(2,571)	(1,298)	(827)	(750)	(750)
FCF	925	(115)	646	1,583	2,181
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(560)	57	(345)	(350)	(350)
Dividend paid	0	0	0	0	0
Interest paid	(309)	(318)	(294)	(280)	(227)
Others	(83)	79	36	(120)	(90)
Net cash from financing	(951)	(181)	(604)	(750)	(667)
Net change in Cash	(26)	(296)	42	833	1,514

Source: Company, Centrum Broking

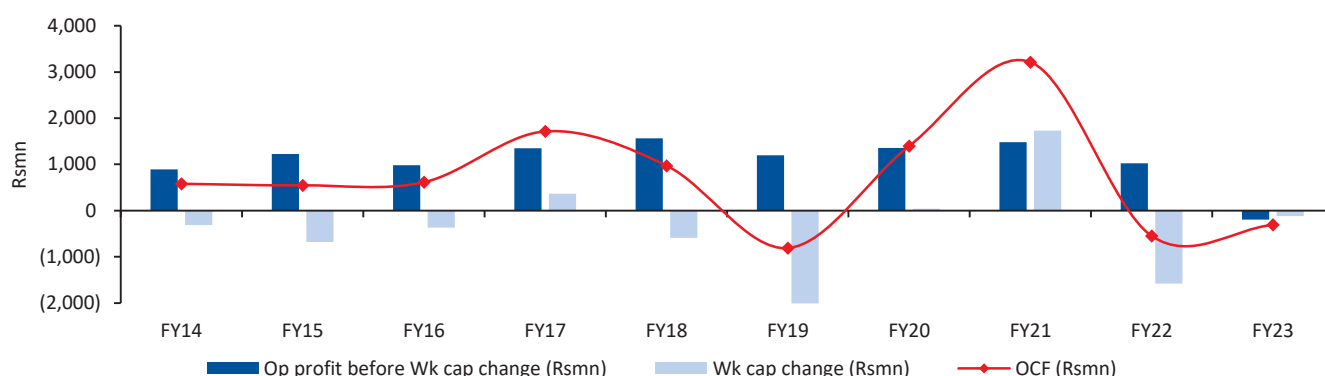
Johnson Controls-Hitachi Air Conditioning India

JCHAC reported revenue CAGR of 10% over FY13-23. Ex-cash NWC has risen from an average of 43 days over FY14-18 to 56 days over FY19-23 as inventory days increased from 96 in FY14-18 to 128 in FY19-23. Aggregate OCF generated over FY14-23 was Rs7.4bn, with OCF/EBITDA conversion rate of 61%. FCF/OCF conversion is low at 18% with aggregate FCF of Rs1.3bn over FY14-23 post cumulative capex of Rs6bn. Return ratios are sub-optimal with avg. RoE/RoCE at 11%/9.8% over FY14-23. Distribution of FCF as dividend remains low at an aggregate of 18.8% over the past 10 years with no dividend paid over FY20-23. Stock return is healthy at 27% CAGR over FY13-23.

Market data

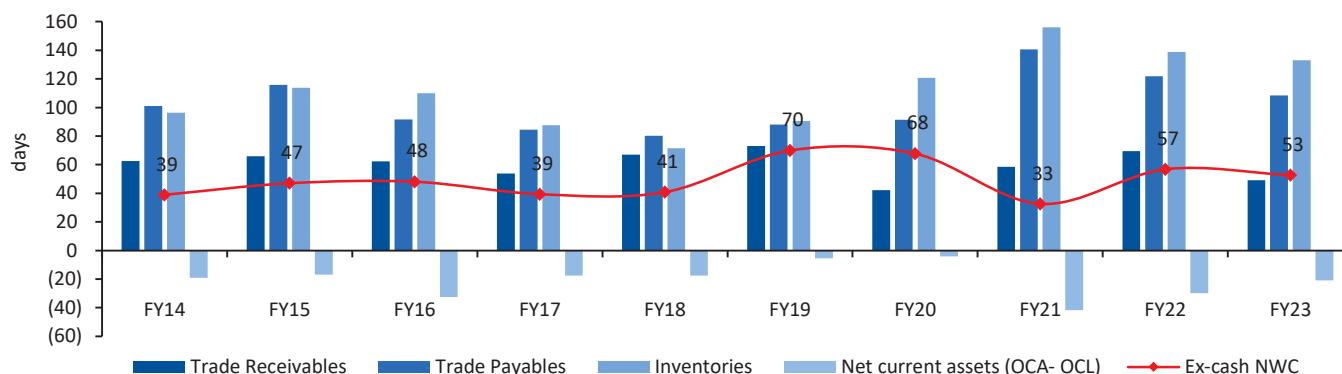
Current price:	Rs1,258
Bloomberg:	JCHAC IN
52-week H/L:	Rs1,524/938
Market cap:	Rs34.2bn
Free float:	25.7%
Avg. daily vol. 3mth:	101817
Source: Bloomberg	

Exhibit 387: Inconsistent trend in operating profit and OCF



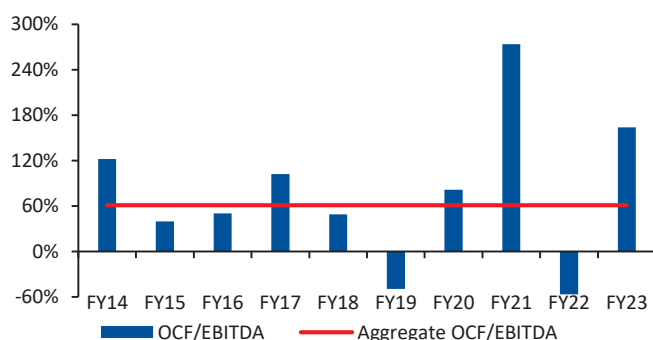
Source: Company, Centrum Broking

Exhibit 388: Ex-cash NWC has increased to an avg. of 56 days over FY19-23 vs. an avg. of 43 days over FY14-18



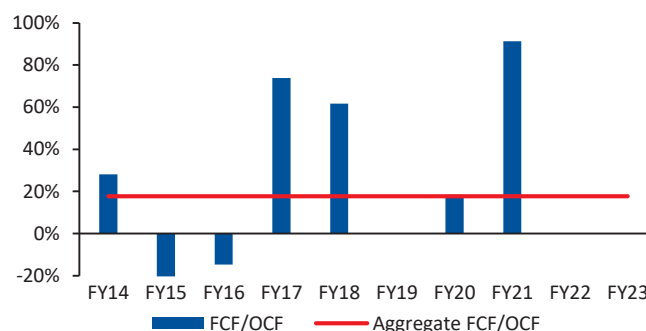
Source: Company, Centrum Broking

Exhibit 389: EBITDA to OCF conversion at 61% over 10 years



Source: Company, Centrum Broking.

Exhibit 390: OCF to FCF conversion at 18% over 10 years



Source: Company, Centrum Broking. FY19/22/23 is NA as both OCF and FCF are negative

Exhibit 391: Low leverage position; Return ratio profile is sub-optimal

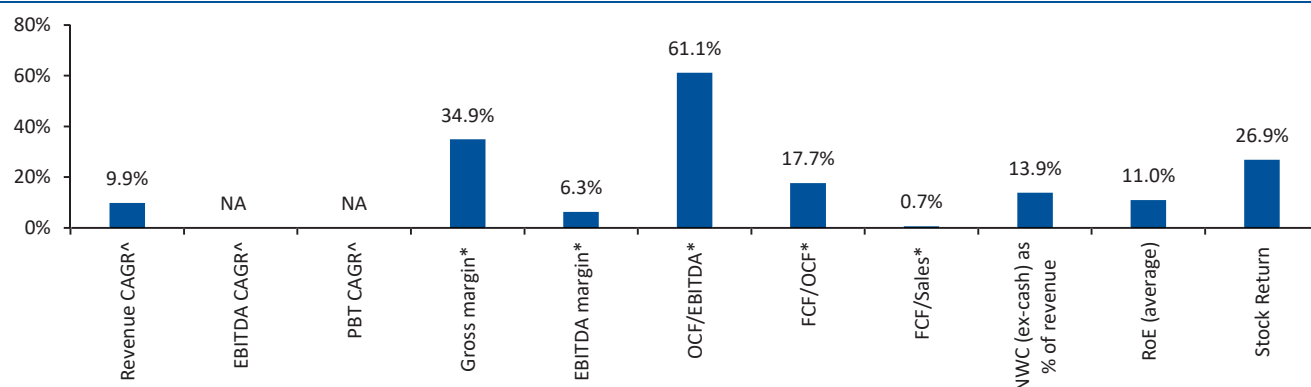
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.3	0.4	0.4	0.1	(0.0)	0.3	0.2	(0.2)	0.0	0.2	0.2
Net Debt/EBITDA	1.6	1.0	1.0	0.2	(0.1)	1.0	0.8	(1.0)	0.1	(6.4)	(0.2)
RoCE pre-tax	6.5%	27.7%	16.7%	24.8%	29.3%	20.0%	15.0%	6.4%	4.3%	(10.4%)	14.0%
RoCE	4.6%	21.3%	12.2%	17.0%	19.4%	13.0%	10.6%	4.8%	3.1%	(8.1%)	9.8%
RoIC (pre-tax)	5.7%	26.8%	16.5%	24.1%	29.6%	18.7%	14.5%	5.9%	3.6%	(12.3%)	13.3%
RoE	3.4%	28.1%	14.9%	20.4%	20.5%	15.0%	12.8%	4.7%	2.2%	(11.7%)	11.0%

Source: Company, Centrum Broking

Exhibit 392: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.7	0.8	0.7	0.7	0.7	0.6	0.7	0.8	0.7	0.8	0.7
Revenue/average total assets	3.1	4.0	3.5	3.9	4.4	3.4	2.6	2.0	2.7	2.9	3.2
Average total assets/Average NW	1.5	1.4	1.4	1.2	1.1	1.2	1.3	1.2	1.1	1.2	1.3
PBT/EBITDA	0.2	0.7	0.6	0.7	0.8	0.8	0.7	0.4	0.2	5.6	1.1
EBITDA/Revenue	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1
RoE	3.4%	28.1%	14.9%	20.4%	20.5%	15.0%	12.8%	4.7%	2.2%	(11.7%)	11.0%

Source: Company, Centrum Broking

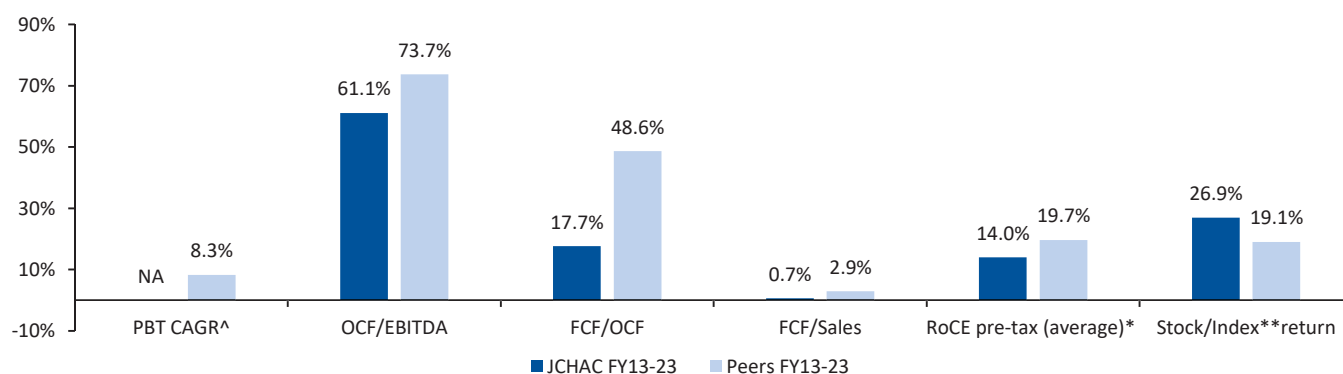
Exhibit 393: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23. EBITDA CAGR and PBT CAGR is NA as EBITDA/PBT were negative in FY23.

Exhibit 394: Effective FCF utilization - Distribution of FCF as dividend is low at 18.8% over FY14-23; nil dividend over FY20-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	163	(111)	(91)	1,265	599	(1,890)	258	2,932	(1,035)	(788)
FCF yield	5%	(1%)	0%	3%	1%	(3%)	0%	5%	-2%	-2%
Dividend + Buyback (b)	41	41	41	41	41	41	-	-	-	-
Distribution of FCF (b/a)	25.0%	(36.6%)	(45.0%)	3.2%	6.8%	(2.2%)	0.0%	0.0%	0.0%	0.0%
Cash & equivalents/Capital employed	6.5%	1.3%	0.8%	4.7%	6.5%	3.7%	2.1%	16.9%	3.9%	2.8%

Source: Company, Centrum Broking Note: Dividend not declared over FY20-23

Exhibit 395: JCHAC vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	16,465	21,590	23,844	23,080	29,458
Operating Expense	10,317	15,060	17,881	16,387	20,326
Employee cost	1,673	1,774	1,836	1,662	1,915
Others	3,301	3,792	4,315	4,644	5,524
EBITDA	1,175	965	(188)	388	1,694
Depreciation & Amortisation	755	721	753	668	695
EBIT	420	244	(941)	(280)	999
Interest expenses	136	91	75	120	114
Other income	79	81	120	115	118
PBT	434	226	(1,052)	(285)	1,002
Taxes	103	65	(231)	(72)	252
Effective tax rate (%)	23.8	28.6	21.9	25.2	25.2
PAT	331	161	(821)	(213)	750
Minority/Associates	0	0	0	0	0
Recurring PAT	331	161	(821)	(213)	750
Extraordinary items	0	0	0	0	0
Reported PAT	331	161	(821)	(213)	750
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(25.1)	31.1	10.4	(3.2)	27.6
EBITDA	(31.8)	(17.8)	nm	nm	336.7
Adj. EPS	(60.4)	(51.3)	nm	(74.0)	nm
Margins (%)					
Gross	37.3	30.2	25.0	29.0	31.0
EBITDA	7.1	4.5	(0.8)	1.7	5.7
EBIT	2.5	1.1	(3.9)	(1.2)	3.4
Adjusted PAT	2.0	0.7	(3.4)	(0.9)	2.5
Returns (%)					
ROE	4.7	2.2	(11.7)	(3.3)	11.1
ROCE	4.8	3.1	(8.1)	(1.6)	10.6
ROIC	4.5	2.6	(9.6)	(2.8)	10.4
Turnover (days)					
Gross block turnover ratio (x)	3.2	4.1	4.1	3.8	4.6
Debtors	57	57	56	51	47
Inventory	253	185	173	184	156
Creditors	209	164	146	152	134
Net working capital	66	61	56	59	57
Solvency (x)					
Net debt-equity	(0.2)	0.0	0.2	0.1	0.0
Interest coverage ratio	8.7	10.6	(2.5)	3.2	14.8
Net debt/EBITDA	(1.0)	0.1	(6.4)	1.6	0.2
Per share (Rs)					
Adjusted EPS	12.2	5.9	(30.2)	(7.8)	27.6
BVPS	265.5	272.1	242.4	234.6	260.2
CEPS	39.9	32.5	(2.5)	16.7	53.1
DPS	0.0	0.0	0.0	0.0	2.0
Dividend payout (%)	0.0	0.0	nm	nm	7.3
Valuation (x)					
P/E	103.3	212.1	nm	nm	45.6
P/BV	4.7	4.6	5.2	5.4	4.8
EV/EBITDA	28.1	35.5	(188.1)	89.7	20.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	272	272	272	272	272
Reserves & surplus	6,947	7,127	6,320	6,106	6,802
Shareholders fund	7,219	7,399	6,592	6,378	7,074
Minority Interest	0	0	0	0	0
Total debt	0	430	1,430	1,230	1,030
Non Current Liabilities	781	556	525	531	619
Def tax liab. (net)	(150)	(162)	(423)	(423)	(423)
Total liabilities	7,850	8,222	8,125	7,717	8,300
Gross block	5,197	5,327	5,864	6,114	6,364
Less: acc. Depreciation	(1,871)	(2,153)	(2,529)	(3,196)	(3,891)
Net block	3,327	3,174	3,335	2,918	2,473
Capital WIP	91	83	111	50	50
Net fixed assets	4,369	3,990	3,929	3,451	3,006
Non Current Assets	497	631	536	531	707
Investments	11	9	9	9	9
Inventories	7,042	8,218	8,686	7,812	9,578
Sundry debtors	2,641	4,113	3,212	3,288	4,358
Cash & Cash Equivalents	1,223	307	221	611	763
Loans & advances	0	0	0	0	0
Other current assets	494	509	871	808	1,031
Trade payables	6,339	7,210	7,087	6,600	8,353
Other current liab.	1,247	1,496	1,330	1,269	1,620
Provisions	840	849	922	923	1,178
Net current assets	2,974	3,592	3,651	3,726	4,579
Total assets	7,850	8,222	8,125	7,717	8,300
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	434	226	(1,052)	(285)	1,002
Depreciation & Amortisation	755	721	753	668	695
Net Interest	136	91	75	120	114
Net Change – WC	2,612	(1,894)	(79)	324	(789)
Direct taxes	(111)	(77)	(30)	72	(252)
Net cash from operations	3,755	(926)	(177)	899	771
Capital expenditure	(575)	(561)	(941)	(189)	(250)
Acquisitions, net	0	0	0	0	0
Investments	0	2	0	0	0
Others	0	0	0	0	0
Net cash from investing	(575)	(559)	(941)	(189)	(250)
FCF	3,180	(1,485)	(1,118)	710	521
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(1,587)	430	1,000	(200)	(200)
Dividend paid	0	0	0	0	(54)
Interest paid	(136)	(91)	(75)	(120)	(114)
Others	(414)	230	108	0	0
Net cash from financing	(2,137)	569	1,033	(320)	(369)
Net change in Cash	1,043	(916)	(86)	390	152

Source: Company, Centrum Broking

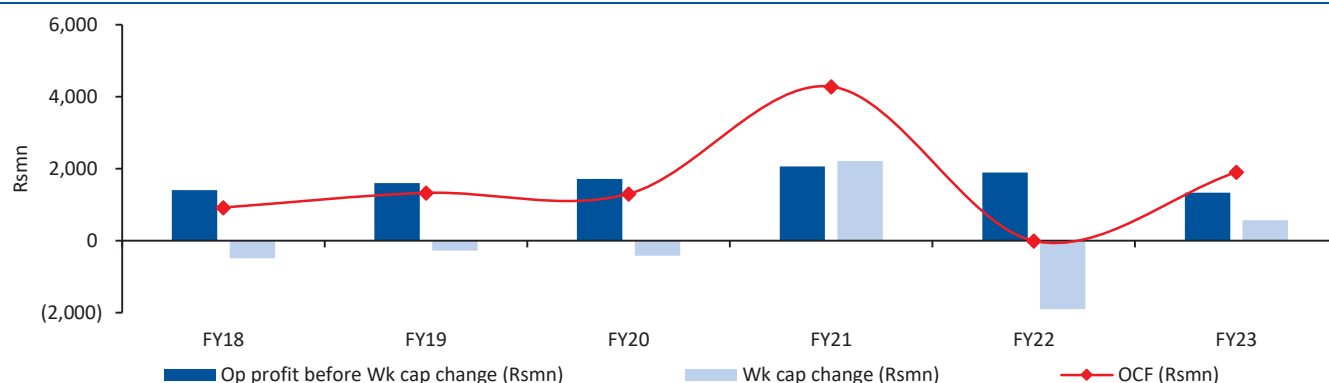
Orient Electric (ORIENTEL)

ORIENTEL posted revenue/PBT CAGR of 9.6%/0.8% over FY18-23. Ex-cash NWC has seen a steady decline from 60 days in FY18 to 14 days in FY23, with a 6-year avg. of 31 days, led by falling debtor days (from 88 in FY18 to 54 in FY23) due to channel financing. OCF/EBITDA conversion is strong at 92%. Aggregate OCF over FY18-23 is Rs9.7bn, of which 71% has been converted to FCF at Rs6.9bn while aggregate capex was Rs2.8bn. Return ratios are healthy with average RoE/RoCE at 23.8%/22.3% over FY18-23. FCF distribution as dividend is relatively lower at an aggregate of 26.4% over FY18-23. The returns from stock are healthy at a CAGR of 18.9% over FY18-23.

Market data

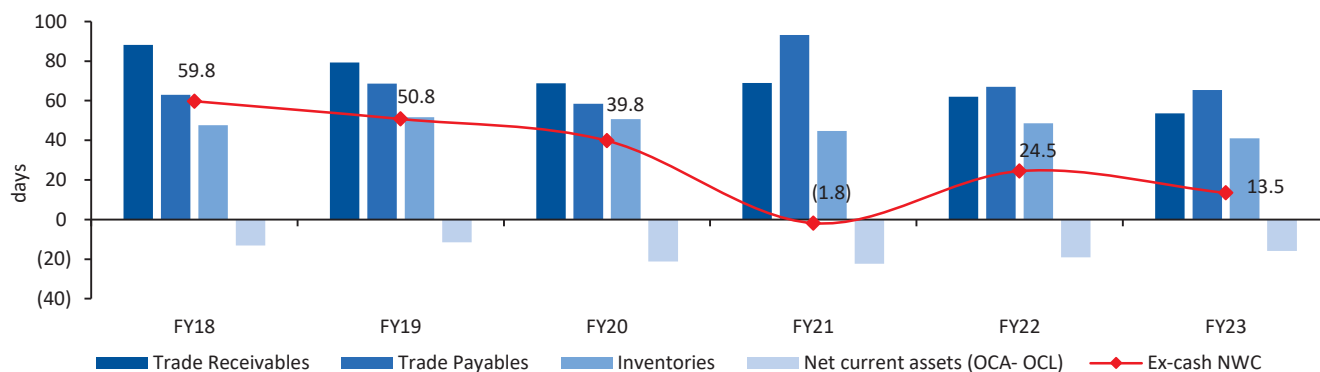
Current price:	Rs221
Bloomberg:	ORIENTEL IN
52-week H/L:	Rs291/216
Market cap:	Rs47.1bn
Free float:	59.9%
Avg. daily vol. 3mth:	447303
Source: Bloomberg	

Exhibit 396: Operating profits have remained steady barring FY22



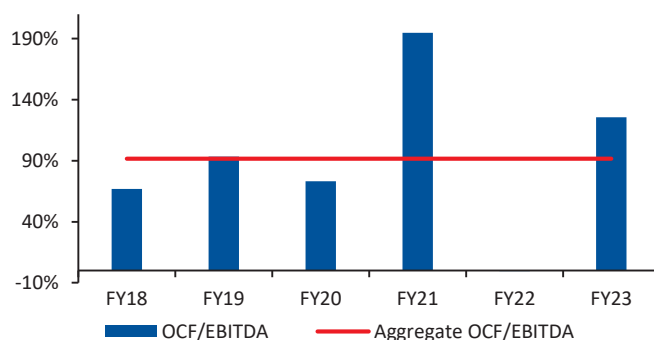
Source: Company, Centrum Broking

Exhibit 397: Steady decline in ex-cash NWC from 60 days in FY18 to 14 days in FY23



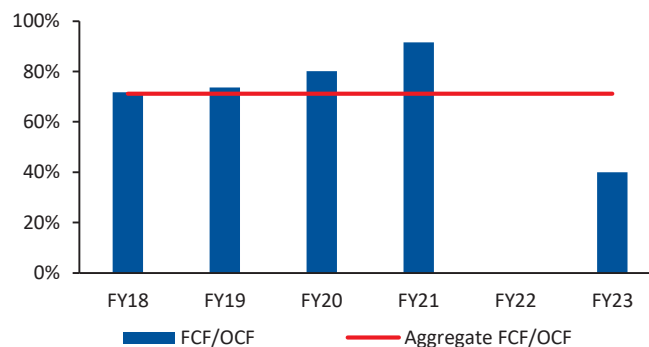
Source: Company, Centrum Broking

Exhibit 398: EBITDA to OCF conversion at 92% over 6 years



Source: Company, Centrum Broking

Exhibit 399: OCF to FCF conversion at 71% over 6 years



Source: Company, Centrum Broking. FY22 is NA as OCF and FCF are both negative

Exhibit 400: Net-cash position since FY21 with decent return ratios decent

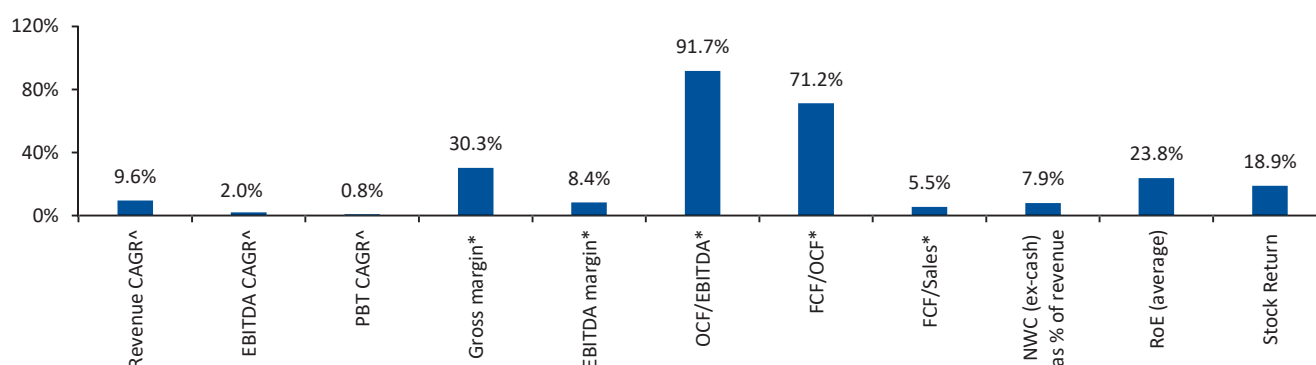
	FY18	FY19	FY20	FY21	FY22	FY23	FY18-23 average
Net Debt/Equity	0.5	0.3	0.2	(0.5)	(0.3)	(0.3)	0.0
Net Debt/EBITDA	1.0	0.7	0.5	(1.1)	(0.6)	(1.0)	(0.1)
RoCE pre-tax	29.4%	29.7%	31.7%	39.5%	37.0%	21.6%	31.5%
RoCE	19.2%	19.7%	21.8%	29.2%	27.6%	16.0%	22.3%
RoIC (pre-tax)	30.0%	29.7%	32.2%	53.4%	59.5%	23.3%	38.0%
RoE	26.9%	24.3%	23.6%	29.4%	25.4%	13.5%	23.8%

Source: Company, Centrum Broking

Exhibit 401: DuPont Analysis

	FY18	FY19	FY20	FY21	FY22	FY23	FY18-23 avg
PAT/PBT	0.65	0.66	0.69	0.74	0.75	0.74	0.71
Revenue/average total assets	4.14	4.58	4.88	4.63	5.03	4.60	4.64
Average total assets/Average NW	1.62	1.43	1.27	1.08	0.98	0.98	1.22
PBT/EBITDA	0.72	0.74	0.65	0.74	0.73	0.68	0.71
EBITDA/Revenue	0.09	0.08	0.09	0.11	0.09	0.06	0.08
RoE	26.9%	24.3%	23.6%	29.4%	25.4%	13.5%	23.8%

Source: Company, Centrum Broking

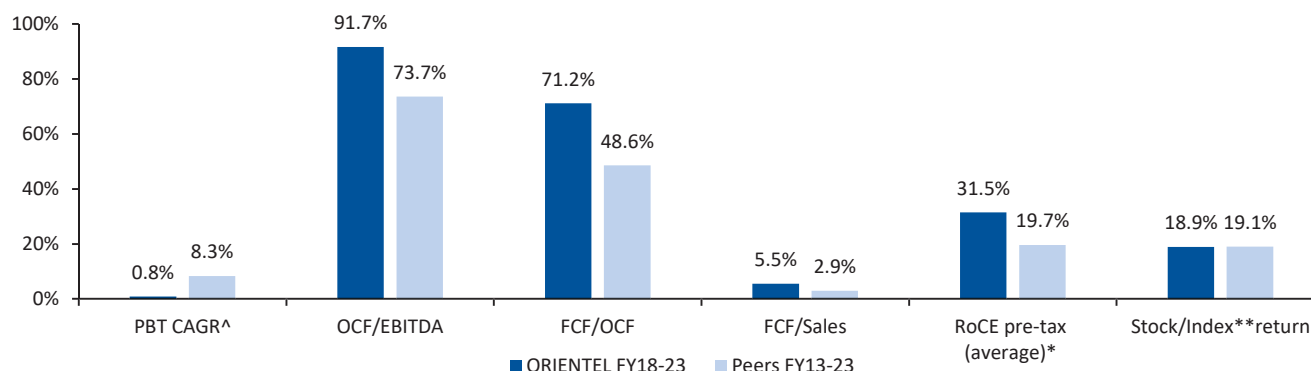
Exhibit 402: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY18-23 CAGR; *: aggregate of FY18-23

Exhibit 403: Effective FCF utilization – Distribution of FCF as dividend is moderate at 26.4% over FY18-23

Rs mn	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	656	971	1,036	3,914	(439)	759
FCF yield	NA	3%	3%	9%	(1%)	1%
Dividend + Buyback (b)	128	256	272	424	424	319
Distribution of FCF (b/a)	19%	26%	26%	11%	NA	42%
Cash & equivalents/Capital employed	7.1%	7.3%	1.6%	54.7%	27.1%	27.6%

Source: Company, Centrum Broking; Note: *Orient Electric was listed in May 2018 (FY19). Hence, FCF yield of FY18 is NA

Exhibit 404: ORIENTEL vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	20,326	24,484	25,292	30,837	36,258
Operating Expense	14,210	17,666	18,242	21,494	25,018
Employee cost	1,792	1,905	1,926	2,436	2,719
Others	2,130	2,600	3,614	4,544	5,446
EBITDA	2,195	2,313	1,510	2,364	3,075
Depreciation & Amortisation	432	471	535	606	722
EBIT	1,764	1,842	975	1,758	2,353
Interest expenses	207	203	222	233	243
Other income	63	58	266	186	196
PBT	1,619	1,698	1,019	1,712	2,306
Taxes	422	431	261	431	580
Effective tax rate (%)	26.0	25.4	25.6	25.2	25.2
PAT	1,197	1,266	759	1,281	1,725
Minority/Associates	0	0	0	0	0
Recurring PAT	1,197	1,266	759	1,281	1,725
Extraordinary items	0	0	0	0	0
Reported PAT	1,197	1,266	759	1,281	1,725
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(1.4)	20.5	3.3	21.9	17.6
EBITDA	24.4	5.4	(34.7)	56.6	30.1
Adj. EPS	52.3	5.8	(40.3)	68.4	34.7
Margins (%)					
Gross	30.1	27.8	27.9	30.3	31.0
EBITDA	10.8	9.4	6.0	7.7	8.5
EBIT	8.7	7.5	3.9	5.7	6.5
Adjusted PAT	5.9	5.2	3.0	4.2	4.8
Returns (%)					
ROE	29.4	25.4	13.5	20.4	23.8
ROCE	29.2	27.6	16.0	22.8	26.0
ROIC	39.5	44.4	17.4	27.6	32.6
Turnover (days)					
Gross block turnover ratio (x)	5.7	6.0	6.3	5.1	5.3
Debtors	69	60	57	48	47
Inventory	69	59	61	54	56
Creditors	109	100	90	83	83
Net working capital	44	47	37	33	39
Solvency (x)					
Net debt-equity	(0.5)	(0.3)	(0.3)	(0.2)	(0.3)
Interest coverage ratio	10.6	11.4	6.8	10.2	12.7
Net debt/EBITDA	(1.1)	(0.6)	(1.0)	(0.6)	(0.7)
Per share (Rs)					
Adjusted EPS	5.6	6.0	3.6	6.0	8.1
BVPS	21.5	25.5	27.5	31.4	36.5
CEPS	7.7	8.2	6.1	8.8	11.5
DPS	2.0	2.0	1.5	2.0	3.0
Dividend payout (%)	35.4	33.5	42.1	33.3	37.1
Valuation (x)					
P/E	39.1	37.0	61.9	36.8	27.3
P/BV	10.3	8.6	8.0	7.0	6.0
EV/EBITDA	20.2	19.6	30.0	19.2	14.5
Dividend yield (%)	0.9	0.9	0.7	0.9	1.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	212	212	213	213	213
Reserves & surplus	4,344	5,201	5,634	6,488	7,573
Shareholders fund	4,557	5,413	5,846	6,701	7,786
Minority Interest	0	0	0	0	0
Total debt	153	147	101	101	101
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	(263)	(263)	(255)	(255)	(255)
Total liabilities	4,446	5,298	5,693	6,548	7,633
Gross block	3,545	4,106	4,032	6,060	6,835
Less: acc. Depreciation	(1,830)	(2,206)	(1,958)	(2,563)	(3,285)
Net block	1,716	1,900	2,075	3,496	3,549
Capital WIP	26	15	827	25	25
Net fixed assets	1,972	2,150	3,118	3,737	3,790
Non Current Assets	0	0	0	0	0
Investments	0	0	0	0	0
Inventories	2,492	3,261	2,846	3,533	4,181
Sundry debtors	3,838	4,159	3,718	4,393	4,967
Cash & Cash Equivalents	2,576	1,505	1,642	1,579	2,311
Loans & advances	103	98	170	216	254
Other current assets	380	438	898	925	979
Trade payables	5,191	4,495	4,530	5,300	6,032
Other current liab.	1,183	1,287	1,672	2,004	2,248
Provisions	540	531	497	532	569
Net current assets	2,474	3,148	2,575	2,811	3,843
Total assets	4,446	5,298	5,693	6,548	7,633
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,619	1,698	1,019	1,712	2,306
Depreciation & Amortisation	432	471	535	606	722
Net Interest	207	203	222	233	243
Net Change – WC	2,350	(1,744)	709	(298)	(301)
Direct taxes	(471)	(431)	(253)	(431)	(580)
Net cash from operations	4,137	197	2,233	1,821	2,390
Capital expenditure	(301)	(645)	(1,521)	(1,225)	(775)
Acquisitions, net	0	0	0	0	0
Investments	0	0	0	0	0
Others	0	0	0	0	0
Net cash from investing	(301)	(645)	(1,521)	(1,225)	(775)
FCF	3,836	(448)	711	596	1,615
Issue of share capital	0	0	1	1	0
Increase/(decrease) in debt	(794)	(6)	(46)	0	0
Dividend paid	(424)	(424)	(319)	(427)	(640)
Interest paid	(207)	(203)	(222)	(233)	(243)
Others	90	10	12	0	0
Net cash from financing	(1,336)	(622)	(574)	(659)	(883)
Net change in Cash	2,501	(1,070)	137	(63)	732

Source: Company, Centrum Broking

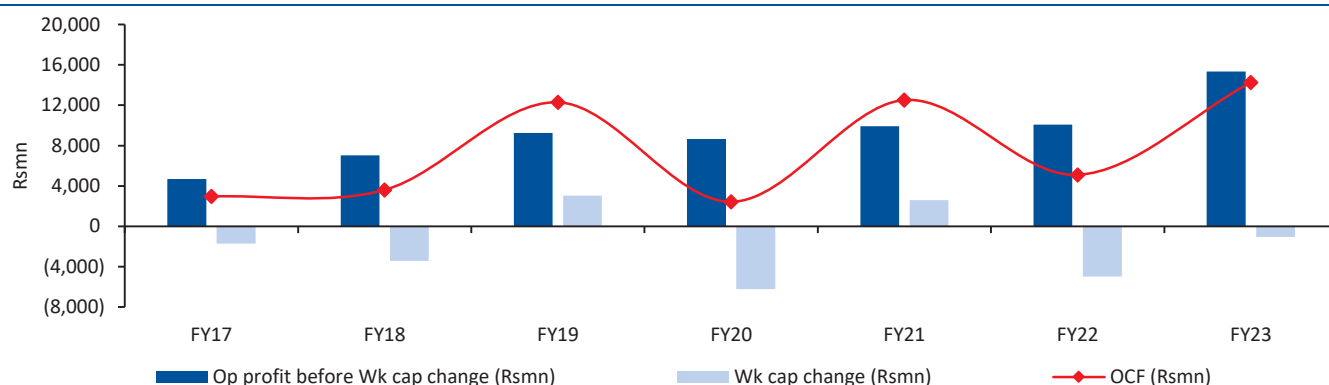
Polycab India (POLYCAB)

POLYCAB posted revenue/PBT CAGR of 17%/30% over FY13-23. Ex-cash NWC fell from 101 days in FY17 to 65 days in FY23 with a 7-year avg. of 79 days. It was aided by reduction in debtor days from 83 in FY17 to 34 in FY23 due to rising channel financing. Aggregate OCF over FY17-23 is healthy at Rs53.2bn, with OCF/EBITDA conversion of 71%. High in-house manufacturing (90%) share led to high capex outlay of Rs22.5bn, leading to FCF/OCF conversion at 58% with total FCF generation of Rs30.7bn. Return ratios are decent with FY17-23 avg. RoE/RoCE of 18% each, especially considering the nature of cable & wire business. Distribution of FCF as dividend is moderate at an aggregate of 27.2% over FY17-23. Stock return is strong at 49% CAGR over FY17-23.

Market data

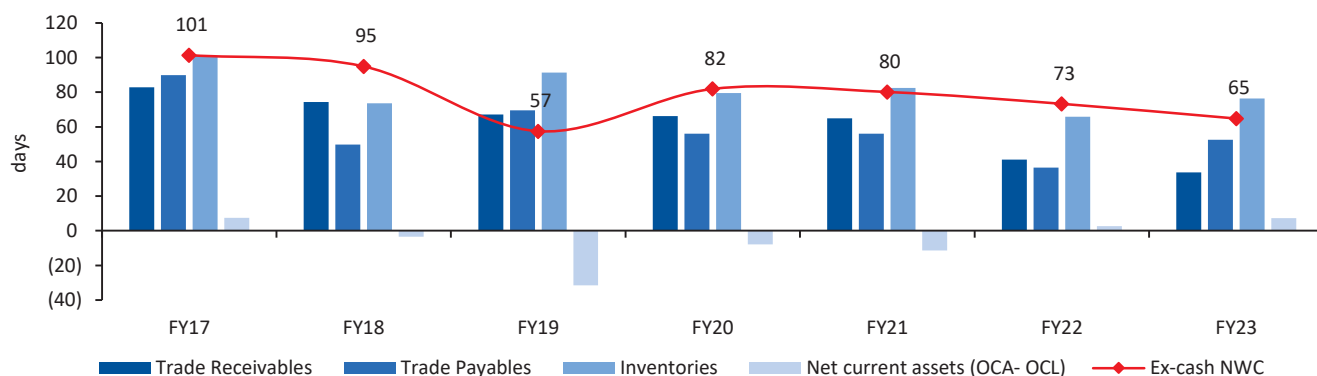
Current price:	Rs5,135
Bloomberg:	POLYCAB IN
52-week H/L:	Rs5,333/2,451
Market cap:	Rs770.2bn
Free float:	28.3%
Avg. daily vol. 3mth:	739124
Source: Bloomberg	

Exhibit 405: Consistent rise in operating profits



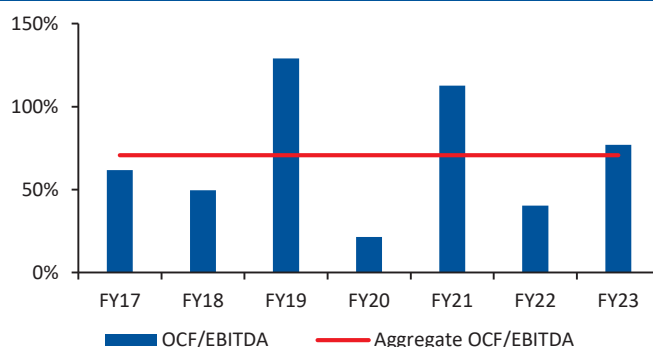
Source: Company, Centrum Broking

Exhibit 406: Ex-cash NWC fell from 101 days in FY17 to 65 days in FY23



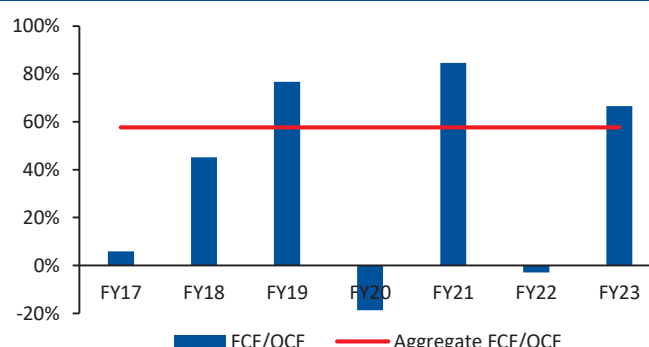
Source: Company, Centrum Broking

Exhibit 407: EBITDA to OCF conversion at 71% over 7 years



Source: Company, Centrum Broking.

Exhibit 408: OCF to FCF conversion at 58% over 7 years



Source: Company, Centrum Broking.

Exhibit 409: Net cash company since FY19; decent ratios for a cables firm

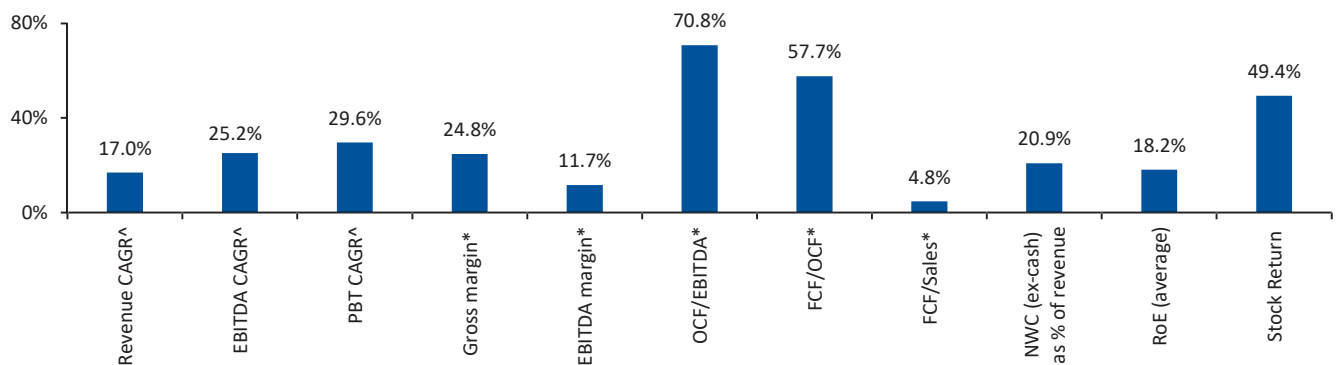
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY17-23 average
Net Debt/Equity	0.4	0.3	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	0.1
Net Debt/EBITDA	1.6	1.0	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)	0.2
RoCE pre-tax	15.8%	22.4%	28.6%	30.4%	23.4%	21.6%	28.5%	24.4%
RoCE	10.2%	14.2%	18.9%	23.1%	19.5%	16.4%	21.4%	17.7%
RoIC (pre-tax)	13.3%	20.6%	28.3%	30.8%	25.0%	25.5%	35.5%	25.6%
RoE	12.3%	16.5%	19.2%	22.7%	19.5%	16.2%	20.9%	18.2%

Source: Company, Centrum Broking

Exhibit 410: DuPont Analysis

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY17-23 avg
PAT/PBT	0.64	0.63	0.66	0.75	0.83	0.75	0.74	0.71
Revenue/average total assets	2.01	2.25	2.57	2.50	1.94	2.27	2.25	2.26
Average total assets/Average NW	1.45	1.39	1.19	1.06	1.05	1.04	1.03	1.17
PBT/EBITDA	0.75	0.78	0.80	0.90	0.91	0.88	0.93	0.85
EBITDA/Revenue	0.09	0.11	0.12	0.13	0.13	0.10	0.13	0.11
RoE	12.3%	16.5%	19.2%	22.7%	19.5%	16.2%	20.8%	18.2%

Source: Company, Centrum Broking

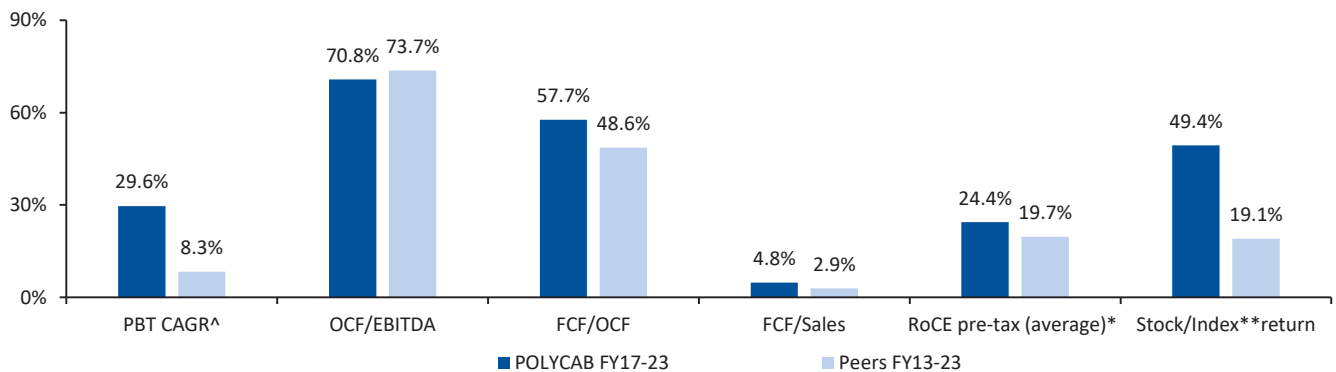
Exhibit 411: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY17-23 CAGR; *: aggregate

Exhibit 412: Effective FCF utilization – Distribution of FCF as dividend is moderate at 27.2% over FY17-23

Rs mn	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	172	1,636	9,438	(458)	10,589	(149)	9,501
FCF yield	NA	NA	NA	0%	7%	0%	2%
Dividend + Buyback (b)	141	141	446	1,042	1,491	2,092	2,995
Distribution of FCF (b/a)	82%	9%	5%	NA	14%	NA	31%
Cash & equivalents/Capital employed	1.1%	0.3%	10.4%	7.1%	10.6%	7.2%	10.2%

Source: Company, Centrum Broking; Note: *Polycab India was listed in April 2019 (FY20). Hence FCF yield in FY17/18/19 is NA.

Exhibit 413: POLYCAB vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	87,922	1,22,038	1,41,078	1,73,558	1,99,964
Operating Expense	65,171	94,657	1,05,109	1,27,565	1,46,373
Employee cost	3,537	4,066	4,568	5,727	6,599
Others	8,102	10,663	12,880	16,586	19,608
EBITDA	11,111	12,652	18,521	23,680	27,384
Depreciation & Amortisation	1,762	2,015	2,092	2,280	2,462
EBIT	9,350	10,637	16,430	21,400	24,922
Interest expenses	427	352	598	777	816
Other income	1,193	899	1,333	1,800	2,016
PBT	10,116	11,184	17,165	22,423	26,122
Taxes	1,703	2,706	4,250	5,644	6,575
Effective tax rate (%)	16.8	24.2	24.8	25.2	25.2
PAT	8,412	8,478	12,915	16,779	19,547
Minority/Associates	(33)	(113)	(216)	(241)	(271)
Recurring PAT	8,380	8,365	12,700	16,538	19,276
Extraordinary items	0	0	0	0	0
Reported PAT	8,380	8,365	12,700	16,538	19,276
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(0.4)	38.8	15.6	23.0	15.2
EBITDA	(2.1)	13.9	46.4	27.9	15.6
Adj. EPS	10.2	(0.4)	51.5	30.1	16.6
Margins (%)					
Gross	25.9	22.4	25.5	26.5	26.8
EBITDA	12.6	10.4	13.1	13.6	13.7
EBIT	10.6	8.7	11.6	12.3	12.5
Adjusted PAT	9.5	6.9	9.0	9.5	9.6
Returns (%)					
ROE	19.5	16.2	20.9	22.8	22.4
ROCE	19.5	16.4	21.4	23.3	23.0
ROIC	20.8	19.4	26.7	29.7	29.3
Turnover (days)					
Gross block turnover ratio (x)	3.3	4.7	4.4	4.3	4.3
Debtors	66	44	35	31	32
Inventory	110	81	89	95	97
Creditors	76	49	56	64	65
Net working capital	102	85	83	84	93
Solvency (x)					
Net debt-equity	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage ratio	26.0	36.0	31.0	30.5	33.6
Net debt/EBITDA	(0.3)	(0.3)	(0.3)	(0.2)	(0.5)
Per share (Rs)					
Adjusted EPS	56.2	56.0	84.8	110.3	128.6
BVPS	318.8	371.0	442.8	525.8	622.5
CEPS	68.0	69.5	98.8	125.6	145.1
DPS	10.0	14.0	20.0	27.0	32.0
Dividend payout (%)	17.8	25.0	23.6	24.5	24.9
Valuation (x)					
P/E	91.3	91.7	60.5	46.5	39.9
P/BV	16.1	13.8	11.6	9.8	8.2
EV/EBITDA	69.0	60.6	41.2	32.2	27.6
Dividend yield (%)	0.2	0.3	0.4	0.5	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,491	1,494	1,498	1,499	1,499
Reserves & surplus	46,048	53,943	64,814	77,305	91,785
Shareholders fund	47,539	55,437	66,311	78,804	93,284
Minority Interest	188	251	374	374	374
Total debt	2,487	831	1,551	1,401	1,251
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	418	272	409	409	409
Total liabilities	50,633	56,791	68,646	80,988	95,319
Gross block	26,627	26,088	31,823	40,331	46,331
Less: acc. Depreciation	(8,024)	(9,566)	(11,357)	(13,637)	(16,099)
Net block	18,602	16,522	20,466	26,694	30,232
Capital WIP	991	3,755	2,508	500	500
Net fixed assets	19,687	20,506	23,177	27,397	30,935
Non Current Assets	0	0	0	0	0
Investments	6,349	7,733	13,505	13,505	13,505
Inventories	19,879	21,996	29,514	36,697	40,904
Sundry debtors	15,641	13,763	12,992	16,643	18,627
Cash & Cash Equivalents	5,313	4,071	6,952	7,140	13,886
Loans & advances	208	703	470	521	600
Other current assets	3,069	5,346	7,631	9,546	10,998
Trade payables	13,480	12,175	20,326	24,465	27,270
Other current liab.	5,547	4,634	4,552	5,207	5,999
Provisions	487	518	717	789	868
Net current assets	24,597	28,552	31,964	40,086	50,879
Total assets	50,633	56,791	68,646	80,988	95,319
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	10,116	11,184	17,165	22,423	26,122
Depreciation & Amortisation	1,762	2,015	2,092	2,280	2,462
Net Interest	427	352	598	777	816
Net Change – WC	517	(5,198)	(530)	(7,934)	(4,047)
Direct taxes	(1,450)	(2,853)	(4,113)	(5,644)	(6,575)
Net cash from operations	11,371	5,501	15,212	11,902	18,778
Capital expenditure	(4,816)	(2,834)	(4,763)	(6,500)	(6,000)
Acquisitions, net	0	0	0	0	0
Investments	(5,695)	(1,384)	(5,772)	0	0
Others	0	0	0	0	0
Net cash from investing	(10,511)	(4,218)	(10,535)	(6,500)	(6,000)
FCF	860	1,283	4,677	5,402	12,778
Issue of share capital	2	3	3	1	0
Increase/(decrease) in debt	1,266	(1,656)	720	(150)	(150)
Dividend paid	(1,491)	(2,092)	(2,995)	(4,046)	(4,796)
Interest paid	(427)	(352)	(598)	(777)	(816)
Others	2,290	1,572	951	(241)	(271)
Net cash from financing	1,640	(2,525)	(1,919)	(5,214)	(6,032)
Net change in Cash	2,500	(1,242)	2,758	188	6,746

Source: Company, Centrum Broking

V-Guard Industries (VGRD)

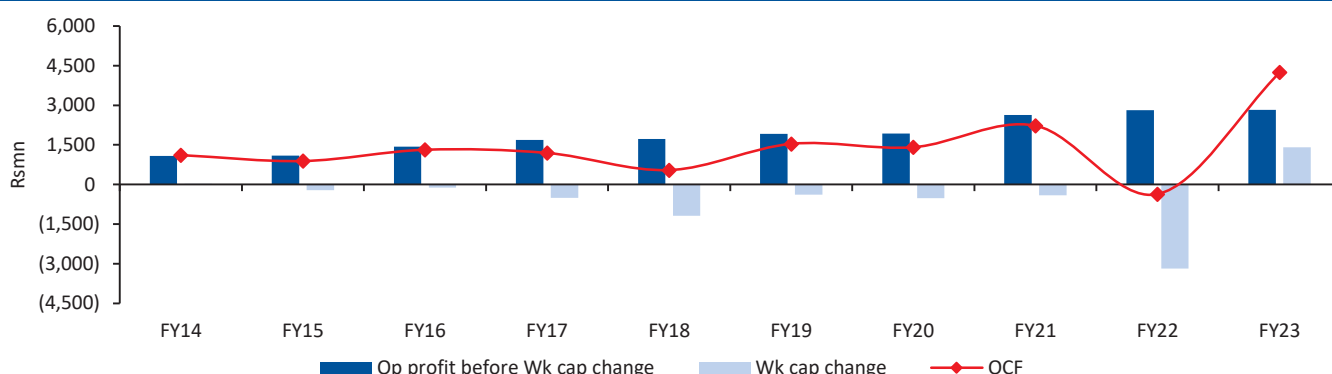
VGRD posted revenue/PBT CAGR of 11.7%/12% over FY13-23. Ex-cash NWC is higher than industry at an avg. of 69 days over FY14-23, and has not improved over the past decade. Higher receivables (avg. of 55 days) due to low channel financing and lower payables (avg. of 45 days) has kept working capital elongated. Thus, OCF over FY14-23 is low at Rs14.2bn, with 62% EBITDA to OCF conversion. The conversion of OCF to FCF is 12% at Rs1.7bn post total capex outlay of Rs5.7bn and Sunflame acquisition worth Rs6.6bn. Average RoE/RoCE are decent at ~20% each over FY14-23. Distribution of FCF (excluding Sunflame acquisition in FY23) as dividend is healthy at an aggregate of 46% over FY14-23. The stock return is healthy at 24.4% CAGR over FY14-23.

Market data

Current price:	Rs309
Bloomberg:	VGRD IN
52-week H/L:	Rs335/229
Market cap:	Rs133.8bn
Free float:	38%
Avg. daily vol. 3mth:	549236

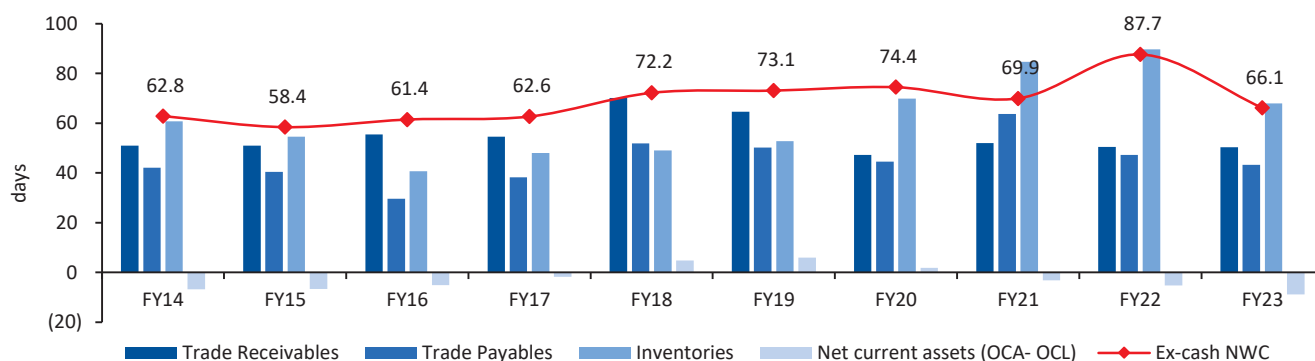
Source: Bloomberg

Exhibit 414: Higher working capital intensity keeps OCF lower than peers



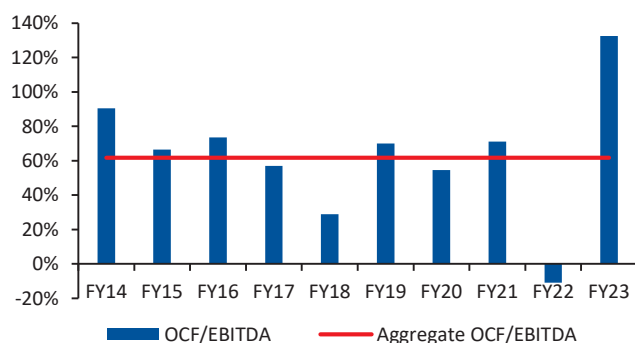
Source: Company, Centrum Broking

Exhibit 415: Ex-cash NWC cycle has not improved over the past 10 years, FY14-23 average at 69 days



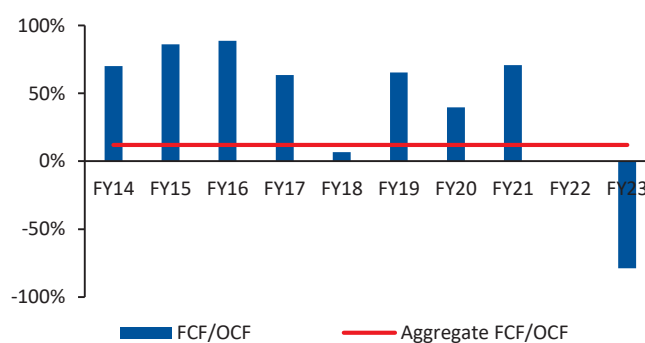
Source: Company, Centrum Broking

Exhibit 416: EBITDA to OCF conversion at 62% over 10 years



Source: Company, Centrum Broking.

Exhibit 417: OCF to FCF conversion at 12% over 10 years



Source: Company, Centrum Broking. FY22 is NA as both OCF & FCF are negative

Exhibit 418: Largely net-cash position with decent return ratios

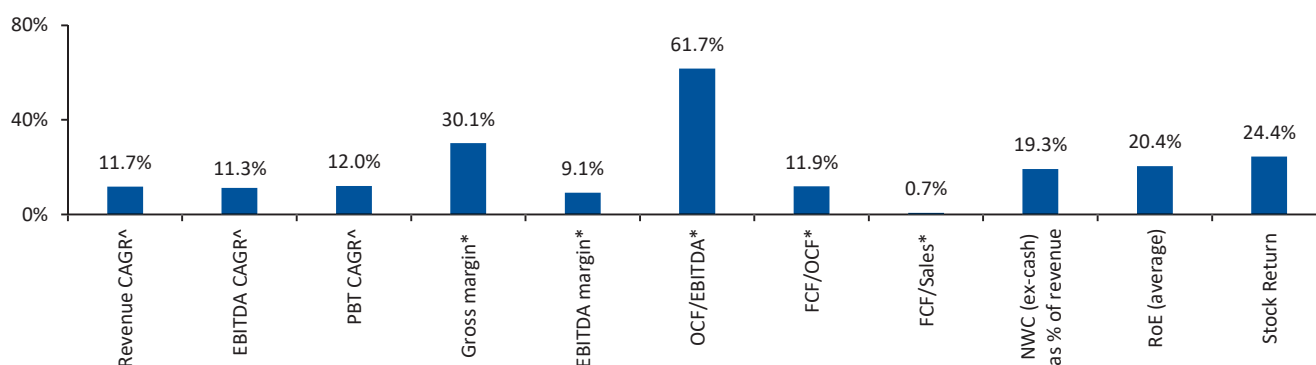
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.3	0.1	0.0	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.0)	0.2	0.0
Net Debt/EBITDA	0.9	0.4	0.1	(0.1)	(0.0)	(0.3)	(0.4)	(0.9)	(0.1)	1.1	0.1
RoCE pre-tax	27.1%	28.4%	36.5%	36.4%	25.8%	26.0%	26.4%	26.3%	22.8%	15.8%	27.1%
RoCE	20.2%	19.8%	25.3%	25.9%	19.4%	20.0%	19.9%	18.4%	17.7%	11.6%	19.8%
RoIC (pre-tax)	26.5%	27.5%	36.1%	38.4%	28.1%	28.3%	28.6%	30.8%	25.9%	15.7%	28.6%
RoE	24.3%	20.4%	26.1%	26.1%	19.2%	20.0%	19.9%	18.3%	17.5%	12.5%	20.4%

Source: Company, Centrum Broking

Exhibit 419: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.74	0.70	0.69	0.71	0.75	0.77	0.75	0.70	0.78	0.74	0.73
Revenue/average total assets	3.50	3.97	3.94	3.65	3.31	3.08	2.61	2.44	2.65	2.33	3.15
Average total assets/Average NW	1.50	1.27	1.11	1.03	1.01	1.01	1.01	1.01	1.01	1.17	1.11
PBT/EBITDA	0.77	0.76	0.90	0.98	0.95	0.98	0.97	0.92	0.86	0.80	0.89
EBITDA/Revenue	0.08	0.08	0.10	0.10	0.08	0.09	0.10	0.11	0.10	0.08	0.09
RoE	24.3%	20.4%	26.1%	26.0%	19.2%	20.0%	19.8%	18.3%	17.5%	12.5%	20.4%

Source: Company, Centrum Broking

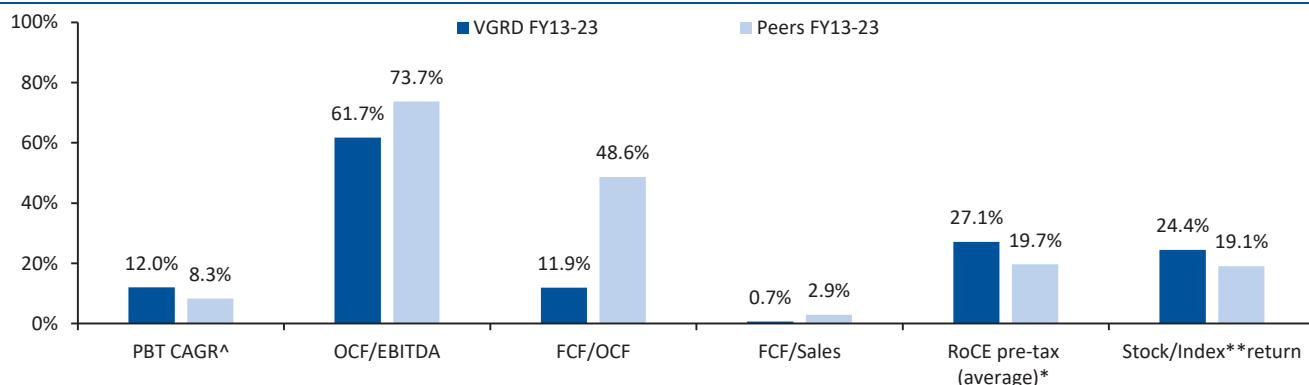
Exhibit 420: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 421: Effective FCF utilization - Distribution of FCF (ex-Sunflame acqn) as dividend is healthy at 46% over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	778	760	1,164	757	37	1,005	557	1,574	(1,614)	(3,342)
FCF yield	5%	3%	4%	1%	0%	1%	1%	2%	(2%)	(3%)
Dividend + Buyback (b)	130	162	253	358	359	412	465	516	561	562
Distribution of FCF (b/a)	17%	21%	22%	47%	976%	41%	83%	33%	(35%)	(17%)
Cash & equivalents/Capital employed	0.7%	0.5%	1.4%	2.3%	0.7%	9.3%	11.1%	23.0%	4.3%	3.3%

Source: Company, Centrum Broking

Exhibit 422: VGRD vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	27,212	35,002	41,260	50,469	57,365
Operating Expense	18,525	24,139	28,844	34,571	38,894
Employee cost	2,266	2,700	3,029	4,037	4,417
Others	3,300	4,761	6,188	7,150	8,056
EBITDA	3,121	3,402	3,199	4,710	5,999
Depreciation & Amortisation	386	491	644	757	810
EBIT	2,735	2,911	2,555	3,954	5,189
Interest expenses	61	79	162	405	283
Other income	207	108	164	235	185
PBT	2,881	2,940	2,557	3,784	5,090
Taxes	862	655	667	952	1,281
Effective tax rate (%)	29.9	22.3	26.1	25.2	25.2
PAT	2,019	2,284	1,890	2,831	3,809
Minority/Associates	0	7	(1)	0	0
Recurring PAT	2,019	2,292	1,890	2,831	3,809
Extraordinary items	0	0	0	0	0
Reported PAT	2,019	2,292	1,890	2,831	3,809

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	8.7	28.6	17.9	22.3	13.7
EBITDA	21.0	9.0	(6.0)	47.2	27.4
Adj. EPS	6.8	13.2	(17.7)	49.8	34.5
Margins (%)					
Gross	31.9	31.0	30.1	31.5	32.2
EBITDA	11.5	9.7	7.8	9.3	10.5
EBIT	10.0	8.3	6.2	7.8	9.0
Adjusted PAT	7.4	6.5	4.6	5.6	6.6
Returns (%)					
ROE	18.3	17.5	12.5	16.5	19.4
ROCE	18.4	17.7	11.6	15.0	18.1
ROIC	21.6	20.2	11.6	14.8	18.3
Turnover (days)					
Gross block turnover ratio (x)	5.9	5.8	5.3	5.6	5.7
Debtors	48	45	47	46	46
Inventory	109	113	103	87	87
Creditors	77	70	60	57	60
Net working capital	108	94	72	65	66
Solvency (x)					
Net debt-equity	(0.2)	0.0	0.2	0.2	0.0
Interest coverage ratio	51.2	43.2	19.8	11.6	21.2
Net debt/EBITDA	(0.9)	(0.1)	1.1	0.6	0.2
Per share (Rs)					
Adjusted EPS	4.7	5.3	4.4	6.6	8.8
BVPS	28.2	32.6	37.2	42.2	48.8
CEPS	5.6	6.4	5.9	8.3	10.7
DPS	1.2	1.3	1.3	1.6	2.2
Dividend payout (%)	25.6	24.5	29.7	24.4	25.0
Valuation (x)					
P/E	65.7	58.1	70.6	47.1	35.0
P/BV	11.0	9.5	8.3	7.3	6.3
EV/EBITDA	41.9	39.0	42.8	28.9	22.4
Dividend yield (%)	0.4	0.4	0.4	0.5	0.7

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	430	432	432	432	432
Reserves & surplus	11,683	13,638	15,644	17,784	20,642
Shareholders fund	12,113	14,070	16,076	18,216	21,075
Minority Interest	47	55	0	0	0
Total debt	130	118	4,196	3,196	1,829
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	(38)	(91)	951	951	951
Total liabilities	12,252	14,151	21,223	22,363	23,854
Gross block	4,629	6,087	7,788	9,025	10,035
Less: acc. Depreciation	(1,052)	(1,581)	(2,123)	(2,880)	(3,690)
Net block	3,576	4,505	5,665	6,146	6,346
Capital WIP	196	92	237	10	10
Net fixed assets	3,890	4,797	12,725	12,978	13,178
Intangible Assets	118	200	6,822	6,822	6,822
Investments	337	337	353	353	353
Inventories	6,315	8,596	7,674	8,809	9,803
Sundry debtors	3,881	4,841	5,687	6,914	7,701
Cash & Cash Equivalents	2,812	613	669	420	811
Loans & advances	176	32	67	76	86
Other current assets	1,301	1,762	1,812	2,372	2,868
Trade payables	4,747	4,535	4,885	5,967	6,820
Other current liab.	1,163	1,673	2,102	2,776	3,270
Provisions	550	619	777	816	857
Net current assets	8,025	9,018	8,145	9,032	10,323
Total assets	12,252	14,151	21,223	22,363	23,854

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,881	2,940	2,557	3,784	5,090
Depreciation & Amortisation	386	491	644	757	810
Net Interest	61	79	162	405	283
Net Change – WC	(108)	(3,192)	929	(1,135)	(901)
Direct taxes	(875)	(708)	375	(952)	(1,281)
Net cash from operations	2,345	(390)	4,667	2,858	4,001
Capital expenditure	(744)	(1,316)	(1,950)	(1,010)	(1,010)
Acquisitions, net	0	0	0	0	0
Investments	26	0	(16)	0	0
Others	0	0	0	0	0
Net cash from investing	(718)	(1,316)	(1,966)	(1,010)	(1,010)
FCF	1,627	(1,706)	2,701	1,848	2,991
Issue of share capital	2	1	1	0	0
Increase/(decrease) in debt	2	(12)	4,078	(1,000)	(1,367)
Dividend paid	(516)	(561)	(562)	(691)	(951)
Interest paid	(61)	(79)	(162)	(405)	(283)
Others	643	158	(6,000)	0	0
Net cash from financing	70	(493)	(2,645)	(2,096)	(2,601)
Net change in Cash	1,696	(2,199)	56	(248)	390

Source: Company, Centrum Broking

Voltas (VOLT)

VOLT posted revenue/PBT CAGR of 5.6%/4.3% over FY13-23. Ex-cash NWC cycle increased from avg. 43 days over FY14-18 to 63 days over FY19-23 due to lower payables and higher inventory. Aggregate OCF was Rs30.8bn over FY14-23, with OCF/EBITDA conversion rate of 56%. FCF/OCF conversion is healthy at 74% with aggregate FCF of Rs22.6bn post total capex outlay of Rs5.9bn and investment in VoltBek worth Rs2.2bn. Due to high cash position, return ratios are lower with avg. RoE/RoCE at 13% each over FY14-23, while pre-tax RoIC is 41.3%. Distribution of FCF as dividend is healthy at 63% over FY14-23. Stock returns over FY13-23 was healthy at 24.4% CAGR.

22 September 2023

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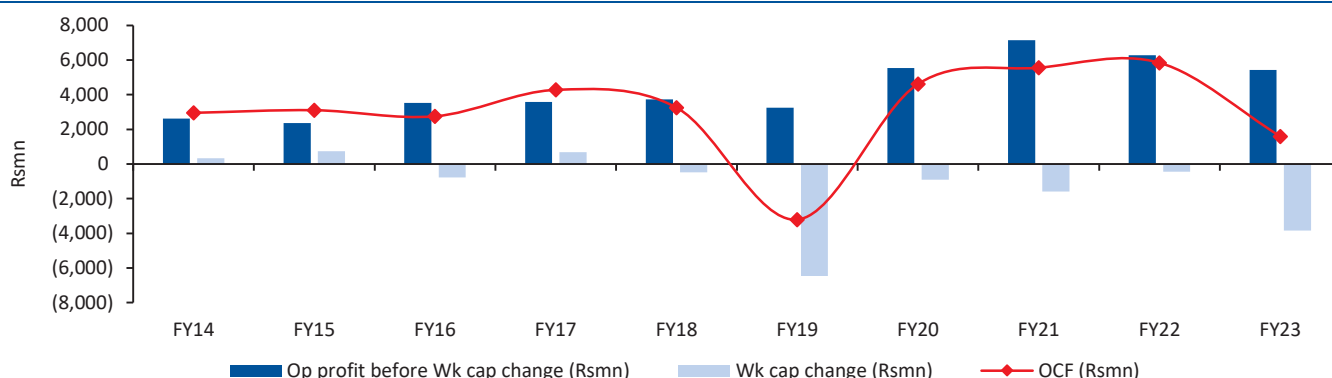
institutional Research

Market data

Current price:	Rs882
Bloomberg:	VOLT IN
52-week H/L:	Rs936/737
Market cap:	Rs291.9bn
Free float:	57.6%
Avg. daily vol. 3mth:	1571600

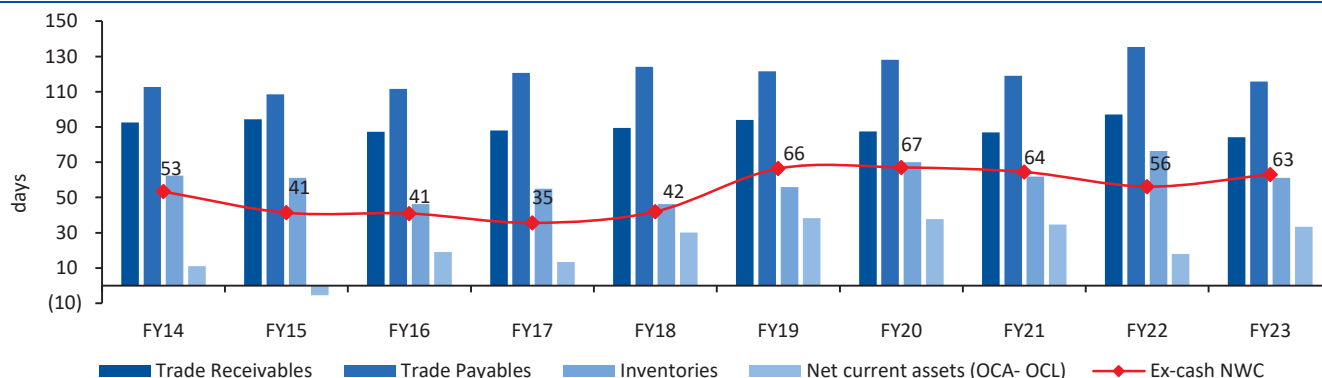
Source: Bloomberg

Exhibit 423: Operating profit before working capital change has grown by 19% CAGR over FY13-23



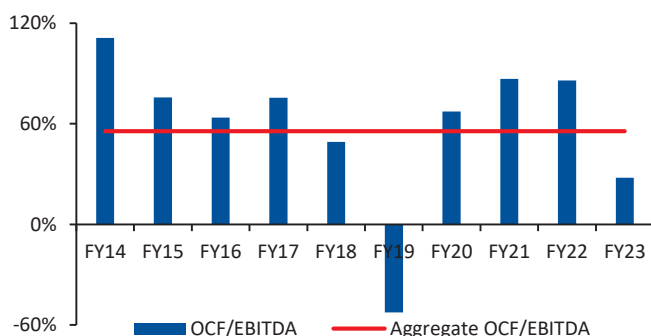
Source: Company, Centrum Broking

Exhibit 424: Ex-cash NWC cycle increased from avg. 43 days over FY14-18 to 63 days over FY19-23



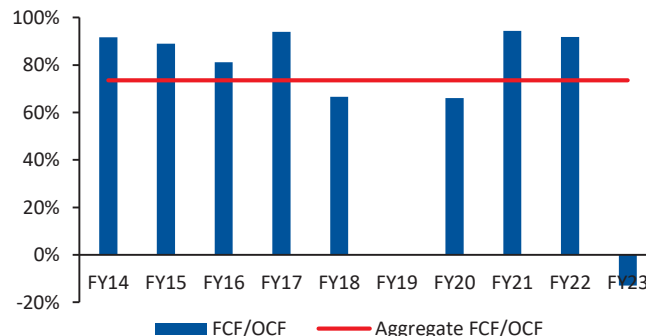
Source: Company, Centrum Broking

Exhibit 425: EBITDA to OCF conversion at 56% over 10 years



Source: Company, Centrum Broking.

Exhibit 426: OCF to FCF conversion at 74% over 10 years



Source: Company, Centrum Broking. Note: FY19 is NA as both OCF & FCF are negative

Exhibit 427: Negligible leverage; high cash position suppress return ratios

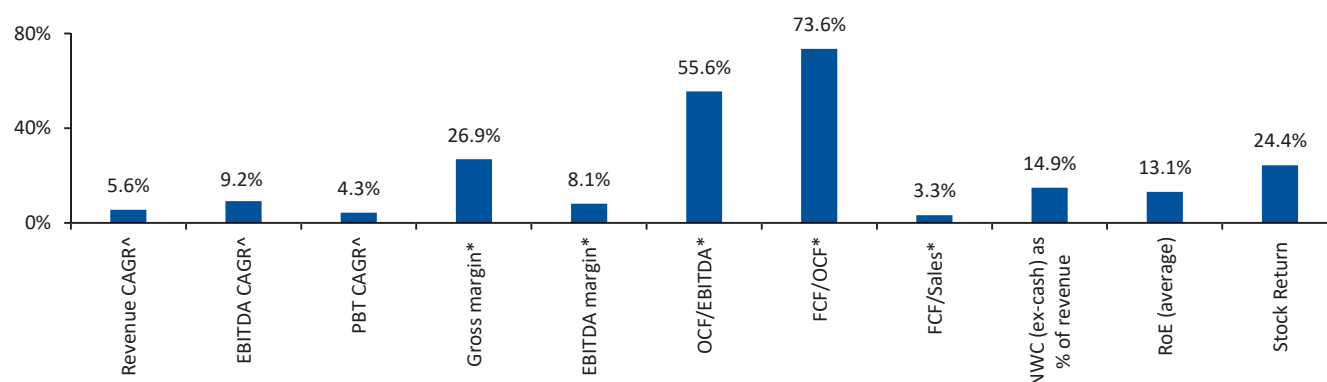
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.0)	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net Debt/EBITDA	(0.1)	(0.3)	0.2	(0.3)	(0.2)	(0.0)	(0.1)	(0.3)	(0.3)	(0.2)	(0.2)
RoCE pre-tax	17.1%	22.6%	20.3%	22.8%	21.4%	18.1%	19.7%	16.2%	14.9%	11.7%	18.5%
RoCE	12.3%	17.0%	14.5%	16.6%	15.4%	14.1%	14.3%	12.4%	11.4%	7.0%	13.5%
RoIC (pre-tax)	21.7%	38.7%	44.1%	60.0%	68.7%	43.5%	37.0%	34.1%	38.2%	27.4%	41.3%
RoE	14.2%	19.6%	16.1%	16.9%	15.9%	12.7%	12.3%	11.3%	9.6%	2.5%	13.1%

Source: Company, Centrum Broking

Exhibit 428: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.72	0.75	0.71	0.70	0.71	0.70	0.64	0.68	0.62	0.32	0.66
Revenue/average total assets	2.64	2.39	2.14	1.82	1.69	1.67	1.70	1.54	1.42	1.58	1.86
Average total assets/Average NW	1.16	1.11	1.09	1.08	1.05	1.07	1.07	1.06	1.06	1.09	1.08
PBT/EBITDA	1.28	1.25	1.29	1.30	1.21	1.19	1.18	1.20	1.18	0.75	1.18
EBITDA/Revenue	0.05	0.08	0.08	0.09	0.10	0.09	0.09	0.08	0.09	0.06	0.08
RoE	14.2%	19.6%	16.1%	16.9%	15.9%	12.7%	12.3%	11.3%	9.6%	2.5%	13.1%

Source: Company, Centrum Broking

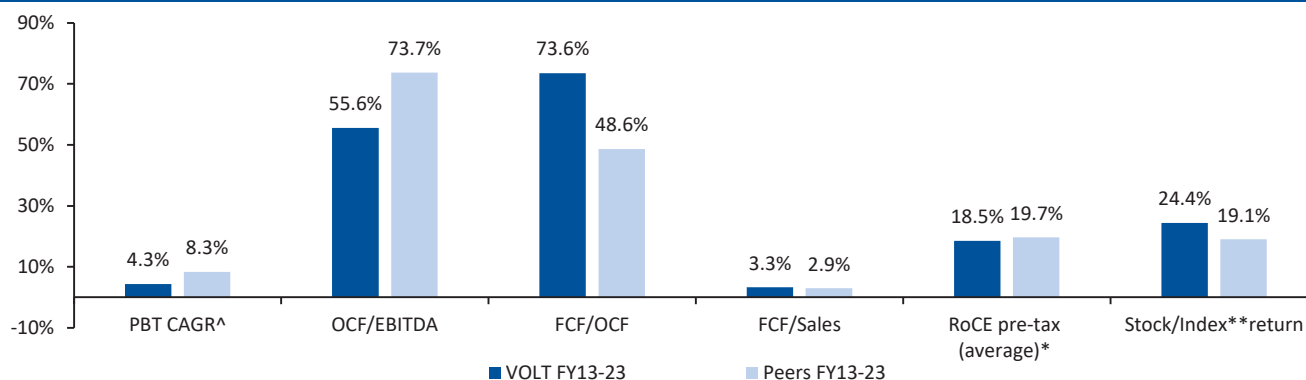
Exhibit 429: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 430: Effective FCF utilization - Distribution of FCF as dividend is healthy at 63% over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	2,709	2,762	2,233	4,024	2,169	(4,729)	3,056	5,246	5,361	(206)
FCF yield	9%	4%	2%	4%	1%	(3%)	1%	2%	1%	0%
Dividend + Buyback (b)	716	980	1,120	1,505	1,720	1,720	1,571	1,654	1,819	1,406
Distribution of FCF (b/a)	26%	35%	50%	37%	79%	(36%)	51%	31%	34%	NA
Cash & equivalents/Capital employed	13.4%	11.2%	6.0%	9.5%	7.0%	7.2%	6.8%	8.7%	9.7%	11.6%

Source: Company, Centrum Broking

Exhibit 431: VOLT vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	75,558	79,345	94,988	1,12,535	1,31,429
Operating Expense	55,785	58,967	73,782	87,777	1,02,251
Employee cost	6,017	6,176	6,672	7,540	8,543
Others	7,343	7,386	8,810	9,925	10,928
EBITDA	6,414	6,816	5,724	7,293	9,706
Depreciation & Amortisation	339	373	396	449	482
EBIT	6,075	6,443	5,328	6,844	9,224
Interest expenses	262	259	296	355	379
Other income	1,889	1,892	1,685	2,205	2,012
Exceptional items	0	0	(2,438)	0	0
PBT	7,702	8,076	4,278	8,694	10,858
Taxes	1,804.2	1,913.0	1,709.2	2,188.4	2,732.8
Effective tax rate (%)	23	24	40	25	25
PAT	5,898	6,163	2,569	6,506	8,125
Minority/Associates	(646)	(1,122)	(1,219)	(1,170)	(1,030)
Recurring PAT	5,251	5,041	1,350	5,336	7,095
Reported PAT	5,251	5,041	1,350	5,336	7,095
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(1.3)	5.0	19.7	18.5	16.8
EBITDA	(6.6)	6.3	(16.0)	27.4	33.1
Adj. EPS	1.5	(4.0)	(73.2)	295.2	33.0
Margins (%)					
Gross	26.2	25.7	22.3	22.0	22.2
EBITDA	8.5	8.6	6.0	6.5	7.4
EBIT	8.0	8.1	5.6	6.1	7.0
Adjusted PAT	7.0	6.4	1.4	4.7	5.4
Returns (%)					
ROE	11.3	9.6	2.5	9.5	11.9
ROCE	12.4	11.4	7.0	10.9	12.8
ROIC	34.1	38.2	16.5	21.4	25.4
Turnover (days)					
Gross block turnover ratio (x)	14.6	15.1	13.6	11.3	10.5
Debtors	88	90	83	76	75
Inventory	90	91	80	71	72
Creditors	169	167	147	134	135
Net working capital	87	82	90	76	70
Solvency (x)					
Net debt-equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio	24.5	26.3	19.3	20.6	25.6
Net debt/EBITDA	(0.3)	(0.3)	(0.2)	(0.1)	(0.1)
Per share (Rs)					
Adjusted EPS	15.9	15.2	4.1	16.1	21.4
BVPS	150.9	166.3	164.8	173.9	187.4
CEPS	16.9	16.4	5.3	17.5	22.9
DPS	5.0	5.5	4.3	7.0	8.0
Dividend payout (%)	31.5	36.1	104.1	43.4	37.3
Valuation (x)					
P/E	55.6	57.9	216.1	54.7	41.1
P/BV	5.8	5.3	5.4	5.1	4.7
EV/EBITDA	45.2	42.5	50.8	39.9	30.0
Dividend yield (%)	0.6	0.6	0.5	0.8	0.9

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	331	331	331	331	331
Reserves & surplus	49,603	54,665	54,190	57,210	61,659
Shareholders fund	49,934	54,996	54,521	57,541	61,989
Minority Interest	361	381	417	417	417
Total debt	2,606	3,432	6,160	5,660	5,160
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	0	0
Total liabilities	52,901	58,808	61,097	63,617	67,566
Gross block	5,170	5,244	6,982	9,964	12,464
Less: acc. Depreciation	(2,654)	(2,735)	(3,014)	(3,463)	(3,945)
Net block	2,517	2,509	3,968	6,501	8,519
Capital WIP	88	593	983	500	200
Net fixed assets	3,412	3,897	5,735	7,786	9,504
Non Current Assets	0	0	0	0	0
Investments	31,020	36,687	31,581	32,081	32,581
Inventories	12,796	16,614	15,920	18,369	22,127
Sundry debtors	18,009	21,097	21,919	24,732	29,409
Cash & Cash Equivalents	4,588	5,717	7,084	6,183	5,961
Loans & advances	23	32	6	21	24
Other current assets	16,149	12,981	20,191	19,715	21,957
Trade payables	24,645	29,421	30,126	34,304	41,130
Other current liab.	6,914	6,492	8,934	8,301	9,759
Provisions	2,095	2,619	2,580	2,967	3,412
Net current assets	17,911	17,908	23,479	23,448	25,179
Total assets	52,901	58,808	61,097	63,617	67,566
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	7,702	8,076	6,716	8,694	10,858
Depreciation & Amortisation	339	373	396	449	482
Net Interest	262	259	296	355	379
Net Change – WC	725	1,131	(4,203)	(871)	(1,952)
Direct taxes	(1,804)	(1,913)	(1,709)	(2,188)	(2,733)
Net cash from operations	6,576	6,804	277	5,269	6,004
Capital expenditure	(148)	(870)	(2,245)	(2,500)	(2,200)
Acquisitions, net	0	0	0	0	0
Investments	(7,134)	(5,667)	5,107	(500)	(500)
Others	0	0	0	0	0
Net cash from investing	(7,282)	(6,537)	2,862	(3,000)	(2,700)
FCF	(705)	267	3,139	2,269	3,304
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	428	826	2,728	(500)	(500)
Dividend paid	(1,654)	(1,819)	(1,406)	(2,316)	(2,646)
Interest paid	(262)	(259)	(296)	(355)	(379)
Others	3,697	2,115	(2,798)	0	0
Net cash from financing	2,209	862	(1,772)	(3,170)	(3,525)
Net change in Cash	1,504	1,129	1,367	(901)	(221)

Source: Company, Centrum Broking

Whirlpool of India (WHIRL)

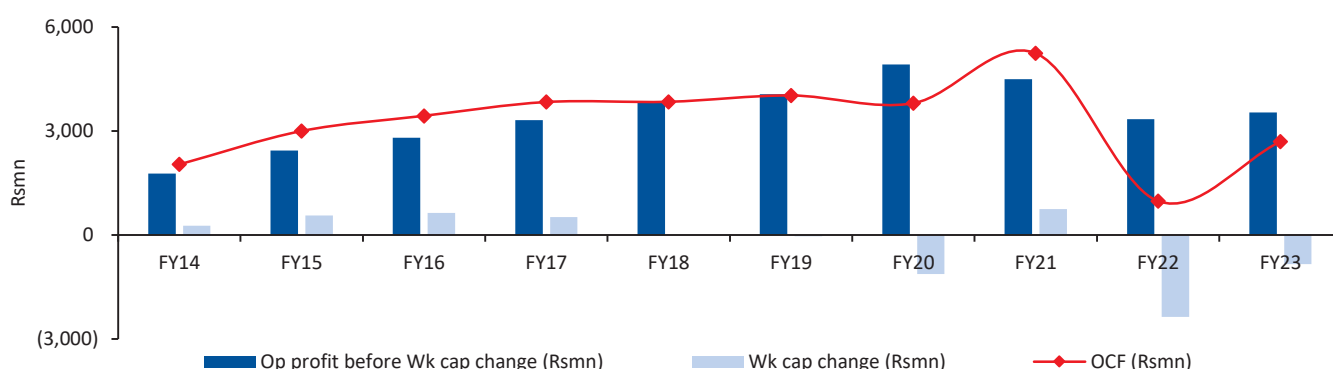
WHIRL reported revenue/PBT CAGR of 9.2%/5.2% over FY13-23. Ex-cash NWC is lowest in the sector at an avg. of negative 6 days over FY14-23 due to low receivables (avg. 21 days) and high payables (avg. 90 days). Aggregate OCF was Rs32.9bn over FY14-23, with an EBITDA to OCF conversion rate of 72%. FCF/OCF conversion is decent at 37% with aggregate FCF of Rs12.3bn post total capex outlay of Rs14.6bn and investment in Elica India worth Rs6bn. WHIRL is debt-free since FY10 while high cash balance has suppressed the return ratios. Average RoE/RoCE is 18% each over FY14-23, but pre-tax RoIC is 78%. Distribution of FCF as dividend is decent at an aggregate of 35.7% over FY14-23. Stock return over FY13-23 is healthy at 20.7% CAGR.

Market data

Current price:	Rs1,624
Bloomberg:	WHIRL IN
52-week H/L:	Rs1,751/1,217
Market cap:	Rs206.1bn
Free float:	25%
Avg. daily vol. 3mth:	62400

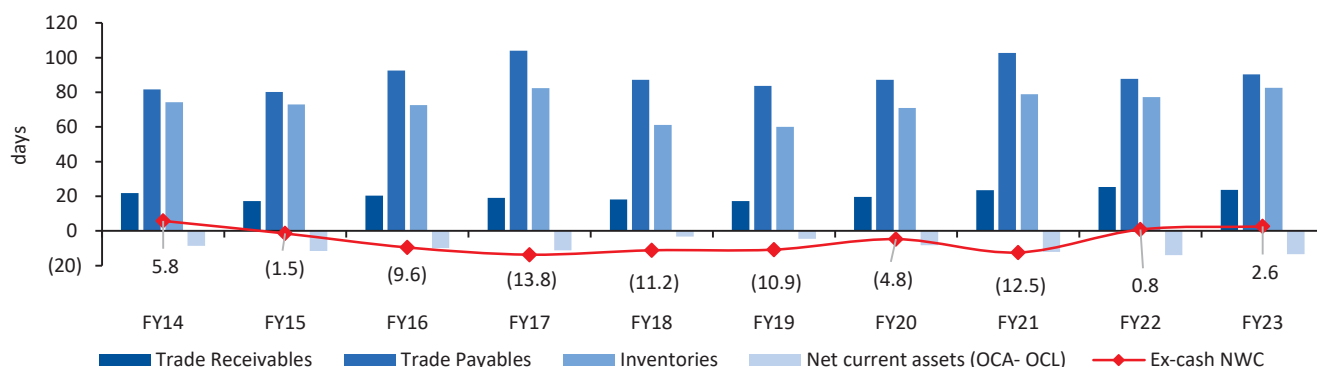
Source: Bloomberg

Exhibit 432: Operating profits have improved at a steady pace



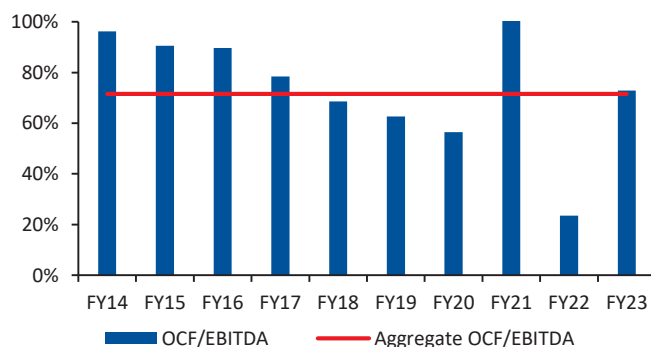
Source: Company, Centrum Broking

Exhibit 433: Ex-cash NWC lowest in the industry at an average of negative 6 days over FY14-23



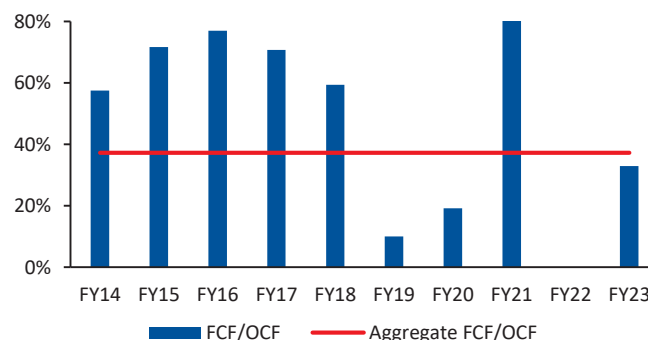
Source: Company, Centrum Broking

Exhibit 434: EBITDA to OCF conversion at 72% over 10 years



Source: Company, Centrum Broking.

Exhibit 435: OCF to FCF conversion at 37% over 10 years



Source: Company, Centrum Broking. FY22 is NA as FCF/OCF is negative beyond 100%

Exhibit 436: Debt free balance sheet; RoE/RoCE are decent but suppressed due to high cash position

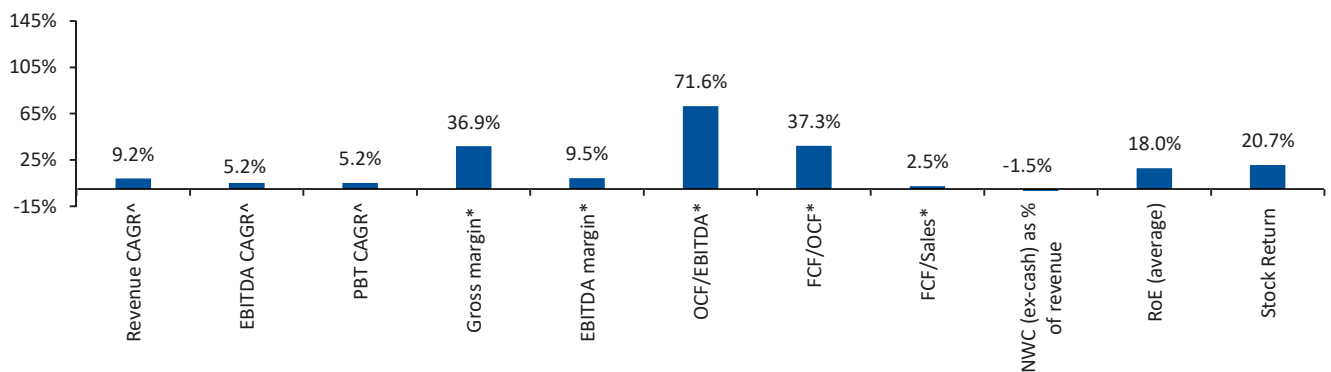
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.4)	(0.6)	(0.7)	(0.7)	(0.5)	(0.5)	(0.5)	(0.7)	(0.5)	(0.5)	(0.6)
Net Debt/EBITDA	(1.4)	(1.6)	(2.2)	(2.2)	(1.8)	(1.7)	(1.9)	(4.0)	(3.9)	(4.5)	(2.5)
RoCE pre-tax	25.9%	36.4%	34.8%	35.8%	33.3%	32.2%	28.6%	17.2%	10.4%	8.7%	26.3%
RoCE	18.3%	25.5%	23.5%	23.7%	21.6%	21.0%	20.8%	12.7%	7.7%	6.6%	18.1%
RoIC (pre-tax)	32.4%	63.5%	88.9%	132.9%	140.5%	135.5%	95.6%	58.0%	21.7%	9.6%	77.9%
RoE	18.1%	25.4%	23.1%	23.4%	21.4%	20.8%	20.8%	13.0%	7.8%	6.4%	18.0%

Source: Company, Centrum Broking

Exhibit 437: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.71	0.70	0.68	0.66	0.65	0.65	0.75	0.78	0.77	0.74	0.71
Revenue/average total assets	4.04	3.92	3.30	2.99	2.99	2.78	2.58	2.21	1.96	1.86	2.86
Average total assets/Average NW	1.03	1.01	1.00	1.00	0.99	0.98	0.98	0.99	1.02	1.04	1.00
PBT/EBITDA	0.82	0.91	0.93	0.96	0.97	0.98	0.97	0.87	0.76	0.80	0.90
EBITDA/Revenue	0.07	0.10	0.11	0.12	0.12	0.12	0.11	0.09	0.07	0.06	0.10
RoE	18.1%	25.4%	23.1%	23.4%	21.4%	20.8%	20.8%	13.0%	7.8%	6.4%	18.0%

Source: Company, Centrum Broking

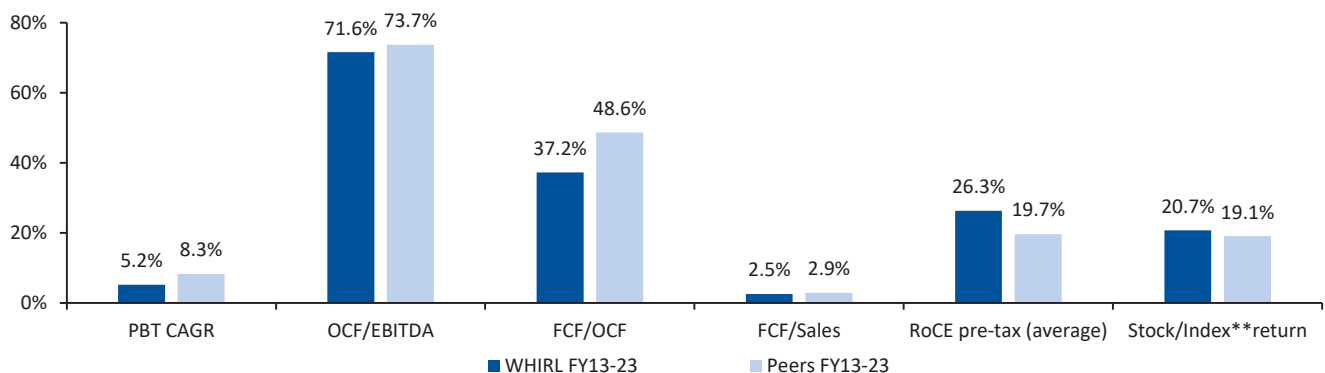
Exhibit 438: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 439: Effective FCF utilization - Distribution of FCF as dividend is decent at an aggregate of 35.7% over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,172	2,150	2,646	2,714	2,281	403	730	4,235	(4,960)	889
FCF yield	5%	4%	3%	2%	1%	0%	0%	2%	(2%)	0%
Dividend + Buyback (b)	-	-	-	458	611	764	634	635	635	634
Distribution of FCF (b/a)	0.0%	0.0%	0.0%	16.9%	26.8%	189.5%	86.9%	15.0%	(12.8%)	71.4%
Cash & equivalents/Capital employed	39.4%	58.5%	73.5%	71.4%	54.7%	49.5%	50.1%	72.2%	48.1%	47.8%

Source: Company, Centrum Broking

Exhibit 440: WHIRL vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: S&P BSE Consumer Durables Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	58,999	61,966	66,677	75,782	88,862
Operating Expense	37,440	41,586	45,836	51,835	60,426
Employee cost	6,299	6,174	6,477	7,199	7,909
Others	10,071	10,050	10,660	11,443	13,329
EBITDA	5,190	4,157	3,703	5,305	7,198
Depreciation & Amortisation	1,421	1,475	1,854	2,082	2,143
EBIT	3,769	2,682	1,849	3,223	5,054
Interest expenses	153	159	150	188	197
Other income	896	633	1,273	1,415	1,620
PBT	4,511	3,156	2,972	4,450	6,477
Taxes	1,179	830	732	1,120	1,630
Effective tax rate (%)	26.1	26.3	24.6	25.2	25.2
PAT	3,333	2,326	2,240	3,330	4,847
Minority/Associates	186	92	(50)	(74)	(89)
Recurring PAT	3,518	2,418	2,190	3,256	4,758
Extraordinary items	0	3,246	0	0	0
Reported PAT	3,518	5,664	2,190	3,256	4,758
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(1.5)	5.0	7.6	13.7	17.3
EBITDA	(22.9)	(19.9)	(10.9)	43.2	35.7
Adj. EPS	(28.2)	(31.3)	(9.4)	48.7	46.1
Margins (%)					
Gross	36.5	32.9	31.3	31.6	32.0
EBITDA	8.8	6.7	5.6	7.0	8.1
EBIT	6.4	4.3	2.8	4.3	5.7
Adjusted PAT	6.0	9.1	3.3	4.3	5.4
Returns (%)					
ROE	13.0	7.8	6.4	8.9	12.1
ROCE	12.7	7.7	6.6	9.2	12.2
ROIC	42.8	16.0	7.2	12.2	19.0
Turnover (days)					
Gross block turnover ratio (x)	4.6	4.1	3.7	3.7	3.8
Debtors	22	24	24	22	23
Inventory	119	113	112	112	108
Creditors	151	138	125	125	125
Net working capital	115	96	95	93	92
Solvency (x)					
Net debt-equity	(0.7)	(0.5)	(0.5)	(0.5)	(0.5)
Interest coverage ratio	33.8	26.2	24.7	28.3	36.5
Net debt/EBITDA	(4.0)	(3.9)	(4.5)	(3.7)	(3.1)
Per share (Rs)					
Adjusted EPS	27.7	19.1	17.3	25.7	37.5
BVPS	225.2	264.6	277.5	296.1	323.6
CEPS	38.9	30.7	31.9	42.1	54.4
DPS	5.0	5.0	5.0	7.0	10.0
Dividend payout (%)	18.0	11.2	29.0	27.3	26.7
Valuation (x)					
P/E	58.4	84.9	93.7	63.1	43.2
P/BV	7.2	6.1	5.8	5.5	5.0
EV/EBITDA	35.6	45.5	50.9	35.0	25.4
Dividend yield (%)	0.3	0.3	0.3	0.4	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,269	1,269	1,269	1,269	1,269
Reserves & surplus	27,314	32,312	33,935	36,303	39,792
Shareholders fund	28,583	33,581	35,204	37,572	41,061
Minority Interest	0	1,426	1,476	1,550	1,639
Total debt	0	0	0	0	0
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	(417)	93	(28)	(28)	(28)
Total liabilities	28,166	35,100	36,651	39,093	42,671
Gross block	12,689	15,163	17,987	20,572	23,172
Less: acc. Depreciation	(5,720)	(7,190)	(8,762)	(10,844)	(12,988)
Net block	6,969	7,974	9,224	9,728	10,184
Capital WIP	410	717	185	100	100
Net fixed assets	7,483	18,794	19,369	19,787	20,243
Non Current Assets	0	0	0	0	0
Investments	2,074	0	0	0	0
Inventories	12,738	13,115	15,082	16,758	19,038
Sundry debtors	3,790	4,298	4,334	4,983	6,086
Cash & Cash Equivalents	20,632	16,165	16,814	19,508	22,523
Loans & advances	253	207	165	227	267
Other current assets	3,099	3,759	3,209	3,789	4,887
Trade payables	16,585	14,900	16,488	19,030	22,515
Other current liab.	2,366	3,395	2,946	3,789	4,443
Provisions	2,950	2,943	2,888	3,140	3,415
Net current assets	18,610	16,306	17,283	19,307	22,428
Total assets	28,166	35,100	36,651	39,093	42,671
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	4,697	3,248	2,922	4,376	6,389
Depreciation & Amortisation	1,421	1,475	1,854	2,082	2,143
Net Interest	153	159	150	188	197
Net Change – WC	1,240	(2,163)	(328)	671	(107)
Direct taxes	(1,221)	(321)	(853)	(1,120)	(1,630)
Net cash from operations	6,291	2,398	3,745	6,197	6,991
Capital expenditure	(1,324)	(2,787)	(2,573)	(2,500)	(2,600)
Acquisitions, net	0	0	0	0	0
Investments	3,598	2,074	0	0	0
Others	0	0	0	0	0
Net cash from investing	2,274	(713)	(2,573)	(2,500)	(2,600)
FCF	8,565	1,685	1,172	3,697	4,391
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(635)	(635)	(634)	(888)	(1,269)
Interest paid	(153)	(159)	(150)	(188)	(197)
Others	15	(5,359)	261	74	89
Net cash from financing	(773)	(6,152)	(523)	(1,002)	(1,377)
Net change in Cash	7,792	(4,467)	649	2,695	3,014

Source: Company, Centrum Broking

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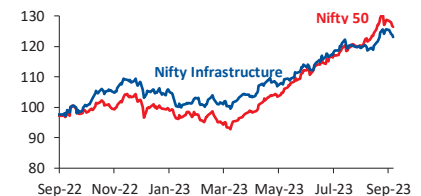
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Infrastructure sector

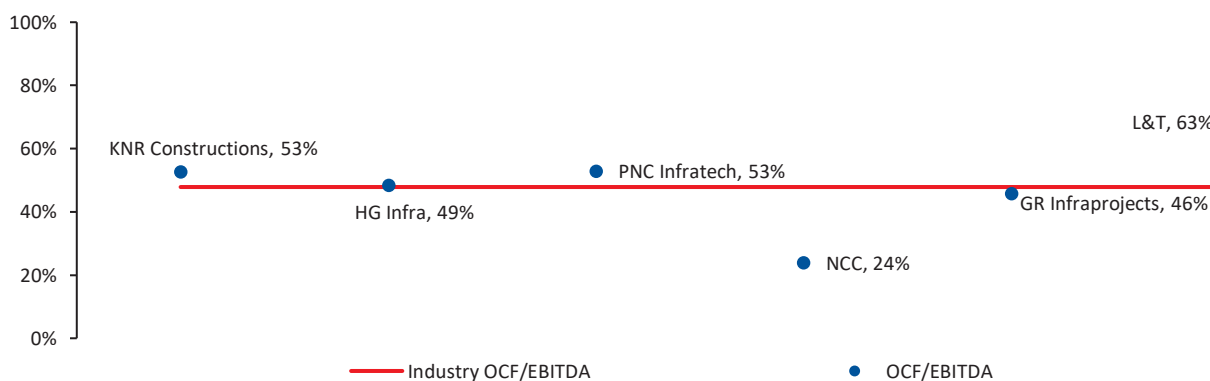
Over the last decade, our coverage universe has grown revenue/PBT at a CAGR of 9%/8% respectively. Given the nature of business wherein even EPC companies have to commit capital in HAM/BOT assets to get new projects, the overall OCF to FCF conversion is lower at just 11%. EBITDA to OCF conversion for the industry is also poor at 48%. NWC ex-cash and loans and advances averages at 98 days. NWC for pure play EPC companies is higher compared to BOT/HAM players. Sector RoE at 17% is relatively better as asset turnover and PBT margins are higher. Stock returns are largely influenced by balance sheet strength and growth.

Nifty 50 vs. Nifty Infrastructure



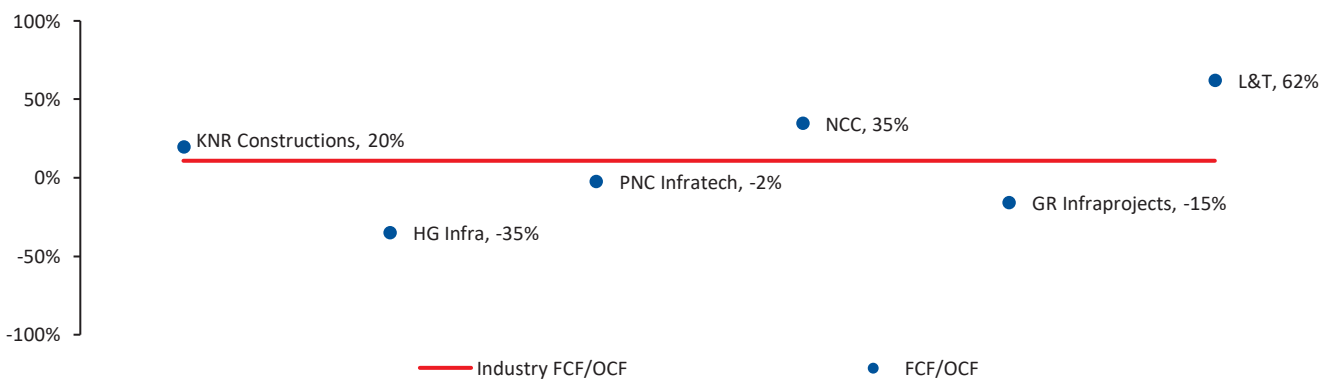
Source: Bloomberg

Exhibit 441: EBITDA to OCF conversion strong for L&T while being weak for NCC



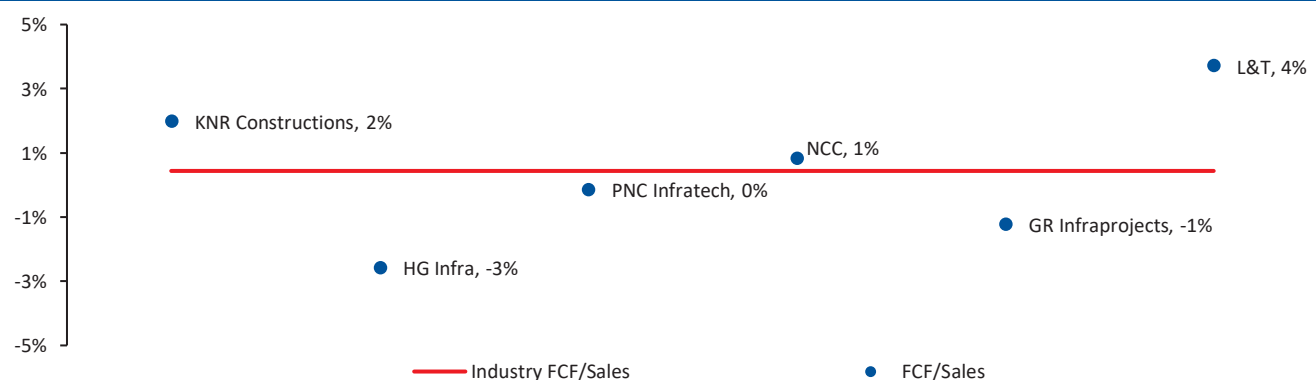
Source: Company, Centrum Broking; data is for FY13-22

Exhibit 442: OCF to FCF conversion weak for the industry; pure EPC companies have better conversion on lower investments



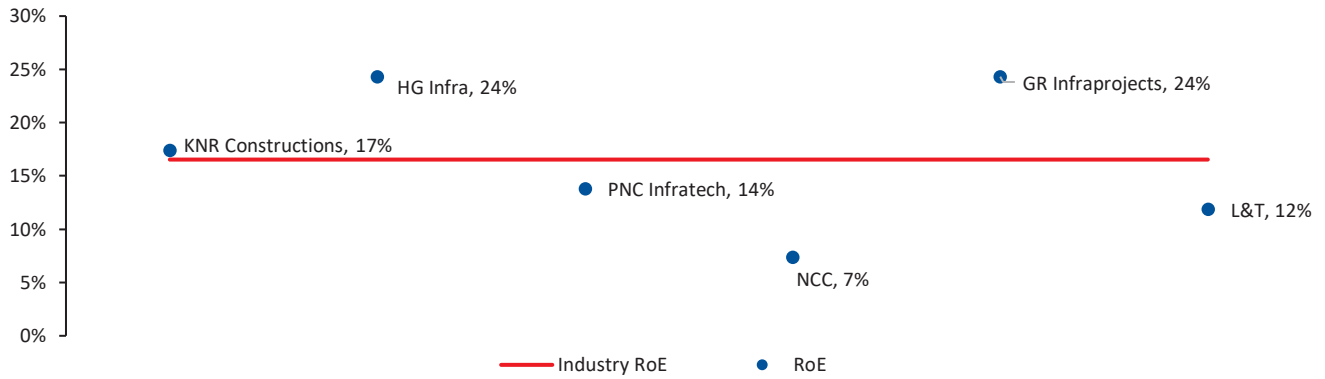
Source: Company, Centrum Broking; data is for FY13-22

Exhibit 443: FCF to Sales conversion weak across the sector due to poor FCF generation

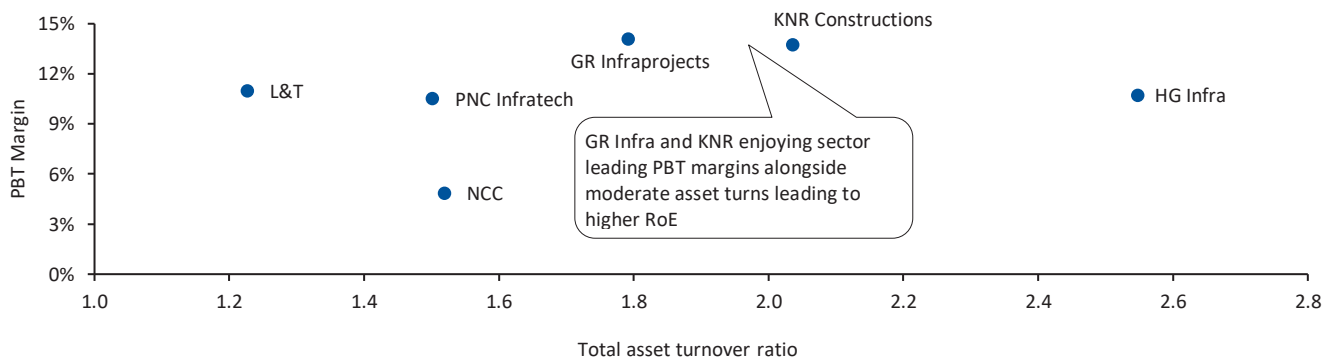


Source: Company, Centrum Broking; data is for FY13-22

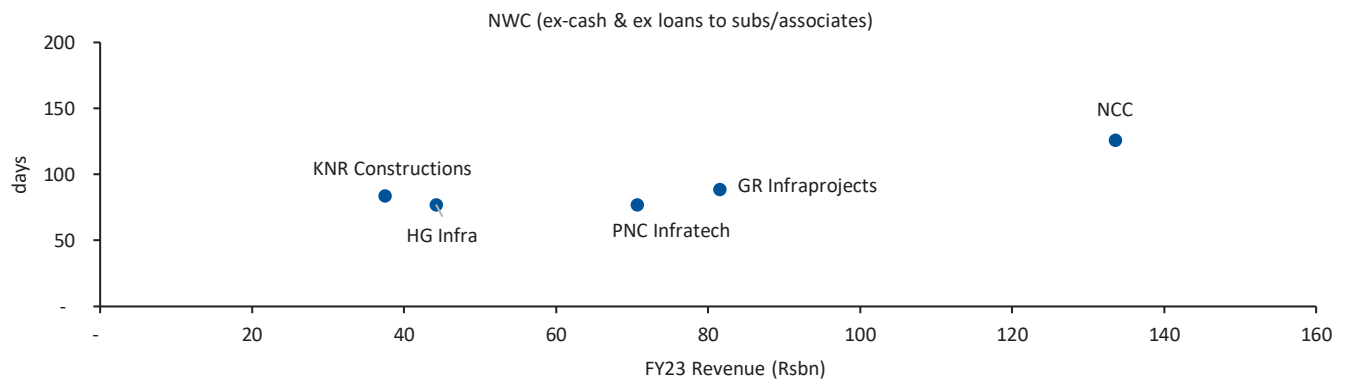
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 444: HG Infra and GR Infra have sector leading RoE aided by strong growth and better margins

Source: Company, Centrum Broking; data is for FY13-22

Exhibit 445: NCC has weak PBT margins while asset turnover is lowest for L&T; HG infra has highest asset turnover ratio

Source: Company, Centrum broking; data is for FY13-22

Exhibit 446: NWC stretched for diversified/bigger companies while being lower for single sector/geography companies

Source: Company, Centrum Broking

Exhibit 447: Key performance metrics for 10 years ended FY23

	KNR	HG	PNC	NCC	GRIL	L&T
Revenue CAGR (%)^	18.4	29.9	18.4	8.8	23.6	7.9
EBITDA CAGR (%)^	20.0	31.7	19.9	11.0	27.5	5.2
PBT CAGR (%)^	23.8	39.7	21.8	23.2	30.2	5.3
Gross margin (%)	21.4	41.1	26.7	16.8	25.5	12.7
EBITDA margin (%)	19.1	15.3	13.5	10.1	17.3	9.5
PBT margin (%)	13.8	10.7	10.6	4.9	14.1	11.0
Net Debt/Equity (x)	0.1	0.2	0.0	0.4	0.3	0.1
Net Debt/EBITDA (x)	0.8	1.3	1.0	3.7	1.0	2.3
OCF/EBITDA (%)	53	48.6	53.0	23.9	45.9	62.9
FCF/OCF (%)	20	(34.6)	(1.9)	35.0	(15.4)	62.3
FCF/Sales (%)	2	(2.6)	(0)	0.8	(1)	3.7
NWC (ex-cash & ex loans to subs/associates) – days	84	59	75	128.2	43	85.1
RoE (%)	17.4	24	14	7.4	24	11.9
Stock return (%)^	36.4	20.6	16.6	12.2	(17)	12.5

Source: Company, Centrum Broking; ^: FY13-23 CAGR

GR Infraprojects (GRIL)

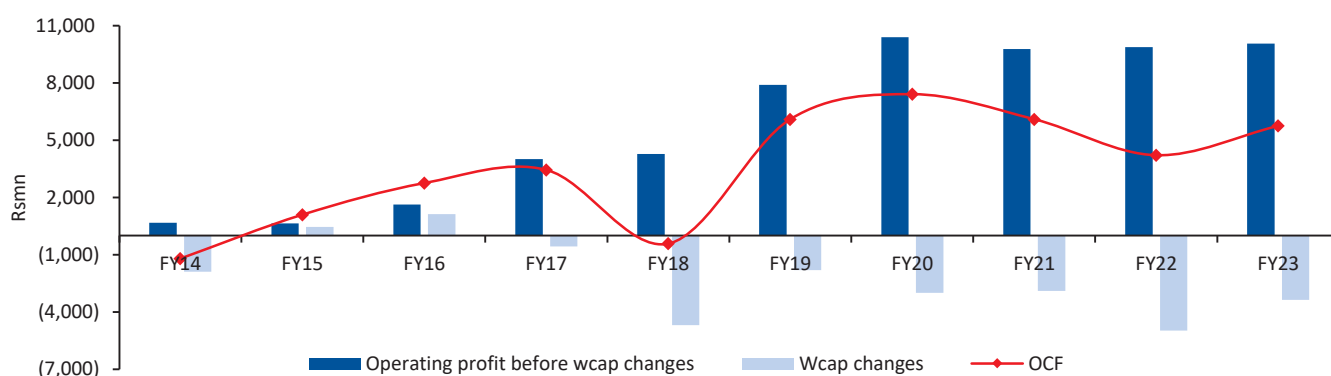
GRIL posted revenue/PAT of 24%/31% CAGR over FY13-23. The ex-cash NWC has increased from 103 in FY18 to 122 in FY23 due to higher debtors on account of dues from SPVs. Healthy operating profit growth, has led to aggregate OCF of Rs35.2bn over FY14-23 with OCF to EBITDA conversion rate of 46%. Over FY14-23, OCF has funded 74% of the capex (Rs26.2bn), resulting in lower FCF generation. Average net debt/equity has been at 0.3x; leverage has been controlled as both working capital and investments have been funded through internal accruals. Avg. RoE/RoCE has been at 24.3%/17.5%. Stock has returned -17.2% over FY22-23. Impending sale of assets through InVIT is likely to improve BS further and give an impetus to the stock.

Market data

Current price:	Rs1,259
Bloomberg:	GRINFRA IN
52 week H/L:	Rs1,382/930
Market cap:	Rs121.7bn
Free float:	18.8%
Avg. daily vol. 3mth:	43576

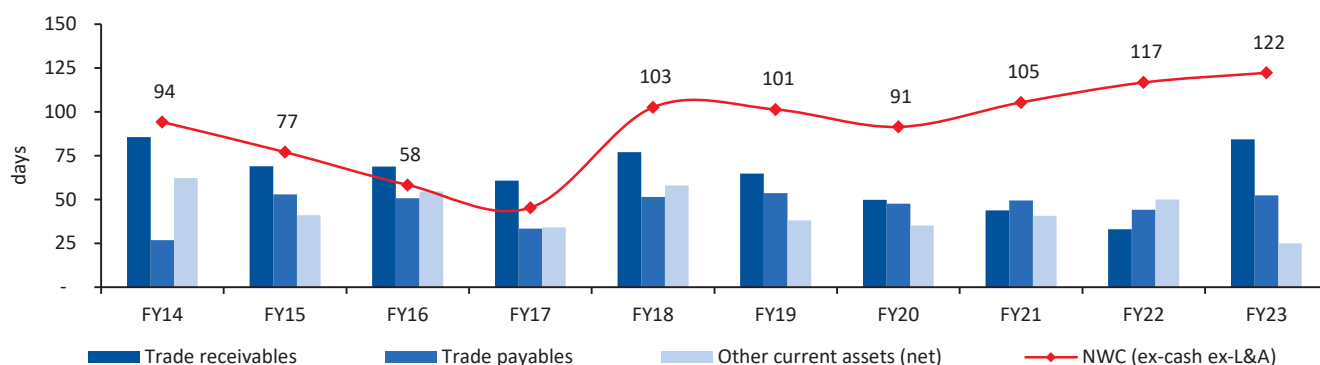
Source: Bloomberg

Exhibit 448: OCF generation consistent but low during FY14-16; OCF generation flattish over FY19-23



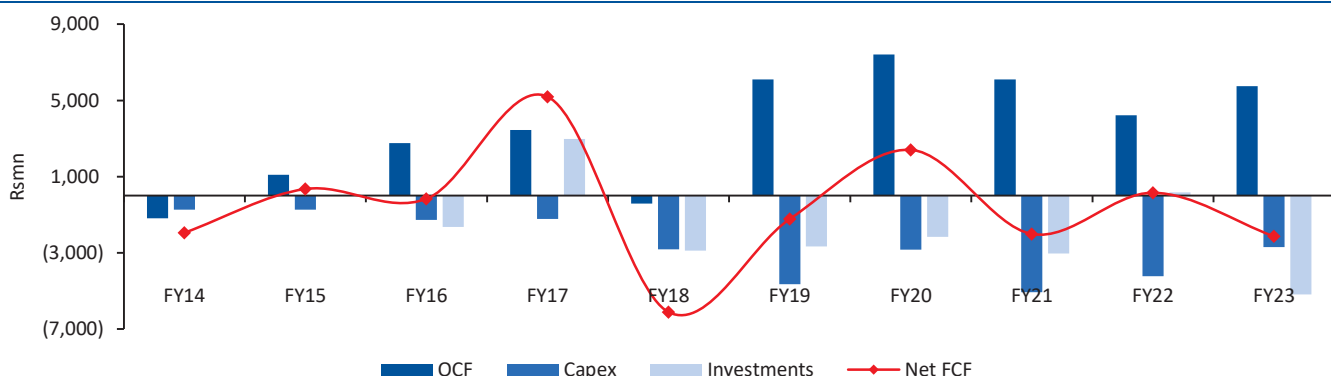
Source: Company, Centrum Broking

Exhibit 449: Higher debtors on account of dues from SPVs; Adjusted NWC for FY23 is at 60 days (excluding SPV dues)



Source: Company, Centrum Broking

Exhibit 450: FCF generation poor due to heavy capex and equity investments in assets



Source: Company, Centrum Broking

Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 451: Leverage has been consistently low; Return ratios normalised from highs recently

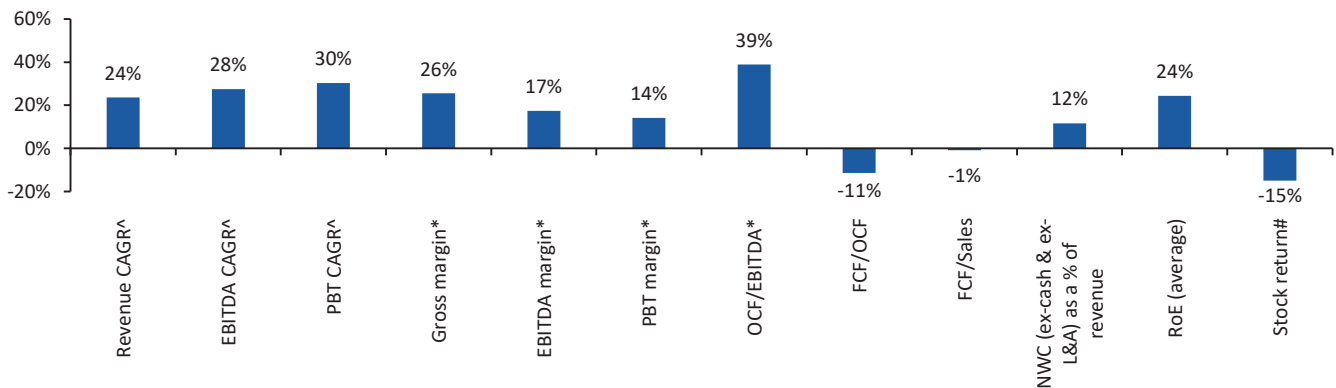
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.7	0.6	0.5	(0.1)	0.3	0.4	0.2	0.3	0.2	0.1	0.3
Net Debt*/EBITDA	3.0	2.6	1.4	(0.3)	0.9	0.9	0.5	0.8	0.8	0.5	1.1
RoCE pre-tax	10.0%	9.2%	20.2%	33.3%	26.5%	31.4%	28.4%	25.0%	20.8%	20.8%	22.6%
RoCE	6.4%	7.6%	17.7%	29.5%	22.1%	22.5%	19.5%	18.2%	15.8%	15.5%	17.5%
RoIC (pre-tax)	9.2%	7.0%	22.0%	23.1%	31.4%	35.9%	34.4%	28.7%	22.0%	21.6%	23.5%
RoE	7.6%	9.0%	27.9%	46.7%	30.7%	32.4%	27.7%	24.3%	19.2%	17.8%	24.3%

Source: Company, Centrum Broking; *: includes mobilization advances

Exhibit 452: DuPont Analysis – RoE impacted in FY22-23 due to lower margins (lower share of bonus) and lower asset turns

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.64	0.82	0.88	0.89	0.83	0.72	0.69	0.73	0.76	0.74	0.77
Revenue/average total assets	1.53	1.38	2.35	2.71	1.80	1.92	1.70	1.61	1.50	1.40	1.79
Average total assets/Average NW	1.46	1.63	1.59	1.37	1.29	1.40	1.43	1.40	1.32	1.21	1.41
PBT/EBITDA	0.51	0.49	0.75	0.83	0.84	0.82	0.81	0.82	0.78	0.87	0.75
EBITDA/Revenue	0.10	0.10	0.11	0.17	0.19	0.20	0.21	0.18	0.16	0.16	0.16
RoE	7.6%	9.0%	27.9%	46.7%	30.7%	32.4%	27.7%	24.3%	19.2%	17.8%	24.3%

Source: Company, Centrum Broking

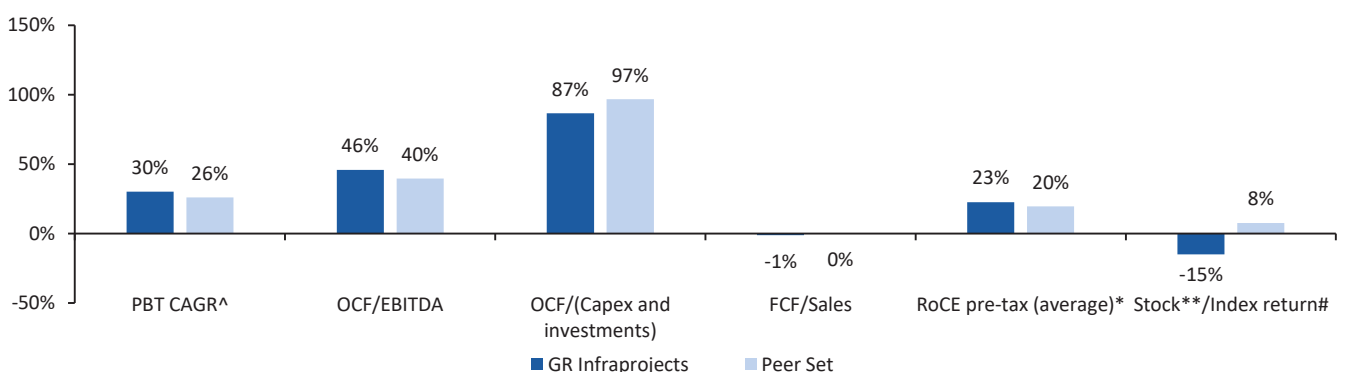
Exhibit 453: Consistent growth, margins and strong return ratios despite massive scale-up in size

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate; #: Stock returns since listing in July-21

Exhibit 454: FCF generation poor on SPV investments

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(1,941)	356	(159)	5,196	(6,107)	(1,220)	2,407	(2,007)	158	(2,130)
FCF yield	NA	NA	NA	NA	NA	NA	NA	NA	0%	(2%)
Dividend + Buyback (b)	-	-	-	-	-	-	-	-	-	-
(b)/(a)	NA	0%	NA	0%	NA	NA	0%	NA	0%	NA
Cash & equivalents*/Capital employed	4%	9%	12%	38%	12%	19%	21%	11%	8%	9%

Source: Company, Centrum Broking; *: includes current investments

Exhibit 455: GRIL's financial performance better than peers in terms of growth and return ratios; cash generation poor

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: Stock return calculated from listing date; #: Nifty Infrastructure Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	72,445	79,192	81,476	88,535	1,05,617
Operating Expense	53,841	59,308	60,432	66,578	79,952
Employee cost	4,548	5,864	6,472	7,120	8,188
Others	952	1,209	1,441	1,771	1,901
EBITDA	13,104	12,811	13,131	13,066	15,576
Depreciation & Amortisation	2,268	2,816	2,457	2,742	2,987
EBIT	10,835	9,994	10,674	10,324	12,589
Interest expenses	1,396	1,269	1,022	1,222	1,235
Other income	1,275	1,324	1,809	1,972	2,310
PBT	10,715	10,050	11,461	11,074	13,664
Taxes	2,908	2,411	2,943	2,787	3,439
Effective tax rate (%)	27.1	24.0	25.7	25.2	25.2
PAT	7,806	7,639	8,518	8,287	10,225
Minority/Associates	0	0	0	0	0
Recurring PAT	7,806	7,639	8,518	8,287	10,225
Extraordinary items	0	(31)	0	0	0
Reported PAT	7,806	7,608	8,518	8,287	10,225
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	20.2	9.3	2.9	8.7	19.3
EBITDA	5.6	(2.2)	2.5	(0.5)	19.2
Adj. EPS	13.7	(2.1)	11.5	(2.7)	23.4
Margins (%)					
Gross	25.7	25.1	25.8	24.8	24.3
EBITDA	18.1	16.2	16.1	14.8	14.7
EBIT	15.0	12.6	13.1	11.7	11.9
Adjusted PAT	10.8	9.6	10.5	9.4	9.7
Returns (%)					
ROE	24.3	19.2	17.8	14.7	15.6
ROCE	18.5	16.0	15.6	13.8	14.7
ROIC	20.9	16.7	16.0	15.0	17.0
Turnover (days)					
Gross block turnover ratio (x)	3.5	3.2	3.0	3.1	3.3
Debtors	43	36	58	71	55
Inventory	62	64	58	52	53
Creditors	44	44	48	46	41
Net working capital	114	122	132	114	100
Solvency (x)					
Net debt-equity	0.2	0.1	0.1	0.0	0.0
Interest coverage ratio	9.4	10.1	12.8	10.7	12.6
Net debt/EBITDA	1.0	0.8	0.7	0.5	0.6
Per share (Rs)					
Adjusted EPS	80.7	79.0	88.1	85.7	105.7
BVPS	372.8	451.3	539.4	625.1	730.8
CEPS	104.2	108.1	113.5	114.1	136.6
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	0.0	16.2	14.5	14.9	12.1
P/BV	0.0	2.8	2.4	2.0	1.7
EV/EBITDA	0.0	10.2	9.6	9.5	8.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	483	483	483	483	483
Reserves & surplus	35,561	43,152	51,670	59,956	70,181
Shareholders fund	36,044	43,636	52,153	60,440	70,664
Minority Interest	0	0	0	0	0
Total debt	13,511	11,020	8,320	6,320	7,120
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	638	438	438	438	438
Total liabilities	50,193	55,094	60,912	67,198	78,223
Gross block	20,585	24,604	26,979	28,979	31,979
Less: acc. Depreciation	(7,134)	(9,758)	(12,260)	(15,002)	(17,988)
Net block	13,451	14,846	14,719	13,977	13,990
Capital WIP	555	594	719	719	719
Net fixed assets	14,006	15,440	15,438	14,696	14,709
Non Current Assets	0	0	0	0	0
Investments	3,677	3,236	6,980	12,322	18,019
Inventories	10,584	10,218	8,843	10,032	13,143
Sundry debtors	8,676	7,155	18,806	15,767	15,915
Cash & Cash Equivalents	5,416	4,450	5,343	5,861	4,282
Loans & advances	10,495	9,995	9,112	12,495	16,415
Other current assets	10,731	16,639	11,556	11,345	14,112
Trade payables	7,283	7,169	8,672	8,208	9,857
Other current liab.	6,109	4,871	6,494	7,112	8,516
Provisions	0	0	0	0	0
Net current assets	32,510	36,418	38,493	40,180	45,494
Total assets	50,193	55,094	60,912	67,198	78,223
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	10,715	10,019	11,461	11,074	13,664
Depreciation & Amortisation	2,268	2,816	2,457	2,742	2,987
Net Interest	1,396	1,269	1,022	1,222	1,235
Net Change – WC	(5,348)	(4,815)	(2,067)	2,215	(2,974)
Direct taxes	(2,914)	(2,609)	(2,948)	(2,787)	(3,439)
Net cash from operations	4,916	7,654	10,107	14,466	11,473
Capital expenditure	(5,673)	(4,250)	(2,455)	(2,000)	(3,000)
Acquisitions, net	0	0	0	0	0
Investments	(3,598)	(616)	(3,037)	(8,730)	(9,617)
Others	0	0	0	0	0
Net cash from investing	(9,272)	(4,867)	(5,491)	(10,730)	(12,617)
FCF	(3,339)	3,752	5,375	4,650	(220)
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	2,771	(2,491)	(2,700)	(2,000)	800
Dividend paid	0	0	0	0	0
Interest paid	(1,396)	(1,269)	(1,022)	(1,222)	(1,235)
Others	0	0	0	0	0
Net cash from financing	1,376	(3,760)	(3,722)	(3,222)	(435)
Net change in Cash	(2,980)	(973)	893	513	(1,579)

Source: Company, Centrum Broking

HG Infrastructure (HG)

HG Infra has delivered robust Revenue/PBT CAGR of 30/40% over FY13-23. . NWC days are at just 62 over a decade due to collection efficiency and judicious project selection. Aggregate OCF has been at Rs13.9bn over FY14-23, with EBITDA to OCF conversion of 49%. OCF to FCF conversion has been at -35% due to higher capex and investments in subsidiaries (Rs 18.7bn over FY14-23). Despite increased capital requirement, RoE (avg. of 24.4% over FY14-23) and leverage indicators (net debt/EBITDA of 1.3x) are strong. FCF has been positive only in 3 years over FY14-23, as a result, distribution of FCF as dividend has been negligible. Robust stock return of 27% over FY14-23 backed by strong growth.

22 September 2023

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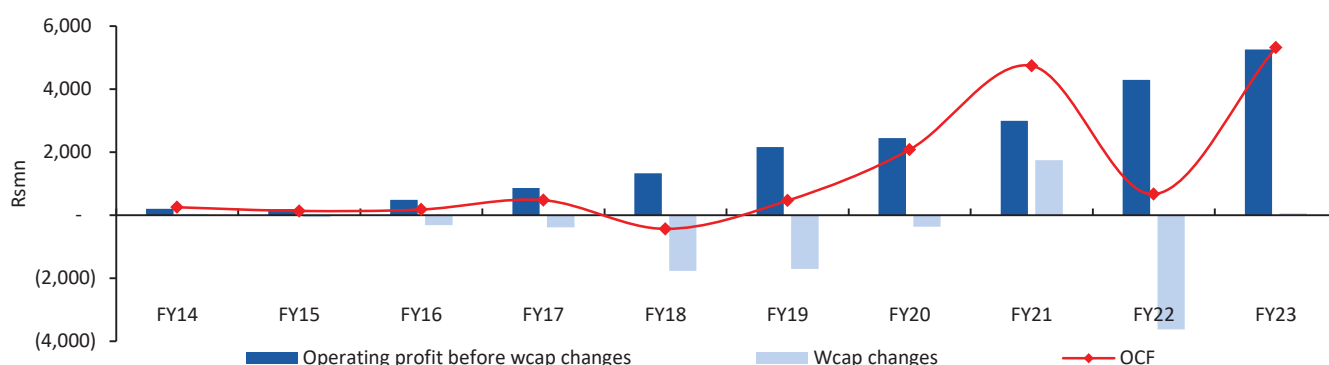
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institutional Research

Market data

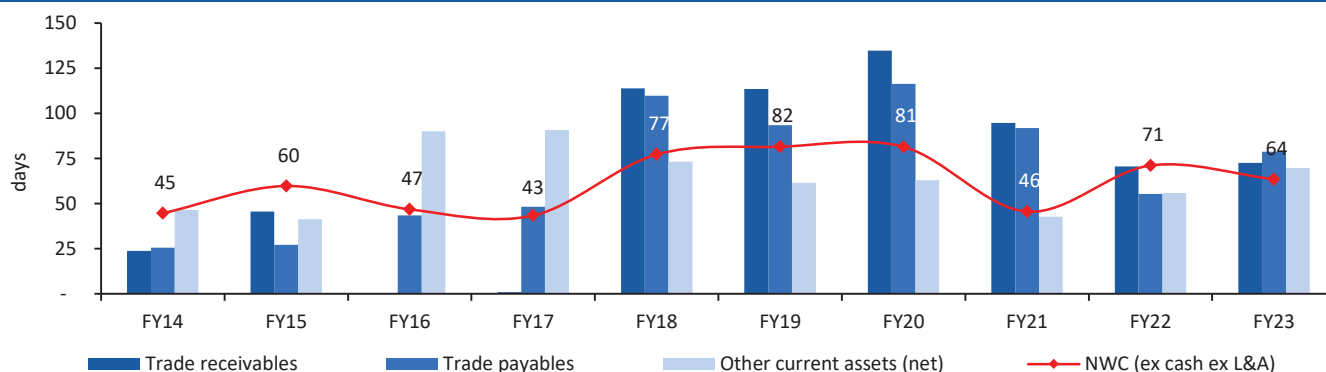
Current price:	Rs973
Bloomberg:	HGINFRA IN
52 week H/L:	Rs1,019/532
Market cap:	Rs63.4bn
Free float:	25.5%
Avg. daily vol. 3mth:	157318
Source:	Bloomberg

Exhibit 456: Consistent improvement in OCF; dip in FY22 due to normalization of NWC from low levels of FY21



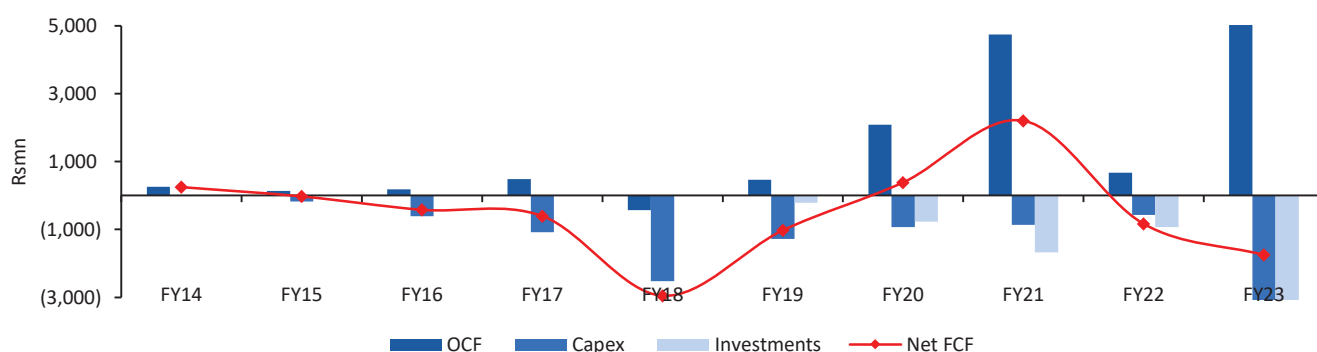
Source: Company, Centrum Broking

Exhibit 457: Working capital levels controlled; average NWC under control at 62 days over FY14-23



Source: Company, Centrum Broking

Exhibit 458: FCF lower in earlier years due to capex; investments in subsidiaries lowered FCF over in recent years



Source: Company, Centrum broking

Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 459: Leverage under control; Return ratios continue to improve

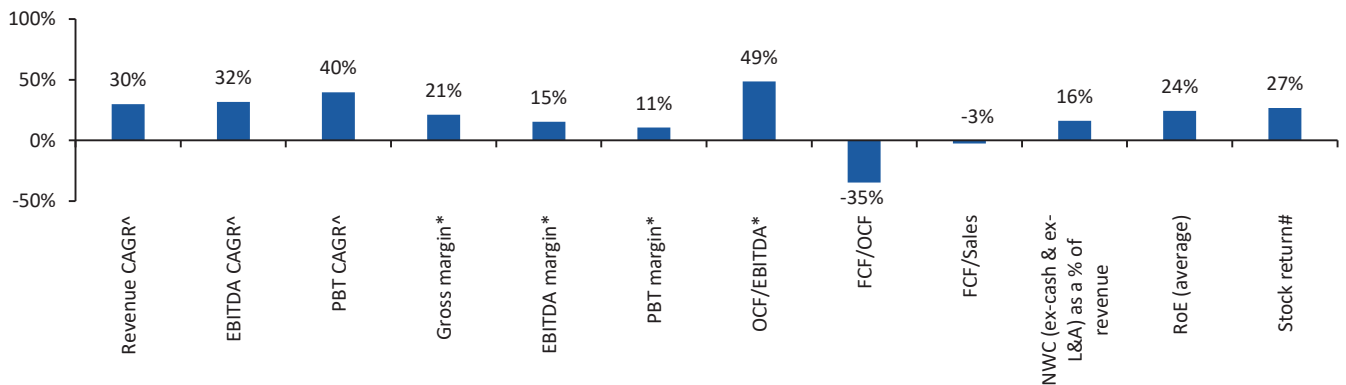
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.2	0.1	0.3	0.4	0.2	0.2	0.2	0.2	0.3	0.2	0.2
Net Debt*/EBITDA	1.4	1.7	1.8	1.4	1.6	1.2	1.3	0.8	0.6	1.0	1.3
RoCE pre-tax	25.4%	18.8%	27.6%	29.5%	21.1%	21.6%	22.3%	22.5%	28.7%	27.9%	24.5%
RoCE	16.9%	12.8%	18.1%	18.9%	15.0%	14.0%	16.2%	16.8%	21.4%	20.7%	17.1%
RoIC (pre-tax)	25.0%	17.4%	28.4%	32.0%	25.1%	24.3%	24.3%	28.8%	39.9%	39.7%	28.5%
RoE	23.1%	11.2%	29.2%	35.7%	23.5%	20.6%	22.4%	22.8%	28.3%	26.8%	24.4%

Source: Company, Centrum Broking; *: includes mobilization advances

Exhibit 460: DuPont Analysis – RoE profile strong led by better margins and improved asset turn

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	0.68	0.66	0.64	0.71	0.65	0.73	0.75	0.75	0.74	0.70
Revenue/average total assets	3.21	2.37	3.72	3.39	2.10	2.03	1.98	2.02	2.41	2.23	2.55
Average total assets/Average NW	1.86	1.72	1.85	2.08	1.85	1.65	1.50	1.35	1.25	1.26	1.64
PBT/EBITDA	0.51	0.31	0.59	0.67	0.57	0.63	0.67	0.67	0.78	0.80	0.62
EBITDA/Revenue	0.11	0.13	0.11	0.12	0.15	0.15	0.16	0.16	0.16	0.16	0.14
RoE	23.1%	11.2%	29.2%	35.7%	23.5%	20.6%	22.4%	22.8%	28.3%	26.8%	24.4%

Source: Company, Centrum Broking

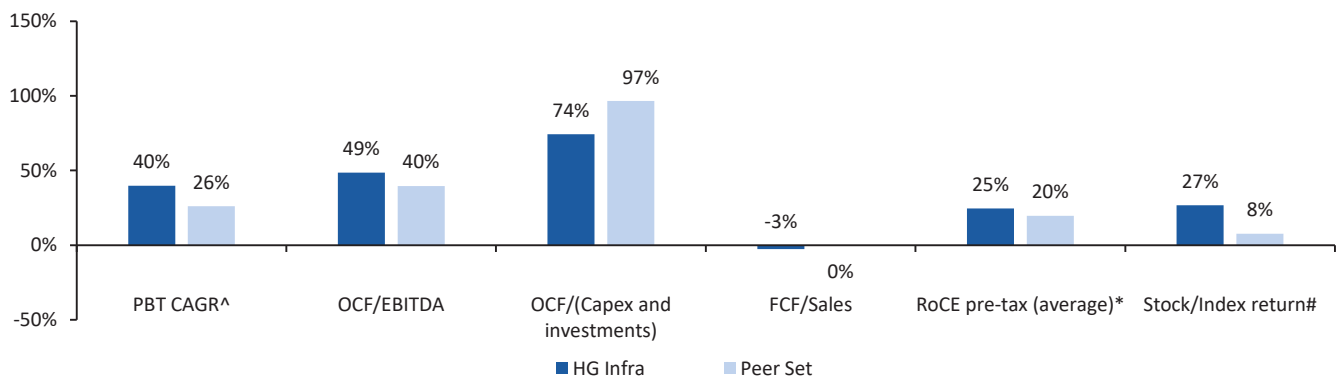
Exhibit 461: Robust stock return backed by strong growth; OCF to FCF conversion weaker on investment requirement of SPVs

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate; #: includes dividend and buyback

Exhibit 462: FCF generation has been weak leading to lower cash levels

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	245	(29)	(424)	(607)	(2,956)	(1,028)	383	2,201	(838)	(1,753)
FCF yield	NA	NA	NA	NA	NA	NA	2%	16%	NA	NA
Dividend + Buyback (b)	-	-	-	-	-	39	39	-	65	81
(b)/(a)	0%	NA	NA	NA	NA	NA	10%	0%	NA	NA
Cash & equivalents*/Capital employed	2%	1%	11%	13%	24%	10%	10%	20%	9%	8%

Source: Company, Centrum Broking; *: including current investments

Exhibit 463: HG outperforms peer performance on the back of robust growth and better return ratios

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY14-23 CAGR; #: includes dividend and buyback

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	25,350	36,152	44,185	55,145	62,895
Operating Expense	19,808	28,682	34,475	43,124	49,372
Employee cost	1,093	1,279	1,959	2,311	2,589
Others	267	344	649	809	923
EBITDA	4,181	5,847	7,103	8,901	10,010
Depreciation & Amortisation	844	851	963	1,193	1,245
EBIT	3,337	4,996	6,140	7,708	8,765
Interest expenses	596	528	633	877	965
Other income	80	78	181	247	173
PBT	2,821	4,546	5,687	7,078	7,973
Taxes	712	1,159	1,474	1,782	2,007
Effective tax rate (%)	25.2	25.5	25.9	25.2	25.2
PAT	2,110	3,387	4,214	5,296	5,966
Minority/Associates	0	0	0	0	0
Recurring PAT	2,110	3,387	4,214	5,296	5,966
Extraordinary items	0	0	0	0	0
Reported PAT	2,110	3,387	4,214	5,296	5,966
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	15.4	42.6	22.2	24.8	14.1
EBITDA	22.1	39.8	21.5	25.3	12.5
Adj. EPS	27.0	60.6	24.4	25.7	12.7
Margins (%)					
Gross	21.9	20.7	22.0	21.8	21.5
EBITDA	16.5	16.2	16.1	16.1	15.9
EBIT	13.2	13.8	13.9	14.0	13.9
Adjusted PAT	8.3	9.4	9.5	9.6	9.5
Returns (%)					
ROE	22.8	28.3	26.8	26.0	23.0
ROCE	16.8	21.4	20.7	20.1	18.7
ROIC	21.5	29.8	29.4	30.8	30.7
Turnover (days)					
Gross block turnover ratio (x)	3.3	4.4	4.3	4.6	4.7
Debtors	106	69	65	62	60
Inventory	25	22	22	22	23
Creditors	96	59	62	59	52
Net working capital	83	87	69	65	66
Solvency (x)					
Net debt-equity	0.0	0.1	0.2	0.2	0.1
Interest coverage ratio	7.0	11.1	11.2	10.1	10.4
Net debt/EBITDA	0.8	0.6	1.0	0.9	0.9
Per share (Rs)					
Adjusted EPS	32.4	52.0	64.7	81.3	91.5
BVPS	158.4	209.3	272.9	352.5	442.2
CEPS	45.3	65.0	79.4	99.6	110.7
DPS	0.8	1.0	1.3	1.6	1.9
Dividend payout (%)	2.5	1.9	1.9	2.0	2.0
Valuation (x)					
P/E	6.5	10.3	9.5	12.0	10.6
P/BV	1.3	2.6	2.2	2.8	2.2
EV/EBITDA	3.3	6.2	6.1	7.6	6.7
Dividend yield (%)	0.4	0.2	0.2	0.2	0.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	652	652	652	652	652
Reserves & surplus	9,670	12,992	17,133	22,323	28,168
Shareholders fund	10,322	13,643	17,784	22,975	28,819
Minority Interest	0	0	0	0	0
Total debt	2,890	3,147	5,037	5,300	5,100
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	0	0
Total liabilities	13,212	16,790	22,821	28,275	33,919
Gross block	7,656	8,231	10,392	11,892	13,392
Less: acc. Depreciation	(2,826)	(3,642)	(4,125)	(5,318)	(6,563)
Net block	4,831	4,590	6,267	6,574	6,829
Capital WIP	18	22	719	719	719
Net fixed assets	4,849	4,611	6,987	7,294	7,549
Non Current Assets	0	0	0	0	0
Investments	2,612	3,545	7,447	11,105	14,986
Inventories	1,680	1,836	2,353	2,954	3,382
Sundry debtors	6,575	6,995	8,791	9,820	11,028
Cash & Cash Equivalents	2,584	1,585	1,794	1,303	1,457
Loans & advances	0	0	0	0	0
Other current assets	3,361	5,143	7,720	8,007	9,477
Trade payables	4,984	4,355	7,437	6,498	7,440
Other current liab.	3,465	2,569	4,835	5,711	6,520
Provisions	0	0	0	0	0
Net current assets	5,751	8,634	8,387	9,876	11,385
Total assets	13,212	16,790	22,821	28,275	33,919
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,821	4,546	5,687	7,078	7,973
Depreciation & Amortisation	844	851	963	1,193	1,245
Net Interest	596	528	633	877	965
Net Change – WC	1,735	(3,882)	456	(1,979)	(1,356)
Direct taxes	(719)	(1,172)	(1,567)	(1,782)	(2,007)
Net cash from operations	5,277	871	6,173	5,387	6,821
Capital expenditure	(758)	(613)	(3,339)	(1,500)	(1,500)
Acquisitions, net	0	0	0	0	0
Investments	(1,704)	(933)	(3,902)	(3,658)	(3,880)
Others	0	0	0	0	0
Net cash from investing	(2,461)	(1,546)	(7,241)	(5,158)	(5,380)
FCF	2,816	(675)	(1,069)	229	1,441
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(785)	257	1,890	263	(200)
Dividend paid	0	(65)	(81)	(106)	(122)
Interest paid	(596)	(528)	(633)	(877)	(965)
Others	5	13	102	0	0
Net cash from financing	(1,376)	(324)	1,277	(720)	(1,287)
Net change in Cash	1,440	(999)	209	(491)	154

Source: Company, Centrum Broking

KNR Constructions (KNR)

KNR has posted Revenue/PBT CAGR of 18%/24% over FY13-23. The ex cash NWC has increased from average 66 days over FY18-20 to 111 days over FY21-23, largely due to irrigation receivables. KNR's aggregate OCF has been at Rs20.3bn over FY14-23 with OCF to EBITDA conversion at 53%. Over FY14-23, 80% of OCF was spent on Capex and investments at an average of Rs 1.4bn per year, while 20% was converted to FCF at Rs4bn. Average Net debt/Equity over FY14-23 has been lower at 0.1x due to conservative approach for bidding. Decadal average ROE has been at 17% owing to strong margins. Weak FCF has led to its distribution as dividend at an aggregate of mere 15%. Robust stock return of 36% backed by strong growth and return ratios.

22 September 2023

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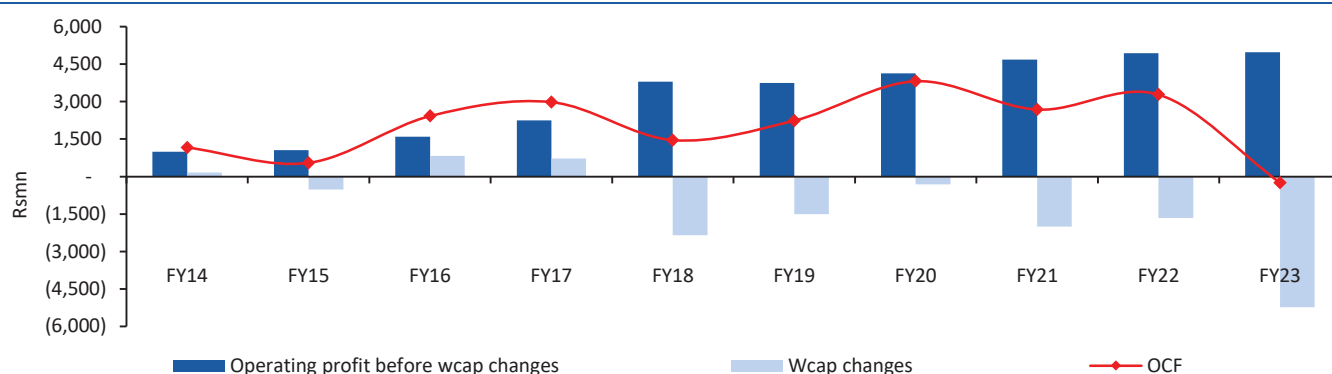
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Market data

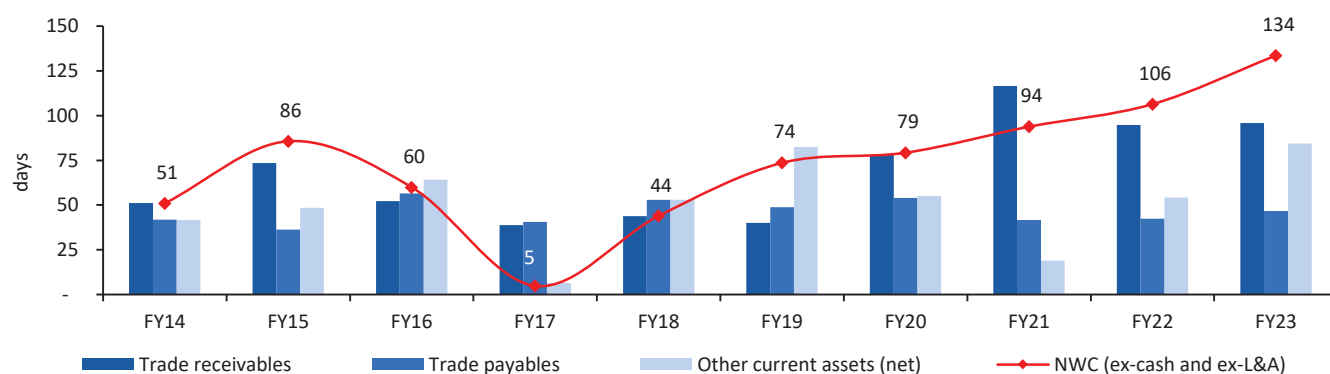
Current price:	Rs275
Bloomberg:	KNRC IN
52 week H/L:	Rs287/203
Market cap:	Rs77.3bn
Free float:	48.9%
Avg. daily vol. 3mth:	775075
Source: Bloomberg	

Exhibit 464: Consistent cash flow generation over a decade; Higher WC requirement impacted OCF in FY23



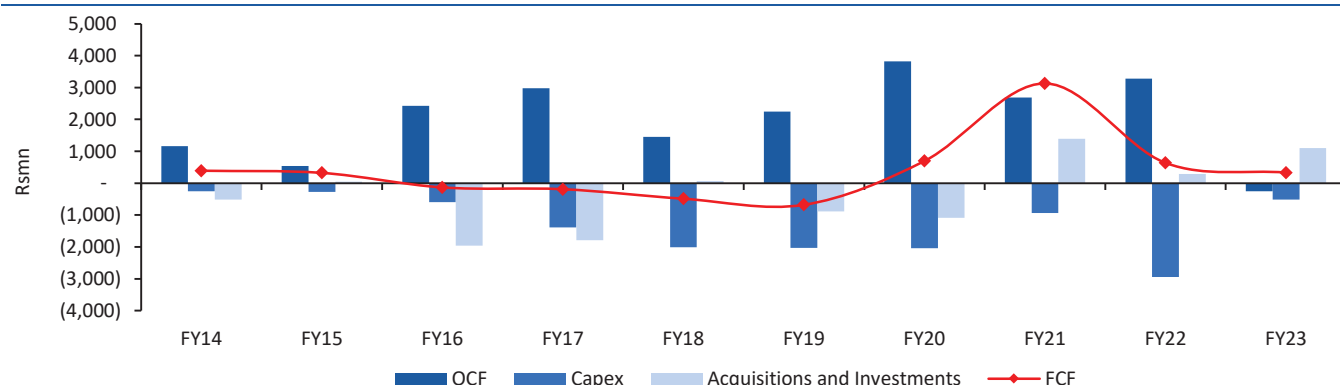
Source: Company, Centrum Broking

Exhibit 465: Increased NWC owing to irrigation receivables, HAM projects and higher unbilled revenue



Source: Company, Centrum Broking

Exhibit 466: Asset monetization has helped improve FCF



Source: Company, Centrum broking

Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 467: Leverage has been consistently low; Return ratios strong

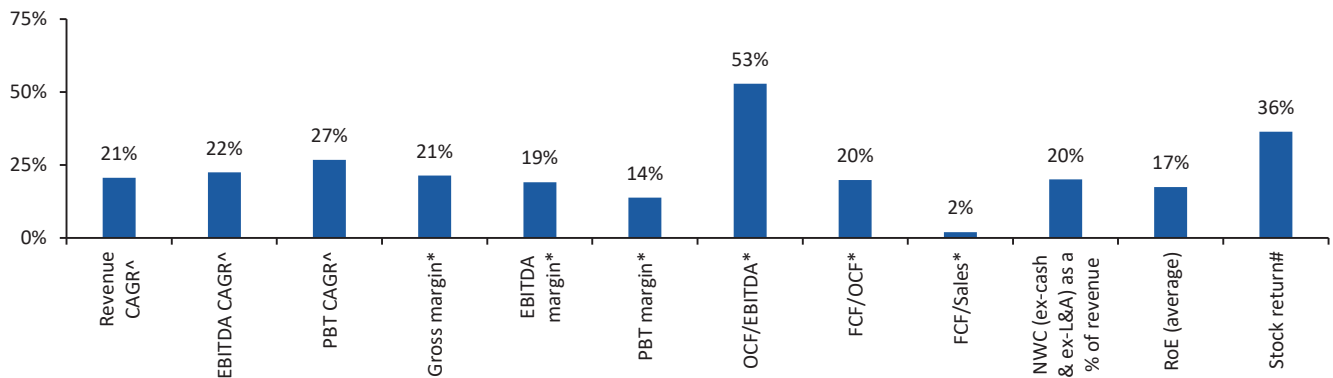
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.2	0.1	0.1	0.1	0.1	0.2	0.1	(0.1)	(0.1)	(0.1)	0.1
Net Debt*/EBITDA	1.3	1.1	1.8	1.7	1.0	0.8	0.7	0.1	(0.0)	(0.1)	0.8
RoCE pre-tax	12.5%	11.9%	15.5%	16.7%	20.2%	19.4%	16.7%	22.0%	26.5%	22.8%	18.4%
RoCE	11.4%	12.0%	14.0%	16.1%	20.5%	17.6%	12.9%	15.4%	17.1%	17.1%	15.4%
RoIC (pre-tax)	11.0%	10.9%	16.8%	24.0%	28.9%	24.4%	23.5%	34.6%	34.4%	28.4%	23.7%
RoE	12.6%	13.3%	16.9%	20.6%	26.5%	20.7%	13.5%	15.7%	17.5%	16.9%	17.4%

Source: Company, Centrum Broking; *: includes mobilization advances

Exhibit 468: DuPont Analysis – RoE partially impacted as KNR came out of MAT regime; on an improving trend since

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.91	1.01	0.90	0.97	1.01	0.91	0.77	0.70	0.65	0.75	0.86
Revenue/average total assets	1.62	1.63	1.60	2.41	2.44	2.19	1.89	2.06	2.24	2.27	2.04
Average total assets/Average NW	1.07	0.98	0.85	0.78	0.77	0.76	0.77	0.75	0.71	0.66	0.81
PBT/EBITDA	0.53	0.57	0.81	0.76	0.69	0.69	0.56	0.73	0.82	0.78	0.70
EBITDA/Revenue	0.15	0.14	0.17	0.15	0.20	0.20	0.21	0.20	0.21	0.19	0.18
RoE	12.6%	13.3%	16.9%	20.6%	26.5%	20.7%	13.5%	15.7%	17.5%	16.9%	17.4%

Source: Company, Centrum Broking

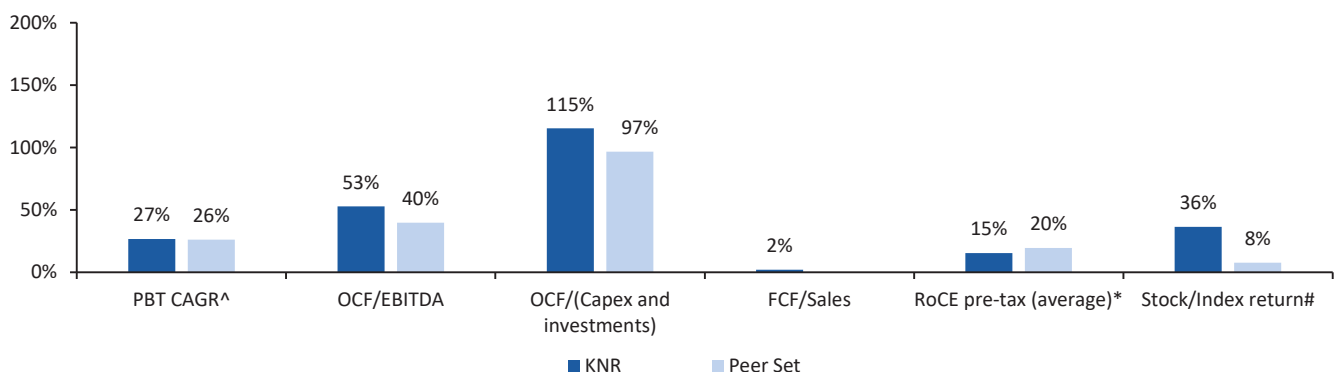
Exhibit 469: Robust stock return backed by strong growth, moderate cash generation and better return ratios

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate; #: includes dividend and buyback

Exhibit 470: FCF generation weak leading to muted FCF yield; dividend distribution consistent

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	392	324	(133)	(188)	(487)	(678)	697	3,133	637	333
FCF yield	18%	4%	NA	NA	NA	NA	2%	8%	1%	0%
Dividend + Buyback (b)	28	28	28	70	56	56	70	70	70	127
(b)/(a)	7%	9%	NA	NA	NA	NA	10%	2%	11%	38%
Cash & equivalents*/Capital employed	1.9%	2.3%	1.9%	2.9%	2.9%	0.8%	1.8%	6.3%	7.7%	9.4%

Source: Company, Centrum Broking; *: includes current investments

Exhibit 471: KNR outperforms peer set by some margin led by robust growth and strong OCF generation

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; #Nifty Infrastructure Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	27,027	32,726	37,438	40,399	45,205
Operating Expense	19,678	23,876	27,650	30,461	34,130
Employee cost	1,321	1,448	1,710	1,966	2,261
Others	669	625	861	929	1,040
EBITDA	5,359	6,777	7,218	7,043	7,774
Depreciation & Amortisation	1,444	1,346	1,468	1,499	1,466
EBIT	3,915	5,432	5,750	5,543	6,308
Interest expenses	487	274	393	271	286
Other income	496	417	289	297	411
PBT	3,924	5,574	5,646	5,569	6,433
Taxes	1,176	1,970	1,421	1,402	1,619
Effective tax rate (%)	30.0	35.4	25.2	25.2	25.2
PAT	2,748	3,604	4,225	4,167	4,814
Minority/Associates	0	0	0	0	0
Recurring PAT	2,748	3,604	4,225	4,167	4,814
Extraordinary items	(306)	214	930	0	0
Reported PAT	2,442	3,818	5,155	4,167	4,814
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	21.7	21.1	14.4	7.9	11.9
EBITDA	14.3	26.5	6.5	(2.4)	10.4
Adj. EPS	34.4	31.1	17.2	(1.4)	15.5
Margins (%)					
Gross	27.2	27.0	26.1	24.6	24.5
EBITDA	19.8	20.7	19.3	17.4	17.2
EBIT	14.5	16.6	15.4	13.7	14.0
Adjusted PAT	10.2	11.7	13.8	10.3	10.6
Returns (%)					
ROE	15.7	17.5	16.9	14.1	14.2
ROCE	15.4	17.1	17.1	14.1	14.2
ROIC	20.7	22.2	22.7	20.4	23.1
Turnover (days)					
Gross block turnover ratio (x)	2.0	2.1	2.2	2.2	2.3
Debtors	90	96	89	89	85
Inventory	25	29	28	25	25
Creditors	46	41	49	58	57
Net working capital	111	126	149	150	142
Solvency (x)					
Net debt-equity	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage ratio	11.0	24.7	18.4	26.0	27.2
Net debt/EBITDA	(0.2)	(0.3)	(0.4)	(0.6)	(0.6)
Per share (Rs)					
Adjusted EPS	9.8	12.8	15.0	14.8	17.1
BVPS	66.4	79.7	97.6	112.0	128.6
CEPS	14.9	17.6	20.2	20.1	22.3
DPS	0.3	0.3	0.5	0.4	0.5
Dividend payout (%)	2.9	1.8	2.5	3.0	3.0
Valuation (x)					
P/E	31.7	20.3	17.8	16.5	15.5
P/BV	4.1	3.4	2.6	2.4	2.1
EV/EBITDA	6.3	11.0	10.0	9.6	9.0
Dividend yield (%)	0.1	0.1	0.2	0.2	0.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	562	562	562	562	562
Reserves & surplus	18,116	21,857	26,885	30,928	35,597
Shareholders fund	18,678	22,420	27,448	31,490	36,159
Minority Interest	0	0	0	0	0
Total debt	7	0	0	0	0
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	0	0	0	0
Total liabilities	18,685	22,420	27,448	31,490	36,159
Gross block	13,538	15,729	17,229	18,479	19,979
Less: acc. Depreciation	(9,487)	(10,833)	(12,301)	(13,800)	(15,266)
Net block	4,051	4,896	4,928	4,679	4,713
Capital WIP	24	206	206	206	206
Net fixed assets	4,075	5,102	5,134	4,885	4,919
Non Current Assets	0	0	0	0	0
Investments	4,898	4,828	5,853	8,874	12,521
Inventories	1,480	2,270	2,011	2,221	2,493
Sundry debtors	8,632	8,494	9,744	9,961	11,147
Cash & Cash Equivalents	1,173	1,733	2,575	4,109	4,552
Loans & advances	105	132	132	132	132
Other current assets	7,357	9,552	12,354	12,556	13,430
Trade payables	2,397	2,945	4,505	5,153	5,583
Other current liab.	7,780	7,590	6,726	6,946	8,262
Provisions	344	339	308	332	372
Net current assets	8,226	11,307	15,278	16,548	17,536
Total assets	18,685	22,420	27,448	31,490	36,159
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,619	5,788	6,576	5,569	6,433
Depreciation & Amortisation	1,444	1,346	1,468	1,499	1,466
Net Interest	487	274	393	271	286
Net Change – WC	(2,111)	(2,595)	(3,059)	264	(545)
Direct taxes	(787)	(1,661)	(1,421)	(1,402)	(1,619)
Net cash from operations	2,439	3,140	3,957	5,825	6,977
Capital expenditure	(939)	(2,374)	(1,500)	(1,250)	(1,500)
Acquisitions, net	0	0	0	0	0
Investments	2,250	71	(1,026)	(3,021)	(3,647)
Others	(48)	74	0	0	0
Net cash from investing	1,263	(2,229)	(2,526)	(4,271)	(5,147)
FCF	3,702	912	1,432	1,554	1,829
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(2,290)	(7)	0	0	0
Dividend paid	(82)	(70)	(197)	(125)	(144)
Interest paid	(487)	(274)	(393)	(271)	(286)
Others	0	0	0	0	0
Net cash from financing	(2,859)	(352)	(590)	(396)	(431)
Net change in Cash	843	560	842	1,158	1,399

Source: Company, Centrum Broking

Larsen & Toubro (L&T)

L&T has reported revenue/PBT CAGR of 7.9%/5.3% over FY13-23. Barring FY20, OCF generation has largely been positive. Higher WCAP requirement from FY17-20 resulted in reduction in OCF which has now been reversed. Average NWC ex-cash at 87 days is in-line with industry and has seen reduction from FY20. Aggregate OCF for the company stands at Rs454bn with EBITDA to OCF conversion of 61%. Cumulative capex and investments stands at Rs176bn only as the company has sold its stake in multiple JVs and subsidiaries over the past decade to focus on less capital intensive projects. Average RoE at 11.9% is largely stagnant throughout the decade. Dividend payout is consistent through FY14-23 and stock has outperformed with 12% CAGR.

22 September 2023

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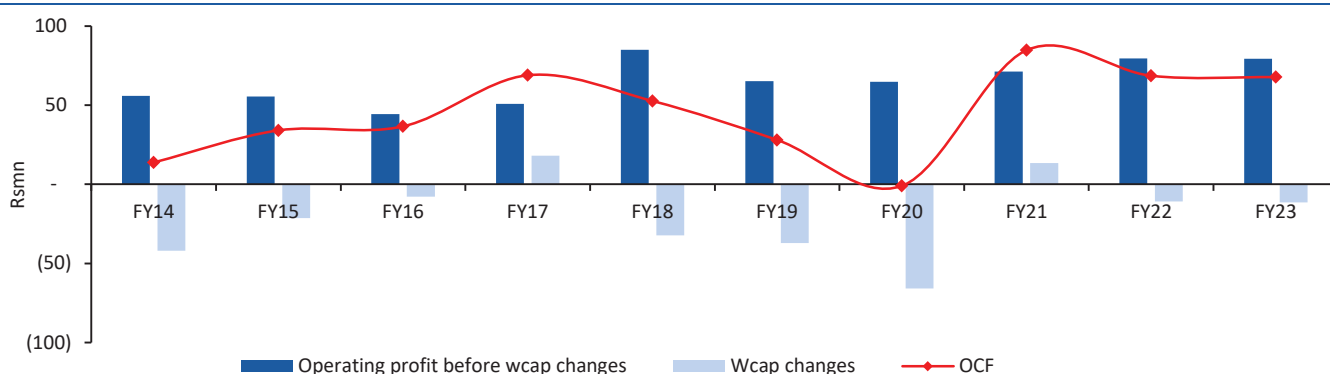
Institutional Research

Market data

Current price:	Rs2,920
Bloomberg:	LT IN
52-week H/L:	Rs3,009/1,793
Market cap:	Rs4,104.3bn
Free float:	70.2%
Avg. daily vol. 3mth:	1895622

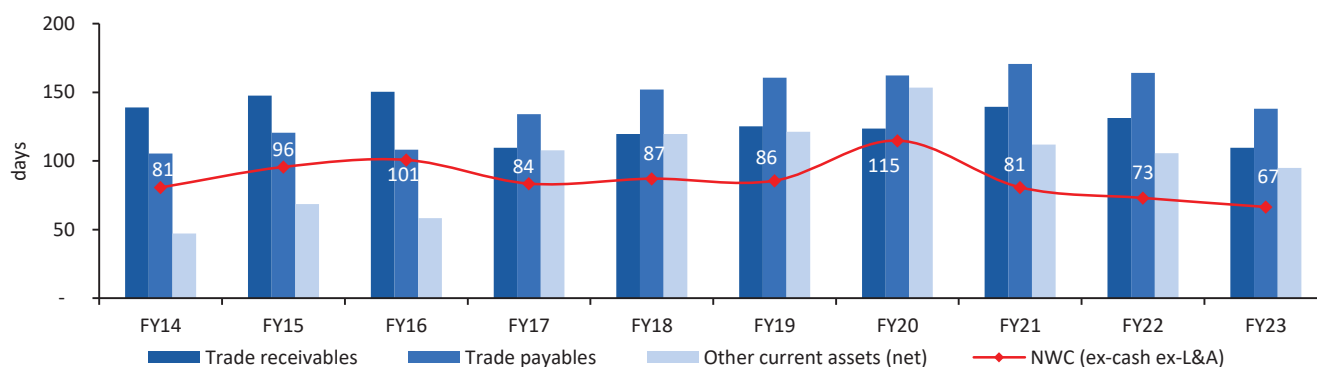
Source: Bloomberg

Exhibit 472: OCF (standalone) had been weakening since FY17 but witnessed a rebound in FY21



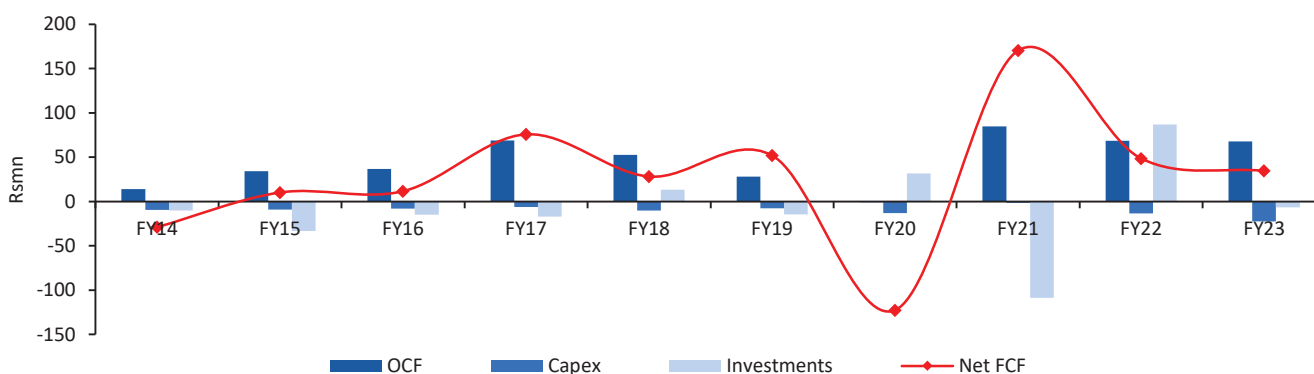
Source: Company, Centrum Broking

Exhibit 473: NWC (standalone) stable at 87 days over FY14-23 in-line with industry standards



Source: Company, Centrum Broking

Exhibit 474: OCF of Rs454bn over FY14-23 more than enough for capex and investment (net of monetization) requirements



Source: Company, Centrum broking

Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 475: Leverage has been consistently low; Return ratios have not seen any major improvement

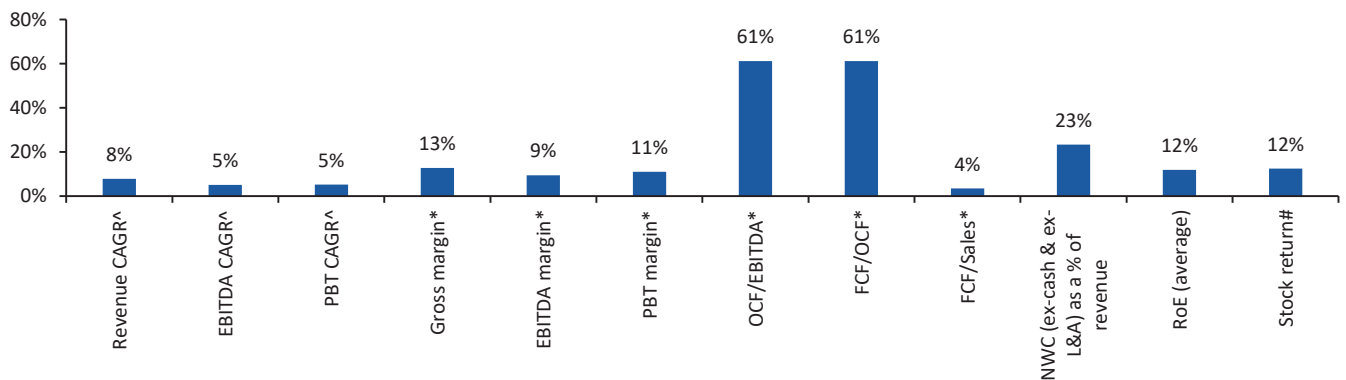
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.2	0.2	0.1	0.0	0.1	0.0	0.3	(0.0)	(0.1)	0.2	0.1
Net Debt*/EBITDA	2.0	2.3	3.1	2.1	2.3	2.1	4.5	1.5	1.2	1.5	2.3
RoCE (pre-tax)	15.7%	13.7%	11.1%	10.3%	11.5%	13.5%	11.1%	10.9%	11.4%	12.2%	12.1%
RoCE	11.5%	10.1%	8.6%	8.0%	8.4%	9.4%	9.3%	8.2%	8.9%	9.4%	9.2%
RoIC (pre-tax)	17.3%	13.3%	10.5%	11.1%	13.0%	13.0%	9.7%	11.1%	12.9%	12.4%	12.4%
RoE	16.1%	13.3%	11.0%	10.2%	10.4%	11.8%	11.8%	11.0%	11.8%	11.3%	11.9%

Source: Company, Centrum Broking; *: includes mobilization advances

Exhibit 476: DuPont Analysis – RoE largely stagnant over FY16-23

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.73	0.74	0.78	0.78	0.73	0.70	0.84	0.73	0.78	0.80	0.76
Revenue/average total assets	1.35	1.19	1.19	1.17	1.29	1.36	1.17	1.10	1.18	1.27	1.23
Average total assets/Average NW	1.33	1.36	1.33	1.26	1.21	1.22	1.38	1.47	1.33	1.25	1.31
PBT/EBITDA	1.00	0.98	0.98	0.90	0.92	1.10	1.06	0.98	1.08	1.06	1.00
EBITDA/Revenue	0.12	0.11	0.09	0.10	0.10	0.09	0.08	0.10	0.09	0.08	0.10
RoE	16.1%	13.3%	11.0%	10.2%	10.4%	11.8%	11.8%	11.0%	11.8%	11.3%	11.9%

Source: Company, Centrum Broking

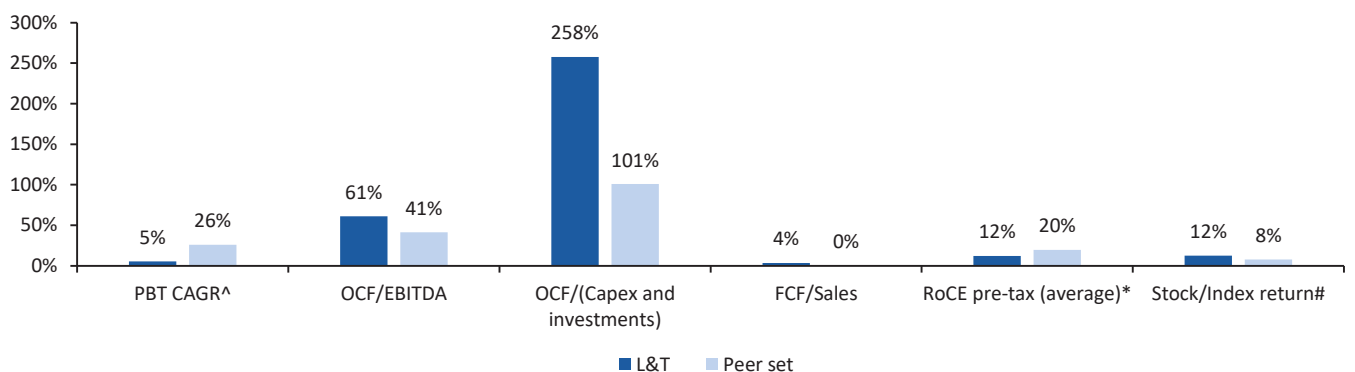
Exhibit 477: Decent stock returns despite weak RoE and lower PBT growth

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate #: includes dividend and buyback

Exhibit 478: FCF generation moderate; consistent dividend payout; large buyback announced in FY24

Rsbn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(29)	10	11	76	28	52	(123)	170	48	34
FCF yield	(3%)	1%	1%	6%	2%	3%	(6%)	11%	2%	1%
Dividend + Buyback (b)	12	15	27	14	23	26	29	51	31	34
(b)/(a)	NA	152%	238%	18%	81%	50%	NA	30%	64%	98%
Cash & equivalents*/Capital employed	13%	14%	15%	18%	13%	18%	11%	31%	29%	28%

Source: Company, Centrum Broking; *: includes current investments

Exhibit 479: L&T stock returns better on account of good performance from subsidiaries

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; #: includes dividend and buyback

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	13,59,790	15,65,212	18,33,407	21,18,698	24,14,037
Operating Expense	8,67,009	9,97,385	11,66,153	13,28,423	15,16,016
Employee cost	2,47,620	2,97,335	3,72,141	4,16,798	4,58,478
Others	88,920	88,319	87,580	1,15,622	1,26,636
EBITDA	1,56,241	1,82,173	2,07,533	2,57,854	3,12,908
Depreciation & Amortisation	29,042	29,480	35,023	37,100	39,150
EBIT	1,27,199	1,52,694	1,72,510	2,20,754	2,73,758
Interest expenses	39,134	31,257	32,072	30,750	28,250
Other income	34,294	22,671	29,292	29,100	30,550
PBT	1,48,803	1,44,107	1,69,730	2,19,104	2,76,058
Taxes	65,552	42,166	44,842	59,338	73,006
Effective tax rate (%)	44.1	29.3	26.4	27.1	26.4
PAT	83,251	1,01,941	1,24,889	1,59,767	2,03,053
Minority/Associates	(12,626)	(16,217)	(21,542)	(25,859)	(29,786)
Recurring PAT	70,625	85,724	1,03,347	1,33,908	1,73,267
Extraordinary items	45,204	969	1,360	0	0
Reported PAT	1,15,829	86,693	1,04,707	1,33,908	1,73,267
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(6.5)	15.1	17.1	15.6	13.9
EBITDA	(4.3)	16.6	13.9	24.2	21.4
Adj. EPS	(26.1)	21.3	20.5	29.6	29.4
Margins (%)					
Gross	36.2	36.3	36.4	37.3	37.2
EBITDA	11.5	11.6	11.3	12.2	13.0
EBIT	9.4	9.8	9.4	10.4	11.3
Adjusted PAT	5.2	5.5	5.7	6.3	7.2
Returns (%)					
ROE	9.9	10.8	12.0	14.3	16.9
ROCE	3.9	5.3	6.3	7.5	8.8
ROIC	3.8	6.1	7.3	9.1	11.1
Turnover (days)					
Gross block turnover ratio (x)	2.3	2.5	2.8	3.0	3.3
Debtors	128	117	102	96	99
Inventory	24	22	20	21	21
Creditors	188	177	158	151	153
Net working capital	111	104	80	81	84
Solvency (x)					
Net debt-equity	1.3	1.1	0.9	0.9	0.7
Interest coverage ratio	4.0	5.8	6.5	8.4	11.1
Net debt/EBITDA	5.0	4.0	3.3	2.9	2.3
Per share (Rs)					
Adjusted EPS	50.3	61.0	73.5	95.3	123.3
BVPS	540.2	586.5	635.5	694.6	768.6
CEPS	71.0	82.0	98.4	121.7	151.1
DPS	36.0	22.0	24.0	36.2	49.3
Dividend payout (%)	43.7	35.7	32.2	38.0	40.0
Valuation (x)					
P/E	21.4	47.3	39.2	30.6	23.7
P/BV	5.4	5.0	4.6	4.2	3.8
EV/EBITDA	11.5	19.6	17.6	15.0	12.8
Dividend yield (%)	1.2	0.8	0.8	1.2	1.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	2,809	2,810	2,811	2,811	2,811
Reserves & surplus	7,55,876	8,21,267	8,90,449	9,73,471	10,77,431
Shareholders fund	7,58,685	8,24,077	8,93,260	9,76,282	10,80,242
Minority Interest	1,20,515	1,29,661	1,42,413	1,68,171	1,98,358
Total debt	13,26,053	12,34,682	11,85,134	11,74,682	11,54,682
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	(15,183)	(18,008)	(33,544)	(38,544)	(43,544)
Total liabilities	21,90,070	21,70,412	21,87,263	22,80,593	23,89,739
Gross block	5,92,660	6,33,222	6,64,442	6,99,442	7,34,442
Less: acc. Depreciation	(2,50,351)	(2,79,831)	(3,14,853)	(3,51,953)	(3,91,103)
Net block	3,42,308	3,53,391	3,49,588	3,47,488	3,43,338
Capital WIP	25,219	11,703	29,491	29,491	29,491
Net fixed assets	4,48,197	4,39,864	4,57,066	4,54,966	4,50,816
Non Current Assets	9,31,000	8,90,060	8,80,060	8,70,060	8,60,060
Investments	3,96,266	3,96,034	4,47,983	4,82,983	5,20,483
Inventories	58,205	59,433	68,288	81,284	91,963
Sundry debtors	4,81,795	5,22,165	5,07,206	6,09,488	6,94,449
Cash & Cash Equivalents	1,62,415	1,89,532	2,25,196	1,93,755	2,41,873
Loans & advances	59,912	65,363	8,785	87,070	99,207
Other current assets	5,47,918	6,09,637	6,69,092	7,54,605	8,46,567
Trade payables	4,55,046	5,11,442	4,97,841	5,97,679	6,76,196
Other current liab.	4,40,592	4,90,234	5,78,572	6,55,940	7,39,483
Provisions	0	0	0	0	0
Net current assets	4,14,606	4,44,454	4,02,153	4,72,583	5,58,379
Total assets	21,90,070	21,70,412	21,87,263	22,80,593	23,89,739
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,94,007	1,45,077	1,71,090	2,19,104	2,76,058
Depreciation & Amortisation	29,042	29,480	35,023	37,100	39,150
Net Interest	39,134	31,257	32,072	30,750	28,250
Net Change – WC	61,304	(2,490)	76,415	(1,01,871)	(37,678)
Direct taxes	(66,426)	(39,211)	(39,132)	(54,338)	(68,006)
Net cash from operations	2,57,062	1,64,112	2,75,468	1,30,745	2,37,775
Capital expenditure	(7,595)	(21,146)	(52,225)	(35,000)	(35,000)
Acquisitions, net	0	0	0	0	0
Investments	(1,95,802)	233	(51,949)	(35,000)	(37,500)
Others	35,957	5,111	5,150	(10,100)	(9,600)
Net cash from investing	(1,67,439)	(15,803)	(99,024)	(80,100)	(82,100)
FCF	89,623	1,48,310	1,76,444	50,645	1,55,675
Issue of share capital	12,538	(8,353)	(7,846)	0	0
Increase/(decrease) in debt	(84,019)	(91,370)	(49,549)	(10,452)	(20,000)
Dividend paid	(50,564)	(30,911)	(33,732)	(50,885)	(69,307)
Interest paid	(39,134)	(31,257)	(32,072)	(30,750)	(28,250)
Others	82,793	40,698	11,550	10,000	10,000
Net cash from financing	(78,385)	(1,21,193)	(1,11,648)	(82,087)	(1,07,557)
Net change in Cash	11,237	27,117	64,796	(31,441)	48,118

Source: Company, Centrum Broking

NCC Limited (NCC)

NCC reported revenue/PBT CAGR of 9% and 23% over FY13-23. NWC days ex-cash improved from the highs of 209 in FY21 (due to receivables from AP govt). Aggregate OCF has improved over the last 4 years (Rs19.1bn over FY19-23 vs. Rs21.5bn over FY14-23) with EBITDA to OCF conversion rate of 24%. Average net debt:EBITDA of 2.6x due to higher mobilization advance. Aggregate OCF to FCF conversion is at 35% over FY14-23. ROE/ROCE at 7.4%/12.4% over FY14-23. Distribution of FCF as dividend is healthy at an aggregate of 66% over FY14-23. The stock has generated a CAGR of 11% on the back of improved balance sheet.

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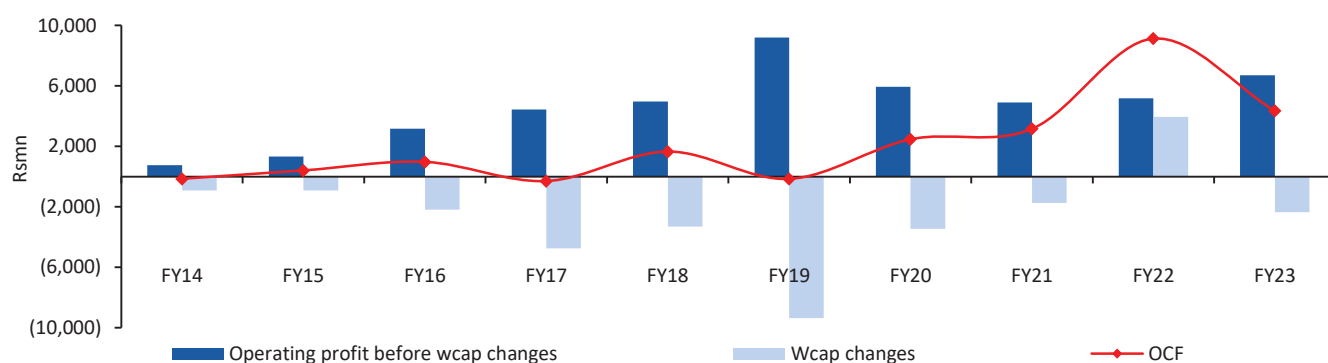
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Market data

Current price:	Rs150
Bloomberg:	NJCC IN
52 week H/L:	Rs177/66
Market cap:	Rs94.4bn
Free float:	56.7%
Avg. daily vol. 3mth:	5657791

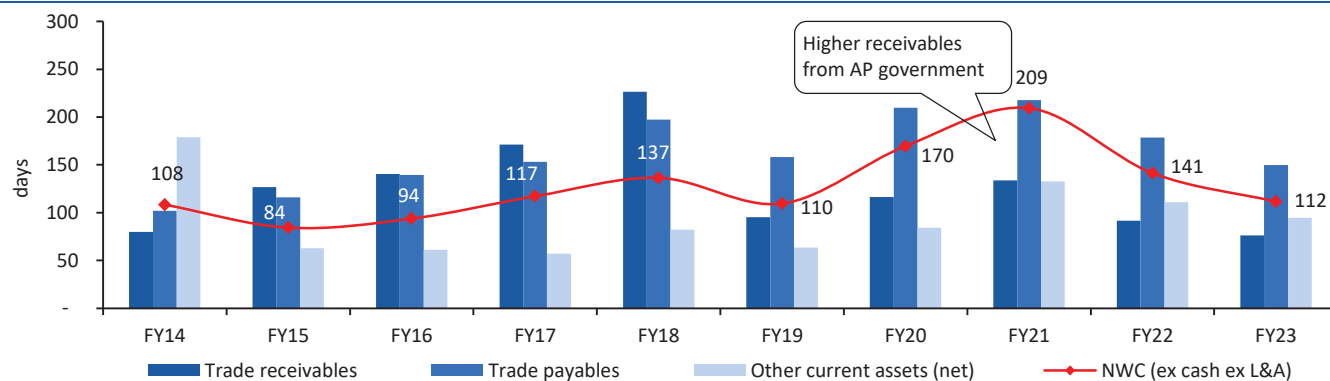
Source: Bloomberg

Exhibit 480: Operating cashflows weak historically; improvement over past four years



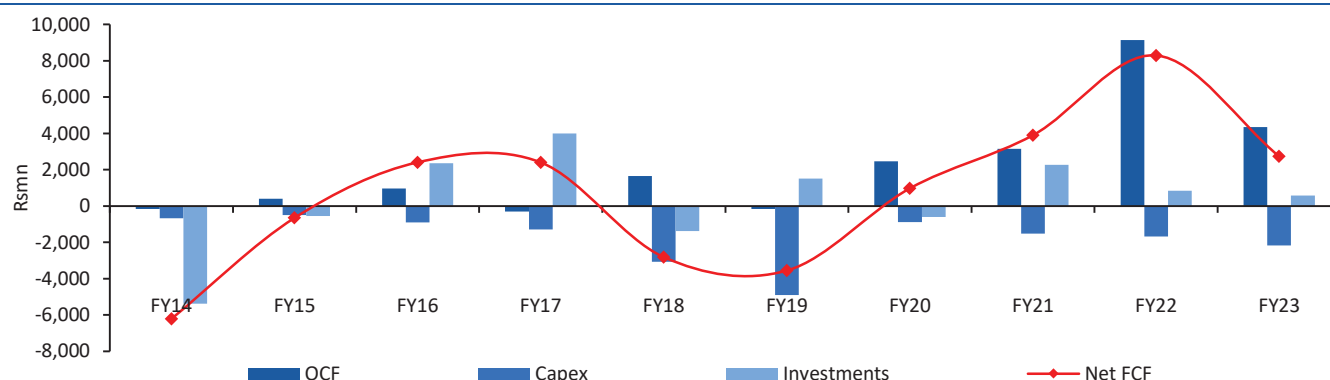
Source: Company, Centrum Broking

Exhibit 481: NWC spiked up during FY20-21 due to large sticky receivables amid sharp drop in revenue; normalization in FY23



Source: Company, Centrum Broking

Exhibit 482: FCF generation weak historically due to legacy projects but improving since FY20



Source: Company, Centrum broking

Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 483: Substantial reduction in debt over the past four years as mobilization advance is higher

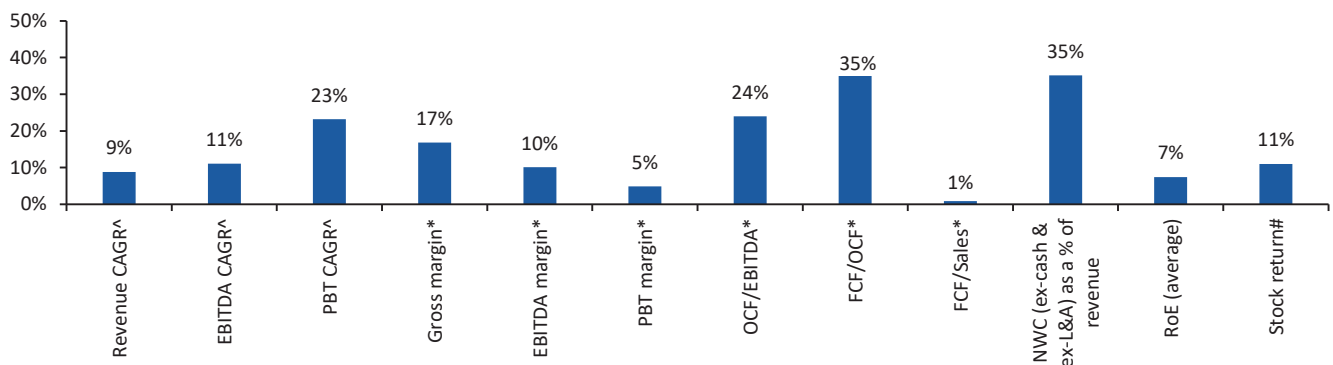
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.0	0.6	0.5	0.4	0.3	0.4	0.3	0.3	0.1	0.1	0.4
Net Debt*/EBITDA	8.5	4.6	3.2	3.0	3.1	2.3	3.0	3.5	3.0	2.6	3.7
RoCE pre-tax	113.2%	8.8%	11.8%	10.2%	11.7%	12.4%	8.7%	7.4%	7.9%	9.8%	20.2%
RoCE	8.1%	12.4%	15.1%	12.8%	13.9%	18.7%	12.4%	9.6%	10.5%	13.4%	12.7%
RoIC (pre-tax)	94.9%	8.3%	11.1%	9.6%	11.0%	12.2%	8.0%	6.9%	7.7%	9.7%	17.9%
RoE	1.6%	4.2%	9.2%	7.5%	10.3%	13.8%	6.9%	5.0%	6.2%	9.3%	7.4%

Source: Company, Centrum Broking; *: includes mobilization advances

Exhibit 484: DuPont Analysis – RoE remained impacted due to weak margins and low asset turn

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	14.04	0.71	0.78	0.80	0.84	0.66	0.70	0.77	0.75	0.73	2.08
Revenue/average total assets	1.26	1.66	1.66	1.59	1.48	2.02	1.23	1.04	1.41	1.84	1.52
Average total assets/Average NW	1.95	1.79	1.59	1.48	1.33	1.33	1.36	1.33	1.26	1.18	1.46
PBT/EBITDA	0.01	0.25	0.51	0.46	0.55	0.66	0.47	0.40	0.46	0.58	0.44
EBITDA/Revenue	0.07	0.08	0.09	0.09	0.11	0.12	0.13	0.12	0.10	0.10	0.10
RoE	1.6%	4.2%	9.2%	7.5%	10.3%	13.8%	6.9%	5.0%	6.2%	9.3%	7.4%

Source: Company, Centrum Broking

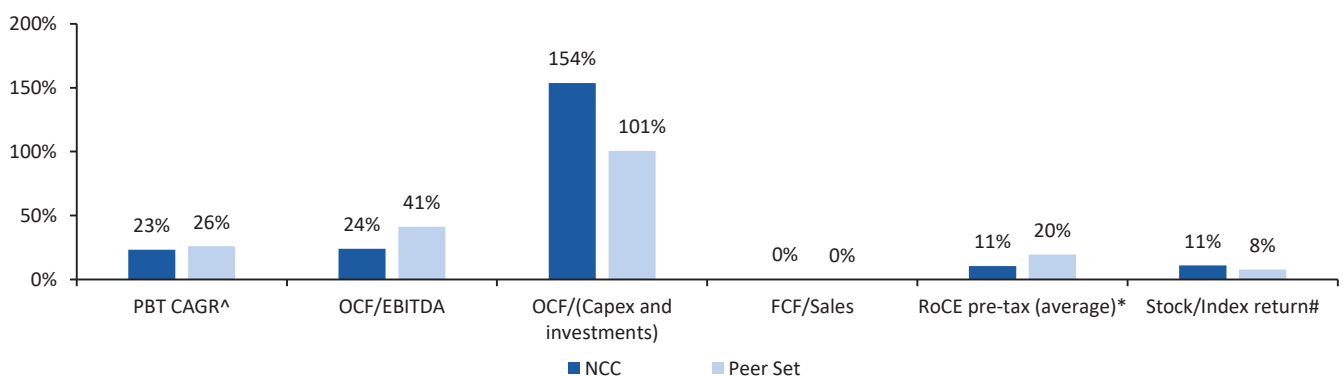
Exhibit 485: Subpar performance on most parameters; large improvements in recent time

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate; #: includes dividend and buyback

Exhibit 486: Improvement in FCF generation in recent years has resulted in improved cash generation

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(6,208)	(648)	2,411	2,406	(2,814)	(3,555)	978	3,905	8,303	2,740
FCF yield	(90%)	(2%)	6%	5%	(5%)	(6%)	2%	14%	18%	6%
Dividend + Buyback (b)	60	268	401	268	362	1,086	147	488	1,220	691
(b)/(a)	NA	NA	17%	11%	NA	NA	15%	12%	15%	25%
Cash & equivalents*/Capital employed	1%	2%	4%	2%	1%	5%	5%	6%	8%	10%

Source: Company, Centrum Broking; *: includes current investments

Exhibit 487: NCC stock has outperformed recently on the back of improvement in balance sheet

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; # Nifty Infrastructure Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	72,557	99,300	1,33,513	1,60,216	1,78,801
Operating Expense	58,725	82,722	1,11,816	1,34,044	1,49,243
Employee cost	3,494	4,291	5,204	5,725	6,297
Others	1,794	2,326	3,068	3,685	4,112
EBITDA	8,545	9,961	13,425	16,762	19,149
Depreciation & Amortisation	1,740	1,823	1,998	2,222	2,456
EBIT	6,805	8,138	11,427	14,540	16,692
Interest expenses	4,578	4,596	5,100	5,253	5,490
Other income	1,156	1,082	1,523	1,263	1,073
PBT	3,383	4,624	7,850	10,551	12,275
Taxes	771	1,151	2,158	2,900	3,374
Effective tax rate (%)	22.8	24.9	27.5	27.5	27.5
PAT	2,612	3,472	5,692	7,651	8,901
Minority/Associates	0	0	0	0	0
Recurring PAT	2,612	3,472	5,692	7,651	8,901
Extraordinary items	0	1,429	0	0	0
Reported PAT	2,612	4,901	5,692	7,651	8,901

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(11.7)	36.9	34.5	20.0	11.6
EBITDA	(17.1)	16.6	34.8	24.9	14.2
Adj. EPS	(23.6)	32.9	59.2	34.4	16.3
Margins (%)					
Gross	19.1	16.7	16.3	16.3	16.5
EBITDA	11.8	10.0	10.1	10.5	10.7
EBIT	9.4	8.2	8.6	9.1	9.3
Adjusted PAT	3.6	4.9	4.3	4.8	5.0
Returns (%)					
ROE	5.0	6.2	9.3	11.3	11.8
ROCE	7.3	7.9	9.7	10.4	10.6
ROIC	7.4	8.3	10.2	11.2	11.5
Turnover (days)					
Gross block turnover ratio (x)	3.1	3.9	4.7	5.1	5.2
Debtors	133	95	72	72	75
Inventory	37	33	34	37	40
Creditors	239	176	148	151	163
Net working capital	246	177	161	152	151
Solvency (x)					
Net debt-equity	0.3	0.1	0.1	0.2	0.1
Interest coverage ratio	1.9	2.2	2.6	3.2	3.5
Net debt/EBITDA	1.6	0.6	0.6	0.8	0.5
Per share (Rs)					
Adjusted EPS	4.3	5.7	9.1	12.2	14.2
BVPS	88.0	95.2	102.7	113.6	126.3
CEPS	7.1	8.7	12.2	15.7	18.1
DPS	0.8	2.0	1.1	1.3	1.4
Dividend payout (%)	18.7	24.9	12.1	10.7	10.0
Valuation (x)					
P/E	35.1	18.7	16.4	12.3	10.6
P/BV	1.7	1.6	1.5	1.3	1.2
EV/EBITDA	2.1	1.2	1.3	1.1	1.0
Dividend yield (%)	1.8	2.6	1.5	0.8	0.9

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,220	1,220	1,256	1,256	1,256
Reserves & surplus	52,475	56,812	63,219	70,054	78,065
Shareholders fund	53,694	58,032	64,475	71,310	79,321
Minority Interest	0	0	0	0	0
Total debt	17,889	11,841	16,841	18,841	18,841
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	(411)	(541)	(541)	(541)	(541)
Total liabilities	71,172	69,331	80,774	89,609	97,620
Gross block	23,435	25,325	28,125	31,125	34,375
Less: acc. Depreciation	(11,258)	(13,082)	(15,086)	(17,308)	(19,764)
Net block	12,177	12,243	13,038	13,817	14,610
Capital WIP	215	70	147	147	147
Net fixed assets	12,392	12,313	13,186	13,964	14,758
Non Current Assets	0	0	0	0	0
Investments	9,841	8,934	8,734	8,734	8,734
Inventories	5,949	8,913	11,855	15,150	17,703
Sundry debtors	26,602	24,922	27,881	35,280	38,345
Cash & Cash Equivalents	4,349	5,585	8,405	6,127	9,365
Loans & advances	2,956	4,011	4,011	3,011	711
Other current assets	64,490	73,049	84,036	1,06,715	1,18,681
Trade payables	37,134	42,607	48,006	63,183	70,313
Other current liab.	17,251	24,621	28,039	33,995	37,915
Provisions	1,021	1,169	1,290	2,195	2,449
Net current assets	48,939	48,084	58,854	66,911	74,128
Total assets	71,172	69,331	80,774	89,609	97,620

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,383	6,053	7,850	10,551	12,275
Depreciation & Amortisation	1,740	1,823	1,998	2,222	2,456
Net Interest	4,578	4,596	5,100	5,253	5,490
Net Change – WC	(3,424)	3,147	(7,950)	(11,335)	(6,280)
Direct taxes	(74)	(1,302)	(2,158)	(2,900)	(3,374)
Net cash from operations	6,204	14,317	4,840	3,791	10,568
Capital expenditure	(2,068)	(1,744)	(2,871)	(3,000)	(3,250)
Acquisitions, net	0	0	0	0	0
Investments	1,862	(149)	200	1,000	2,300
Others	1,460	411	(2,278)	0	0
Net cash from investing	1,254	(1,482)	(4,949)	(2,000)	(950)
FCF	7,458	12,835	(109)	1,791	9,618
Issue of share capital	0	266	3,719	0	0
Increase/(decrease) in debt	(1,212)	(6,048)	5,000	2,000	0
Dividend paid	(488)	(1,220)	(691)	(816)	(890)
Interest paid	(4,578)	(4,596)	(5,100)	(5,253)	(5,490)
Others	0	0	0	0	0
Net cash from financing	(6,277)	(11,599)	2,929	(4,069)	(6,380)
Net change in Cash	1,180	1,236	2,820	(2,278)	3,238

Source: Company, Centrum Broking

PNC Infratech (PNC)

PNC has reported Revenue/PBT of 18%/22% CAGR over FY13-23. The ex cash NWC has reduced from the highs of 125/138 in FY17/FY18 to 82 in FY23. Barring FY23, it has generated positive OCF consistently over FY14-23, with aggregate OCF of Rs24.5bn and EBITDA to OCF conversion of 53%. OCF to FCF conversion has been -2%, owing to higher invested equity in HAM/BOT projects. Average Net debt/Equity at 0x over FY14-23. RoE/ROCE at 13.8%/15.7% over FY14-23. Average dividend distribution has been at Rs237mn over FY14-23. The stock has delivered a returned 16% over FY13-23 led by strong growth, stable margins and lean balance sheet.

22 September 2023

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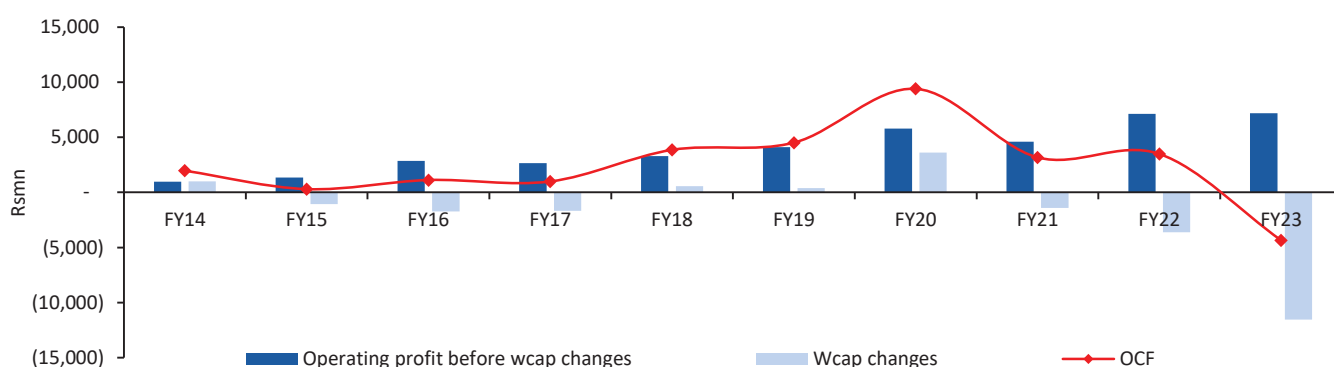
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institutional Research

Market data

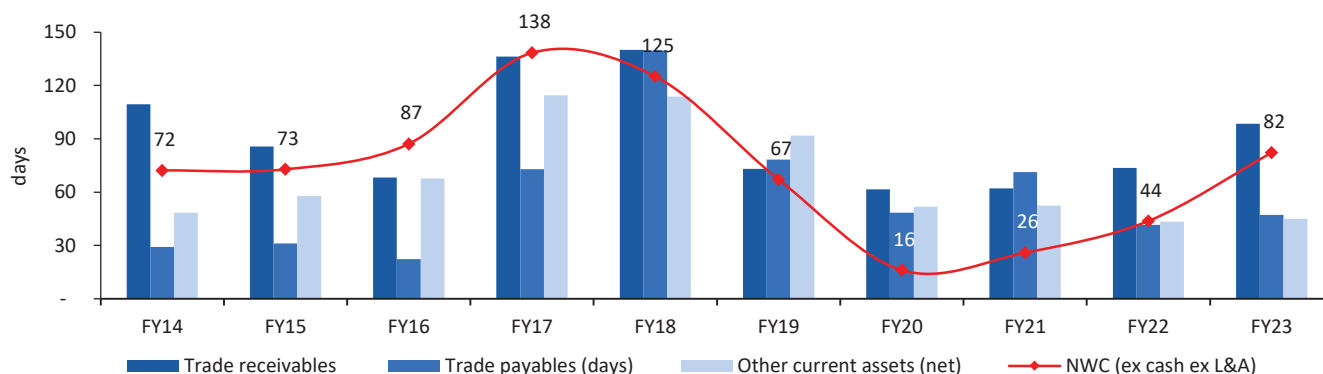
Current price:	Rs369
Bloomberg:	PNCL IN
52 week H/L:	Rs388/237
Market cap:	Rs94.5bn
Free float:	40.6%
Avg. daily vol. 3mth:	598431
Source: Bloomberg	

Exhibit 488: Consistent positive OCF generation; higher WCAP for HAM assets impacted OCF in FY23



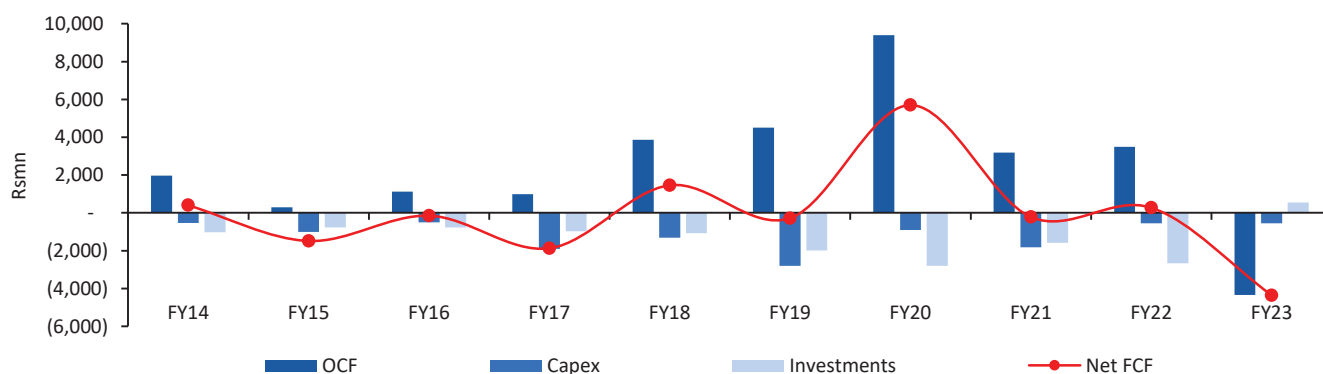
Source: Company, Centrum Broking

Exhibit 489: Working capital controlled from highs in FY17-18; higher debtors in recent time is due to receivables from SPV



Source: Company, Centrum Broking

Exhibit 490: Operating cash flows completely funded capital commitments; FCF at Rs2.2bn over FY13-22



Source: Company, Centrum broking

Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 491: Leverage has been consistently low despite higher investments; Return ratios maintained in historical range

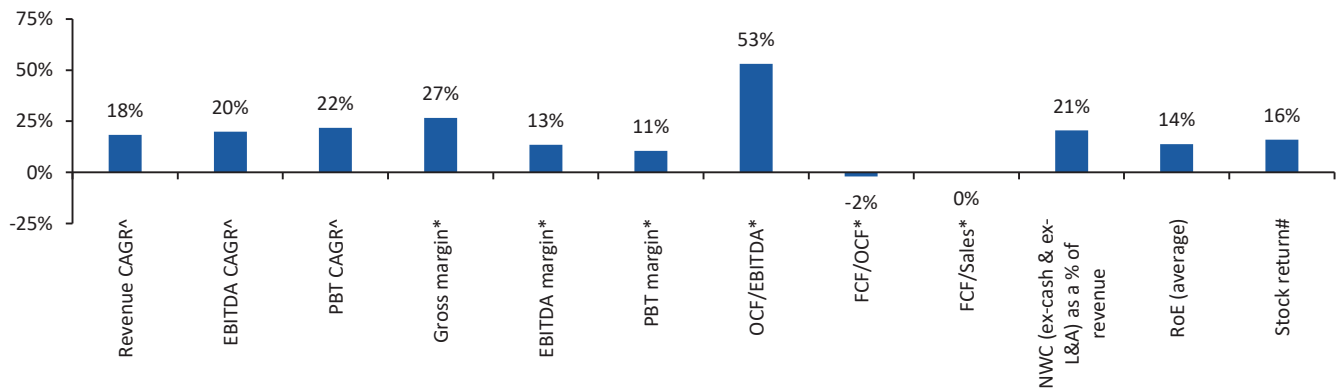
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity (x)	0.3	0.4	(0.1)	0.1	0.0	0.0	(0.2)	(0.1)	(0.1)	(0.0)	0.0
Net Debt*/EBITDA (x)	2.8	2.4	0.7	1.4	0.4	1.1	0.3	(0.3)	0.4	0.3	1.0
RoCE pre-tax	8.1%	11.0%	16.1%	11.4%	10.2%	11.7%	12.6%	11.6%	13.1%	14.7%	12.1%
RoCE	12.4%	16.2%	16.0%	12.0%	11.1%	15.4%	18.0%	17.8%	18.4%	19.6%	15.7%
RoIC (pre-tax)	18.2%	24.1%	21.8%	13.4%	13.9%	19.7%	25.7%	27.7%	42.2%	31.9%	23.9%
RoE	11.2%	14.8%	18.5%	12.5%	10.4%	12.3%	14.1%	13.3%	14.3%	16.8%	13.8%

Source: Company, Centrum Broking; *: includes mobilization advances

Exhibit 492: DuPont Analysis – RoE lower than peers on account of lack of asset monetization

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.65	0.68	1.01	0.95	0.92	0.76	0.70	0.65	0.71	0.75	0.78
Revenue/average total assets	1.33	1.59	1.65	1.09	0.97	1.38	1.78	1.59	1.84	1.78	1.50
Average total assets/Average NW	1.44	1.44	1.15	1.05	1.09	1.14	1.15	1.13	1.10	1.09	1.18
PBT/EBITDA	0.73	0.69	0.73	0.88	0.69	0.74	0.71	0.83	0.80	0.86	0.77
EBITDA/Revenue	0.12	0.14	0.13	0.13	0.15	0.14	0.14	0.14	0.12	0.14	0.14
RoE	11.2%	14.8%	18.5%	12.5%	10.4%	12.3%	14.1%	13.3%	14.3%	16.8%	13.8%

Source: Company, Centrum Broking

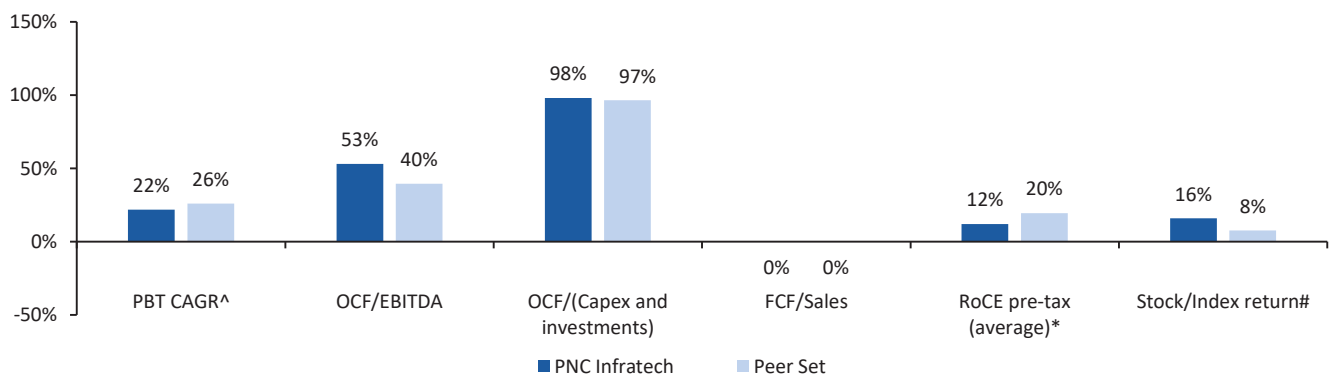
Exhibit 493: Stock price performance led by strong growth, stable margins and lean balance sheet

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate #: includes dividend and buyback

Exhibit 494: FCF generation weak over FY14-23; cash levels have come off highs amidst higher WCAP requirement

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	406	(1,478)	(142)	(1,866)	1,467	(274)	5,703	(213)	279	(4,350)
FCF yield	NA	NA	(1%)	(7%)	4%	(1%)	12%	0%	0%	(6%)
Dividend + Buyback (b)	35	349	750	300	161	155	154	128	128	214
(b)/(a)	9%	NA	NA	NA	11%	NA	3%	NA	46%	NA
Cash & equivalents*/Capital employed	11%	2%	7%	2%	7%	12%	26%	23%	15%	14%

Source: Company, Centrum Broking; *: includes current investments

Exhibit 495: PNC outperforms peers led by better cash generation; RoCE lower than peers on higher SPV investments

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; #: Nifty Infrastructure Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	49,254	62,228	70,508	76,506	91,624
Operating Expense	36,844	44,517	52,624	58,467	67,389
Employee cost	2,791	3,420	3,539	3,939	4,530
Others	2,892	3,010	4,059	4,529	5,497
EBITDA	6,728	11,281	10,286	9,570	14,207
Depreciation & Amortisation	1,124	1,299	1,111	1,267	1,408
EBIT	5,604	9,982	9,174	8,303	12,800
Interest expenses	771	801	663	960	1,244
Other income	752	542	370	322	336
PBT	5,585	9,723	8,881	7,665	11,892
Taxes	1,966	1,855	2,050	2,120	2,520
Effective tax rate (%)	35.2	19.1	23.1	27.7	21.2
PAT	3,619	7,867	6,831	5,545	9,371
Minority/Associates	0	0	0	0	0
Recurring PAT	3,619	7,867	6,831	5,545	9,371
Extraordinary items	0	(447)	0	0	0
Reported PAT	3,619	7,420	6,831	5,545	9,371
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	3.3	26.3	13.3	8.5	19.8
EBITDA	2.7	67.7	(8.8)	(7.0)	48.5
Adj. EPS	10.2	117.4	(13.2)	(18.8)	69.0
Margins (%)					
Gross	25.2	28.5	25.4	23.6	26.5
EBITDA	13.7	18.1	14.6	12.5	15.5
EBIT	11.4	16.0	13.0	10.9	14.0
Adjusted PAT	7.3	11.9	9.7	7.2	10.2
Returns (%)					
ROE	13.3	25.2	18.8	13.1	19.1
ROCE	11.6	22.0	16.9	12.7	17.8
ROIC	18.0	34.1	24.6	19.9	30.7
Turnover (days)					
Gross block turnover ratio (x)	4.4	5.4	5.7	5.6	6.0
Debtors	61	62	67	65	61
Inventory	31	34	47	57	57
Creditors	59	50	38	38	38
Net working capital	134	122	120	116	107
Solvency (x)					
Net debt-equity	(0.1)	(0.1)	0.0	0.0	0.0
Interest coverage ratio	8.7	14.1	15.5	10.0	11.4
Net debt/EBITDA	(0.5)	(0.3)	(0.2)	(0.1)	0.1
Per share (Rs)					
Adjusted EPS	14.1	30.7	26.6	21.6	36.5
BVPS	113.4	130.2	153.1	176.8	205.0
CEPS	18.5	35.7	31.0	26.6	42.0
DPS	0.5	0.5	0.8	0.9	1.0
Dividend payout (%)	3.5	1.7	3.1	4.1	2.8
Valuation (x)					
P/E	26.1	12.7	13.8	17.1	10.1
P/BV	3.3	2.8	2.4	2.1	1.8
EV/EBITDA	5.9	6.3	6.6	9.3	6.5
Dividend yield (%)	0.3	0.2	0.3	0.3	0.3

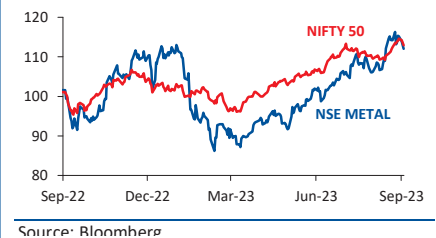
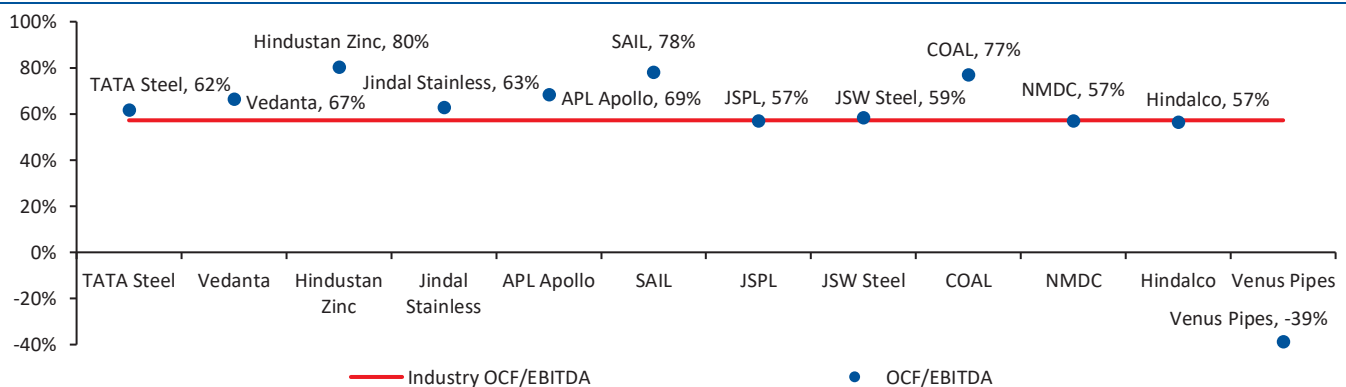
Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	6,414	6,414	6,414	6,414	6,414
Reserves & surplus	22,671	26,988	32,870	38,953	46,183
Shareholders fund	29,085	33,402	39,284	45,367	52,597
Minority Interest	0	0	0	0	0
Total debt	3,992	2,158	1,750	2,750	5,750
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	0	(152)	(152)	(152)	(152)
Total liabilities	33,077	35,408	40,882	47,965	58,196
Gross block	11,265	11,463	12,463	13,663	15,363
Less: acc. Depreciation	(4,707)	(5,569)	(6,680)	(7,947)	(9,355)
Net block	6,557	5,894	5,782	5,715	6,008
Capital WIP	34	0	0	0	0
Net fixed assets	6,592	5,894	5,782	5,715	6,008
Non Current Assets	0	0	0	0	0
Investments	8,470	8,712	11,993	17,935	25,268
Inventories	3,536	4,808	8,771	9,486	11,386
Sundry debtors	8,392	12,728	13,136	14,044	16,819
Cash & Cash Equivalents	7,683	5,277	3,713	3,959	3,694
Loans & advances	6,831	7,959	5,779	5,779	5,779
Other current assets	7,067	7,493	8,693	9,432	11,296
Trade payables	7,194	5,076	5,848	6,324	7,591
Other current liab.	8,061	12,178	10,828	11,726	14,062
Provisions	238	208	308	335	401
Net current assets	18,016	20,803	23,107	24,315	26,920
Total assets	33,077	35,408	40,882	47,965	58,196
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	5,585	9,275	8,881	7,665	11,892
Depreciation & Amortisation	1,124	1,299	1,111	1,267	1,408
Net Interest	771	801	663	960	1,244
Net Change – WC	(1,395)	(4,065)	(6,048)	(962)	(2,870)
Direct taxes	(1,998)	(1,771)	(2,050)	(2,120)	(2,520)
Net cash from operations	4,087	5,540	2,558	6,810	9,153
Capital expenditure	(1,820)	(164)	(1,000)	(1,200)	(1,700)
Acquisitions, net	0	0	0	0	0
Investments	(1,957)	(1,370)	(1,101)	(5,942)	(7,333)
Others	144	(706)	0	0	0
Net cash from investing	(3,633)	(2,240)	(2,101)	(7,142)	(9,033)
FCF	455	3,301	456	(332)	120
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	727	(1,835)	(408)	1,000	3,000
Dividend paid	(128)	(128)	(213)	(221)	(262)
Interest paid	(771)	(801)	(663)	(960)	(1,244)
Others	0	0	0	0	0
Net cash from financing	(173)	(2,764)	(1,285)	(180)	1,494
Net change in Cash	282	536	(828)	(512)	1,614

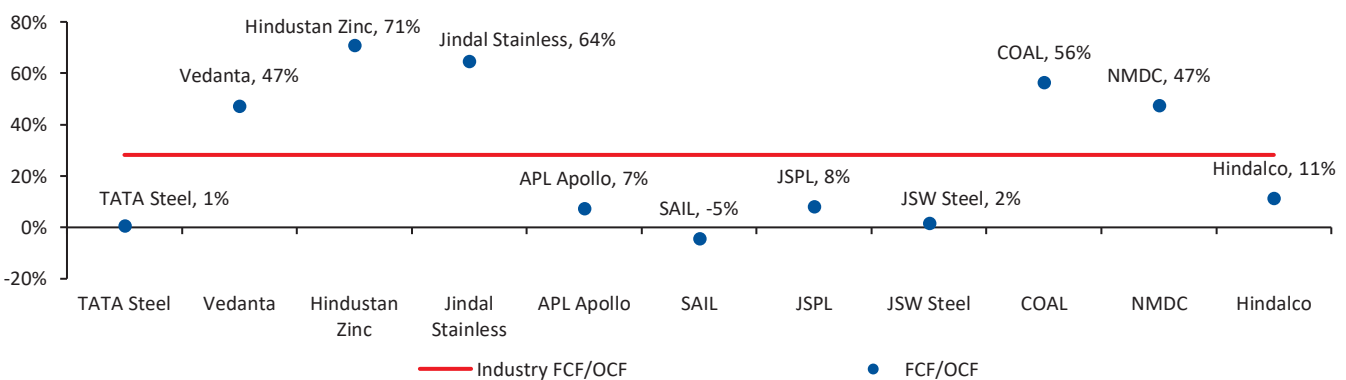
Source: Company, Centrum Broking

Metals & Mining Sector

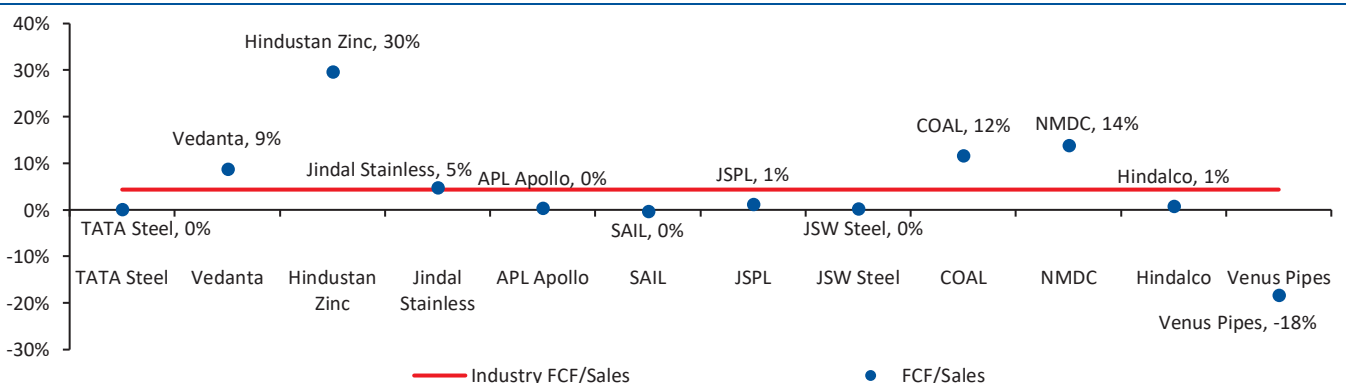
The stocks under coverage has seen moderate OCF/EBITDA conversion of 57% over FY14-23. Notably, 10 of 12 companies were above sector avg. with improvement in WC cycle in second half to ~8 days (vs. 25 days over FY14-18). However, aggressive capacity building led to poor FCF/OCF conversion at 28% and high leverage with net debt/EBITDA of 2.58x. The two years of good cycle in a decade (FY21 and FY22) offset the poor free cash flows of earlier years and also helped to deleverage balance sheet and prepared for next phase of expansion. The Net debt/EBITDA fell to 1.14x in FY23 with highest turnaround seen in JSP, JSL and TATA Steel. The sector has generated ~18% RoE and ~15% RoCE over FY14-23. Further, avg. stock return across our coverage is 21% CAGR over FY13-23.

Nifty 50 vs. NSE Metal Index

Exhibit 496: EBITDA to OCF conversion – near mean of coverage companies; Highest for HZ and lowest for VENUSPIP


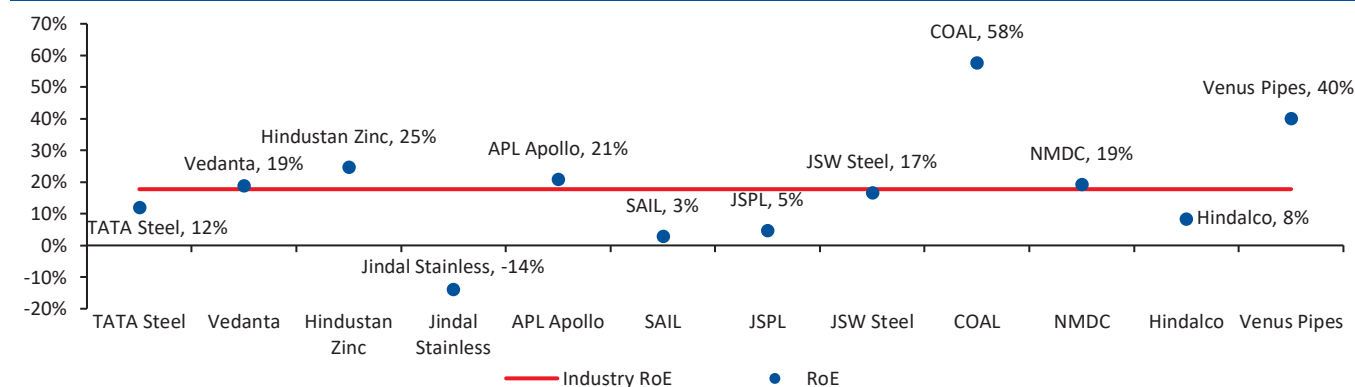
Source: Company, Centrum Broking

Exhibit 497: OCF to FCF conversion – Robust for mining and non-ferrous companies like COAL, NMDC, HZ, JSL and VEDL


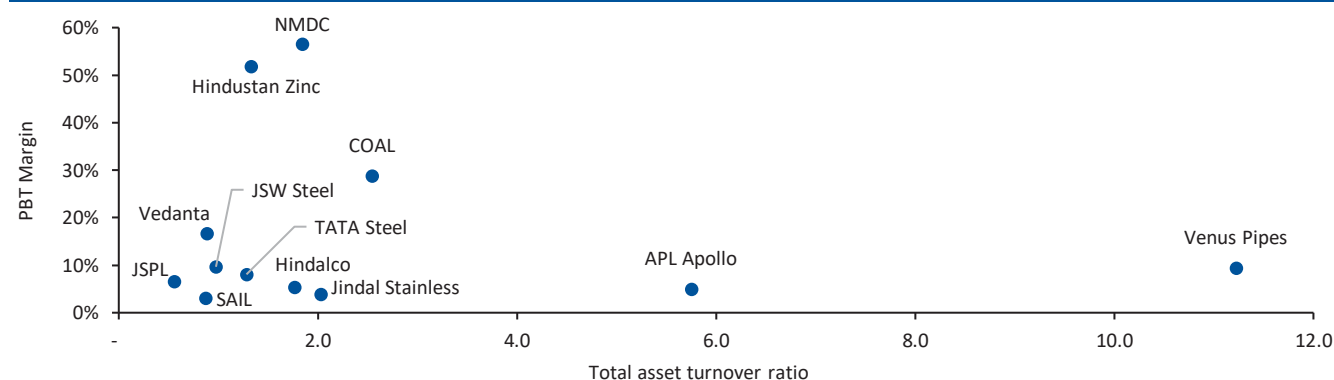
Source: Company, Centrum Broking

Exhibit 498: FCF to Sales conversion better for mining companies while near nil for rest


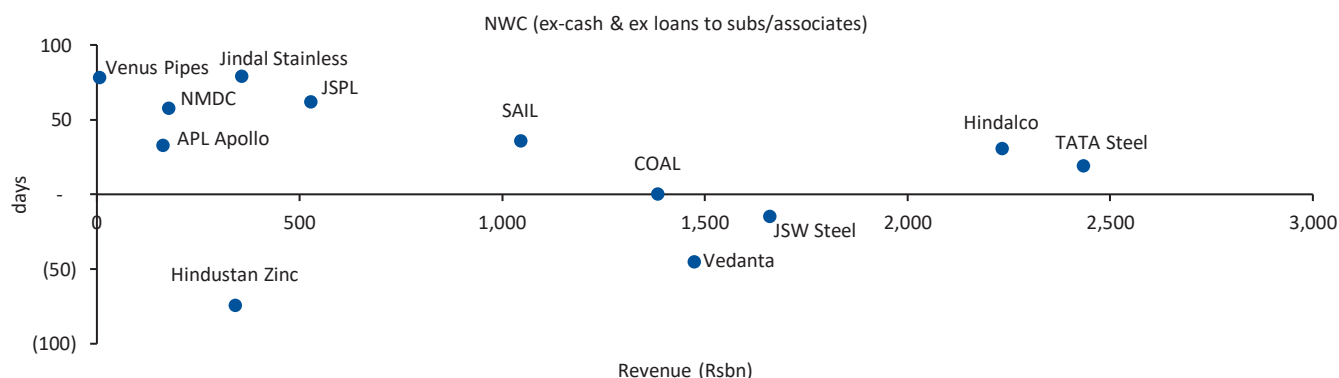
Source: Company, Centrum Broking

Exhibit 499: RoE robust for mining and non-ferrous companies; in steel JSW Steel, VENUSPIP & APL are outliers

Source: Company, Centrum Broking

Exhibit 500: Among peers, APL Apollo and Venus Pipes are outliers with high PBT margins

Source: Company, Centrum broking

Exhibit 501: Working capital cycle high amid cyclical business; Vedanta, HZ and JSW Steel managed well

Source: Company, Centrum Broking

Exhibit 502: Key performance metrics for 10 years ended FY23

	TATA Steel	Vedanta	Hindustan Zinc	Jindal Stainless	APL Apollo	SAIL	JSPL	JSW Steel	COAL	NMDC	Hindalco	Venus Pipes
Revenue CAGR (%)^	6	49	10	12	23	9	10	16	7	5	11	47
EBITDA CAGR (%)^	10	54	10	18	20	6	5	11	6	(2)	11	70
PBT CAGR (%)^	18	9	7	40	23	(4)	4	8	4	(4)	13	86
Gross margin (%)	61	70	100	34	14	55	33	50	91	101	40	17
EBITDA margin (%)	16	28	52	12	7	10	25	19	27	51	12	11
PBT margin (%)	8	17	52	4	5	3	7	10	29	57	5	9
Net Debt/Equity (x)	1	0	(1)	16	1	1	1	1	(1)	0	1	1
Net Debt/EBITDA (x)	4	1	(2)	8	2	6	6	3	(1)	(1)	4	2
OCF/EBITDA (%)	62	67	80	63	69	78	57	59	77	57	57	NA
FCF/OCF (%)	1	47	71	64	7	NA	8	2	56	47	11	NA
FCF/Sales (%)	0	9	30	5	0	NA	1	0	12	14	1	NA
NWC (ex-cash & ex loans to Subs/associates) – days	19	(45)	(74)	79	33	36	62	(14)	1	58	31	79
RoE (%)	12	19	25	(14)	21	3	5	17	58	19	8	40
Stock return (%)^	13	11	15	16	51	2	2	26	2	5	14	114

Source: Company, Centrum Broking; ^: FY13-23 CAGR; (Vedanta and JSL PBT CAGR base taken from FY14 & FY18 onwards respectively due to previous years are in losses)

APL Apollo (APAT)

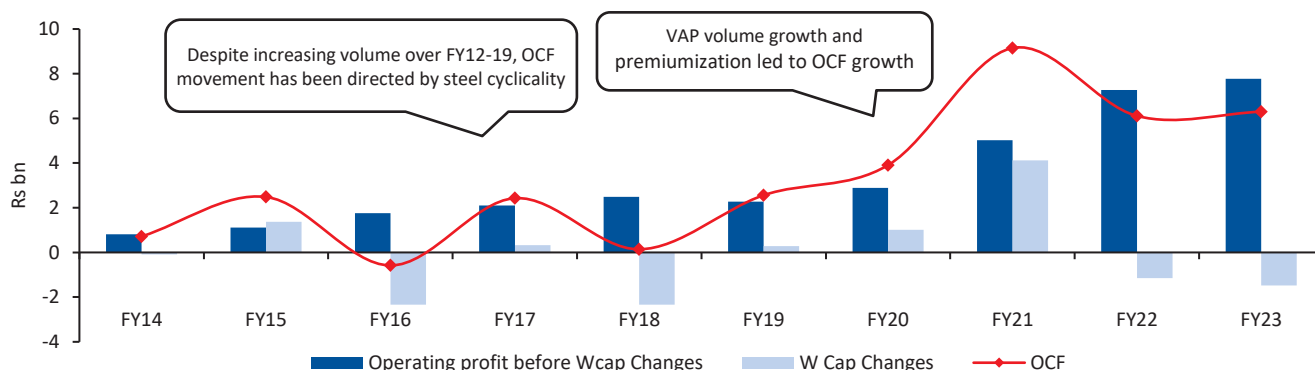
APAT Revenue/PBT grew robust by 23% CAGR both over FY13-23. It shifted credit to cash and carry model aiding NWC improving from 47 days over FY14-18 to 19 days over FY19-23. It generated aggregate OCF of Rs33bn with healthy OCF/EBITDA conversion of 69% over FY14-23. It has consistently expanded capacity at 20% CAGR and deployed 93% of OCF generated into capex leading to poor FCF/OCF conversion at 7% over FY14-23. With higher profitability, Net Debt/EBITDA declined from 3x in FY14 to 0.5x in FY23 and averaged at 1.6x over FY14-23. Return ratios have remained robust, with average RoE of 21% and RoCE of 16% and stock has delivered 51% CAGR return over FY13-23.

Market data

Current price:	Rs1,611
Bloomberg:	APAT IN
52-week H/L:	Rs1,806/988
Market cap:	Rs446.8bn
Free float:	60.8%
Avg. daily vol. 3mth:	858851

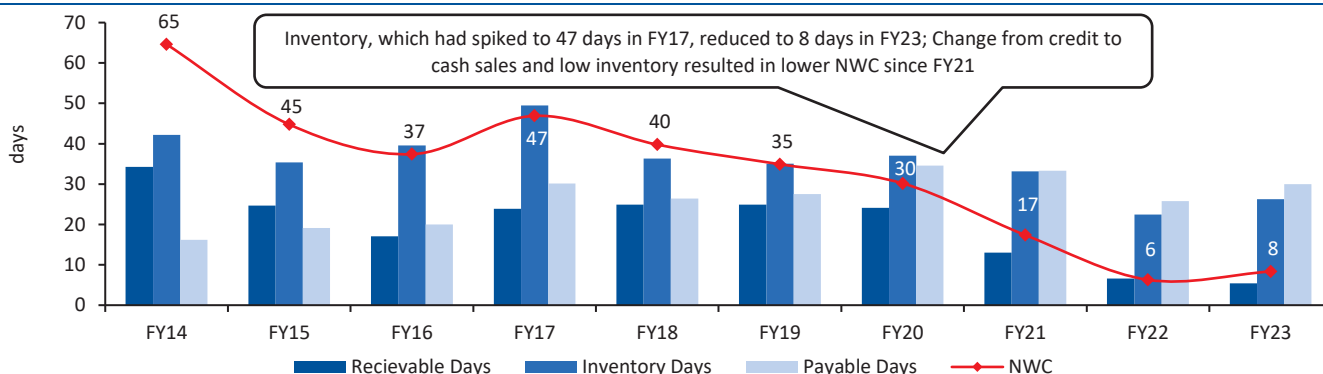
Source: Bloomberg

Exhibit 503: Operating cash flow trend turns strong benefitting from reduction in WC requirement



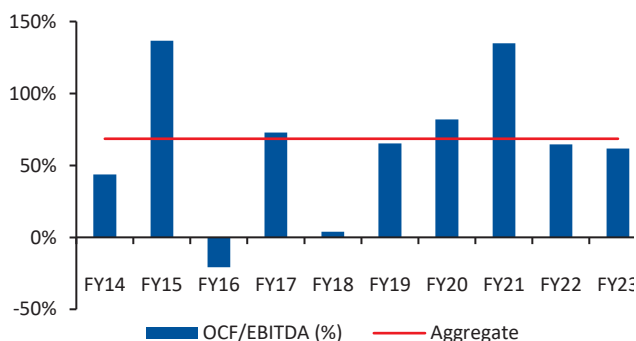
Source: Company, Centrum Broking

Exhibit 504: Net working capital on a downward trend (10-year average NWC at 33 days)



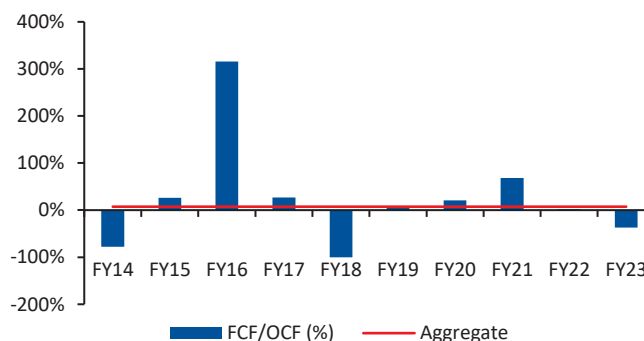
Source: Company, Centrum Broking

Exhibit 505: EBITDA to OCF conversion of 69% over 10 years



Source: Company, Centrum Broking

Exhibit 506: Aggressive capacity building led to poor OCF to FCF conversion of 7% over 10 years



Source: Company, Centrum Broking

Exhibit 507: Leverage has been consistently low; Return ratios continued to improve

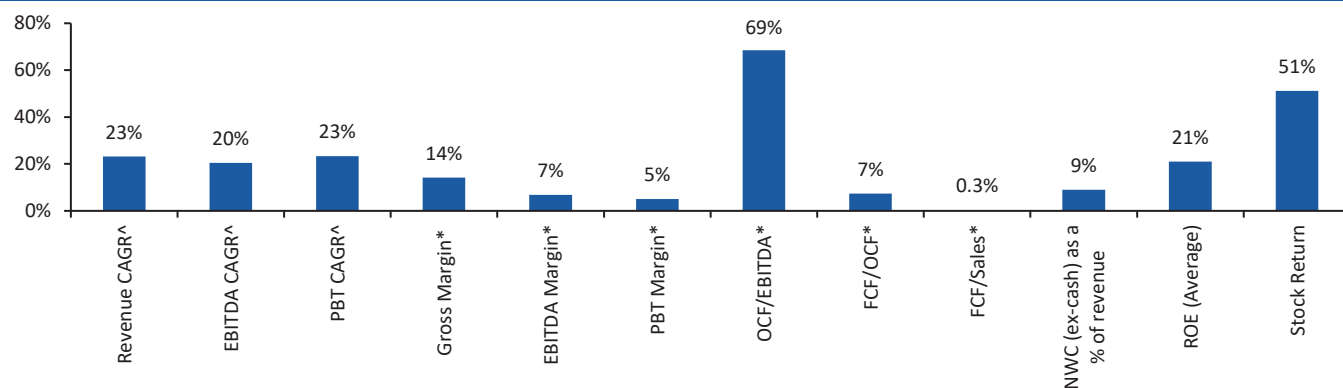
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity (x)	1.2	0.9	1.1	0.8	0.9	0.8	0.5	0.1	0.1	0.2	0.7
Net Debt/EBITDA (x)	3.0	2.6	2.3	1.8	2.1	2.1	1.7	0.2	0.2	0.5	1.6
RoCE pre-tax	17%	17%	23%	23%	22%	20%	20%	26%	32%	27%	23%
RoCE	11%	11%	16%	16%	14%	13%	17%	20%	24%	20%	16%
RoIC pre-tax	17%	17%	23%	23%	22%	20%	19%	27%	37%	29%	23%
RoE	15%	14%	24%	24%	21%	16%	21%	24%	28%	24%	21%

Source: Company, Centrum Broking

Exhibit 508: DuPont Analysis: High assets turnover, adequate financial leverage led to high RoEs despite lower profitability

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.66	0.65	0.67	0.70	0.65	0.65	0.86	0.75	0.74	0.74	0.71
Revenue/average total assets	2.72	3.08	3.58	2.92	3.40	3.81	3.45	3.38	4.49	4.37	3.52
Average total assets/Average NW	2.31	2.21	2.21	2.11	2.04	2.08	1.85	1.53	1.35	1.35	1.91
PBT/EBITDA	0.54	0.54	0.67	0.65	0.66	0.58	0.62	0.80	0.88	0.85	0.68
EBITDA/Revenue	0.07	0.06	0.07	0.08	0.07	0.05	0.06	0.08	0.07	0.06	0.07
RoE	14.9%	13.9%	23.7%	23.9%	20.5%	16.5%	20.5%	23.6%	28.2%	24.4%	21.0%

Source: Company, Centrum Broking

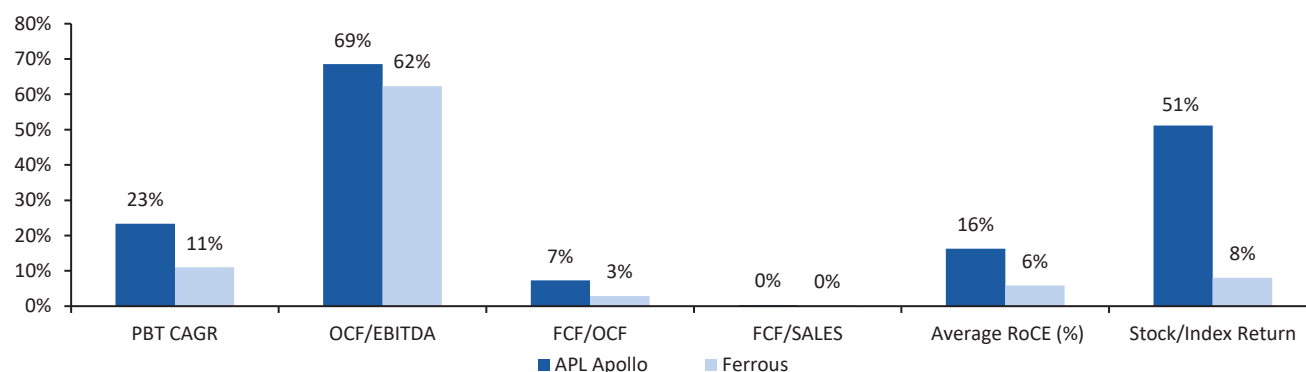
Exhibit 509: Price movement vs. Financials: Market rewards consistent growth, high RoEs; stock return much higher

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 510: FCF utilised for growth; poor dividend distribution to minority shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(560)	645	(1,839)	657	(1,585)	193	816	6,279	144	(2,322)
FCF yield	NA	9%	NA	3%	NA	1%	2%	8%	0%	NA
Dividend + Buyback (b)	130	136	169	234	283	332	411	-	-	875
Distribution of FCF (b/a)	NA	21%	NA	36%	NA	172%	50%	0%	0%	NA
Cash & equivalents*/Capital employed	1.2%	2.0%	0.1%	0.1%	0.5%	2.8%	2.2%	15.4%	13.9%	10.2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 511: APAT is now considered as a one stop solution provider; outperforms steel companies

Source: Company, Centrum Broking, *Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	84,998	1,30,633	1,61,660	1,64,567	2,32,163
Operating Expense	71,648	1,12,231	1,40,178	1,39,150	1,96,066
Employee cost	1,296	1,530	2,062	2,474	2,722
Others	5,266	7,419	9,204	9,062	12,911
EBITDA	6,787	9,453	10,216	13,881	20,465
Depreciation & Amortisation	1,028	1,090	1,383	1,726	1,864
EBIT	5,759	8,363	8,832	12,155	18,601
Interest expenses	661	445	671	806	806
Other income	359	405	472	600	600
PBT	5,458	8,323	8,633	11,949	18,395
Taxes	1,381	2,133	2,215	3,011	4,636
Effective tax rate (%)	25.3	25.6	25.7	25.2	25.2
PAT	4,077	6,190	6,419	8,938	13,760
Minority/Associates	(475)	(617)	0	0	0
Recurring PAT	3,602	5,573	6,419	8,938	13,760
Extraordinary items	0	0	0	0	0
Reported PAT	3,602	5,573	6,419	8,938	13,760

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	10.1	53.7	23.8	1.8	41.1
EBITDA	42.2	39.3	8.1	35.9	47.4
Adj. EPS	50.6	54.4	3.9	39.3	53.9
Margins (%)					
Gross	15.7	14.1	13.3	15.4	15.5
EBITDA	8.0	7.2	6.3	8.4	8.8
EBIT	6.8	6.4	5.5	7.4	8.0
Adjusted PAT	4.2	4.3	4.0	5.4	5.9
Returns (%)					
ROE	23.6	28.2	24.4	26.6	32.2
ROCE	19.7	24.2	20.0	22.5	27.9
ROIC	20.3	27.2	21.9	24.8	35.0
Turnover (days)					
Gross block turnover ratio (x)	4.4	6.1	5.3	4.8	6.4
Debtors	13	7	5	6	7
Inventory	33	22	26	30	24
Creditors	33	26	30	33	25
Net working capital	24	18	19	31	41
Solvency (x)					
Net debt-equity	0.1	0.1	0.2	0.1	(0.1)
Interest coverage ratio	10.3	21.3	15.2	17.2	25.4
Net debt/EBITDA	0.2	0.2	0.5	0.2	(0.3)
Per share (Rs)					
Adjusted EPS	14.4	22.3	23.1	32.2	49.6
BVPS	67.8	90.5	108.4	134.2	173.8
CEPS	18.5	26.6	28.1	38.5	56.3
DPS	0.0	0.0	4.6	6.4	9.9
Dividend payout (%)	0.0	0.0	20.0	20.0	20.0
Valuation (x)					
P/E	111.7	72.3	69.6	50.0	32.5
P/BV	23.7	17.8	14.9	12.0	9.3
EV/EBITDA	24.0	47.4	44.2	32.4	21.5
Dividend yield (%)	0.0	0.0	0.3	0.4	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	250	501	555	555	555
Reserves & surplus	16,697	22,139	29,501	36,652	47,660
Shareholders fund	16,947	22,640	30,056	37,207	48,214
Minority Interest	1,383	2,000	0	0	0
Total debt	5,203	5,806	8,729	8,729	8,729
Non Current Liabilities	930	932	1,405	1,405	1,405
Def tax liab. (net)	1,112	1,187	1,172	1,172	1,172
Total liabilities	25,574	32,565	41,362	48,513	59,520
Gross block	19,326	21,440	30,253	34,253	36,103
Less: acc. Depreciation	(3,363)	(4,452)	(5,836)	(7,562)	(9,426)
Net block	15,964	16,987	24,417	26,691	26,677
Capital WIP	1,077	5,037	3,740	3,740	2,240
Net fixed assets	18,434	23,410	29,544	31,818	30,304
Non Current Assets	1,550	1,981	2,434	1,829	2,412
Investments	15	863	960	960	960
Inventories	7,599	8,472	14,799	12,624	17,810
Sundry debtors	1,306	3,417	1,374	3,607	5,089
Cash & Cash Equivalents	3,579	3,814	3,525	5,942	15,432
Loans & advances	13	13	13	13	13
Other current assets	1,494	2,554	5,867	6,249	7,513
Trade payables	7,859	10,595	15,970	13,347	18,829
Other current liab.	544	1,350	1,170	1,170	1,170
Provisions	12	15	15	15	15
Net current assets	5,576	6,311	8,423	13,905	25,844
Total assets	25,574	32,565	41,362	48,513	59,520

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	5,458	8,323	8,633	11,949	18,395
Depreciation & Amortisation	1,028	1,090	1,383	1,726	1,864
Net Interest	661	445	671	0	0
Net Change – WC	4,121	(1,154)	(1,475)	(2,459)	(3,032)
Direct taxes	(1,195)	(1,993)	(2,161)	(3,011)	(4,636)
Net cash from operations	9,771	6,517	6,901	8,205	12,592
Capital expenditure	(2,869)	(5,967)	(8,621)	(4,000)	(350)
Acquisitions, net	0	0	0	0	0
Investments	(462)	(821)	(393)	0	0
Others	(3,137)	1,486	256	0	0
Net cash from investing	(6,468)	(5,301)	(8,757)	(4,000)	(350)
FCF	6,902	551	(1,720)	4,205	12,242
Issue of share capital	154	70	27	0	0
Increase/(decrease) in debt	(3,111)	603	2,902	0	0
Dividend paid	0	0	(875)	(1,788)	(2,752)
Interest paid	(623)	(407)	(602)	0	0
Others	(6)	(6)	(6)	0	0
Net cash from financing	(3,586)	260	1,446	(1,788)	(2,752)
Net change in Cash	(283)	1,476	(410)	2,418	9,490

Source: Company, Centrum Broking

Coal India (COAL)

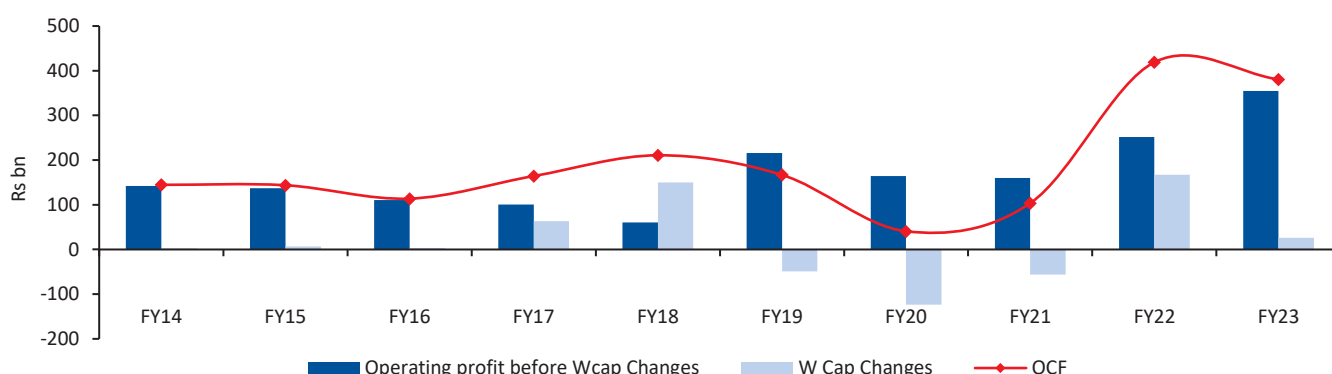
COAL, being a cash-rich company, has recorded moderate Revenue/PBT growth of 7%/4% CAGR over FY13-23. NWC has largely been negative till FY19 and surged thereafter due to high receivables and averaging at 1 day for FY14-23. It generated aggregate OCF of Rs1.9trn with average CFO/EBITDA conversion of 77% during FY14-23. The capex of ~Rs823bn during FY14-23 has been funded via internal cash flows leading to FCF/OCF conversion of 56%. COAL rewarded shareholders 1.4x of FCF generated over FY14-23, hence net cash reduced from Rs89/share in FY14 to Rs65/share in FY23. The RoE/RoCE stood robust at average 58%/54% over FY14-23 and stock return stood at 2% CAGR over FY13-23.

Market data

Current price:	Rs281
Bloomberg:	COAL IN
52-week H/L:	Rs285/208
Market cap:	Rs1,733.3bn
Free float:	25.9%
Avg. daily vol. 3mth:	11597500

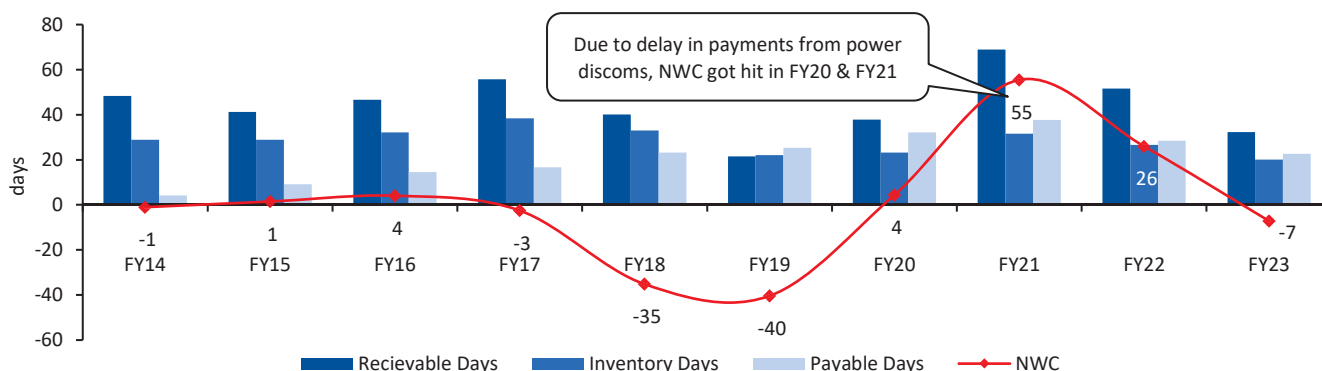
Source: Bloomberg

Exhibit 512: Moderate operating cash flow; liquidation of debtors, higher profits led to increase in OCF recently



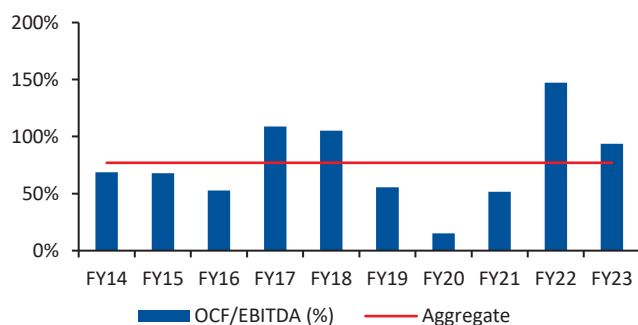
Source: Company, Centrum Broking

Exhibit 513: Negative net working capital till FY19, post which higher debtors adversely impacted working capital



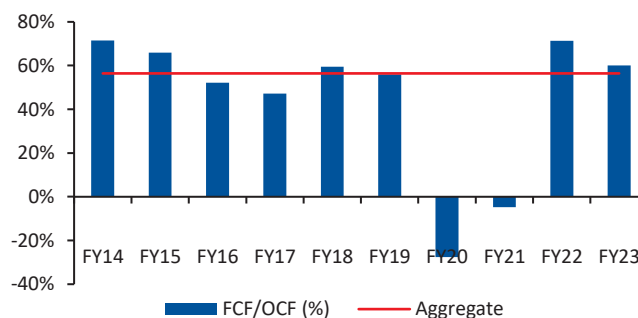
Source: Company, Centrum Broking

Exhibit 514: EBITDA to OCF conversion of 77% over 10 years



Source: Company, Centrum Broking

Exhibit 515: OCF to FCF conversion over 10 years averaged at 56%



Source: Company, Centrum Broking

Exhibit 516: Leverage has been consistently low; return ratios continued to improve

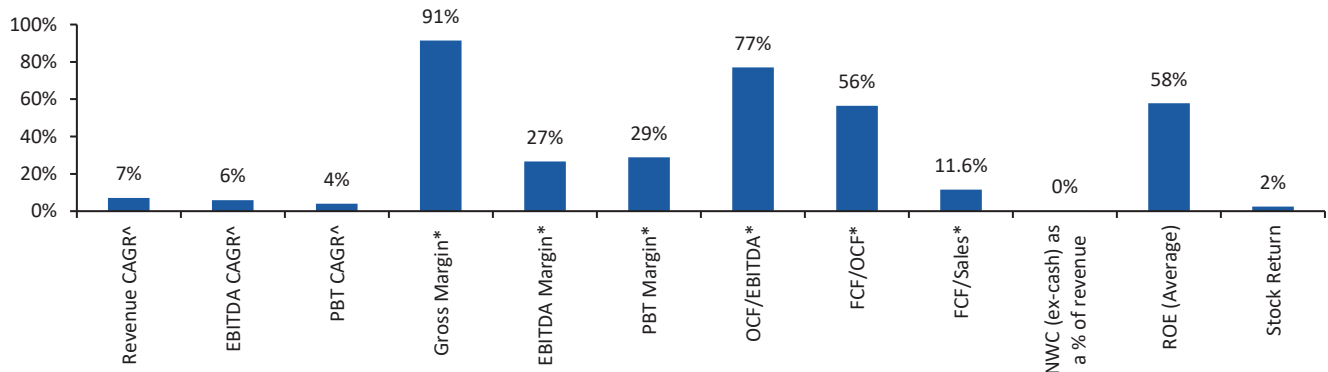
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(1.3)	(1.2)	(1.1)	(1.2)	(1.5)	(1.1)	(0.7)	(0.4)	(0.8)	(0.7)	(1.0)
Net Debt/EBITDA	(2.7)	(2.3)	(1.8)	(1.9)	(1.5)	(1.0)	(0.8)	(0.8)	(1.2)	(1.0)	(1.5)
RoCE pre -tax	56.8%	60.5%	63.6%	54.8%	87.8%	127.0%	88.5%	49.1%	62.1%	77.8%	72.8%
RoCE	40.0%	41.8%	44.8%	38.2%	72.6%	88.9%	66.5%	35.7%	47.9%	59.4%	53.6%
RoIC pre-tax	(133.5%)	(173.0%)	(286.7%)	(255.9%)	(216.7%)	(329.8%)	1417.3%	115.9%	172.6%	308.5%	61.9%
RoE	40.5%	42.0%	45.0%	40.3%	79.6%	96.6%	75.9%	41.2%	53.1%	63.6%	57.8%

Source: Company, Centrum Broking

Exhibit 517: DuPont Analysis: Higher margins, lower interest and depreciation cost keeps RoEs high

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.70	0.69	0.70	0.70	0.83	0.70	0.75	0.73	0.77	0.76	0.73
Revenue/average total assets	0.86	0.91	0.94	0.99	1.11	1.20	0.99	0.82	0.93	1.04	0.98
Average total assets/Average NW	1.80	1.96	2.19	2.66	3.40	3.49	3.26	3.16	2.92	2.61	2.75
PBT/EBITDA	1.24	1.20	1.13	1.13	1.07	1.07	1.09	0.97	0.96	1.03	1.09
EBITDA/Revenue	0.30	0.29	0.28	0.19	0.23	0.30	0.28	0.22	0.26	0.29	0.26
RoE	40.5%	42.0%	45.0%	40.3%	79.6%	96.6%	75.9%	41.2%	53.1%	63.6%	57.8%

Source: Company, Centrum Broking

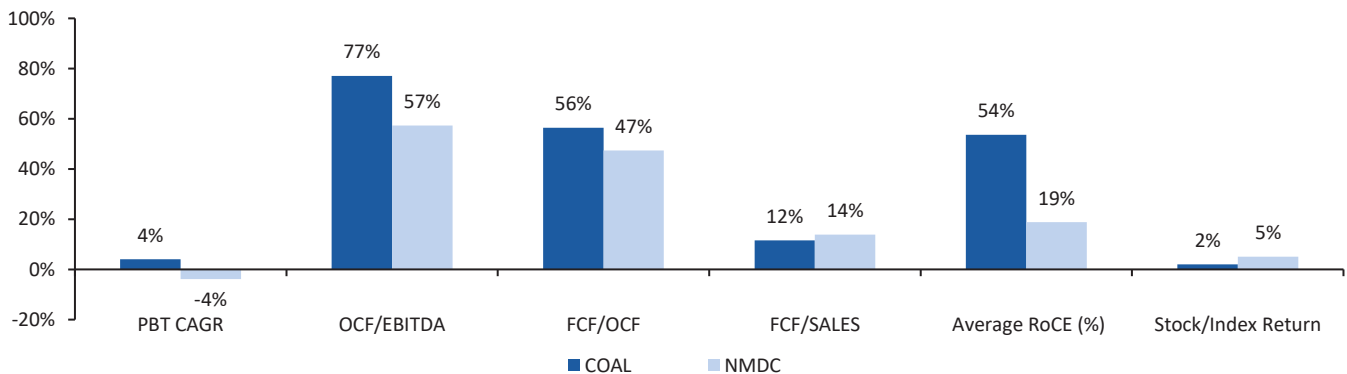
Exhibit 518: Price movement vs. Financials: High RoEs; growth does not reflect in stock price movement

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 519: Dividend payout higher than FCF – net cash declines; absence of debt-not an optimum capital structure

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	103,503	94,728	59,325	77,541	125,491	93,466	(11,277)	(4,909)	299,117	228,476
FCF yield	6%	4%	3%	4%	7%	6%	NA	NA	31%	17%
Dividend + Buyback (b)	242,430	155,963	208,302	196,562	123,012	112,110	96,760	77,064	107,834	143,281
Distribution of FCF (b/a)	234%	165%	351%	253%	98%	120%	NA	NA	36%	63%
Cash & equivalents*/Capital employed	121.8%	115.9%	103.1%	98.9%	126.8%	128.5%	83.9%	51.2%	81.0%	80.5%

Source: Company, Centrum Broking *including liquid investments

Exhibit 520: Despite sound financials, stock has provided muted CAGR return over last 10 years

Source: Company, Centrum Broking, * Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	8,27,103	10,06,234	12,76,275	12,34,152	13,04,538
Operating Expense	2,51,198	3,35,439	3,99,653	4,90,562	5,38,169
Employee cost	3,86,977	4,07,008	4,94,092	4,48,521	4,42,690
Others	61,847	70,174	82,505	1,09,750	1,20,999
EBITDA	2,00,238	2,84,514	4,06,270	2,91,364	3,14,026
Depreciation & Amortisation	37,089	44,287	46,753	54,757	61,417
EBIT	1,63,149	2,40,227	3,59,517	2,36,607	2,52,609
Interest expenses	6,447	5,415	6,843	4,115	4,115
Other income	37,924	39,045	65,507	18,000	18,000
PBT	1,94,626	2,73,857	4,18,181	2,50,492	2,66,495
Taxes	53,071	62,379	98,759	63,374	67,423
Effective tax rate (%)	27.3	22.8	23.6	25.3	25.3
PAT	1,41,555	2,11,479	3,19,422	1,87,117	1,99,071
Minority/Associates	0	0	0	0	0
Recurring PAT	1,41,555	2,11,479	3,19,422	1,87,117	1,99,071
Extraordinary items	0	0	0	0	0
Reported PAT	1,41,555	2,11,479	3,19,422	1,87,117	1,99,071
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(7.5)	21.7	26.8	(3.3)	5.7
EBITDA	(26.2)	42.1	42.8	(28.3)	7.8
Adj. EPS	(36.4)	49.4	51.0	(41.4)	6.4
Margins (%)					
Gross	102.2	97.3	97.9	96.5	95.9
EBITDA	22.2	25.9	29.4	21.7	22.2
EBIT	18.1	21.9	26.0	17.7	17.8
Adjusted PAT	15.7	19.3	23.1	14.0	14.1
Returns (%)					
ROE	41.2	53.1	63.6	32.6	32.5
ROCE	35.7	47.9	59.4	30.6	30.6
ROIC	84.3	133.3	235.6	113.0	109.0
Turnover (days)					
Gross block turnover ratio (x)	1.5	1.6	1.8	1.6	1.5
Debtors	69	52	32	34	29
Inventory	32	27	20	23	23
Creditors	38	28	23	25	27
Net working capital	165	129	113	117	119
Solvency (x)					
Net debt-equity	(0.4)	(0.8)	(0.7)	(0.7)	(0.7)
Interest coverage ratio	31.1	52.5	59.4	70.8	76.3
Net debt/EBITDA	(0.8)	(1.2)	(1.0)	(1.3)	(1.4)
Per share (Rs)					
Adjusted EPS	23.0	34.3	51.8	30.4	32.3
BVPS	59.3	70.0	92.9	93.3	105.6
CEPS	29.0	41.5	59.4	39.2	42.3
DPS	16.0	17.0	24.3	30.0	20.0
Dividend payout (%)	69.7	49.5	46.8	98.8	61.9
Valuation (x)					
P/E	12.2	8.2	5.4	9.3	8.7
P/BV	4.7	4.0	3.0	3.0	2.7
EV/EBITDA	3.3	5.0	3.3	4.6	4.1
Dividend yield (%)	5.7	6.0	8.6	10.7	7.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	61,627	61,627	61,627	61,627	61,627
Reserves & surplus	3,12,886	3,78,629	5,16,782	5,19,017	5,94,834
Shareholders fund	3,65,174	4,31,430	5,72,449	5,74,684	6,50,501
Minority Interest	4,411	6,738	7,707	7,707	7,707
Total debt	58,905	33,098	41,147	41,147	41,147
Non Current Liabilities	7,08,174	7,51,092	7,90,195	8,68,812	9,16,443
Def tax liab. (net)	7,307	8,014	13,307	13,307	13,307
Total liabilities	11,43,971	12,30,372	14,24,805	15,05,657	16,29,105
Gross block	5,53,611	6,39,623	6,94,959	7,84,959	8,74,959
Less: acc. Depreciation	(1,76,075)	(2,12,645)	(2,50,480)	(3,05,237)	(3,66,654)
Net block	3,77,537	4,26,978	4,44,480	4,79,723	5,08,306
Capital WIP	1,04,037	1,27,137	1,52,626	2,07,626	2,67,626
Net fixed assets	5,28,951	5,95,741	6,95,829	7,86,072	8,74,655
Non Current Assets	1,77,475	2,12,622	2,62,787	2,51,256	2,56,077
Investments	23,176	24,270	30,854	30,854	30,854
Inventories	89,475	70,757	81,547	87,912	92,926
Sundry debtors	1,96,231	1,13,677	1,30,605	1,18,343	1,07,222
Cash & Cash Equivalents	2,09,429	3,64,589	4,39,759	4,30,665	4,84,171
Loans & advances	5,008	3	208	208	208
Other current assets	3,47,390	3,79,435	4,28,709	4,59,862	4,66,612
Trade payables	84,731	86,035	85,492	1,01,437	1,07,222
Other current liab.	3,33,891	4,23,726	4,51,888	4,49,967	4,68,286
Provisions	55,223	62,244	1,49,882	1,49,882	1,49,882
Net current assets	3,73,688	3,56,455	3,93,565	3,95,705	4,25,749
Total assets	11,43,971	12,30,372	14,24,805	15,05,657	16,29,105
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,80,092	2,36,163	3,80,008	2,50,492	2,66,495
Depreciation & Amortisation	37,089	44,287	46,753	54,757	61,417
Net Interest	(9,154)	0	0	0	0
Net Change – WC	(56,552)	1,67,413	26,087	98,536	77,843
Direct taxes	(56,630)	(55,581)	(97,497)	(63,374)	(67,423)
Net cash from operations	1,05,599	4,19,903	3,81,926	3,51,941	3,33,511
Capital expenditure	(1,08,525)	(1,19,961)	(1,52,068)	(1,45,000)	(1,50,000)
Acquisitions, net	0	0	0	0	0
Investments	96,392	(1,40,494)	(1,02,338)	0	0
Others	15,522	3,310	20,175	0	0
Net cash from investing	3,389	(2,57,145)	(2,34,230)	(1,45,000)	(1,50,000)
FCF	(2,927)	2,99,942	2,29,858	2,06,941	1,83,511
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(5,508)	(25,732)	8,052	0	0
Dividend paid	(77,064)	(1,07,834)	(1,43,281)	(1,84,882)	(1,23,255)
Interest paid	(1,982)	(847)	(1,382)	(4,115)	(4,115)
Others	0	0	0	0	0
Net cash from financing	(84,554)	(1,34,412)	(1,36,611)	(1,88,997)	(1,27,369)
Net change in Cash	24,433	28,345	11,084	17,945	56,141

Source: Company, Centrum Broking

Hindalco (HNDL)

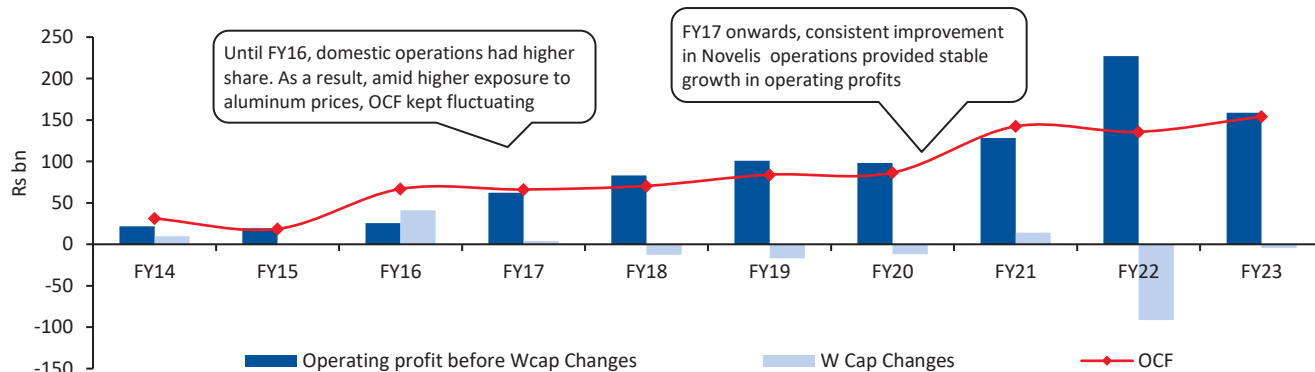
HNDL shifted its focus to value addition with Novelis acquisition, giving it sustainable and increasing earnings as well as operating cash flows after FY15. Revenue/PBT grew healthy by 11%/13% CAGR over FY13-23 and NWC intensity trend shows decline with average of 31 days over FY14-23. Aggregate OCF generation was Rs856bn with moderate OCF/EBITDA conversion of 57%. Cumulative capex incurred was at Rs760bn leading to poor FCF/OCF conversion of 11% over FY14-23. Balance sheet is under control with consistent decline in leverage (Net Debt/EBITDA) to 1.7x in FY23 (vs. 10yr avg: 3.7x). HNDL's consolidated return ratios remain poor (average RoCE/RoE of ~6%/8% over FY14-23) and stock has delivered CAGR return of 14% over FY13-23.

Market data

Current price:	Rs485
Bloomberg:	HNDL IN
52-week H/L:	Rs509/359
Market cap:	Rs1,088.8bn
Free float:	56.2%
Avg. daily vol. 3mth:	5853022

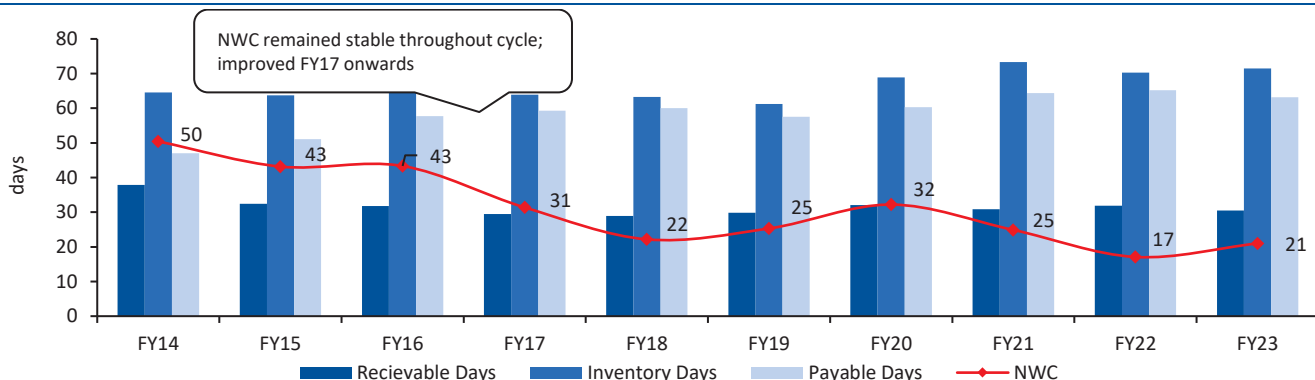
Source: Bloomberg

Exhibit 521: Consistent improvement in cash flow from operations since FY16



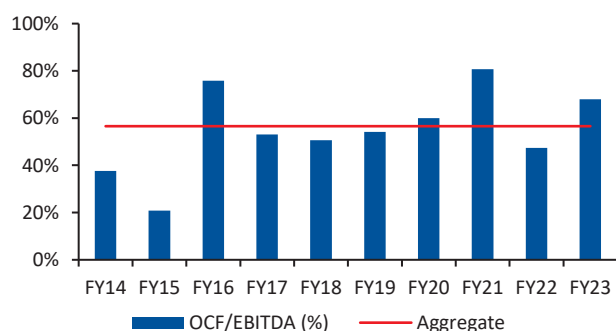
Source: Company, Centrum Broking

Exhibit 522: Net working capital on downward trend (10-year average NWC at 31 days)



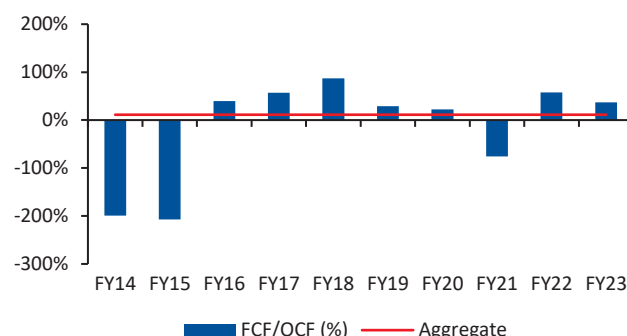
Source: Company, Centrum Broking

Exhibit 523: EBITDA to OCF conversion of 57% over 10 years



Source: Company, Centrum Broking

Exhibit 524: OCF to FCF conversion poor over 10 years due to continuous capex and high debt



Source: Company, Centrum Broking

Exhibit 525: Leverage has been consistently high; Return ratios lower due to India business (low aluminium prices)

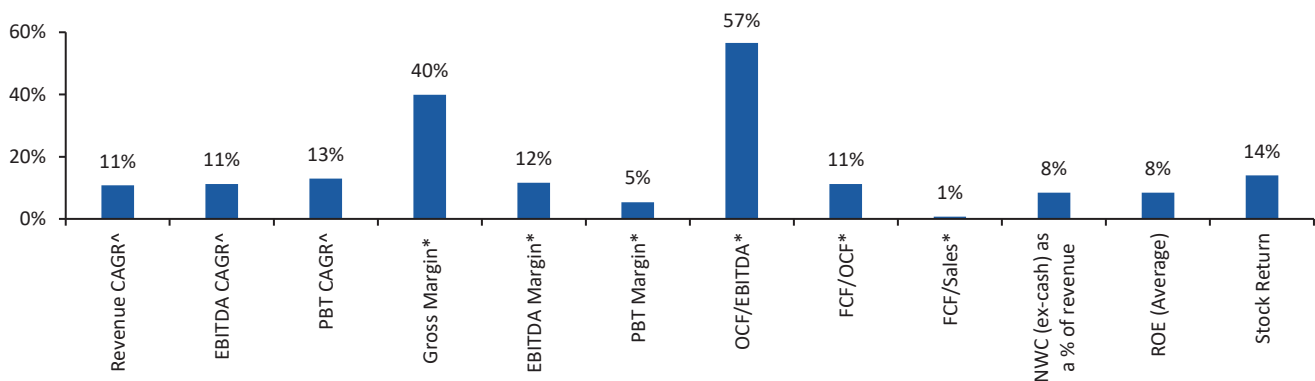
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.3	1.4	1.4	1.0	0.7	0.7	0.7	0.7	0.5	0.4	0.9
Net Debt/EBITDA	6.4	6.5	6.3	3.7	2.9	2.5	2.7	2.7	1.4	1.7	3.7
RoCE pre-tax	5.7%	5.9%	5.0%	8.3%	9.6%	10.9%	8.8%	9.4%	16.6%	11.4%	9.2%
RoCE	4.7%	5.2%	-1.9%	4.8%	6.6%	7.4%	5.8%	6.3%	11.9%	8.7%	6.0%
RoIC pre-tax	5.7%	5.8%	4.5%	8.8%	10.6%	12.0%	9.9%	10.8%	19.9%	13.3%	10.1%
RoE	6.8%	6.9%	1.2%	4.4%	8.5%	9.8%	7.0%	9.1%	18.8%	11.6%	8.4%

Source: Company, Centrum Broking

Exhibit 526: DuPont Analysis; Despite high financial leverage, low margins and high interest cost keeps RoEs low

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.83	0.89	(0.38)	0.57	0.68	0.68	0.65	0.68	0.72	0.76	0.61
Revenue/average total assets	0.79	0.86	0.81	0.83	0.96	1.08	0.89	0.91	1.28	1.35	0.98
Average total assets/Average NW	2.80	2.87	2.94	2.76	2.38	2.16	2.28	2.32	2.11	1.91	2.45
PBT/EBITDA	0.37	0.25	0.04	0.27	0.47	0.52	0.43	0.48	0.66	0.58	0.41
EBITDA/Revenue	0.09	0.09	0.09	0.12	0.12	0.12	0.12	0.13	0.15	0.10	0.11
RoE	6.8%	6.9%	1.2%	4.4%	8.5%	9.8%	7.0%	9.1%	18.8%	11.6%	8.4%

Source: Company, Centrum Broking

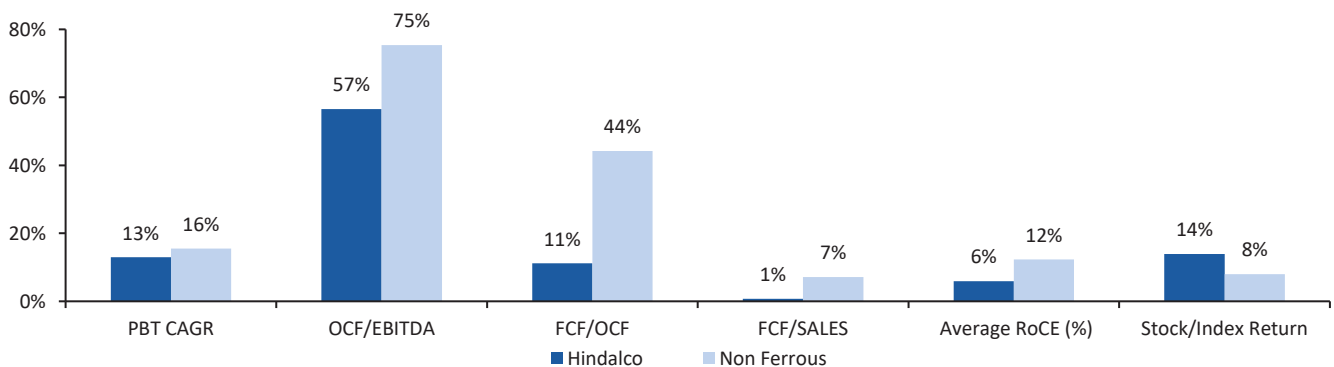
Exhibit 527: Price movement vs. Financials; Stock return >10%

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 528: FCF utilization: Cash is higher proportion of capital employed, low distribution of dividend

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(62,001)	(38,560)	26,541	37,874	61,466	24,310	19,420	(108,070)	103,870	56,680
FCF yield	NA	NA	14%	12%	12%	5%	5%	NA	10%	6%
Dividend + Buyback (b)	3,149	2,488	2,558	2,479	2,938	3,229	3,200	2,220	8,880	8,900
Distribution of FCF (b/a)	NA	NA	10%	7%	5%	13%	16%	NA	9%	16%
Cash & equivalents*/Capital employed	11.6%	11.1%	11.0%	15.8%	11.0%	12.6%	23.6%	14.1%	17.8%	14.4%

Source: Company, Centrum Broking *including liquid investments

Exhibit 529: HNDL's stock return outperforms its peers despite relatively weaker financials

Source: Company, Centrum Broking, *Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	13,19,850	19,50,590	22,32,020	22,01,116	21,74,872
Operating Expense	8,52,280	12,86,860	15,81,160	15,66,700	15,10,789
Employee cost	1,07,820	1,19,360	1,30,630	1,67,595	1,62,928
Others	1,83,270	2,57,800	2,93,570	2,16,020	2,22,032
EBITDA	1,76,480	2,86,570	2,26,660	2,50,800	2,79,123
Depreciation & Amortisation	67,400	70,390	70,860	75,553	76,698
EBIT	1,09,080	2,16,180	1,55,800	1,75,248	2,02,424
Interest expenses	37,380	37,680	36,460	34,367	33,711
Other income	12,220	11,360	12,570	13,201	16,561
PBT	83,920	1,89,860	1,31,910	1,54,082	1,85,275
Taxes	27,230	53,730	31,440	43,280	50,804
Effective tax rate (%)	32.4	28.3	23.8	28.1	27.4
PAT	56,690	1,36,130	1,00,470	1,10,802	1,34,471
Minority/Associates	50	60	90	90	90
Recurring PAT	56,740	1,36,190	1,00,560	1,10,892	1,34,561
Extraordinary items	4,920	(5,820)	(410)	0	0
Reported PAT	61,660	1,30,370	1,00,150	1,10,892	1,34,561

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	11.7	47.8	14.4	(1.4)	(1.2)
EBITDA	22.5	62.4	(20.9)	10.7	11.3
Adj. EPS	39.9	140.0	(26.2)	10.3	21.3
Margins (%)					
Gross	42.0	39.7	36.9	35.5	36.8
EBITDA	13.4	14.7	10.2	11.4	12.8
EBIT	8.3	11.1	7.0	8.0	9.3
Adjusted PAT	4.3	6.7	4.5	5.0	6.2
Returns (%)					
ROE	9.1	18.8	11.6	11.2	12.3
ROCE	6.3	11.9	8.7	8.6	9.5
ROIC	7.3	14.3	10.1	9.6	10.2
Turnover (days)					
Gross block turnover ratio (x)	1.1	1.5	1.6	1.5	1.4
Debtors	31	32	30	29	31
Inventory	73	70	71	67	64
Creditors	64	65	63	60	61
Net working capital	72	65	60	52	48
Solvency (x)					
Net debt-equity	0.7	0.5	0.4	0.4	0.4
Interest coverage ratio	4.7	7.6	6.2	7.3	8.3
Net debt/EBITDA	2.7	1.4	1.7	1.7	1.6
Per share (Rs)					
Adjusted EPS	25.6	61.3	45.3	50.0	60.6
BVPS	299.7	352.2	427.1	467.8	518.4
CEPS	55.9	93.1	77.2	84.0	95.2
DPS	3.0	3.0	4.0	3.0	3.0
Dividend payout (%)	10.8	5.1	8.9	6.0	4.9
Valuation (x)					
P/E	18.9	7.9	10.7	9.7	8.0
P/BV	1.6	1.4	1.1	1.0	0.9
EV/EBITDA	6.9	5.1	6.4	6.0	5.4
Dividend yield (%)	0.6	0.6	0.8	0.6	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	2,220	2,220	2,220	2,220	2,220
Reserves & surplus	6,63,111	7,79,690	9,45,840	10,36,364	11,48,527
Shareholders fund	6,65,331	7,81,910	9,48,060	10,38,584	11,50,747
Minority Interest	100	110	110	110	110
Total debt	6,59,780	6,35,647	5,91,253	5,91,253	5,76,397
Non Current Liabilities	1,11,850	1,03,210	94,590	94,590	94,590
Def tax liab. (net)	44,930	56,310	86,500	86,500	86,500
Total liabilities	14,81,991	15,77,187	17,20,513	18,11,037	19,08,344
Gross block	12,06,930	13,22,484	13,98,900	14,62,274	15,84,808
Less: acc. Depreciation	(4,98,440)	(5,57,784)	(6,13,600)	(6,78,629)	(7,44,804)
Net block	7,08,490	7,64,700	7,85,300	7,83,645	8,40,005
Capital WIP	1,00,130	47,270	73,400	2,17,392	2,89,416
Net fixed assets	11,05,170	11,18,700	11,84,050	13,26,387	14,54,771
Non Current Assets	29,970	28,260	75,930	74,530	74,047
Investments	76,700	70,160	81,800	81,800	81,800
Inventories	3,06,680	4,44,830	4,29,580	3,81,680	3,78,129
Sundry debtors	1,29,590	2,10,760	1,62,140	1,83,793	1,79,760
Cash & Cash Equivalents	1,82,260	2,44,440	2,12,250	1,71,902	1,42,256
Loans & advances	470	70	80	80	80
Other current assets	57,280	1,01,330	89,060	84,588	84,533
Trade payables	2,82,800	4,13,820	3,58,600	3,63,888	3,57,990
Other current liab.	16,880	22,380	31,620	29,502	28,411
Provisions	1,15,320	2,17,233	1,37,437	1,13,613	1,13,910
Net current assets	2,61,280	3,47,997	3,65,453	3,15,040	2,84,447
Total assets	14,81,990	15,77,187	17,20,513	18,11,037	19,08,344

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	79,050	1,95,740	1,32,410	1,54,082	1,85,275
Depreciation & Amortisation	66,280	67,290	70,860	65,029	66,175
Net Interest	37,380	37,680	36,460	0	0
Net Change – WC	14,040	(91,320)	(4,570)	361	(17,173)
Direct taxes	(12,560)	(37,730)	(27,330)	(43,280)	(50,804)
Net cash from operations	1,79,120	1,68,210	1,92,550	1,76,191	1,83,473
Capital expenditure	(55,170)	(53,550)	(97,420)	(2,07,366)	(1,94,558)
Acquisitions, net	(1,95,240)	(4,120)	0	0	0
Investments	(27,750)	45,890	(2,140)	0	0
Others	21,790	(58,960)	18,350	0	0
Net cash from investing	(2,56,370)	(70,740)	(81,210)	(2,07,366)	(1,94,558)
FCF	(71,290)	1,10,540	95,130	(31,175)	(11,085)
Issue of share capital	50	60	0	0	0
Increase/(decrease) in debt	56,920	(37,470)	(20,220)	0	(14,856)
Dividend paid	(2,220)	(6,670)	(8,900)	(6,660)	(6,660)
Interest paid	(36,780)	(32,500)	(38,450)	0	0
Others	(66,790)	8,930	(35,880)	0	0
Net cash from financing	(48,820)	(67,650)	(1,03,450)	(6,660)	(21,516)
Net change in Cash	(1,26,070)	29,820	7,890	(37,835)	(32,601)

Source: Company, Centrum Broking

Hindustan Zinc (HZ)

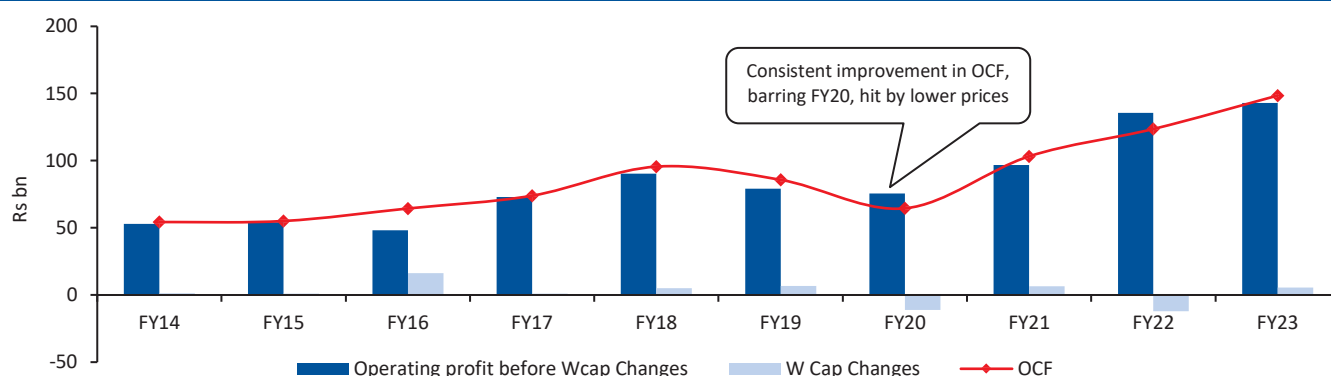
HZ, being a cash rich company, recorded Revenue/PBT of 10%/7% CAGR and robust OCF in the last decade, thanks to low cost of production for zinc. NWC has been negative since FY16, with tight control on inventories and very low debtors. It generated aggregate CFO of Rs869bn and FCF of Rs615bn with best average conversion ratios: CFO/EBITDA of 80% and FCF/OCF of 71% during FY14-23. HZ started paying higher dividend (sometimes higher than free cash flows) from FY16, which led to net cash decline from Rs83/share in FY16 to Rs-1/share in FY23. Due to higher profitability, return ratios were high, with average RoE of 25% and RoCE of 23% over FY14-23. Stock has given return of 15% CAGR over FY13-23.

Market data

Current price:	Rs318
Bloomberg:	HZ IN
52-week H/L:	Rs383/263
Market cap:	Rs1,344.3bn
Free float:	2.8%
Avg. daily vol. 3mth:	717787

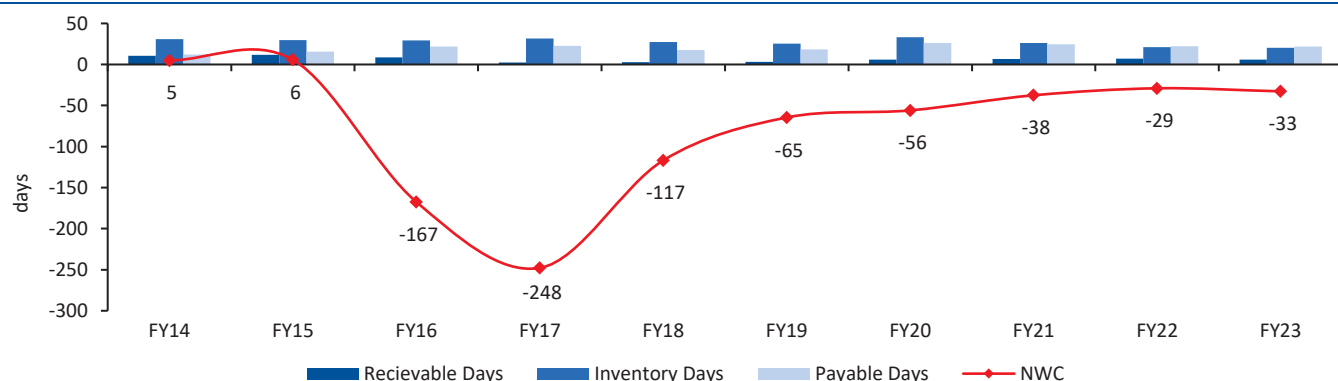
Source: Bloomberg

Exhibit 530: Robust cash flow from operations due to low cost of production for zinc



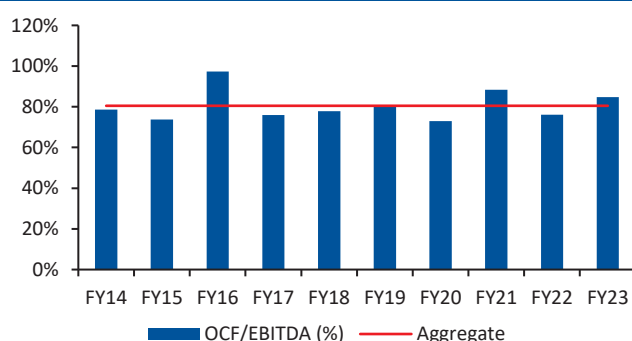
Source: Company, Centrum Broking

Exhibit 531: Negative net working capital since FY16 (10-year average NWC at -74 days)



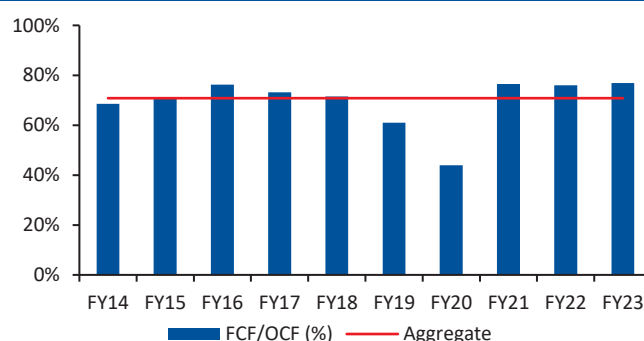
Source: Company, Centrum Broking

Exhibit 532: EBITDA to OCF conversion of 80% over 10 years



Source: Company, Centrum Broking

Exhibit 533: OCF to FCF conversion averaged 71% in 10 years



Source: Company, Centrum Broking

Exhibit 534: A cash rich company; higher profitability, effective utilisation of assets keeps return ratios high

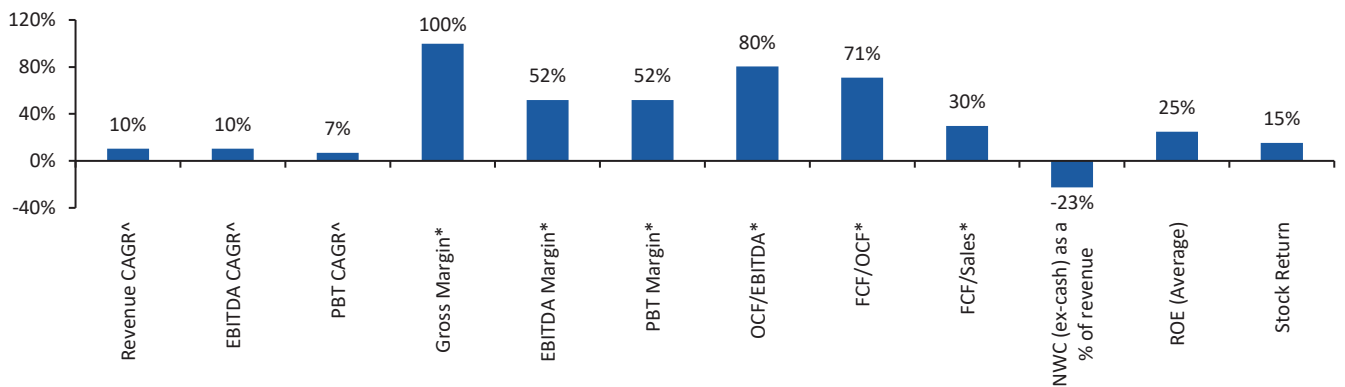
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.7)	(0.7)	(0.9)	(0.8)	(0.6)	(0.5)	(0.5)	(0.4)	(0.5)	0.0	(0.6)
Net Debt/EBITDA	(3.7)	(4.1)	(5.3)	(2.5)	(1.8)	(1.6)	(2.4)	(1.2)	(1.1)	0.0	(2.4)
RoCE pre -tax	23.0%	23.5%	21.1%	27.3%	33.5%	29.3%	22.1%	27.0%	37.2%	50.5%	29%
RoCE	19.9%	20.1%	20.0%	22.3%	24.7%	22.3%	17.9%	20.4%	25.5%	34.7%	23%
RoIC pre-tax	53.9%	53.3%	74.3%	183.1%	106.3%	57.9%	37.2%	50.1%	76.4%	95.6%	79%
RoE	19.8%	20.1%	19.9%	24.4%	27.1%	22.9%	18.4%	22.0%	29.3%	44.6%	24.8%

Source: Company, Centrum Broking

Exhibit 535: DuPont Analysis: Higher margins, lower interest and depreciation cost keeps RoE high

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.87	0.86	0.95	0.82	0.74	0.76	0.81	0.75	0.69	0.69	0.79
Revenue/average total assets	0.40	0.36	0.34	0.45	0.58	0.57	0.47	0.54	0.73	1.01	0.55
Average total assets/Average NW	0.97	0.99	1.02	1.14	1.14	1.06	1.07	1.15	1.22	1.42	1.12
PBT/EBITDA	1.16	1.29	1.30	1.05	1.00	0.98	0.95	0.91	0.88	0.87	1.04
EBITDA/Revenue	0.51	0.51	0.47	0.56	0.56	0.51	0.48	0.52	0.55	0.51	0.52
RoE	19.8%	20.1%	19.9%	24.4%	27.1%	22.9%	18.4%	22.0%	29.3%	44.6%	24.8%

Source: Company, Centrum Broking

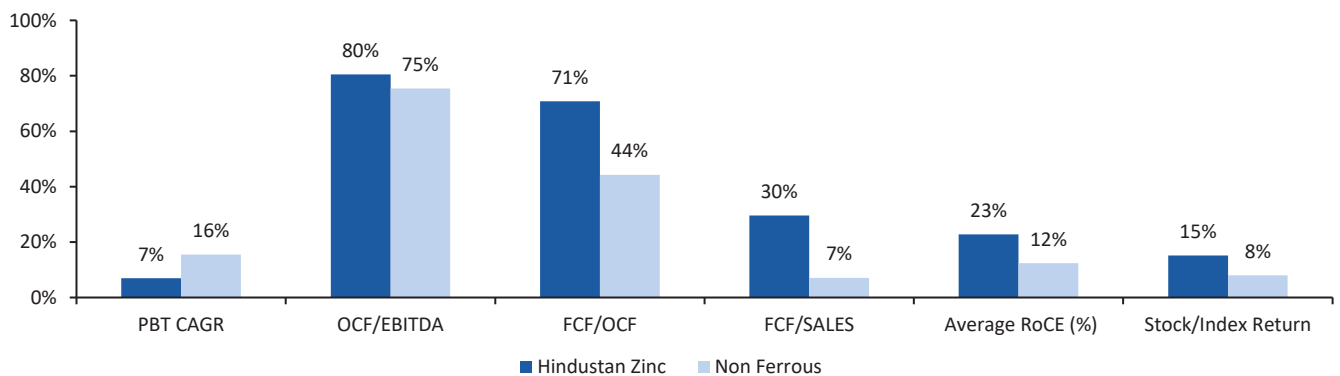
Exhibit 536: Price movement vs. Financials: High profitability; robust RoEs reflect in stock returns

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 537: Dividend payout higher than FCF – net cash declines

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	37,174	38,962	49,080	54,070	68,340	52,320	28,330	78,960	93,610	1,14,090
FCF yield	7%	6%	7%	5%	6%	4%	3%	8%	7%	9%
Dividend + Buyback (b)	15,325	18,785	32,040	189,720	104,690	119,580	-	159,717	76,060	3,19,010
Distribution of FCF (b/a)	41%	48%	65%	351%	153%	229%	0%	202%	81%	280%
Cash & equivalents*/Capital employed	73.3%	75.3%	86.0%	84.5%	59.4%	54.1%	57.7%	55.1%	53.4%	36.4%

Source: Company, Centrum Broking *including liquid investments

Exhibit 538: HZ outperformed its peers

Source: Company, Centrum Broking, *Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	2,26,290	2,94,400	3,40,980	3,12,474	3,19,711
Operating Expense	52,760	64,350	83,054	90,650	80,611
Employee cost	7,600	7,170	8,430	8,852	9,294
Others	49,160	60,620	74,376	74,674	74,674
EBITDA	1,16,770	1,62,260	1,75,120	1,38,298	1,55,131
Depreciation & Amortisation	25,310	29,170	32,640	34,272	34,615
EBIT	91,460	1,33,090	1,42,480	1,04,026	1,20,517
Interest expenses	3,860	2,900	3,330	750	0
Other income	18,190	12,160	13,820	16,000	16,000
PBT	1,05,790	1,42,350	1,52,970	1,19,276	1,36,517
Taxes	25,940	44,710	47,770	30,058	34,402
Effective tax rate (%)	24.5	31.4	31.2	25.2	25.2
PAT	79,850	97,640	1,05,200	89,219	1,02,115
Minority/Associates	0	0	0	0	0
Recurring PAT	79,850	97,640	1,05,200	89,219	1,02,115
Extraordinary items	0	(1,340)	0	0	0
Reported PAT	79,850	96,300	1,05,200	89,219	1,02,115
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	21.9	30.1	15.8	(8.4)	2.3
EBITDA	32.0	39.0	7.9	(21.0)	12.2
Adj. EPS	17.3	22.3	7.7	(15.2)	14.5
Margins (%)					
Gross	98.9	100.9	100.4	100.0	100.0
EBITDA	51.6	55.1	51.4	44.3	48.5
EBIT	40.4	45.2	41.8	33.3	37.7
Adjusted PAT	35.3	32.7	30.9	28.6	31.9
Returns (%)					
ROE	22.0	29.3	44.6	67.7	71.4
ROCE	20.4	25.8	34.7	35.9	39.1
ROIC	37.8	53.5	65.7	52.8	55.0
Turnover (days)					
Gross block turnover ratio (x)	0.7	0.8	0.9	0.7	0.7
Debtors	7	7	6	5	5
Inventory	26	21	20	23	24
Creditors	24	22	22	25	25
Net working capital	324	228	81	68	76
Solvency (x)					
Net debt-equity	(0.4)	(0.5)	0.0	0.2	0.1
Interest coverage ratio	30.3	56.0	52.6	184.4	0.0
Net debt/EBITDA	(1.2)	(1.1)	0.0	0.2	0.1
Per share (Rs)					
Adjusted EPS	18.9	23.1	24.9	21.1	24.2
BVPS	76.5	81.1	30.6	31.7	35.9
CEPS	24.9	30.0	32.6	29.2	32.4
DPS	37.8	18.0	75.5	20.0	20.0
Dividend payout (%)	200.0	79.0	303.2	94.7	82.8
Valuation (x)					
P/E	16.8	13.8	12.8	15.1	13.2
P/BV	4.2	3.9	10.4	10.0	8.9
EV/EBITDA	10.3	7.2	7.7	9.9	8.8
Dividend yield (%)	11.9	5.7	23.7	6.3	6.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	8,450	8,450	8,450	8,450	8,450
Reserves & surplus	3,14,680	3,34,370	1,20,970	1,25,682	1,43,290
Shareholders fund	3,23,130	3,42,820	1,29,420	1,34,132	1,51,740
Minority Interest	0	0	0	0	0
Total debt	78,810	28,230	1,18,410	1,18,410	1,18,410
Non Current Liabilities	10,440	10,300	10,670	10,670	10,670
Def tax liab. (net)	0	9,420	23,140	23,140	23,140
Total liabilities	4,12,380	3,90,770	2,81,640	2,86,352	3,03,960
Gross block	3,18,470	3,50,370	3,86,640	4,35,140	4,78,640
Less: acc. Depreciation	(1,54,000)	(1,78,720)	(2,11,360)	(2,45,632)	(2,80,247)
Net block	1,64,470	1,71,650	1,75,280	1,89,508	1,98,393
Capital WIP	19,220	20,750	21,070	21,070	21,070
Net fixed assets	1,87,300	1,94,710	1,97,270	2,11,498	2,20,383
Non Current Assets	13,710	12,170	8,650	16,602	16,886
Investments	0	0	0	0	0
Inventories	14,250	19,530	18,620	20,546	21,022
Sundry debtors	4,060	7,160	3,800	4,280	4,380
Cash & Cash Equivalents	2,23,330	2,08,150	1,12,620	93,288	1,01,647
Loans & advances	20	20	530	530	530
Other current assets	4,020	4,970	13,050	13,050	13,050
Trade payables	15,450	20,380	20,860	21,402	21,898
Other current liab.	26,920	33,120	49,890	49,890	49,890
Provisions	2,520	2,440	2,150	2,150	2,150
Net current assets	2,00,790	1,83,890	75,720	58,253	66,691
Total assets	4,12,380	3,90,770	2,81,640	2,86,352	3,03,960
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,05,740	1,41,010	1,52,970	1,19,276	1,36,517
Depreciation & Amortisation	25,310	29,170	32,640	34,272	34,615
Net Interest	(5,550)	(5,480)	(8,250)	0	0
Net Change – WC	6,380	(11,990)	5,560	(9,816)	(364)
Direct taxes	(17,550)	(23,910)	(31,400)	(30,058)	(34,402)
Net cash from operations	1,05,670	1,26,910	1,51,330	1,13,675	1,36,365
Capital expenditure	(24,270)	(29,680)	(34,370)	(48,500)	(43,500)
Acquisitions, net	0	0	0	0	0
Investments	71,930	(18,490)	46,650	0	0
Others	(72,010)	56,630	53,300	0	0
Net cash from investing	(24,350)	8,460	65,580	(48,500)	(43,500)
FCF	81,400	97,230	1,16,960	65,175	92,865
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	65,240	(43,150)	89,780	0	0
Dividend paid	(1,59,717)	(76,060)	(3,19,010)	(84,506)	(84,506)
Interest paid	(2,440)	(3,320)	(2,870)	0	0
Others	(50)	(50)	(140)	0	0
Net cash from financing	(96,967)	(1,22,580)	(2,32,240)	(84,506)	(84,506)
Net change in Cash	(15,647)	12,790	(15,330)	(19,332)	8,359

Source: Company, Centrum Broking

Jindal Stainless (JDSL)

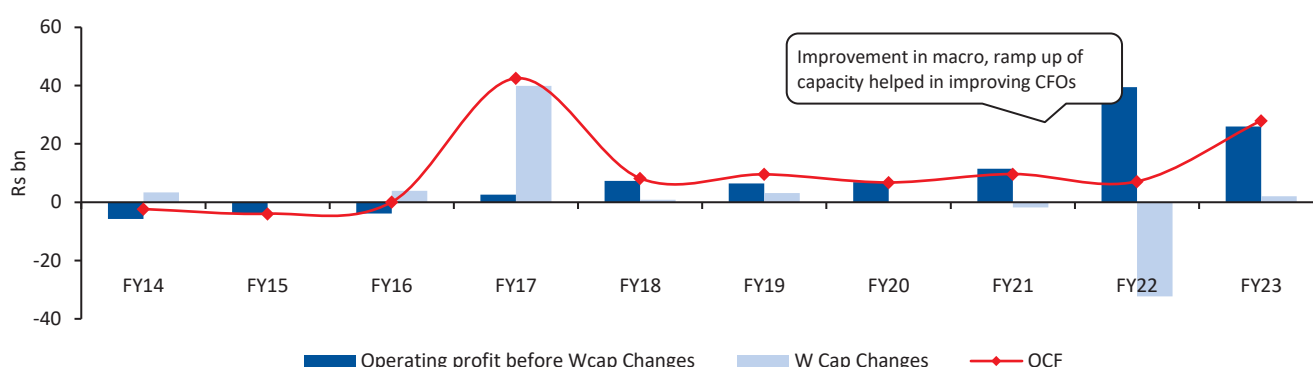
JDSL narrowly escaped bankruptcy by restructuring debt twice (partly converted into equity) during FY10-15 and demerging its businesses as it was debt trapped while expanding capacities post FY08. Revenue grew at 12% CAGR while PBT registered losses till FY16, thereafter turned profitable. NWC fell from 133 days over FY14-18 to 23 days over FY18-23 aided by just in time inventory model. Aggregate OCF generation was Rs105bn with OCF/EBITDA conversion of 63%. Deployment in capex was 36% leading to FCF/OCF conversion of 64%. Consistent deleveraging via FCF and equity raising helped net debt/EBITDA falling from 11.4x in FY14 to 0.8x in FY23. However, RoE/RoCE avg at -14%/9% and stock return of 16% CAGR over FY13-23.

Market data

Current price:	Rs488
Bloomberg:	JDSL IN
52-week H/L:	Rs541/120
Market cap:	Rs401.6bn
Free float:	50.2%
Avg. daily vol. 3mth:	721878

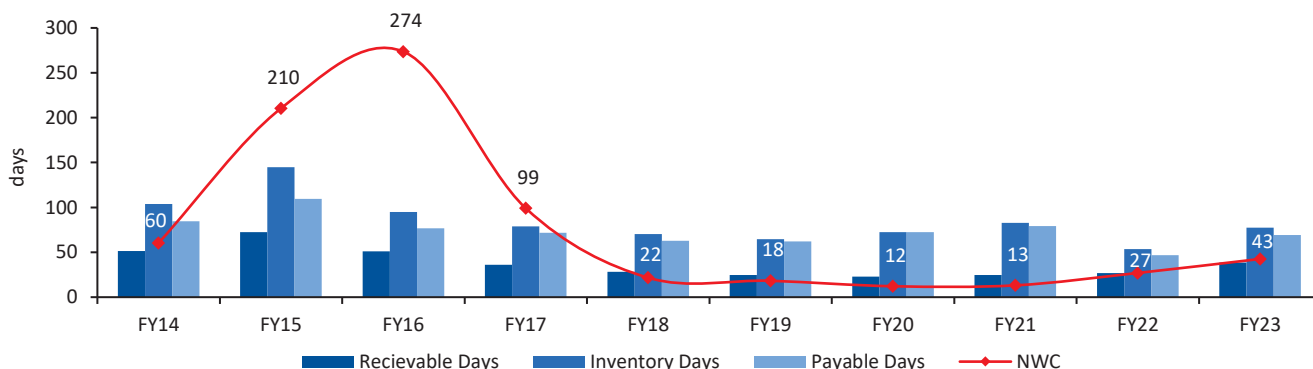
Source: Bloomberg

Exhibit 539: OCF improved from FY18 after demerger of businesses into different entities



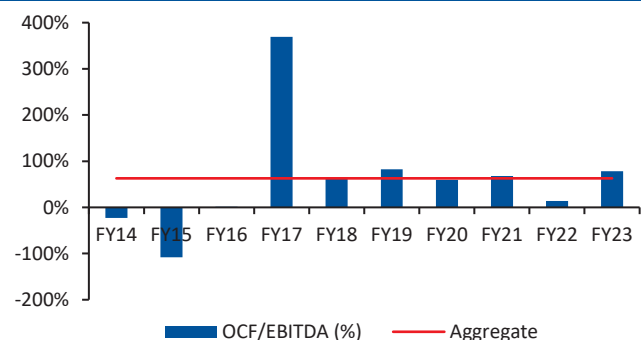
Source: Company, Centrum Broking

Exhibit 540: Working capital cycle improves from FY18 (10-year average NWC at 79 days)



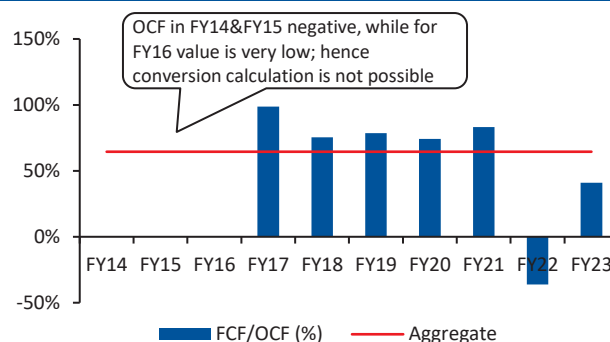
Source: Company, Centrum Broking

Exhibit 541: EBITDA to OCF conversion of 63% over 10 years



Source: Company, Centrum Broking

Exhibit 542: OCF to FCF conversion of 64% over 10 years



Source: Company, Centrum Broking

Exhibit 543: Leverage has been consistently high; poor return ratios; positive macro in last 2 years

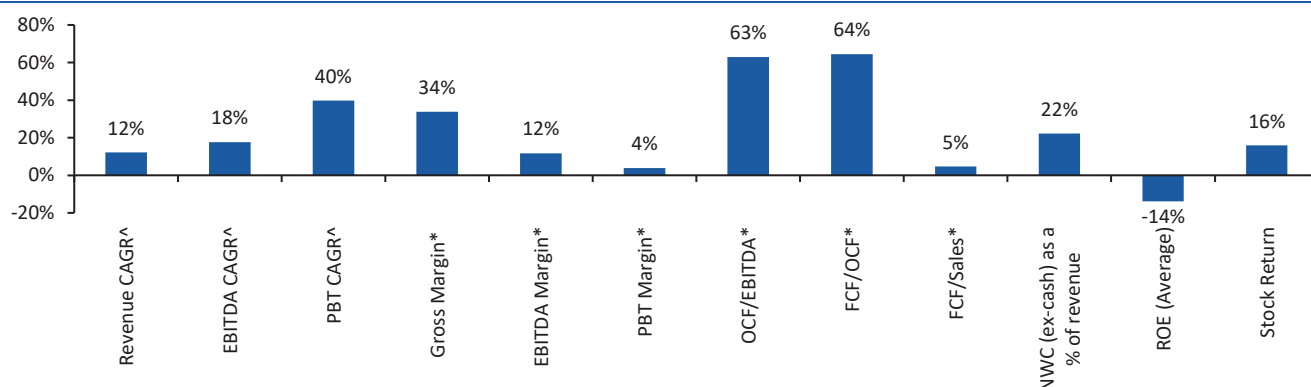
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	137.8	5.0	6.0	3.2	2.0	1.7	1.4	1.0	0.5	0.2	15.9
Net Debt/EBITDA	11.4	30.8	18.0	5.1	3.8	3.7	3.4	2.2	1.0	0.8	8.0
RoCE pre-tax	2.7%	0.1%	2.2%	8.8%	14.0%	11.7%	11.1%	16.3%	36.2%	20.0%	13.0%
RoCE	2.6%	0.1%	1.5%	5.1%	9.1%	7.4%	5.0%	8.7%	27.9%	14.9%	8.7%
RoIC pre-tax	2.3%	(0.4%)	2.1%	8.8%	13.9%	12.1%	11.3%	17.1%	39.2%	21.2%	13.4%
RoE	(135.5%)	(81.4%)	(26.2%)	3.2%	15.8%	5.6%	2.5%	10.7%	44.8%	19.4%	(13.9%)

Source: Company, Centrum Broking

Exhibit 544: DuPont Analysis: Low EBITDA margins, high interest cost keeps return ratios poor

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.98	1.00	0.69	0.58	0.65	0.63	0.45	0.54	0.77	0.74	0.70
Revenue/average total assets	1.03	0.54	0.55	0.93	1.47	1.75	1.75	1.68	2.55	2.20	1.48
Average total assets/Average NW	17.37	11.12	6.57	5.66	3.68	3.05	2.77	2.44	1.97	1.49	5.59
PBT/EBITDA	(0.96)	(2.56)	(1.31)	0.07	0.38	0.18	0.15	0.41	0.78	0.74	(0.21)
EBITDA/Revenue	0.08	0.05	0.08	0.12	0.11	0.09	0.09	0.12	0.14	0.10	0.10
RoE	(135.5%)	(81.4%)	(26.2%)	3.2%	15.8%	5.6%	2.5%	10.7%	44.8%	19.4%	(13.9%)

Source: Company, Centrum Broking

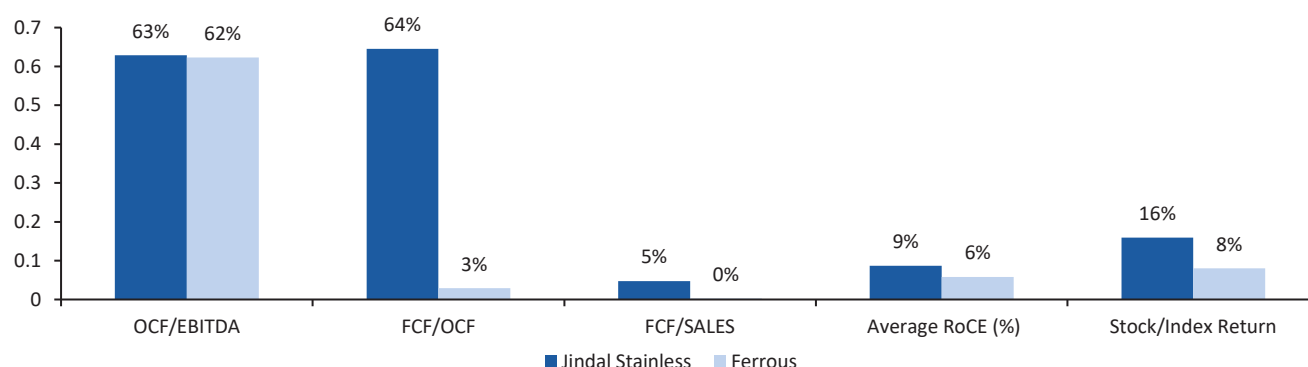
Exhibit 545: Price movement vs. Financials: market favours turnaround story; average stock return of >15% CAGR

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate; PBT CAGR is calculated for FY18-23

Exhibit 546: Positive free cashflows from FY17 except in FY22; awaiting dividend payout to minority shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(3,911)	(3,916)	(1,600)	41,931	6,176	7,517	5,043	8,050	(2,584)	11,440
FCF yield	NA	NA	NA	346%	14%	28%	29%	31%	NA	12%
Dividend + Buyback (b)	2	3	3	-	-	-	-	-	-	-
Distribution of FCF (b/a)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cash & equivalents*/Capital employed	0.6%	0.4%	0.6%	0.5%	0.8%	0.6%	1.0%	1.8%	3.2%	8.3%

Source: Company, Centrum Broking *including liquid investments

Exhibit 547: JD SL's coming out of bankruptcy helps to outperform peers

Source: Company, Centrum Broking, * Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	1,19,870	3,27,327	3,56,970	4,50,440	5,28,274
Operating Expense	86,559	2,45,851	2,81,704	3,54,166	4,17,732
Employee cost	1,779	5,541	5,393	5,625	5,868
Others	19,305	25,030	34,012	38,025	40,371
EBITDA	14,242	50,905	35,861	52,624	64,302
Depreciation & Amortisation	4,030	7,591	7,238	8,241	8,642
EBIT	10,212	43,314	28,623	44,383	55,660
Interest expenses	4,801	3,437	3,246	4,886	3,246
Other income	409	707	1,263	1,263	1,263
PBT	5,821	40,584	26,640	40,760	53,677
Taxes	2,702	10,497	6,901	10,190	13,419
Effective tax rate (%)	46.4	25.9	25.9	25.0	25.0
PAT	3,118	30,087	19,739	30,570	40,258
Minority/Associates	50	701	1,406	1,100	1,100
Recurring PAT	3,168	30,788	21,145	31,669	41,357
Extraordinary items	1,024	0	0	0	0
Reported PAT	4,192	30,788	21,145	31,669	41,357
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(6.0)	173.1	9.1	26.2	17.3
EBITDA	25.0	257.4	(29.6)	46.7	22.2
Adj. EPS	373.7	801.1	(56.2)	49.8	30.6
Margins (%)					
Gross	36.5	34.8	31.4	31.3	30.9
EBITDA	11.7	15.6	10.0	11.7	12.2
EBIT	8.4	13.2	8.0	9.9	10.5
Adjusted PAT	2.6	9.4	5.9	7.0	7.8
Returns (%)					
ROE	10.7	47.3	19.4	23.8	25.1
ROCE	8.7	32.2	14.9	18.7	19.9
ROIC	9.2	34.1	15.7	19.8	21.2
Turnover (days)					
Gross block turnover ratio (x)	1.5	4.2	4.0	3.3	3.7
Debtors	25	27	38	34	35
Inventory	83	53	78	77	74
Creditors	79	47	69	72	74
Net working capital	20	52	54	45	45
Solvency (x)					
Net debt-equity	1.0	0.4	0.2	0.4	0.1
Interest coverage ratio	3.0	14.8	11.0	10.8	19.8
Net debt/EBITDA	2.2	0.7	0.8	1.1	0.3
Per share (Rs)					
Adjusted EPS	6.5	58.6	25.7	38.5	50.2
BVPS	65.8	186.9	144.9	178.2	222.0
CEPS	14.8	73.0	34.5	48.5	60.7
DPS	0.0	0.0	2.5	3.8	5.0
Dividend payout (%)	0.0	0.0	9.7	10.0	10.0
Valuation (x)					
P/E	75.2	8.3	19.0	12.7	9.7
P/BV	7.4	2.6	3.4	2.7	2.2
EV/EBITDA	4.5	8.6	12.0	8.7	6.6
Dividend yield (%)	0.0	0.0	0.5	0.8	1.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	975	1,051	1,647	1,647	1,647
Reserves & surplus	31,077	97,180	1,17,665	1,45,068	1,81,190
Shareholders fund	32,051	98,231	1,19,312	1,46,715	1,82,836
Minority Interest	133	670	364	364	364
Total debt	31,817	40,073	39,582	59,582	39,582
Non Current Liabilities	4,058	4,329	4,997	4,997	4,997
Def tax liab. (net)	4,610	8,904	8,606	8,606	8,606
Total liabilities	72,669	1,52,206	1,72,861	2,20,264	2,36,385
Gross block	81,374	77,073	90,153	1,34,912	1,41,770
Less: acc. Depreciation	(23,094)	0	0	0	0
Net block	58,281	77,073	90,153	1,34,912	1,41,770
Capital WIP	527	5,179	7,609	7,609	7,609
Net fixed assets	59,136	91,714	1,07,341	1,52,100	1,58,957
Non Current Assets	2,472	8,630	6,250	6,250	6,250
Investments	4,552	5,549	6,694	6,694	6,694
Inventories	27,886	67,854	83,939	1,05,918	1,09,510
Sundry debtors	9,339	38,597	36,578	46,156	54,131
Cash & Cash Equivalents	1,169	3,269	12,315	3,881	18,631
Loans & advances	32	0	0	0	0
Other current assets	2,759	10,228	18,285	18,285	18,285
Trade payables	26,319	57,427	78,210	98,689	1,15,741
Other current liab.	8,335	16,140	20,309	20,309	20,309
Provisions	22	68	23	23	23
Net current assets	6,509	46,313	52,576	55,220	64,484
Total assets	72,669	1,52,206	1,72,861	2,20,264	2,36,385
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	6,897	41,590	27,740	40,760	53,677
Depreciation & Amortisation	4,030	7,591	7,238	8,241	8,642
Net Interest	4,587	3,437	3,246	4,886	3,246
Net Change – WC	(1,806)	(32,322)	2,026	(11,078)	5,486
Direct taxes	115	(8,568)	(7,537)	(10,190)	(13,419)
Net cash from operations	13,078	10,381	30,956	32,619	57,632
Capital expenditure	(1,625)	(9,711)	(16,557)	(23,000)	(15,500)
Acquisitions, net	0	0	0	0	0
Investments	(67)	0	0	0	0
Others	172	0	0	0	0
Net cash from investing	(1,520)	(9,853)	(24,817)	(23,000)	(15,500)
FCF	11,453	670	14,399	9,619	42,132
Issue of share capital	537	0	0	0	0
Increase/(decrease) in debt	(8,320)	(1,185)	2,691	0	(20,000)
Dividend paid	0	0	0	(3,167)	(4,136)
Interest paid	(3,403)	(3,253)	(2,959)	0	0
Others	0	967	(124)	0	0
Net cash from financing	(11,186)	(3,471)	(392)	(3,167)	(24,136)
Net change in Cash	372	(2,943)	5,748	6,452	17,996

Source: Company, Centrum Broking

Jindal Steel and Power (JSP)

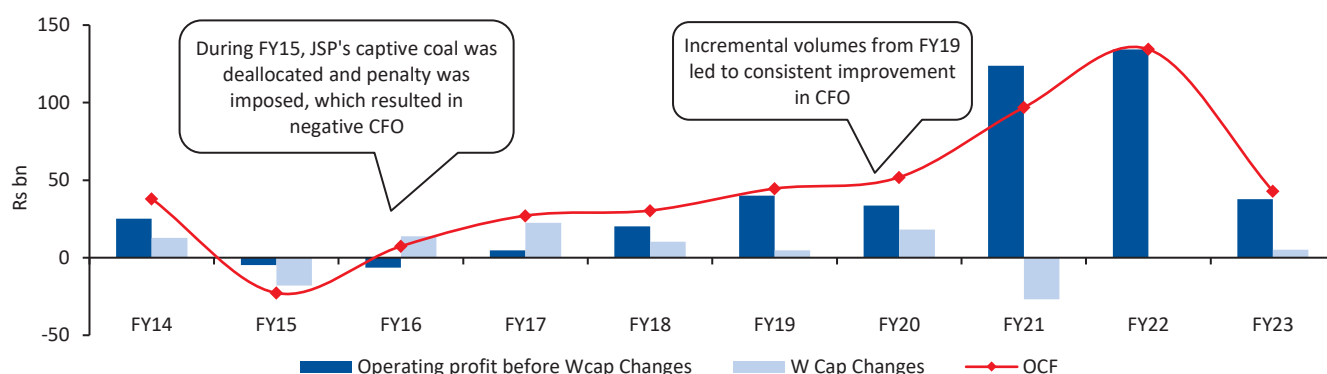
JSP narrowly escaped bankruptcy after its business economics changed post FY15, with de-allocation of its captive coal block. Revenue/PBT grew by 10%/4% CAGR over FY13-23. WC days improved from avg. 103 over FY14-18 to avg. 21 over FY19-23 with decline in inventory and debtor days. Aggregate OCF generation is Rs450bn with moderate OCF/EBITDA conversion of 57%. JSP spent 92% of OCF on capex leading to FCF/OCF of mere 8%. It raised equity in FY18, sale of non-core business and staggered organic capex helped it to reduce net debt by 85% from Rs461bn (Net Debt/EBITDA: 13.6x) in FY16 to Rs70bn (Net Debt/EBITDA: 0.7x) in FY23. Avg. return ratios are poor with RoE/RoCE of 5%/0% and stock return stood at 2% CAGR over FY13-23.

Market data

Current price:	Rs702
Bloomberg:	JSP IN
52-week H/L:	Rs723/386
Market cap:	Rs716.2bn
Free float:	38.8%
Avg. daily vol. 3mth:	2892787

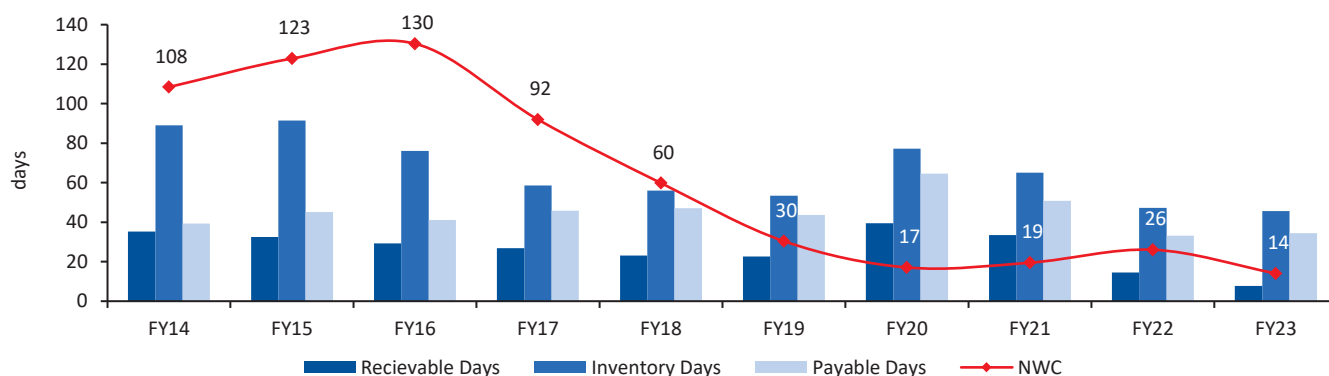
Source: Bloomberg

Exhibit 548: CFO improved consistently with incremental volumes coming in from FY19



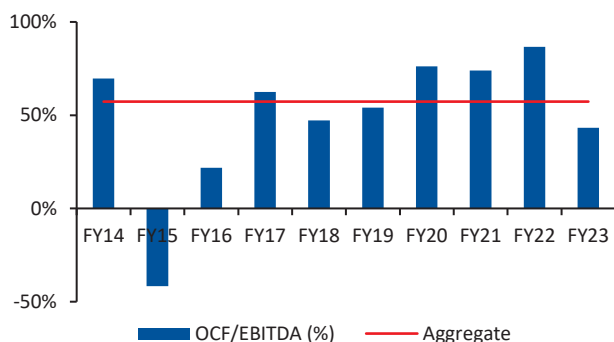
Source: Company, Centrum Broking

Exhibit 549: Working capital cycle improving since FY17 (10-year average NWC at 62 days)



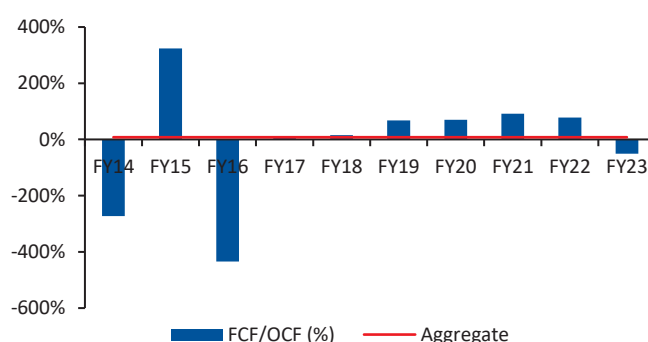
Source: Company, Centrum Broking

Exhibit 550: OCF/EBITDA conversion ratio improved since FY17 (10 year average of 57%)



Source: Company, Centrum Broking

Exhibit 551: Higher capex allocation led to poor FCF/OCF conversion (10 year average of 8%)



Source: Company, Centrum Broking

Exhibit 552: High leverage till FY20, underutilisation of power and overseas mining assets kept return ratios lower

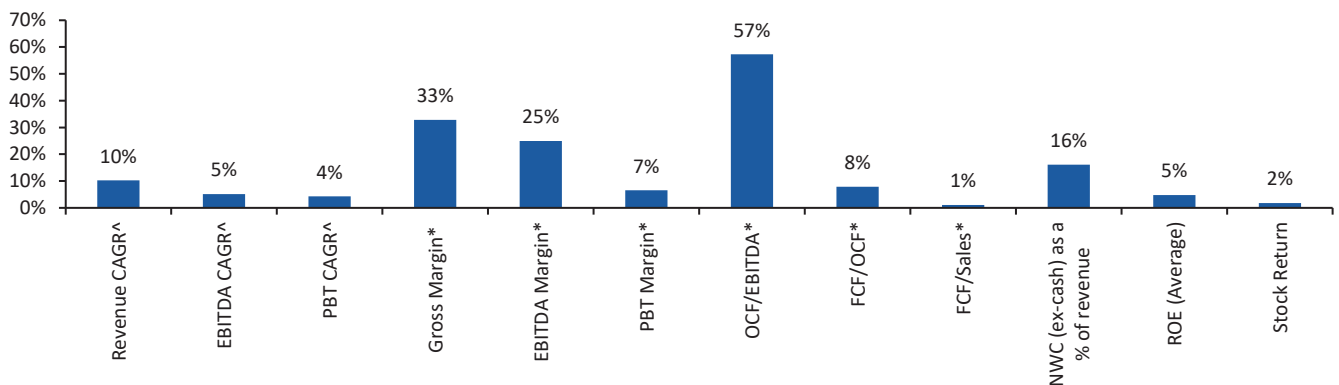
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.5	1.2	1.4	1.5	1.4	1.2	1.1	0.7	0.2	0.2	1.0
Net Debt/EBITDA	6.5	7.9	13.6	10.4	6.6	4.7	5.3	1.5	0.6	0.7	5.8
RoCE pre-tax	6.9%	4.1%	(0.6%)	0.9%	3.5%	5.9%	4.9%	18.0%	24.4%	14.4%	8.2%
RoCE	5.2%	3.1%	(0.4%)	0.7%	2.8%	(56.4%)	3.4%	14.2%	18.3%	11.2%	0.2%
RoIC pre-tax	7.0%	3.9%	(0.9%)	0.5%	3.4%	5.7%	4.9%	18.3%	27.2%	15.8%	8.5%
RoE	8.6%	1.0%	(8.3%)	(6.9%)	(3.4%)	3.6%	0.0%	14.9%	21.3%	16.5%	4.7%

Source: Company, Centrum Broking

Exhibit 553: DuPont Analysis: Lower asset turnover, high interest cost offset higher operating margin, keeping RoE low

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.75	1.24	0.76	0.81	0.81	(9.63)	1.30	0.79	0.75	0.78	(0.16)
Revenue/average total assets	0.35	0.25	0.22	0.25	0.34	0.50	0.40	0.55	0.81	0.90	0.45
Average total assets/Average NW	2.43	2.50	2.49	2.64	2.66	2.53	2.43	2.30	1.85	1.54	2.34
PBT/EBITDA	0.46	0.07	(1.10)	(0.62)	(0.20)	0.00	(0.05)	0.58	0.75	0.59	0.05
EBITDA/Revenue	0.28	0.28	0.17	0.20	0.23	0.21	0.22	0.37	0.30	0.19	0.25
RoE	8.6%	1.0%	(8.3%)	(6.9%)	(3.4%)	3.6%	0.0%	14.9%	21.3%	16.5%	4.7%

Source: Company, Centrum Broking

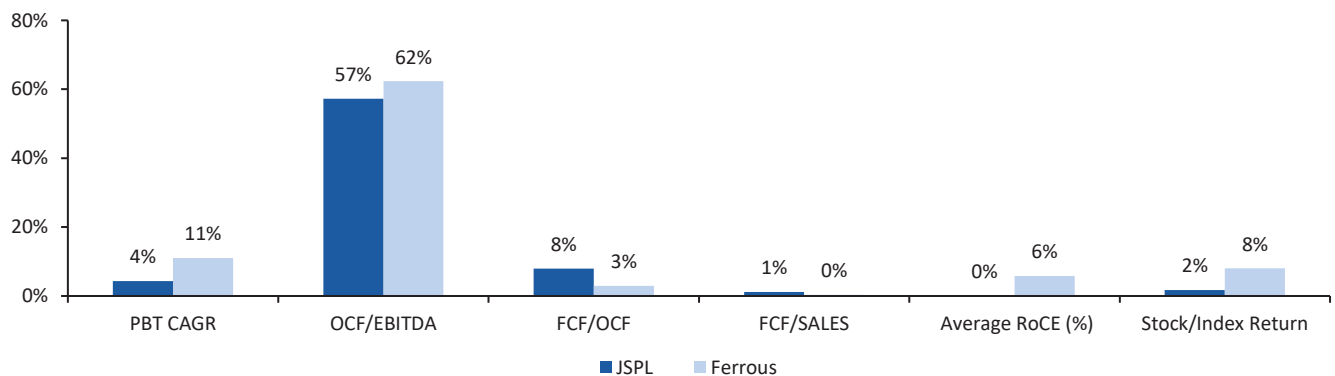
Exhibit 554: Price movement vs. Financials: Poor return ratios reflected in stock price movement

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 555: FCF used to deleverage Balance sheet since FY17; poor distribution to minority shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(103,510)	(73,789)	(32,113)	2,128	4,631	30,237	36,472	88,294	104,970	(21,580)
FCF yield	NA	NA	NA	3%	3%	16%	25%	41%	25%	NA
Dividend + Buyback (b)	1,488	1,448	8	-	(15)	18	18	-	984	2,046
Distribution of FCF (b/a)	NA	NA	0%	0%	0%	0%	0%	0%	1%	NA
Cash & equivalents*/Capital employed	1.9%	3.7%	0.8%	0.7%	0.6%	0.6%	1.4%	11.2%	7.3%	10.8%

Source: Company, Centrum Broking *including liquid investments

Exhibit 556: JSP underperforms its average peers in last 10 years

Source: Company, Centrum Broking, * Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	3,45,405	5,10,856	5,27,112	4,78,747	5,60,036
Operating Expense	1,69,937	2,93,623	4,16,420	3,09,790	3,55,452
Employee cost	8,210	8,707	11,343	10,815	11,470
Others	36,346	53,392	0	39,229	43,719
EBITDA	1,30,913	1,55,134	99,349	1,18,912	1,49,395
Depreciation & Amortisation	24,141	20,968	26,910	28,322	30,822
EBIT	1,06,771	1,34,167	72,439	90,591	1,18,574
Interest expenses	27,533	18,877	14,459	4,816	4,591
Other income	5,320	504	570	0	0
PBT	84,558	1,15,793	58,551	85,775	1,13,983
Taxes	18,108	29,245	12,923	21,265	28,374
Effective tax rate (%)	21.4	25.3	22.1	24.8	24.9
PAT	66,450	86,548	45,628	64,510	85,609
Minority/Associates	(28,075)	(4,701)	15,809	0	0
Recurring PAT	38,375	81,846	61,437	64,510	85,609
Extraordinary items	(2,039)	(4,062)	(13,695)	0	0
Reported PAT	36,336	77,784	47,742	64,510	85,609
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	13.4	47.9	3.2	(9.2)	17.0
EBITDA	92.1	18.5	(36.0)	19.7	25.6
Adj. EPS	17,44,209.2	113.3	(23.8)	5.0	32.7
Margins (%)					
Gross	50.8	42.5	21.0	35.3	36.5
EBITDA	37.9	30.4	18.8	24.8	26.7
EBIT	30.9	26.3	13.7	18.9	21.2
Adjusted PAT	11.1	15.2	9.1	13.5	15.3
Returns (%)					
ROE	12.0	24.3	16.5	15.4	17.5
ROCE	13.7	18.3	11.2	12.6	14.5
ROIC	14.0	20.3	12.3	14.0	16.3
Turnover (days)					
Gross block turnover ratio (x)	0.5	0.9	0.9	0.7	0.7
Debtors	34	14	8	7	6
Inventory	65	47	46	47	46
Creditors	51	33	34	38	37
Net working capital	107	60	36	40	50
Solvency (x)					
Net debt-equity	0.7	0.2	0.2	0.1	0.1
Interest coverage ratio	4.8	8.2	6.9	24.7	32.5
Net debt/EBITDA	1.7	0.6	0.7	0.6	0.3
Per share (Rs)					
Adjusted EPS	37.6	80.2	61.1	64.2	85.2
BVPS	311.9	349.2	385.1	446.3	528.4
CEPS	61.3	100.8	87.9	92.4	115.8
DPS	0.0	3.0	2.0	3.0	3.0
Dividend payout (%)	0.0	3.9	4.2	4.7	3.5
Valuation (x)					
P/E	18.7	8.7	11.5	10.9	8.2
P/BV	2.3	2.0	1.8	1.6	1.3
EV/EBITDA	4.4	5.1	7.8	6.5	5.0
Dividend yield (%)	0.0	0.4	0.3	0.4	0.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,020	1,020	1,005	1,005	1,005
Reserves & surplus	3,17,127	3,55,227	3,86,061	4,47,538	5,30,116
Shareholders fund	3,18,147	3,56,247	3,87,066	4,48,544	5,31,121
Minority Interest	(8,777)	14,705	3,125	3,125	3,125
Total debt	2,93,096	1,28,620	1,24,353	1,19,353	1,19,353
Non Current Liabilities	11,542	11,356	17,652	17,652	17,652
Def tax liab. (net)	62,394	72,762	59,366	59,366	59,366
Total liabilities	6,76,402	5,83,690	5,91,562	6,48,040	7,30,617
Gross block	7,43,159	5,90,464	5,97,809	6,97,809	7,97,809
Less: acc. Depreciation	(2,24,412)	(1,68,024)	(1,89,774)	(2,18,095)	(2,48,917)
Net block	5,18,747	4,22,440	4,08,035	4,79,714	5,48,892
Capital WIP	8,903	17,362	71,059	57,059	43,059
Net fixed assets	5,60,612	4,80,262	5,14,117	5,71,796	6,26,974
Non Current Assets	13,022	18,707	23,973	22,144	25,218
Investments	1,443	1,378	1,425	1,425	1,425
Inventories	59,426	72,814	58,868	65,582	76,717
Sundry debtors	27,944	12,641	9,745	8,851	10,353
Cash & Cash Equivalents	71,772	40,006	54,817	53,307	76,892
Loans & advances	3,463	1,253	957	869	1,017
Other current assets	40,723	1,39,375	30,370	27,601	32,255
Trade payables	40,383	52,519	47,004	52,465	61,374
Other current liab.	60,798	1,29,338	54,735	50,100	57,891
Provisions	822	888	971	971	971
Net current assets	1,01,324	83,343	52,047	52,674	76,999
Total assets	6,76,401	5,83,690	5,91,562	6,48,040	7,30,617

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	72,956	1,21,575	44,855	85,775	1,13,983
Depreciation & Amortisation	34,533	30,075	26,910	28,322	30,822
Net Interest	30,933	23,747	0	0	0
Net Change – WC	(26,846)	100	5,078	(309)	(3,814)
Direct taxes	515	(19,604)	(27,047)	(21,265)	(28,374)
Net cash from operations	1,19,609	1,60,478	58,296	92,522	1,12,617
Capital expenditure	(8,581)	(29,445)	(64,485)	(86,000)	(86,000)
Acquisitions, net	0	0	0	0	0
Investments	(10,311)	3,778	26,028	0	0
Others	50	2,353	(1,728)	0	0
Net cash from investing	(18,842)	(23,313)	(40,185)	(86,000)	(86,000)
FCF	1,11,028	1,31,033	(6,189)	6,522	26,617
Issue of share capital	0	18	0	0	0
Increase/(decrease) in debt	(22,660)	(1,18,284)	(4,008)	(5,000)	0
Dividend paid	0	(984)	(2,046)	0	0
Interest paid	(22,735)	(26,064)	(15,391)	(4,816)	(4,591)
Others	0	0	0	0	0
Net cash from financing	(45,394)	(1,45,314)	(21,445)	(9,816)	(4,591)
Net change in Cash	55,373	(8,150)	(3,334)	(3,293)	22,026

Source: Company, Centrum Broking

JSW Steel (JSTL)

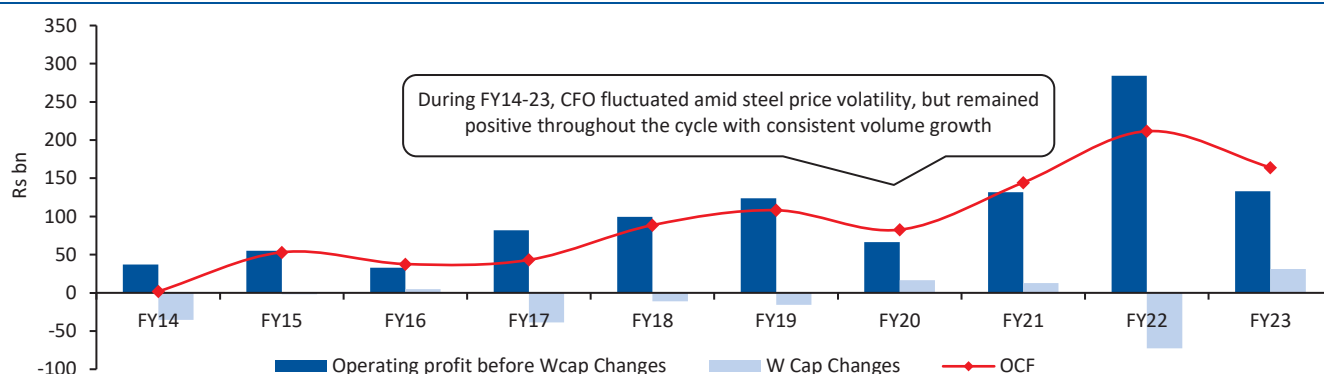
JSTL's lower conversion cost, low capex cost/t and superior working capital management helped it to grow Revenue/PBT by 16%/8% CAGR over FY13-23. NWC management stood robust with avg. -14 days over FY14-23. Aggregate OCF generation is Rs0.9tn with moderate OCF/EBITDA conversion of 59%. Company is fully deploying for capex resulting in FCF/OCF of mere 2% and high leverage ratio with avg. net debt/EBITDA of 3.4x throughout the decade. Though JSTL's debt remains on the higher side, it has managed it well and has not defaulted even during downturns in the last 10 years. The stock has outperformed sector with avg. return of 25% CAGR and maintained return ratios with avg. RoE/RoCE of 17%/10% over FY14-23.

Market data

Current price:	Rs809
Bloomberg:	JSTL IN
52-week H/L:	Rs840/614
Market cap:	Rs1,977.9bn
Free float:	35.1%
Avg. daily vol. 3mth:	3080100

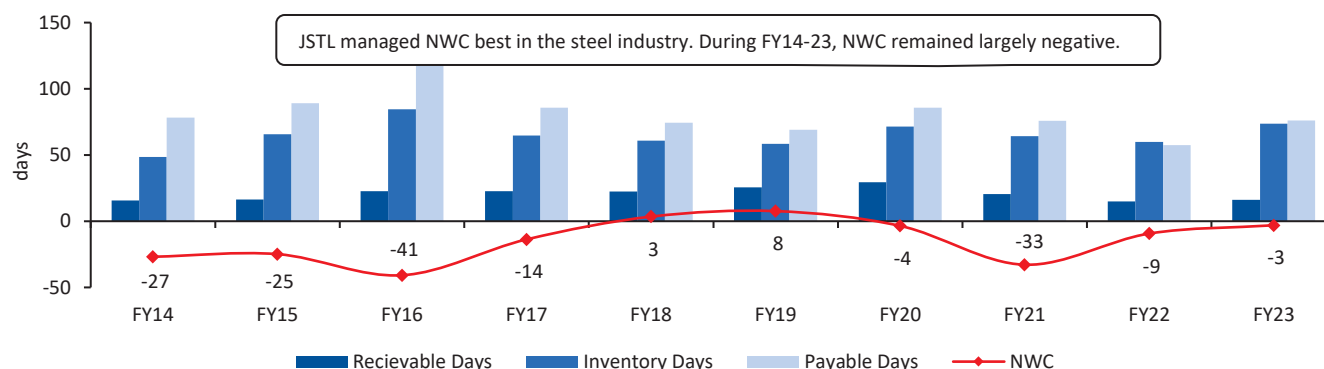
Source: Bloomberg

Exhibit 557: OCF remained positive throughout steel cyclicity



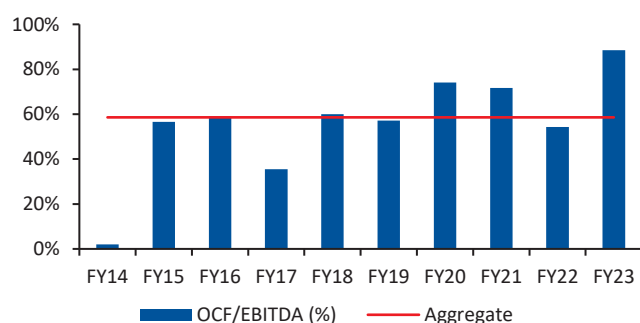
Source: Company, Centrum Broking

Exhibit 558: Negative working capital cycle, thanks to higher acceptances (10-year average NWC at -14 days)



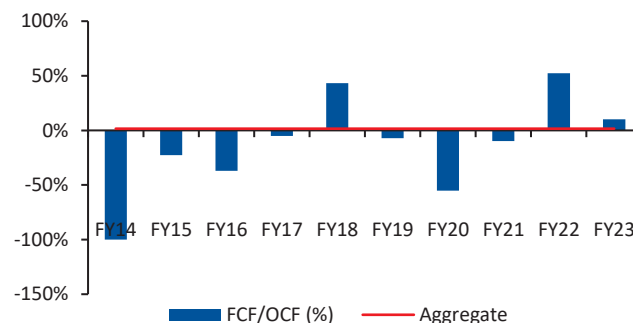
Source: Company, Centrum Broking

Exhibit 559: EBITDA to OCF conversion of 59% over 10 years



Source: Company, Centrum Broking

Exhibit 560: Continuous growth keeps FCF negative in 7 years in last decade



Source: Company, Centrum Broking

Exhibit 561: Leverage has been consistently high; efficient capital allocation keeps return ratios high

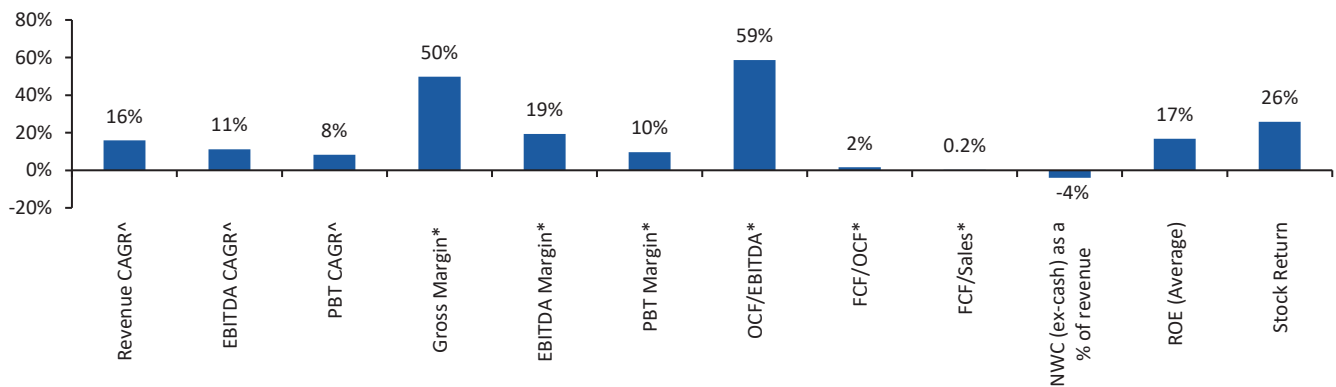
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.6	1.9	2.2	1.9	1.4	1.3	1.4	1.1	0.8	0.9	1.4
Net Debt/EBITDA	3.8	4.1	6.4	3.4	2.6	2.4	4.5	2.4	1.5	3.2	3.4
RoCE pre-tax	12.7%	10.3%	5.3%	14.0%	17.4%	19.8%	8.1%	15.5%	27.8%	8.4%	14.0%
RoCE	8.8%	7.0%	4.0%	9.5%	14.0%	13.4%	5.8%	10.2%	19.5%	6.0%	9.8%
RoIC pre-tax	13.2%	10.6%	5.3%	14.4%	17.9%	21.0%	8.5%	18.0%	32.2%	9.2%	15.0%
RoE	11.3%	8.9%	8.4%	16.7%	25.2%	24.0%	11.5%	19.2%	37.5%	5.3%	16.8%

Source: Company, Centrum Broking

Exhibit 562: DuPont Analysis; Financial leverage and higher EBITDA margin helps in recording >15% RoEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.70	0.68	(4.74)	0.67	0.80	0.67	1.28	0.66	0.70	0.71	0.76
Revenue/average total assets	0.99	0.85	0.64	0.84	1.03	1.05	0.75	0.73	1.10	1.07	0.91
Average total assets/Average NW	2.67	3.00	3.29	3.23	2.81	2.61	2.75	2.66	2.32	2.28	2.76
PBT/EBITDA	0.33	0.28	(0.05)	0.42	0.53	0.59	0.29	0.60	0.76	0.28	0.40
EBITDA/Revenue	0.18	0.18	0.15	0.22	0.21	0.22	0.15	0.25	0.27	0.11	0.19
RoE	11.3%	8.9%	8.4%	16.7%	25.2%	24.0%	11.5%	19.2%	37.5%	5.0%	17.0%

Source: Company, Centrum Broking

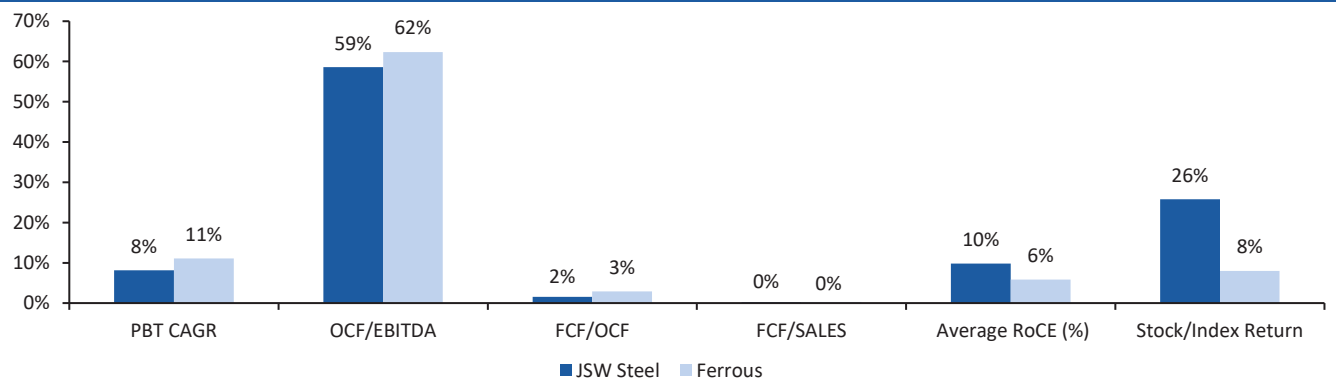
Exhibit 563: Price movement vs. Financials: Market favours growth and high RoE; average stock return at 26%

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 564: Negative free cashflows; poor distribution to minority shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(55,639)	(12,004)	(13,986)	(2,180)	38,310	(7,710)	(45,660)	(14,200)	1,11,000	16,720
FCF yield	(30%)	(4%)	(6%)	(1%)	6%	(1%)	(8%)	(2%)	7%	1%
Dividend + Buyback (b)	3,155	3,437	3,200	2,180	6,550	9,330	11,950	4,830	15,710	41,940
Distribution of FCF (b/a)	(6%)	(29%)	(23%)	(100%)	17%	(121%)	(26%)	(34%)	14%	251%
Cash & equivalents*/Capital employed	2%	4%	2%	3%	2%	8%	13%	12%	14%	14%

Source: Company, Centrum Broking *including liquid investments

Exhibit 565: JSTL outperforms peers in growth, return ratios and stock returns

Source: Company, Centrum Broking, *Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	7,80,590	14,38,290	16,36,460	17,23,538	18,67,495
Operating Expense	4,52,320	8,39,190	11,67,290	12,08,464	12,75,655
Employee cost	25,060	34,930	39,150	69,625	74,199
Others	1,19,600	1,99,520	2,67,690	1,14,402	1,34,116
EBITDA	2,01,410	3,90,070	1,85,470	3,54,187	4,06,665
Depreciation & Amortisation	46,790	60,010	74,740	79,330	83,740
EBIT	1,54,620	3,30,060	1,10,730	2,74,857	3,22,925
Interest expenses	39,570	49,680	69,020	78,520	78,520
Other income	5,920	15,310	10,300	11,800	11,800
PBT	1,20,970	2,95,690	52,010	2,08,137	2,56,205
Taxes	41,420	88,070	15,160	54,026	66,502
Effective tax rate (%)	34.2	29.8	29.1	26.0	26.0
PAT	79,550	2,07,620	36,850	1,54,111	1,89,703
Minority/Associates	390	6,440	(1,320)	(2,588)	(3,765)
Recurring PAT	79,940	2,14,060	35,530	1,51,524	1,85,938
Extraordinary items	(830)	(7,410)	5,910	0	0
Reported PAT	79,110	2,06,650	41,440	1,51,524	1,85,938

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	9.8	84.3	13.8	5.3	8.4
EBITDA	80.5	93.7	(52.5)	91.0	14.8
Adj. EPS	93.3	168.9	(83.4)	326.5	22.7
Margins (%)					
Gross	60.9	60.9	45.3	44.8	45.6
EBITDA	25.2	26.6	11.2	20.3	21.5
EBIT	19.4	22.5	6.7	15.7	17.1
Adjusted PAT	10.0	14.1	2.5	8.7	9.8
Returns (%)					
ROE	19.2	37.5	5.3	21.0	21.4
ROCE	10.2	19.6	6.0	14.0	15.3
ROIC	11.8	22.7	6.6	16.2	18.1
Turnover (days)					
Gross block turnover ratio (x)	0.9	1.1	1.2	1.1	1.1
Debtors	21	15	16	15	15
Inventory	64	60	74	72	71
Creditors	76	58	76	82	81
Net working capital	13	50	34	38	48
Solvency (x)					
Net debt-equity	1.1	0.8	0.9	0.7	0.4
Interest coverage ratio	5.1	7.9	2.7	4.5	5.2
Net debt/EBITDA	2.4	1.4	3.2	1.5	1.1
Per share (Rs)					
Adjusted EPS	33.2	89.2	14.8	63.1	77.5
BVPS	194.0	280.4	273.7	328.5	396.0
CEPS	52.6	114.2	45.9	96.2	112.4
DPS	6.5	17.4	2.2	9.5	11.6
Dividend payout (%)	19.8	20.2	12.9	15.0	15.0
Valuation (x)					
P/E	24.4	9.1	54.6	12.8	10.4
P/BV	4.2	2.9	3.0	2.5	2.0
EV/EBITDA	8.1	6.3	13.7	7.0	5.8
Dividend yield (%)	0.8	2.1	0.3	1.2	1.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	2,410	2,400	2,400	2,400	2,400
Reserves & surplus	4,69,030	6,54,440	6,38,420	7,69,962	9,31,969
Shareholders fund	4,67,640	6,72,970	6,56,950	7,88,492	9,50,499
Minority Interest	(6,190)	12,380	13,440	16,128	19,993
Total debt	6,20,810	7,09,990	8,08,190	7,58,190	7,08,190
Non Current Liabilities	36,000	38,250	25,800	25,800	25,800
Def tax liab. (net)	35,090	76,210	79,360	79,519	79,714
Total liabilities	11,53,350	15,09,800	15,83,740	16,68,128	17,84,195
Gross block	8,46,630	12,53,700	13,60,570	15,60,570	17,60,570
Less: acc. Depreciation	(2,19,900)	(2,77,030)	(3,36,590)	(4,15,920)	(4,99,660)
Net block	6,26,730	9,76,670	10,23,980	11,44,650	12,60,910
Capital WIP	3,24,330	1,67,560	2,20,070	1,55,070	90,070
Net fixed assets	9,74,830	11,67,850	12,66,180	13,21,850	13,73,110
Non Current Assets	64,090	93,940	1,09,700	1,09,700	1,09,700
Investments	85,730	49,320	48,010	49,510	51,010
Inventories	1,42,490	3,37,870	3,31,350	3,54,152	3,83,732
Sundry debtors	44,860	74,570	71,340	75,136	81,412
Cash & Cash Equivalents	1,28,210	1,73,910	2,07,190	2,18,940	2,77,056
Loans & advances	6,220	7,590	7,170	7,170	7,170
Other current assets	36,740	59,800	64,450	77,714	82,394
Trade payables	1,52,430	3,08,890	3,82,030	4,02,358	4,35,965
Other current liab.	1,74,650	1,43,600	1,42,210	1,42,210	1,42,210
Provisions	2,740	2,560	2,800	6,865	8,603
Net current assets	28,700	1,98,690	1,54,460	1,81,678	2,44,985
Total assets	11,53,350	15,09,800	15,83,740	16,68,128	17,84,195

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,20,150	2,97,450	56,550	2,08,137	2,56,205
Depreciation & Amortisation	46,790	60,010	74,740	79,330	83,740
Net Interest	32,640	45,840	66,550	0	0
Net Change – WC	12,640	(72,640)	31,050	(15,310)	(4,996)
Direct taxes	(19,300)	(53,790)	(6,380)	(53,867)	(66,307)
Net cash from operations	1,87,890	2,62,700	2,33,230	2,18,290	2,68,642
Capital expenditure	(92,070)	(1,00,480)	(1,47,490)	(1,35,000)	(1,35,000)
Acquisitions, net	(66,620)	(200)	0	0	0
Investments	60	(5,160)	(3,280)	0	0
Others	77,440	(54,030)	43,660	0	0
Net cash from investing	(81,190)	(1,59,870)	(1,07,110)	(1,35,000)	(1,35,000)
FCF	29,200	1,62,020	85,740	83,290	1,33,642
Issue of share capital	0	720	590	0	0
Increase/(decrease) in debt	16,740	(74,650)	50,600	0	0
Dividend paid	(4,830)	(15,710)	(41,940)	(22,729)	(27,891)
Interest paid	(43,400)	(51,020)	(69,020)	0	0
Others	390	(5,910)	0	0	0
Net cash from financing	(31,100)	(1,46,570)	(59,770)	(22,729)	(27,891)
Net change in Cash	75,600	(43,740)	66,350	60,562	1,05,752

Source: Company, Centrum Broking

NMDC (NMDC)

NMDC, a net cash company, has generated poor Revenue/PBT growth of 5%/-4% CAGR over FY13-23 due to demand cyclicity impact. We observe, NWC days turn better during an upturn and worsen in downturn with avg. of 58 days over the decade. Aggregate OCF generation was Rs390bn with a moderate OCF/EBITDA conversion of 57%. The entire capex of ~Rs205bn (~90% on steel plant; demerged) during FY14-23 was funded via internal cash flows. It led to lower FCF/OCF at 47% with aggregate FCF of Rs185bn. NMDC rewarded shareholders 2.2x the FCF generated over FY14-23, hence cash/share reduced from Rs47 in FY14 to Rs23 in FY23. The RoE/RoCE both avg. at 19% and stock return stood at 5% CAGR over FY13-23.

22 September 2023

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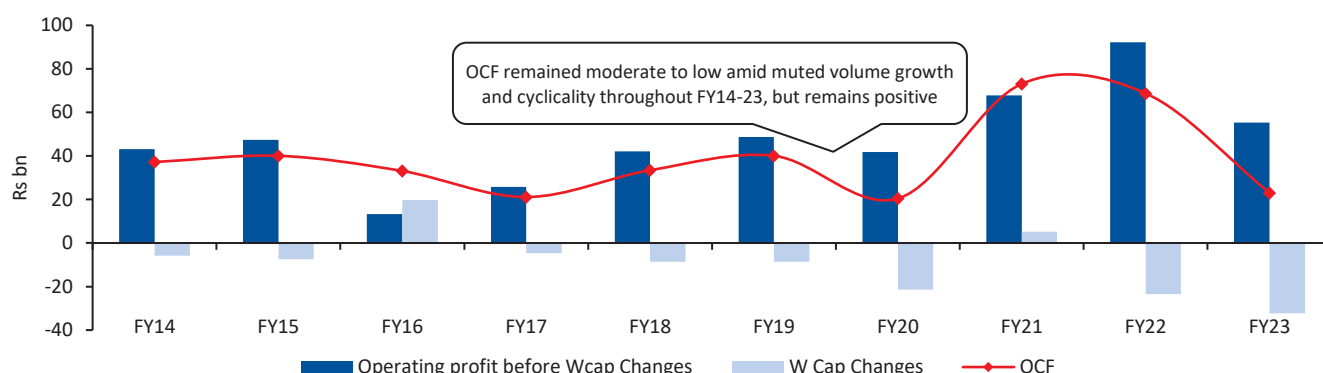
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Institutional Research

Market data

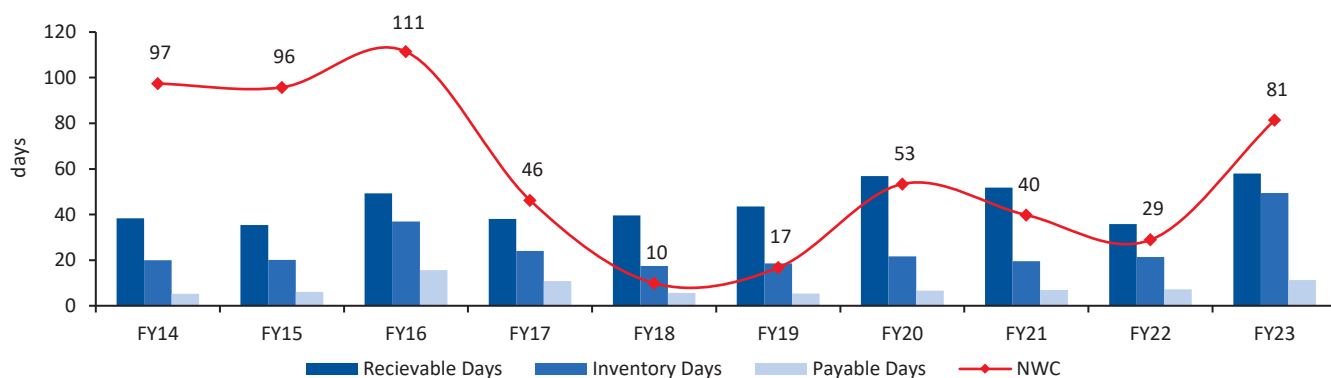
Current price:	Rs149
Bloomberg:	NMDC IN
52-week H/L:	Rs154/86
Market cap:	Rs436.2bn
Free float:	30%
Avg. daily vol. 3mth:	13462220
Source: Bloomberg	

Exhibit 566: OCF remains moderate throughout cycle; During super-cycle years (FY21 & FY22) OCF stood outlier in decade



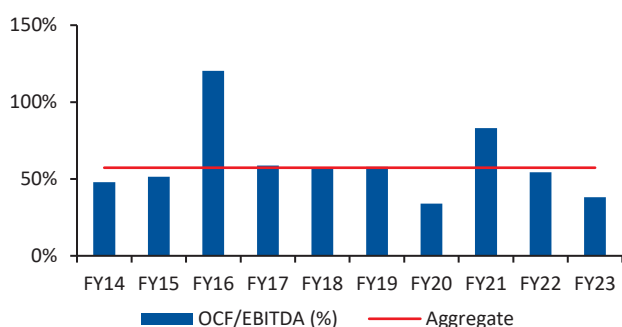
Source: Company, Centrum Broking

Exhibit 567: Net working capital remains lumpy amid cyclicity (10-year average NWC at 58 days)



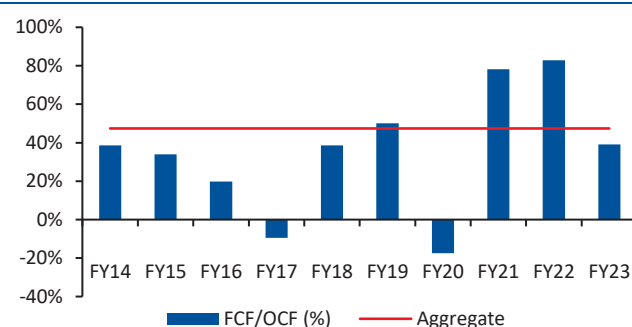
Source: Company, Centrum Broking

Exhibit 568: EBITDA to OCF conversion of 57% over 10 years



Source: Company, Centrum Broking

Exhibit 569: Positive free cash flows in 8 out of 10 years; OCF to FCF conversion of 47% over 10 years



Source: Company, Centrum Broking

Exhibit 570: A cash rich company; return ratios lower despite being a miner

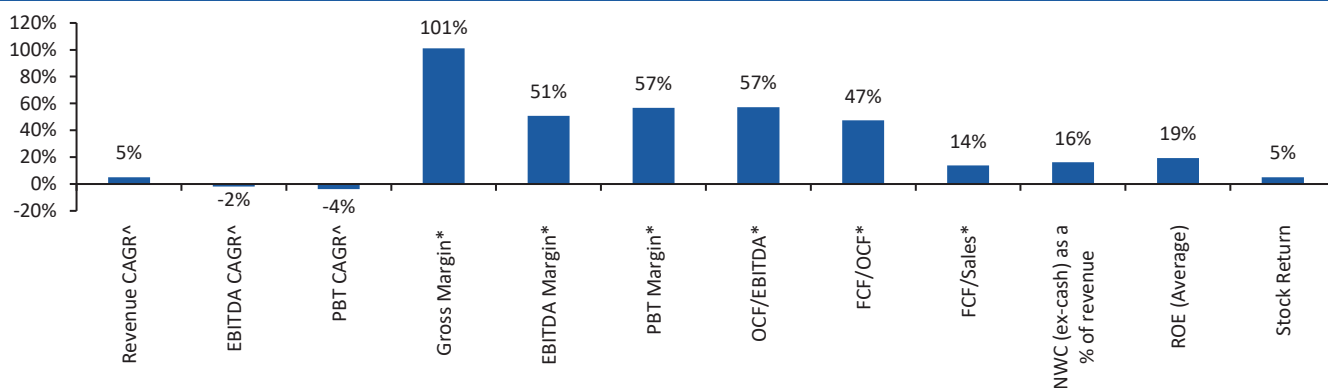
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.6)	(0.6)	(0.5)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.3)	(0.3)	(0.3)
Net Debt/EBITDA	(2.4)	(2.4)	(4.8)	(1.5)	(0.9)	(0.6)	(0.3)	(0.4)	(0.5)	(1.1)	(1.5)
RoCE pre-tax	33.8%	31.7%	13.8%	16.2%	25.6%	28.3%	22.9%	29.8%	50.8%	30.5%	28.4%
RoCE	22.2%	21.0%	9.4%	9.8%	15.6%	18.2%	13.6%	20.9%	36.9%	20.5%	18.8%
RoIC pre-tax	88.0%	62.5%	17.8%	21.5%	31.6%	33.8%	25.1%	34.5%	69.2%	44.8%	42.9%
RoE	22.2%	21.0%	9.4%	10.0%	15.6%	18.5%	13.9%	21.8%	39.7%	21.3%	19.3%

Source: Company, Centrum Broking

Exhibit 571: DuPont Analysis: asset turnover remains low and steady profitability led to moderate RoEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.66	0.66	0.68	0.60	0.61	0.64	0.60	0.70	0.72	0.67	0.65
Revenue/average total assets	0.42	0.40	0.21	0.33	0.49	0.47	0.43	0.51	0.74	0.83	0.51
Average total assets/Average NW	1.00	1.00	1.02	1.03	1.01	1.02	1.02	1.04	1.09	1.06	1.03
PBT/EBITDA	1.25	1.27	1.56	1.19	1.04	1.04	1.03	1.01	1.03	1.06	1.15
EBITDA/Revenue	0.64	0.63	0.43	0.41	0.50	0.57	0.51	0.57	0.49	0.34	0.51
RoE	22.2%	21.0%	9.4%	10.0%	15.6%	18.5%	13.9%	21.8%	29.1%	21.3%	19.3%

Source: Company, Centrum Broking

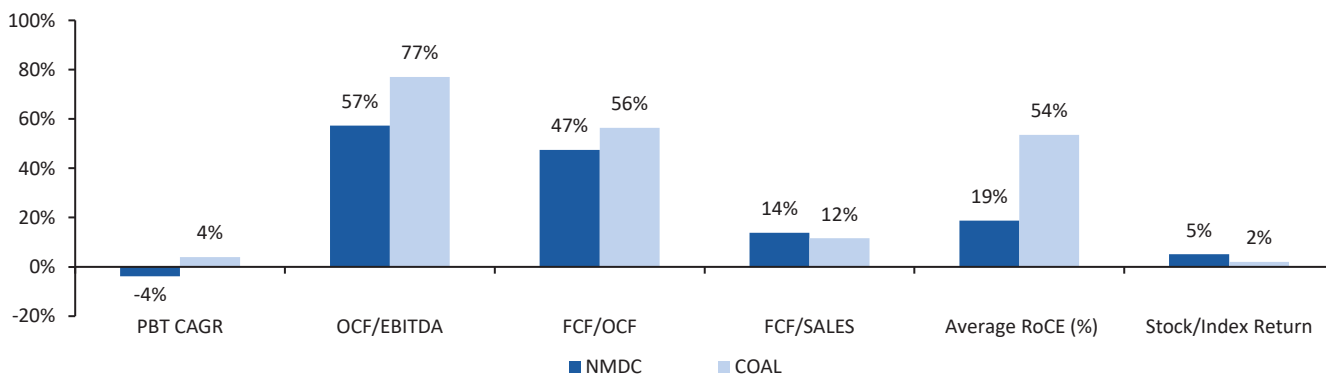
Exhibit 572: Price movement vs. Financials: Low earnings and OCF growth led to poor stock returns

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 573: A good dividend payout; keeps high cash on its books, underutilising FCF

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	14,353	13,611	6,551	(2,019)	12,919	20,096	(3,558)	57,159	56,911	9,000
FCF yield	3%	2%	2%	0%	3%	6%	(1%)	19%	13%	2%
Dividend + Buyback (b)	57,982	34,491	58,694	90,018	23,923	31,388	19,525	39,739	43,195	10,993
Distribution of FCF (b/a)	404%	253%	896%	(4,458%)	185%	156%	(549%)	70%	76%	122%
Cash & equivalents*/Capital employed	65%	59%	47%	20%	23%	18%	9%	19%	31%	33%

Source: Company, Centrum Broking *including liquid investments

Exhibit 574: NMDC's stock returns are in line with other miner

Source: Company, Centrum Broking, * Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	1,53,335	2,59,282	1,76,303	1,69,080	1,85,058
Operating Expense	32,411	41,793	46,681	36,889	37,444
Employee cost	10,818	13,337	15,265	16,028	16,830
Others	22,513	78,209	54,093	51,106	57,619
EBITDA	87,959	1,26,309	60,630	65,422	73,532
Depreciation & Amortisation	2,278	2,869	3,354	3,455	3,558
EBIT	85,680	1,23,441	57,276	61,967	69,973
Interest expenses	168	391	752	250	250
Other income	3,499	7,183	7,479	6,779	8,100
PBT	89,011	1,30,234	64,003	68,497	77,824
Taxes	26,485	35,751	21,082	17,809	20,234
Effective tax rate (%)	29.8	27.5	32.9	26.0	26.0
PAT	62,527	94,483	42,920	50,688	57,590
Minority/Associates	0	0	0	0	0
Recurring PAT	62,527	94,483	42,920	50,688	57,590
Extraordinary items	0	0	(12,373)	0	0
Reported PAT	62,527	94,483	30,548	50,688	57,590

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	31.4	69.1	(32.0)	(4.1)	9.5
EBITDA	46.3	43.6	(52.0)	7.9	12.4
Adj. EPS	76.2	51.1	(54.6)	18.1	13.6
Margins (%)					
Gross	101.0	104.2	102.6	99.9	99.9
EBITDA	57.2	48.6	34.3	38.6	39.7
EBIT	55.7	47.5	32.4	36.6	37.7
Adjusted PAT	40.7	36.4	17.3	29.9	31.1
Returns (%)					
ROE	21.8	39.7	21.3	21.7	22.2
ROCE	20.9	36.9	20.5	21.4	22.0
ROIC	24.2	50.2	30.1	30.9	33.6
Turnover (days)					
Gross block turnover ratio (x)	4.0	7.1	4.5	2.9	2.1
Debtors	52	36	58	49	38
Inventory	20	21	49	41	24
Creditors	7	7	11	10	10
Net working capital	153	161	237	279	288
Solvency (x)					
Net debt-equity	(0.1)	(0.3)	(0.3)	(0.4)	(0.4)
Interest coverage ratio	523.3	323.4	80.6	262.1	294.6
Net debt/EBITDA	(0.4)	(0.5)	(1.1)	(1.3)	(1.4)
Per share (Rs)					
Adjusted EPS	21.3	32.2	14.6	17.3	19.7
BVPS	101.5	61.0	76.2	83.5	93.1
CEPS	22.1	33.2	15.8	18.5	20.9
DPS	7.8	14.7	6.6	10.0	10.0
Dividend payout (%)	36.4	45.7	63.3	57.8	50.9
Valuation (x)					
P/E	7.0	4.6	10.2	8.6	7.6
P/BV	1.5	2.4	2.0	1.8	1.6
EV/EBITDA	4.1	3.2	6.7	5.9	5.0
Dividend yield (%)	5.2	9.9	4.4	6.7	6.7

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	2,931	2,931	2,931	2,931	2,931
Reserves & surplus	2,94,631	1,75,822	2,20,392	2,41,773	2,70,056
Shareholders fund	2,97,562	1,78,753	2,23,323	2,44,704	2,72,986
Minority Interest	0	0	0	0	0
Total debt	19,945	17,925	4,160	4,160	4,160
Non Current Liabilities	46	1,561	1,550	1,550	1,550
Def tax liab. (net)	0	0	0	0	0
Total liabilities	3,17,552	1,98,239	2,29,033	2,50,414	2,78,696
Gross block	38,438	36,585	38,765	58,765	88,765
Less: acc. Depreciation	(11,666)	(12,686)	(14,910)	(18,364)	(21,923)
Net block	26,773	23,899	23,855	40,401	66,842
Capital WIP	1,70,767	12,985	19,617	19,617	19,617
Net fixed assets	2,02,466	41,373	49,821	66,366	92,808
Non Current Assets	36,959	26,936	53,095	43,095	28,095
Investments	9,849	9,873	8,867	8,867	8,867
Inventories	9,217	21,252	26,606	11,606	12,700
Sundry debtors	21,399	29,543	26,560	18,569	20,320
Cash & Cash Equivalents	58,060	79,394	70,481	91,533	1,08,225
Loans & advances	9,012	6,830	7,051	7,051	7,051
Other current assets	16,805	26,636	33,962	32,823	33,188
Trade payables	3,603	6,645	4,258	4,642	5,080
Other current liab.	36,263	31,579	32,338	20,609	22,552
Provisions	10,432	11,064	13,788	7,220	7,901
Net current assets	64,196	1,14,368	1,14,275	1,29,111	1,45,952
Total assets	3,17,552	1,98,239	2,29,033	2,50,414	2,78,696

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	89,016	1,30,225	76,366	68,497	77,824
Depreciation & Amortisation	2,278	2,869	3,354	3,455	3,558
Net Interest	168	391	752	0	0
Net Change – WC	5,277	(23,452)	(32,322)	16,217	14,852
Direct taxes	(24,877)	(43,475)	(20,585)	(17,809)	(20,234)
Net cash from operations	73,305	69,136	23,799	70,359	75,999
Capital expenditure	(15,981)	(11,837)	(14,049)	(20,000)	(30,000)
Acquisitions, net	0	0	0	0	0
Investments	(30,347)	(24,133)	9,980	0	0
Others	2,412	4,227	5,583	0	0
Net cash from investing	(43,915)	(31,743)	1,514	(20,000)	(30,000)
FCF	57,325	57,299	9,750	50,359	45,999
Issue of share capital	(17,006)	0	0	0	0
Increase/(decrease) in debt	13,993	3,445	(13,765)	0	0
Dividend paid	(22,733)	(43,195)	(10,993)	(29,307)	(29,307)
Interest paid	(166)	(389)	(750)	0	0
Others	0	(466)	142	0	0
Net cash from financing	(25,912)	(40,605)	(25,366)	(29,307)	(29,307)
Net change in Cash	3,478	(3,212)	(53)	21,052	16,692

Source: Company, Centrum Broking

Steel Authority of India (SAIL)

SAIL posted Revenue/PBT CAGR of 9%/-4% over FY13-23. NWC largely remains high and decline in upcycle (FY14-23 average is 36 days; FY23: 12 days). It has posted negative OCF in 3 years and negative FCF in 8 years of past 10 years. Aggregate OCF stood lower compared to peers at Rs523bn with OCF/EBITDA conversion at 78% over FY14-23. SAIL's spends on capex of Rs547bn is higher than OCF generated and hence aggregate FCF stood at negative Rs23bn. The Net Debt/EBITDA stood high at 5.6x over FY14-23. Two years of good steel cycle in a decade offset the poor free cash flows of earlier years and helped it to deleverage significantly, with Net Debt/EBITDA at 0.8x in FY22 (FY23:3.8x). Return ratios RoE/RoCE stood lower at avg 3%/4%. Stock return stood poor at 2% CAGR over FY13-23.

22 September 2023

Kunal Kothari

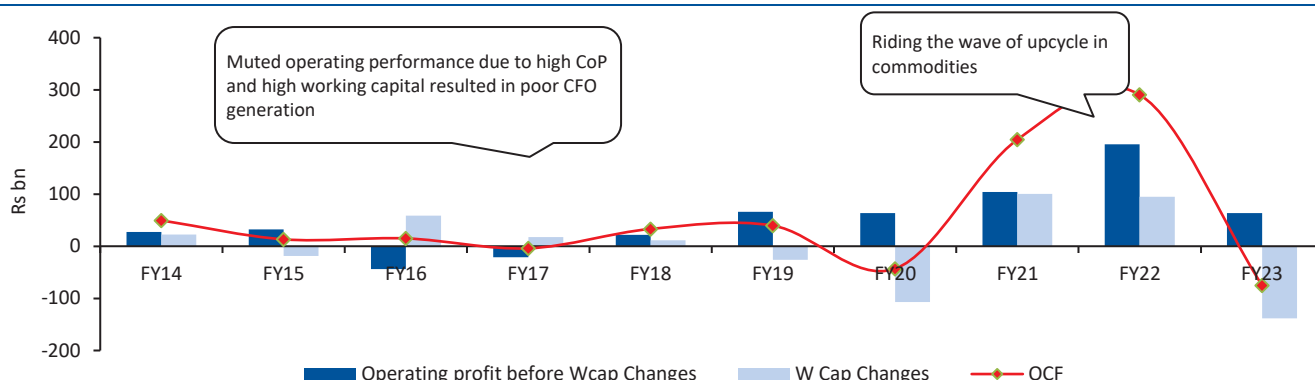
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Institutional Research

Market data

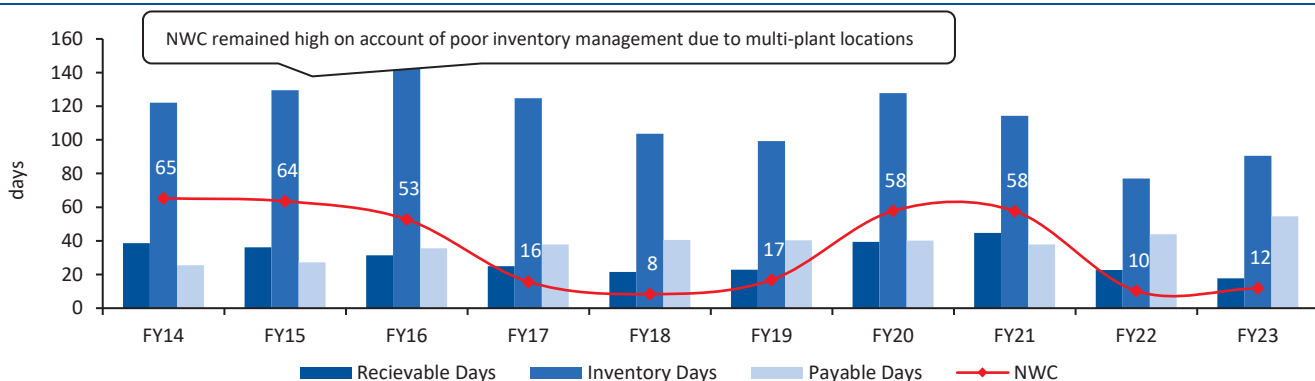
Current price:	Rs97
Bloomberg:	SAIL IN
52-week H/L:	Rs104/73
Market cap:	Rs400.2bn
Free float:	26.3%
Avg. daily vol. 3mth:	17672880
Source: Bloomberg	

Exhibit 575: Lower profitability and poor working capital management resulted in muted OCF



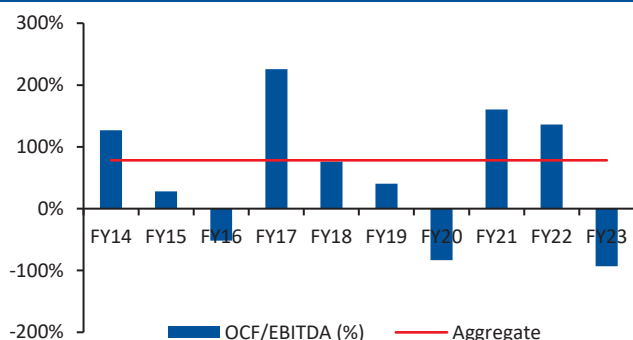
Source: Company, Centrum Broking

Exhibit 576: Working capital cycle 50% of last decade remained at ~59 days, while averaged at 36 days over the total period



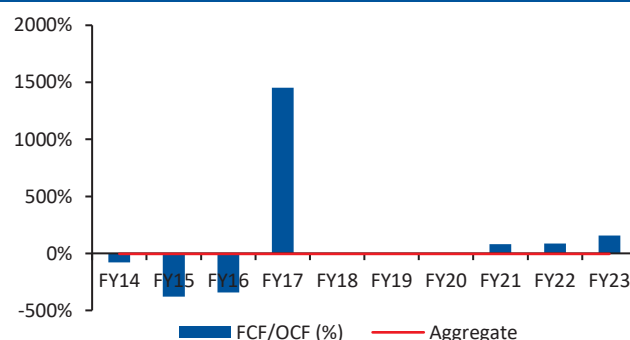
Source: Company, Centrum Broking

Exhibit 577: Average cash conversion of 78% over 10 years, implying higher non cash provisions in EBITDA



Source: Company, Centrum Broking

Exhibit 578: Leveraged balance sheet, capex keeps FCF negative in 8 out of 10 years



Source: Company, Centrum Broking

Exhibit 579: Leverage has been consistently high; poor return ratios; profitability depends on steel prices

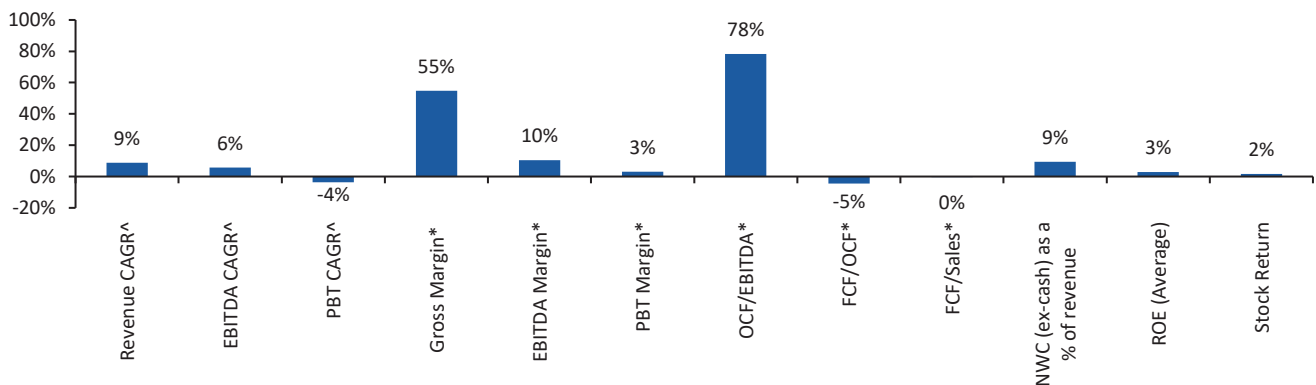
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity(x)	0.5	0.7	0.9	1.1	1.3	1.2	1.3	0.9	0.3	0.6	0.88
Net Debt/EBITDA(x)	5.7	6.2			10.3	4.6	10.3	2.9	0.8	3.8	5.59
RoCE pre -tax	4.7%	5.5%	(6.3%)	(3.1%)	2.3%	8.4%	2.7%	11.0%	24.0%	5.8%	5.5%
RoCE	3.4%	4.9%	(3.6%)	(1.8%)	1.7%	5.8%	(0.2%)	6.2%	18.1%	4.0%	3.8%
RoIC pre-tax	3.6%	4.3%	(7.3%)	(3.9%)	1.7%	7.9%	1.6%	10.1%	23.4%	4.1%	4.6%
RoE	3.6%	5.2%	(9.7%)	(7.5%)	(2.1%)	7.0%	(5.7%)	9.1%	25.9%	3.2%	2.9%

Source: Company, Centrum Broking; FY16 & FY17 Net Debt/EBITDA is not mentioned because of negative EBITDA

Exhibit 580: DuPont Analysis; Low EBITDA margins, high interest cost keeps return ratios poor

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.71	0.89	0.57	0.58	0.73	0.69	2.07	0.56	0.75	0.69	0.83
Revenue/average total assets	0.64	0.58	0.49	0.55	0.68	0.76	0.65	0.74	1.20	1.18	0.75
Average total assets/Average NW	1.73	1.82	1.94	2.15	2.35	2.37	2.42	2.26	1.81	1.71	2.06
PBT/EBITDA	0.54	0.53	2.42	27.19	(0.24)	0.38	(0.21)	0.54	0.77	0.30	3.22
EBITDA/Revenue	0.08	0.10	(0.07)	(0.00)	0.08	0.15	0.08	0.18	0.21	0.08	0.09
RoE	3.6%	5.2%	(9.7%)	(7.5%)	(2.1%)	7.0%	(5.7%)	9.1%	25.9%	3.2%	2.9%

Source: Company, Centrum Broking

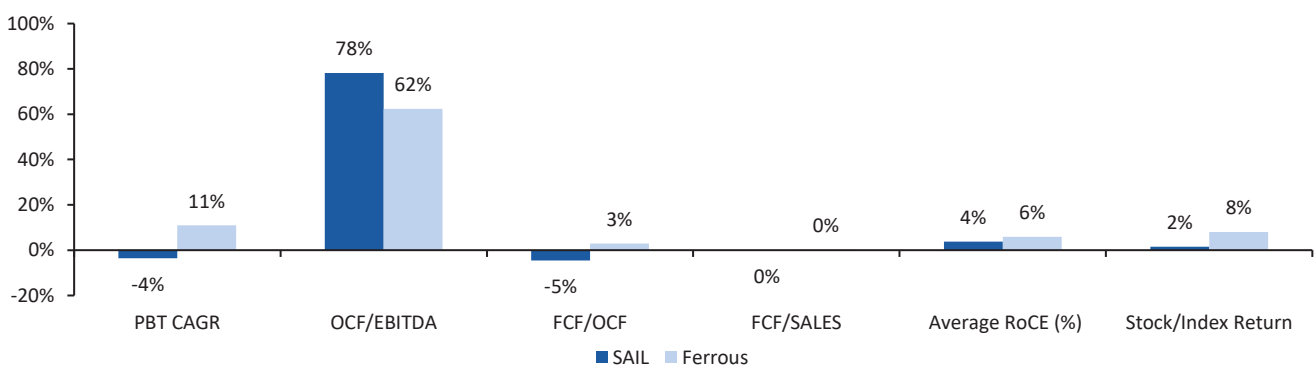
Exhibit 581: Price movement vs Financials: Poor profitability, poor return ratios reflected in stock return too

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 582: Negative free cashflows in 8 out of 10 years; minimum 30% of dividend payout

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(39,176)	(50,037)	(51,526)	(58,550)	(34,456)	(296)	(89,767)	166,310	251,894	(1,18,010)
FCF yield	NA	NA	NA	NA	NA	0%	NA	89%	53%	NA
Dividend + Buyback (b)	11,694	8,666	1,243	-	-	-	2,481	4,131	30,669	13,424
Distribution of FCF (b/a)	NA	NA	NA	0%	0%	0%	NA	2%	12%	NA
Cash & equivalents*/Capital employed	4.4%	3.2%	0.4%	0.4%	0.3%	0.3%	0.4%	0.8%	0.9%	0.5%

Source: Company, Centrum Broking *including liquid investments

Exhibit 583: SAIL underperforms peers in most of parameters except for OCF/EBITDA conversion

Source: Company, Centrum Broking, *Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	6,84,523	10,28,051	10,44,474	9,65,500	9,56,300
Operating Expense	3,80,544	5,97,012	7,11,097	6,32,595	6,07,749
Employee cost	1,04,459	1,28,462	1,20,536	1,22,947	1,25,406
Others	78,658	96,038	1,32,600	1,01,885	1,06,668
EBITDA	1,27,439	2,13,222	80,241	1,14,754	1,23,160
Depreciation & Amortisation	41,020	42,742	49,625	50,625	51,625
EBIT	86,419	1,70,480	30,616	64,129	71,535
Interest expenses	28,171	16,979	20,375	23,080	23,080
Other income	10,117	10,420	13,548	7,500	7,500
PBT	68,364	1,63,921	23,789	48,549	55,955
Taxes	30,290	40,237	7,338	12,234	14,101
Effective tax rate (%)	44.3	24.5	30.8	25.2	25.2
PAT	38,074	1,23,685	16,451	36,315	41,854
Minority/Associates	0	0	0	0	0
Recurring PAT	38,074	1,23,685	16,451	36,315	41,854
Extraordinary items	584	(3,534)	2,580	0	0
Reported PAT	38,658	1,20,150	19,031	36,315	41,854
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	12.2	50.2	1.6	(7.6)	(1.0)
EBITDA	146.0	67.3	(62.4)	43.0	7.3
Adj. EPS	nm	224.9	(86.7)	120.7	15.3
Margins (%)					
Gross	60.9	59.3	45.5	49.0	51.6
EBITDA	18.4	20.6	7.7	11.8	12.8
EBIT	12.5	16.5	2.9	6.6	7.4
Adjusted PAT	5.5	11.6	1.8	3.7	4.3
Returns (%)					
ROE	9.1	25.9	3.2	6.8	7.5
ROCE	6.2	18.1	4.0	6.4	6.8
ROIC	5.6	17.6	2.9	5.9	6.5
Turnover (days)					
Gross block turnover ratio (x)	0.6	0.8	0.9	0.7	0.7
Debtors	45	23	18	19	19
Inventory	114	77	91	97	90
Creditors	38	44	55	52	50
Net working capital	41	(2)	29	32	25
Solvency (x)					
Net debt-equity	0.9	0.3	0.6	0.5	0.5
Interest coverage ratio	4.5	12.6	3.9	5.0	5.3
Net debt/EBITDA	2.9	0.8	3.8	2.4	2.4
Per share (Rs)					
Adjusted EPS	9.2	29.9	4.0	8.8	10.1
BVPS	105.3	125.9	126.2	132.4	139.5
CEPS	19.1	40.3	16.0	21.0	22.6
DPS	2.8	8.8	1.5	2.6	3.0
Dividend payout (%)	29.9	30.1	32.6	30.0	30.0
Valuation (x)					
P/E	10.5	3.2	24.3	11.0	9.6
P/BV	0.9	0.8	0.8	0.7	0.7
EV/EBITDA	5.5	2.7	8.8	5.9	5.6
Dividend yield (%)	2.9	9.0	1.5	2.7	3.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	41,305	41,305	41,305	41,305	41,305
Reserves & surplus	3,93,644	4,78,866	4,80,087	5,05,507	5,34,805
Shareholders fund	4,34,949	5,20,171	5,21,392	5,46,812	5,76,110
Minority Interest	0	0	0	0	0
Total debt	3,76,766	1,72,841	3,07,734	3,07,734	3,07,734
Non Current Liabilities	61,969	94,041	96,735	92,498	92,004
Def tax liab. (net)	12,532	52,599	57,472	57,472	57,472
Total liabilities	8,86,216	8,39,653	9,83,332	10,04,516	10,33,320
Gross block	11,31,232	12,27,492	12,25,541	12,95,541	13,95,541
Less: acc. Depreciation	(4,69,538)	(5,05,524)	(5,05,524)	(5,56,149)	(6,07,774)
Net block	6,61,694	7,21,968	7,20,017	7,39,392	7,87,767
Capital WIP	88,785	40,167	48,914	48,914	48,914
Net fixed assets	7,64,772	7,76,728	7,84,141	8,03,516	8,51,890
Non Current Assets	28,751	52,109	98,650	98,650	98,650
Investments	15,950	16,245	16,727	16,727	16,727
Inventories	1,95,083	2,41,285	2,77,163	2,38,069	2,35,800
Sundry debtors	81,388	47,368	53,625	49,570	49,098
Cash & Cash Equivalents	6,805	6,478	3,980	33,628	15,015
Loans & advances	364	431	353	353	353
Other current assets	64,211	36,767	42,513	39,321	38,949
Trade payables	80,421	1,69,180	1,43,389	1,32,547	1,31,284
Other current liab.	1,70,290	1,56,874	1,36,636	1,28,976	1,28,084
Provisions	20,398	11,705	13,793	13,793	13,793
Net current assets	76,743	(5,430)	83,815	85,624	66,053
Total assets	8,86,216	8,39,653	9,83,332	10,04,516	10,33,320
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	68,790	1,60,387	26,369	48,549	55,955
Depreciation & Amortisation	41,020	42,742	49,534	50,625	51,625
Net Interest	23,938	11,348	13,357	0	0
Net Change – WC	1,00,367	94,816	(1,38,224)	23,603	464
Direct taxes	(224)	(836)	(4,196)	(12,234)	(14,101)
Net cash from operations	2,34,004	3,09,637	(54,065)	1,10,543	93,943
Capital expenditure	(38,273)	(38,522)	(43,145)	(70,000)	(1,00,000)
Acquisitions, net	0	0	0	0	0
Investments	72	(45)	0	0	0
Others	4,292	(1,180)	10,810	0	0
Net cash from investing	(33,908)	(39,747)	(32,335)	(70,000)	(1,00,000)
FCF	1,95,731	2,71,115	(97,210)	40,543	(6,057)
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(1,63,350)	(2,22,224)	1,22,761	0	0
Dividend paid	(4,131)	(30,669)	(13,424)	(10,894)	(12,556)
Interest paid	(29,421)	(19,221)	(20,800)	0	0
Others	0	(1,862)	(2,670)	0	0
Net cash from financing	(1,96,901)	(2,73,976)	85,867	(10,894)	(12,556)
Net change in Cash	3,194	(4,086)	(533)	29,648	(18,613)

Source: Company, Centrum Broking

Tata Steel (TATA)

TATA's incremental focus on its fully-integrated Indian operations over the last 10 years helped it to tide over business cyclicity and Revenue/PBT grew by CAGR of 6%/18% over FY13-23. It managed its NWC well, keeping average below 20 days. Aggregate OCF generation is Rs1.5tn with better than industry OCF/EBITDA of 62%. TATA is fully deploying for capex resulting in FCF/OCF of mere 1%. To support European operations, BSL and NINL acquisition, led to higher Net Debt/ EBITDA at avg. 4.2x. A good steel cycle (FY21 & FY22) offset the poor FCFs of earlier years and helped to reduce its Net Debt/EBITDA to 0.9x in FY22 (FY23: 2.1x). Return ratios are lower with RoE/RoCE of 12%/7% and stock return at 13% CAGR over FY13-23.

22 September 2023

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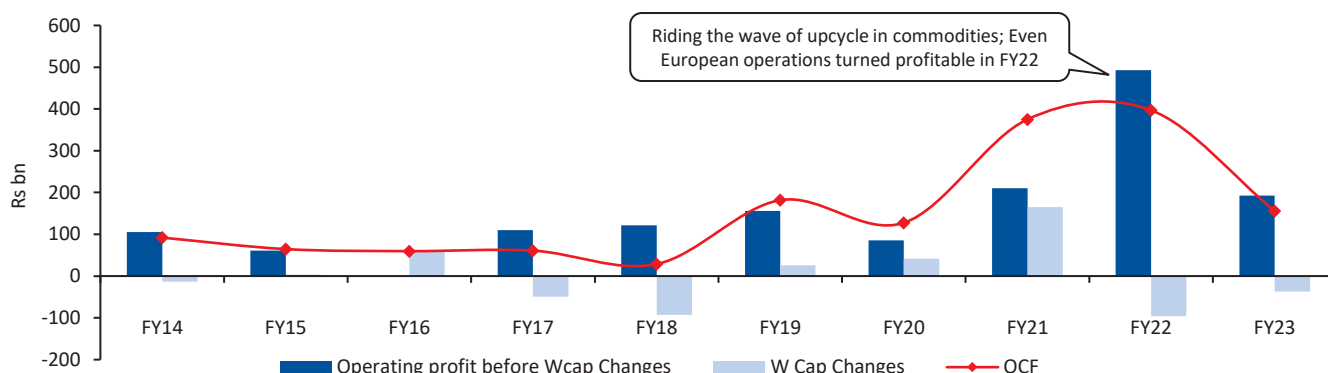
Institutional Research

Market data

Current price:	Rs130
Bloomberg:	TATA IN
52-week H/L:	Rs135/95
Market cap:	Rs1,594.3bn
Free float:	57.6%
Avg. daily vol. 3mth:	37970810

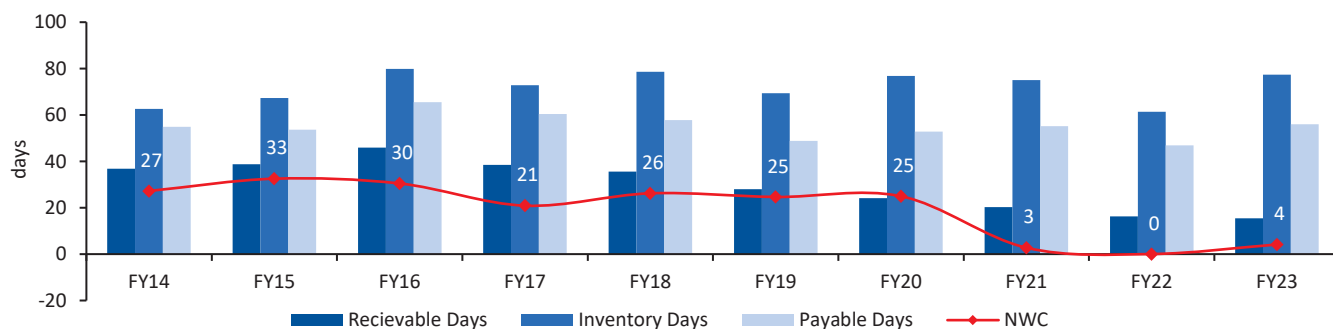
Source: Bloomberg

Exhibit 584: Generated positive cash flow from operations consistently despite cyclical operation and losses at Europe



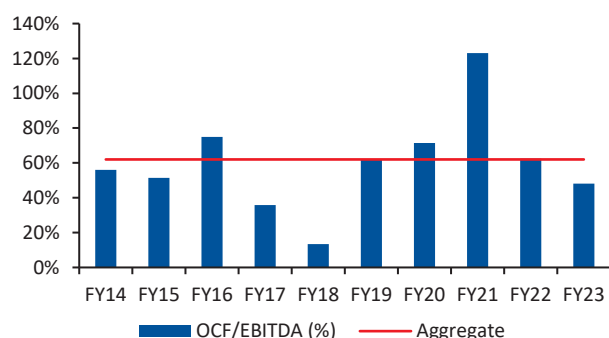
Source: Company, Centrum Broking

Exhibit 585: NWC on downward trend (10-year average NWC of 19 days)



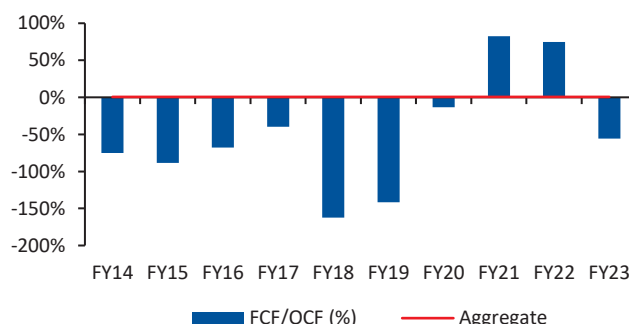
Source: Company, Centrum Broking

Exhibit 586: EBITDA to OCF conversion of 62% over 10 years



Source: Company, Centrum Broking

Exhibit 587: Leveraged balance sheet, capex keeps FCF negative in 8 out of 10 years (OCF to FCF conversion)



Source: Company, Centrum Broking

Exhibit 588: Leverage has been consistently high; Return ratios improving with higher share of profits from India

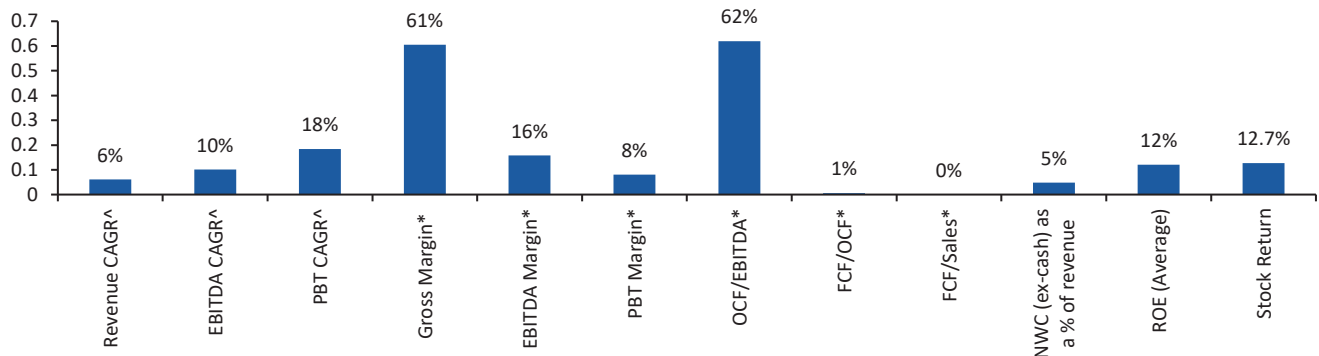
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity(x)	1.7	1.5	1.7	2.0	1.2	1.4	1.4	1.1	0.5	0.6	1.3
Net Debt/EBITDA(x)	4.4	5.5	9.2	4.4	3.3	3.3	6.0	2.7	0.9	2.1	4.2
RoCE pre -tax	9.6%	5.9%	2.5%	9.5%	12.0%	14.4%	6.0%	12.1%	29.6%	12.3%	11.4%
RoCE	5.3%	(0.1%)	1.0%	5.6%	8.3%	8.3%	1.4%	7.4%	24.6%	5.3%	6.7%
RoIC pre-tax	10.2%	6.0%	2.5%	10.4%	13.3%	15.0%	5.3%	12.5%	32.8%	13.3%	12.1%
RoE	9.7%	0.0%	(4.5%)	10.4%	16.9%	16.6%	9.4%	11.8%	42.9%	8.0%	12.1%

Source: Company, Centrum Broking

Exhibit 589: DuPont Analysis: Financial leverage and higher EBITDA margin helps in improving RoEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.55	(0.01)	1.60	0.59	0.69	0.57	1.76	0.61	0.83	0.43	0.76
Revenue/average total assets	1.19	0.99	0.70	0.78	0.78	0.86	0.74	0.77	1.17	1.10	0.91
Average total assets/Average NW	3.21	3.20	3.31	3.63	3.26	2.85	2.83	2.68	2.14	1.98	2.91
PBT/EBITDA	0.41	0.20	(0.14)	0.40	0.52	0.54	0.19	0.48	0.78	0.55	0.39
EBITDA/Revenue	0.11	0.09	0.08	0.15	0.17	0.19	0.12	0.19	0.26	0.13	0.15
RoE	9.7%	0.0%	(4.5%)	10.4%	16.9%	16.6%	9.4%	11.8%	42.9%	8.0%	12.1%

Source: Company, Centrum Broking

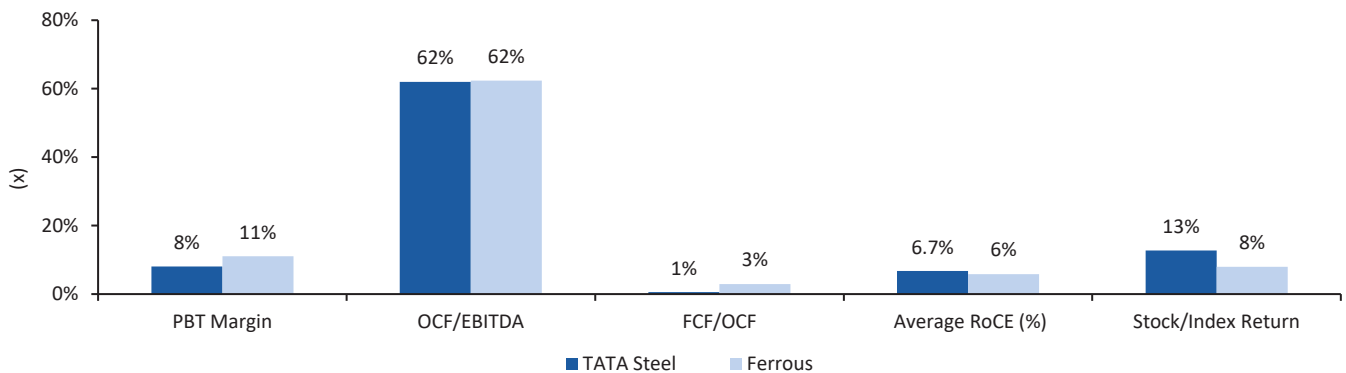
Exhibit 590: Price movement vs. Financials: Despite cyclicality in earnings, average stock return >12%

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 591: Negative free cashflows; poor distribution to minority shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(69,221)	(57,047)	(40,383)	(24,167)	(46,766)	(257,228)	(16,956)	309,890	296,908	(86,540)
FCF yield	NA	NA	NA	NA	NA	NA	NA	58%	20%	NA
Dividend + Buyback (b)	9,244	9,834	7,882	7,913	9,824	11,862	18,152	11,505	30,201	62,926
Distribution of FCF (b/a)	NA	NA	NA	NA	NA	NA	NA	4%	10%	NA
Cash & equivalents*/Capital employed	9.8%	7.6%	8.7%	8.5%	16.5%	3.6%	6.3%	7.1%	13.1%	8.7%

Source: Company, Centrum Broking *including liquid investments

Exhibit 592: TATA performs mostly in line with industry but stock outperforms index return

Source: Company, Centrum Broking, *Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	15,47,193	24,23,269	24,16,363	20,78,176	20,31,458
Operating Expense	9,89,004	14,49,802	17,97,506	10,54,501	10,13,463
Employee cost	1,99,088	2,32,641	2,24,193	2,22,147	2,32,722
Others	71,639	1,22,249	88,826	4,44,351	4,10,033
EBITDA	3,05,043	6,34,900	3,23,002	3,69,677	3,87,740
Depreciation & Amortisation	92,336	91,009	93,352	95,352	97,352
EBIT	2,12,706	5,43,891	2,29,650	2,74,325	2,90,388
Interest expenses	76,067	54,622	62,987	57,987	52,987
Other income	8,956	7,849	10,375	(12,880)	(12,880)
PBT	1,45,595	4,97,118	1,77,037	2,03,458	2,24,521
Taxes	56,539	84,776	1,01,598	51,577	56,916
Effective tax rate (%)	38.8	17.1	57.4	25.4	25.4
PAT	89,056	4,12,342	75,440	1,51,882	1,67,605
Minority/Associates	(3,722)	(9,462)	11,032	4,181	4,181
Recurring PAT	85,334	4,02,880	86,471	1,56,063	1,71,786
Extraordinary items	(10,432)	(1,341)	1,133	0	0
Reported PAT	74,902	4,01,539	87,604	1,56,063	1,71,786
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	5.9	56.6	(0.3)	(14.0)	(2.2)
EBITDA	71.1	108.1	(49.1)	14.5	4.9
Adj. EPS	25.8	363.0	(78.5)	76.5	10.1
Margins (%)					
Gross	64.5	66.2	53.8	58.8	60.2
EBITDA	19.5	26.0	13.3	17.7	19.0
EBIT	13.6	22.3	9.4	13.1	14.2
Adjusted PAT	5.5	16.5	3.6	7.5	8.4
Returns (%)					
ROE	11.8	42.9	8.0	14.4	14.3
ROCE	7.4	24.6	5.3	10.2	10.7
ROIC	7.7	27.2	5.7	11.9	12.4
Turnover (days)					
Gross block turnover ratio (x)	0.8	1.2	1.1	1.0	0.9
Debtors	20	16	15	15	15
Inventory	75	61	77	84	74
Creditors	55	47	56	60	55
Net working capital	18	45	26	23	24
Solvency (x)					
Net debt-equity	1.1	0.5	0.6	0.5	0.4
Interest coverage ratio	4.0	11.6	5.1	6.4	7.3
Net debt/EBITDA	2.7	0.9	2.1	1.7	1.3
Per share (Rs)					
Adjusted EPS	7.1	33.0	7.1	12.5	13.8
BVPS	61.3	93.7	84.4	91.1	100.9
CEPS	14.8	40.4	14.7	20.1	21.6
DPS	2.5	5.1	3.6	3.6	3.6
Dividend payout (%)	40.0	15.5	50.2	28.8	26.2
Valuation (x)					
P/E	18.3	4.0	18.4	10.4	9.5
P/BV	2.1	1.4	1.5	1.4	1.3
EV/EBITDA	5.7	3.4	7.0	6.0	5.4
Dividend yield (%)	1.9	3.9	2.8	2.8	2.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	11,976	12,212	12,212	12,487	12,487
Reserves & surplus	7,22,662	11,32,218	10,18,609	11,24,612	12,47,265
Shareholders fund	7,34,638	11,44,430	10,30,821	11,37,099	12,59,752
Minority Interest	32,697	26,554	20,931	0	0
Total debt	9,63,694	8,19,824	8,48,931	7,78,931	6,78,931
Non Current Liabilities	1,04,896	1,14,102	1,41,784	1,28,847	1,27,060
Def tax liab. (net)	92,414	1,23,258	1,41,156	1,41,156	1,41,156
Total liabilities	19,28,339	22,28,169	21,83,623	21,86,033	22,06,899
Gross block	20,19,523	19,92,865	21,13,577	21,83,577	22,33,577
Less: acc. Depreciation	(7,34,979)	(7,47,823)	(8,34,385)	(9,29,737)	(10,27,089)
Net block	12,84,545	12,45,042	12,79,193	12,53,841	12,06,489
Capital WIP	1,81,287	2,12,276	3,03,079	3,73,079	4,43,079
Net fixed assets	15,47,826	15,53,334	17,78,345	18,22,993	18,45,641
Non Current Assets	2,95,054	3,59,018	2,19,748	2,14,462	2,13,732
Investments	9,874	16,538	15,469	15,469	15,469
Inventories	3,32,764	4,88,244	5,44,153	4,21,329	4,11,857
Sundry debtors	95,398	1,22,464	82,572	85,404	83,485
Cash & Cash Equivalents	1,30,011	2,44,234	1,69,873	1,63,514	1,63,467
Loans & advances	19,845	58	18	18	18
Other current assets	24,101	70,566	70,038	60,484	59,164
Trade payables	2,59,675	3,67,649	3,78,325	3,13,150	3,06,110
Other current liab.	2,19,605	2,30,954	2,79,442	2,45,663	2,40,997
Provisions	47,253	27,685	38,827	38,827	38,827
Net current assets	75,586	2,99,279	1,70,060	1,33,109	1,32,057
Total assets	19,28,339	22,28,169	21,83,623	21,86,033	22,06,899
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,38,437	5,02,269	1,82,351	2,03,458	2,24,521
Depreciation & Amortisation	92,336	91,009	93,352	95,352	97,352
Net Interest	76,067	54,622	62,987	57,987	52,987
Net Change – WC	1,64,913	(96,177)	(37,065)	22,941	(52)
Direct taxes	(7,043)	(1,19,017)	(55,188)	(51,577)	(56,916)
Net cash from operations	4,43,267	4,43,810	2,16,831	3,28,162	3,17,893
Capital expenditure	(65,340)	(99,527)	(1,38,148)	(1,40,000)	(1,20,000)
Acquisitions, net	0	(508)	(1,04,025)	0	0
Investments	0	0	0	0	0
Others	(27,889)	(8,777)	55,375	0	0
Net cash from investing	(93,229)	(1,08,812)	(1,86,798)	(1,40,000)	(1,20,000)
FCF	3,77,927	3,43,775	(25,342)	1,88,162	1,97,893
Issue of share capital	32,390	3,257	14	0	0
Increase/(decrease) in debt	(3,08,766)	(1,39,207)	65,426	(70,000)	(1,00,000)
Dividend paid	(11,505)	(30,201)	(62,926)	(44,952)	(44,952)
Interest paid	(68,037)	(46,867)	(61,197)	(57,987)	(52,987)
Others	(14,978)	(20,994)	(11,123)	0	0
Net cash from financing	(3,70,897)	(2,34,011)	(69,807)	(1,72,939)	(1,97,939)
Net change in Cash	(20,859)	1,00,987	(39,775)	15,223	(47)

Source: Company, Centrum Broking

Vedanta (VEDL)

VEDL's profitability grew steadily after Sterlite and Sesa Goa merged in FY14 and Cairn India in FY17. The revenue saw 49% CAGR over FY13-23 and PBT grew by 9% CAGR over FY14-23. NWC was negative throughout the decade with average of -45days. It generated Rs1.7trn of OCF with moderate OCF/EBITDA conversion of 67% over FY14-23. The aggregate capex spent for the period was Rs0.9trn which led moderate FCF/OCF conversion of 47% over FY14-23. Though consolidated debt is at the lower end (average Net Debt/EBITDA of 1.3x during FY14-23), ex-HZ, net debt remains high. VEDL dividend payout stood 1.4x of aggregate FCF over FY14-23. The RoE/RoCE stood at average 19%/9% and stock return of 11% CAGR over FY13-23.

22 September 2023

Kunal Kothari

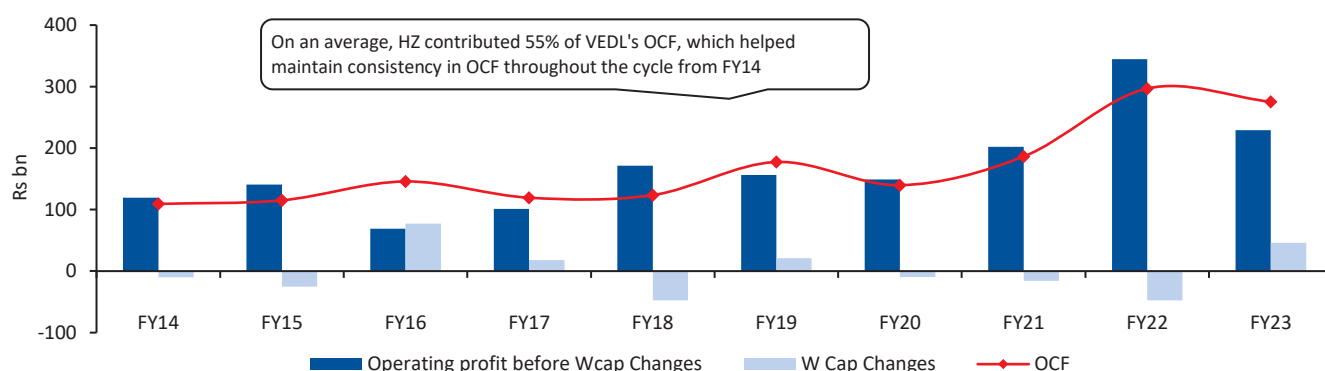
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Institutional Research

Market data

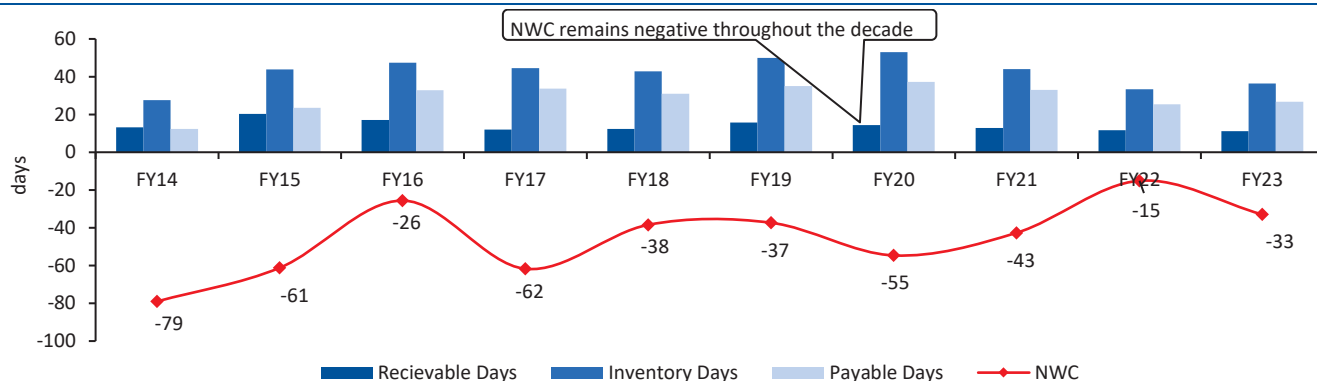
Current price:	Rs237
Bloomberg:	VEDL IN
52-week H/L:	Rs341/230
Market cap:	Rs879.1bn
Free float:	20.5%
Avg. daily vol. 3mth:	12278800
Source: Bloomberg	

Exhibit 593: Consistent and steady cash flow from operations generated throughout decade



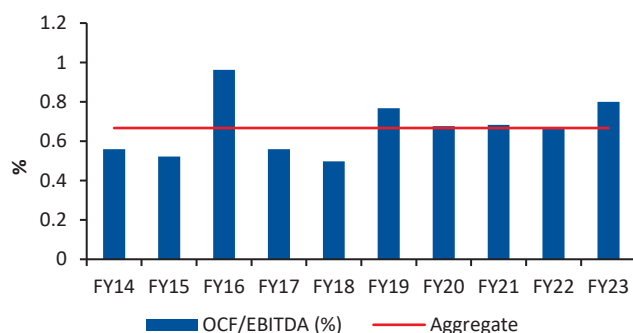
Source: Company, Centrum Broking

Exhibit 594: Negative net working capital (10-year average NWC of -45 days)



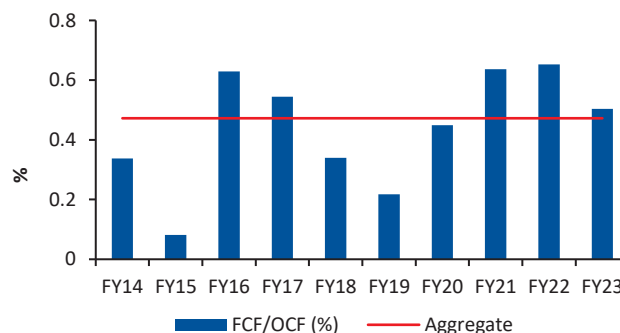
Source: Company, Centrum Broking

Exhibit 595: EBITDA to OCF conversion of 67% over 10 years



Source: Company, Centrum Broking

Exhibit 596: OCF to FCF conversion of 47% over 10 years



Source: Company, Centrum Broking

Exhibit 597: Leverage has been consistently low; Return ratios remains high

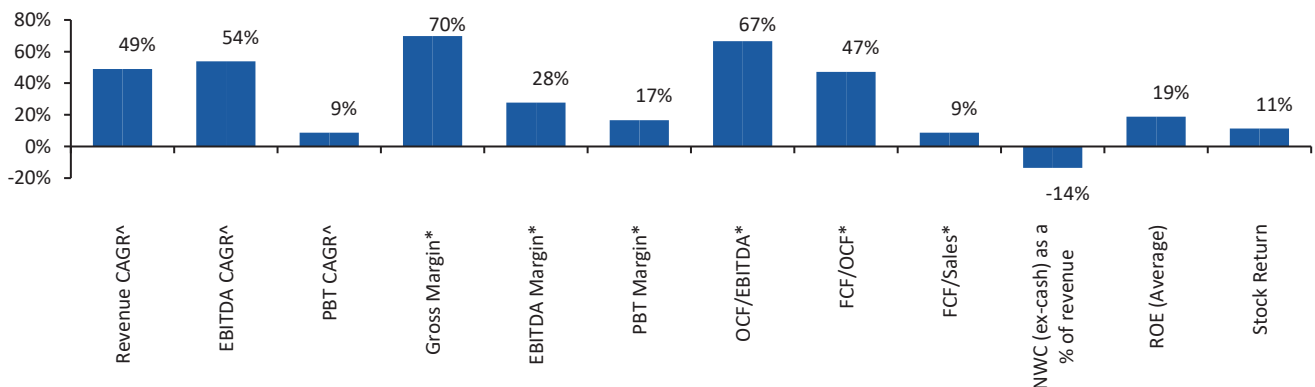
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.3	0.2	0.2	0.3	0.4	0.5	0.4	0.4	0.4	1.4	0.4
Net Debt/EBITDA	1.5	1.2	1.2	0.9	1.2	1.6	1.5	1.2	0.7	2.0	1.3
RoCE pre -tax	14.1%	9.6%	6.5%	12.4%	14.3%	12.7%	9.7%	16.4%	26.6%	18.7%	14.1%
RoCE	12.8%	8.5%	(6.7%)	9.0%	9.3%	9.0%	5.9%	14.4%	19.3%	13.4%	9.5%
RoIC pre-tax	17.8%	11.1%	5.7%	15.7%	18.3%	13.5%	10.9%	18.6%	32.2%	20.7%	16.4%
RoE	14.3%	9.8%	41.9%	11.1%	11.6%	10.7%	18.3%	21.0%	30.7%	19.2%	18.9%

Source: Company, Centrum Broking

Exhibit 598: DuPont Analysis; Higher margins, adequate financial leverage keeps RoEs high despite lower asset turnover

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	1.09	0.88	3.04	0.73	0.65	0.71	1.39	0.88	0.73	0.72	1.08
Revenue/average total assets	0.70	0.39	0.34	0.43	0.56	0.57	0.53	0.58	0.84	1.00	0.60
Average total assets/Average NW	1.52	1.77	2.02	2.18	2.13	2.06	2.12	2.05	1.96	2.22	2.00
PBT/EBITDA	0.49	0.55	0.35	0.65	0.67	0.57	0.44	0.65	0.75	0.60	0.57
EBITDA/Revenue	0.30	0.30	0.24	0.30	0.27	0.25	0.24	0.31	0.34	0.23	0.28
RoE	14%	10%	42%	11%	12%	11%	18%	21%	31%	19%	19%

Source: Company, Centrum Broking

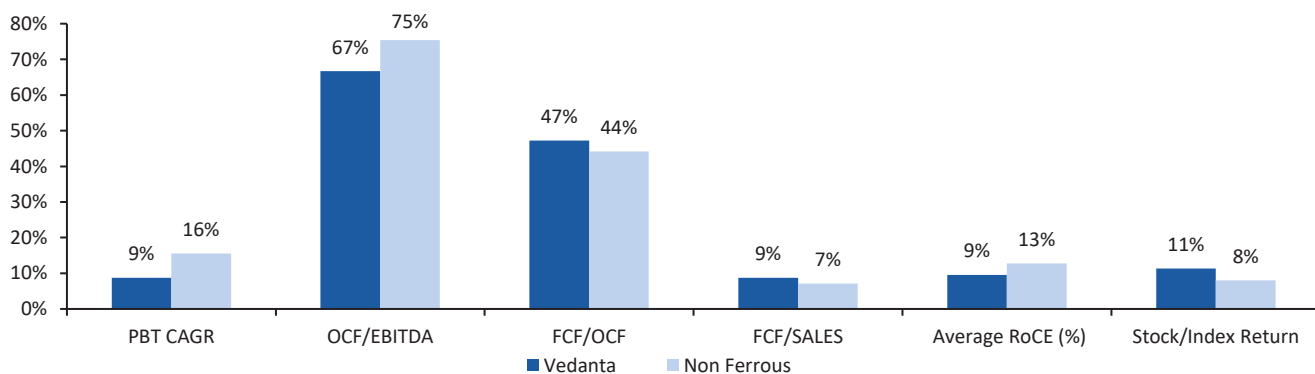
Exhibit 599: Stock price movement does not reflect financial performance

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate; PBT CAGR from FY14-23

Exhibit 600: A high dividend paying company, cash still constitutes higher proportion of capital employed

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	36,939	9,411	91,685	64,980	42,050	38,530	62,740	1,18,690	1,93,840	1,38,810
FCF yield	10%	1%	25%	12%	4%	5%	11%	24%	17%	12%
Dividend + Buyback (b)	22,144	31,063	32,218	97,790	1,68,120	1,17,920	14,440	35,190	1,93,490	4,11,490
Distribution of FCF (b/a)	60%	330%	35%	150%	400%	306%	23%	30%	100%	296%
Cash & equivalents*/Capital employed	48%	28%	35%	40%	24%	24%	25%	23%	23%	15%

Source: Company, Centrum Broking *including liquid investments

Exhibit 601: Healthy financials lead to better stock return CAGR vs. Index returns

Source: Company, Centrum Broking, * Nifty metal index; Vedanta PBT CAGR period is FY14-23 and for Non-Ferrous is FY13-23.

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	8,80,210	13,27,320	14,73,080	12,56,314	13,11,138
Operating Expense	3,73,560	5,64,200	7,51,000	5,71,859	5,77,605
Employee cost	28,610	28,110	30,980	34,078	37,486
Others	2,04,860	2,86,770	3,46,880	3,01,776	3,01,742
EBITDA	2,73,180	4,48,240	3,44,220	3,48,601	3,94,305
Depreciation & Amortisation	76,380	88,950	1,05,550	1,11,155	1,11,352
EBIT	1,96,800	3,59,290	2,38,670	2,37,445	2,82,953
Interest expenses	52,100	47,970	62,250	42,369	11,446
Other income	34,210	26,000	28,510	22,058	51,597
PBT	1,78,910	3,37,320	2,04,930	2,17,134	3,23,104
Taxes	21,800	92,550	57,700	51,728	71,687
Effective tax rate (%)	12.2	27.4	28.2	23.8	22.2
PAT	1,57,110	2,44,770	1,47,230	1,65,406	2,51,417
Minority/Associates	(34,300)	(49,080)	(46,437)	(40,067)	(50,264)
Recurring PAT	1,22,810	1,95,690	1,00,793	1,25,340	2,01,154
Extraordinary items	6,780	7,680	2,170	0	0
Reported PAT	1,29,590	2,03,370	1,02,963	1,25,340	2,01,154
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	4.2	50.8	11.0	(14.7)	4.4
EBITDA	32.1	64.1	(23.2)	1.3	13.1
Adj. EPS	14.5	59.3	(48.5)	24.4	60.5
Margins (%)					
Gross	73.1	73.4	70.0	67.5	68.5
EBITDA	31.0	33.8	23.4	27.7	30.1
EBIT	22.4	27.1	16.2	18.9	21.6
Adjusted PAT	14.0	15.3	7.0	10.0	15.3
Returns (%)					
ROE	21.0	30.7	19.2	34.4	57.4
ROCE	14.4	19.3	13.9	14.7	17.5
ROIC	16.3	23.4	15.5	16.6	19.7
Turnover (days)					
Gross block turnover ratio (x)	0.4	0.5	0.6	0.5	0.5
Debtors	13	12	11	12	12
Inventory	44	33	36	41	38
Creditors	33	25	27	31	28
Net working capital	100	85	22	44	85
Solvency (x)					
Net debt-equity	0.4	0.4	1.2	1.4	1.0
Interest coverage ratio	5.2	9.3	5.5	8.2	34.5
Net debt/EBITDA	1.2	0.7	1.7	1.8	1.5
Per share (Rs)					
Adjusted EPS	33.0	52.6	27.1	33.7	54.1
BVPS	167.4	175.8	106.0	89.7	98.7
CEPS	53.5	76.5	55.5	63.6	84.0
DPS	9.5	45.0	(131.1)	50.0	45.0
Dividend payout (%)	27.3	82.3	(473.6)	148.4	83.2
Valuation (x)					
P/E	7.2	4.5	8.7	7.0	4.4
P/BV	1.4	1.3	2.2	2.6	2.4
EV/EBITDA	4.2	2.7	4.2	4.4	3.7
Dividend yield (%)	4.0	19.0	(55.4)	21.1	19.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	3,720	3,720	3,720	3,720	3,720
Reserves & surplus	5,88,160	6,19,210	3,41,310	2,80,650	3,14,403
Shareholders fund	6,22,780	6,53,830	3,94,230	3,33,570	3,67,323
Minority Interest	1,51,380	1,73,210	1,00,040	1,40,107	1,90,370
Total debt	6,50,110	6,41,020	7,98,830	9,25,869	10,10,410
Non Current Liabilities	89,800	95,430	95,050	95,050	95,050
Def tax liab. (net)	22,150	44,350	59,220	59,220	59,220
Total liabilities	15,36,220	16,07,840	14,47,370	15,53,816	17,22,373
Gross block	23,65,780	24,80,340	26,02,060	26,51,560	26,96,060
Less: acc. Depreciation	(14,71,490)	(15,60,440)	(16,65,990)	(17,77,146)	(18,88,498)
Net block	8,94,290	9,19,900	9,36,070	8,74,415	8,07,562
Capital WIP	1,38,800	1,42,300	1,74,340	2,79,090	3,61,340
Net fixed assets	10,67,840	10,93,450	11,52,730	11,95,825	12,11,222
Non Current Assets	1,67,050	1,54,440	1,15,670	1,15,670	1,15,670
Investments	1,560	1,510	5,140	5,140	5,140
Inventories	99,230	1,43,130	1,50,120	1,34,236	1,40,094
Sundry debtors	34,910	49,460	40,140	41,303	43,106
Cash & Cash Equivalents	3,31,330	3,27,320	2,18,900	2,86,284	4,36,136
Loans & advances	20,190	23,040	37,600	37,600	37,600
Other current assets	76,260	1,42,800	1,58,310	1,58,310	1,58,310
Trade payables	78,920	1,05,380	1,10,430	99,743	1,04,095
Other current liab.	2,38,300	2,68,610	4,01,950	4,01,950	4,01,950
Provisions	3,530	4,170	3,810	3,810	3,810
Net current assets	2,41,170	3,07,590	88,880	1,52,231	3,05,391
Total assets	15,36,220	16,07,840	14,47,370	15,53,816	17,22,373
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,72,130	3,29,640	2,02,760	2,17,134	3,23,104
Depreciation & Amortisation	76,620	89,190	1,05,970	1,11,155	1,11,352
Net Interest	51,230	47,120	61,290	0	0
Net Change – WC	(15,710)	(47,660)	45,990	4,033	(3,308)
Direct taxes	(21,080)	(57,360)	(63,570)	(51,728)	(71,687)
Net cash from operations	2,39,800	3,49,630	3,30,650	2,80,595	3,59,462
Capital expenditure	(67,180)	(1,03,050)	(1,36,540)	(1,54,250)	(1,26,750)
Acquisitions, net	(450)	0	0	0	0
Investments	81,700	(2,870)	42,050	0	0
Others	(81,570)	83,390	87,560	0	0
Net cash from investing	(67,500)	(22,530)	(6,930)	(1,54,250)	(1,26,750)
FCF	1,72,170	2,46,580	1,94,110	1,26,345	2,32,712
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	73,720	(40,480)	1,36,870	1,27,039	84,541
Dividend paid	(35,190)	(1,93,490)	(4,11,490)	(1,86,000)	(1,67,400)
Interest paid	(53,480)	(52,740)	(55,300)	0	0
Others	(1,60,700)	(2,320)	(11,500)	0	0
Net cash from financing	(1,75,650)	(2,89,030)	(3,41,420)	(58,961)	(82,859)
Net change in Cash	(3,350)	38,070	(17,700)	67,384	1,49,853

Source: Company, Centrum Broking

Venus Pipes & Tubes (VENUSPIP)

VENUSPIP was incorporated in 2015 and got listed by raising equity through IPO in 2022. In short period, it rose to 2nd largest manufacturer with revenue/PBT CAGR growth of 47%/86% over FY19-23. NWC stood at 79 days over same period. It generated negative OCF aggregate of Rs668mn due to high working capital requirement. While capex spent stood higher at Rs2,165mn largely funded through IPO proceeds over FY19-23. Net Debt/EBITDA too declined from 3.3x in FY19 to 0.9x in FY23 and averaged at 1.9x over FY19-23. Return ratios have remained robust, with average RoE of 40% and RoCE of 26% and stock has delivered 114% CAGR return over FY19-23.

22 September 2023

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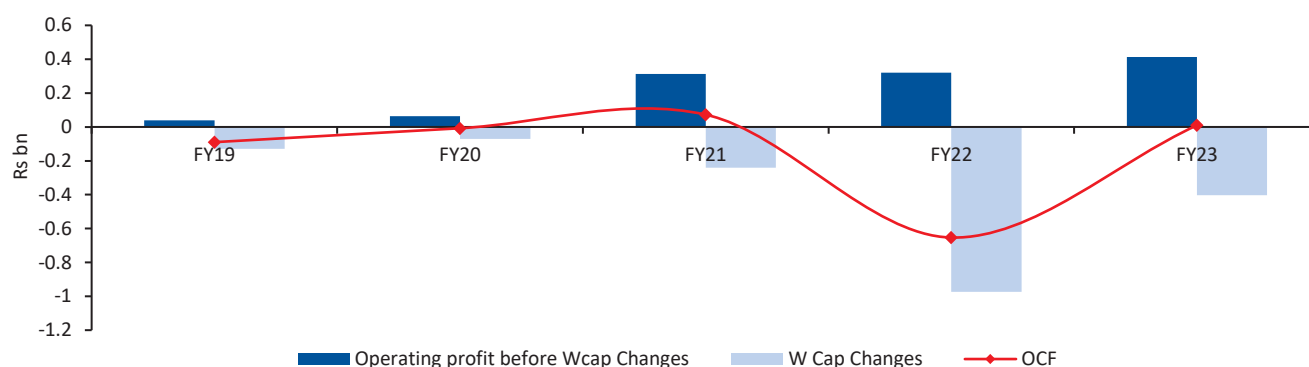
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Market data

Current price:	Rs1,528
Bloomberg:	VENUSPIP IN
52-week H/L:	Rs1,579/515
Market cap:	Rs31bn
Free float:	37.1%
Avg. daily vol. 3mth:	113761

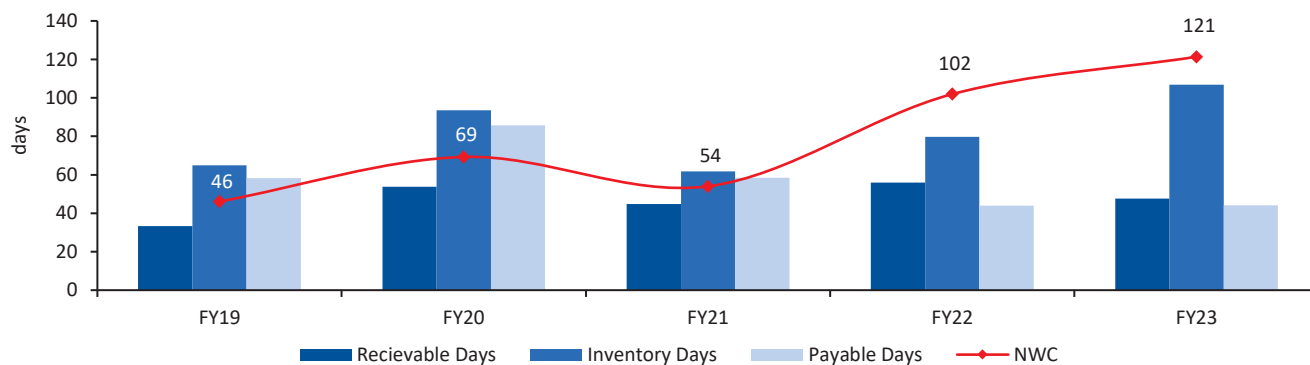
Source: Bloomberg

Exhibit 602: High working capital requirement led to negative OCF generation



Source: Company, Centrum Broking

Exhibit 603: 5-year average NWC at 79 days



Source: Company, Centrum Broking

Exhibit 604: EBITDA to OCF conversion not applicable

Source: Company, Centrum Broking; Negative OCF generation in 3 out of 5 years

Exhibit 605: OCF to FCF conversion not applicable

Source: Company, Centrum Broking; Negative FCF generation in 4 out of 5 years

Exhibit 606: Leverage has been consistently low; Return ratios remain strong

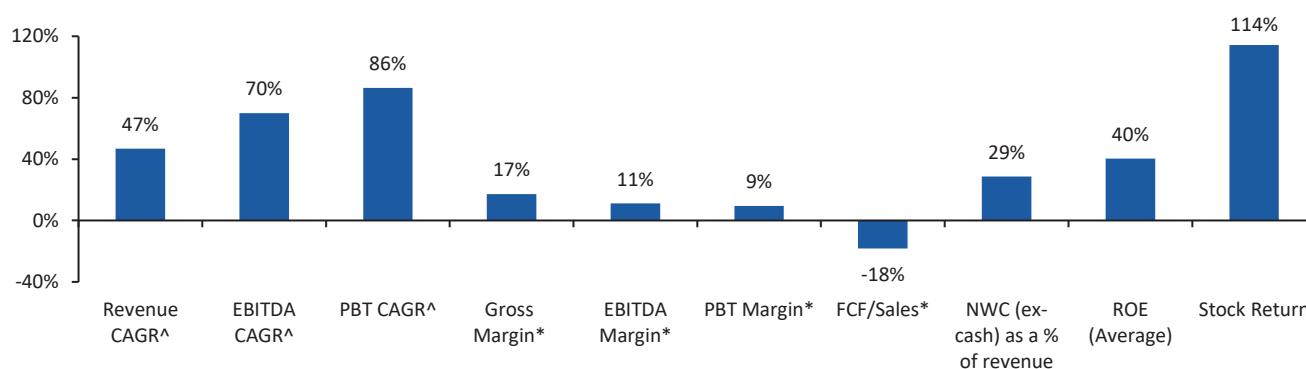
	FY19	FY20	FY21	FY22	FY23	FY19-23 average
Net Debt/Equity (x)	2.3	2.3	0.8	0.5	0.2	1.2
Net Debt/EBITDA (x)	3.3	3.2	1.0	1.2	0.9	1.9
RoCE pre-tax	38.7%	22.0%	53.6%	36.4%	22.8%	34.7%
RoCE	29.4%	14.0%	40.9%	26.9%	16.9%	25.6%
RoIC pre-tax	31.7%	20.4%	53.5%	36.4%	23.3%	33.0%
RoE	30.8%	29.0%	84.1%	37.6%	19.6%	40.2%

Source: Company, Centrum Broking

Exhibit 607: DuPont Analysis; High assets turnover, adequate financial leverage and margin improvement led to high RoEs

	FY19	FY20	FY21	FY22	FY23	FY19-23 avg
PAT/PBT	0.76	0.64	0.76	0.74	0.74	0.73
Revenue/average total assets	5.68	3.48	4.46	2.80	1.80	3.64
Average total assets/Average NW	3.44	3.59	2.47	1.64	1.36	2.50
PBT/EBITDA	0.60	0.56	0.89	0.87	0.86	0.76
EBITDA/Revenue	0.07	0.07	0.11	0.13	0.13	0.10
RoE	30.8%	29.0%	84.1%	37.6%	19.6%	40.2%

Source: Company, Centrum Broking

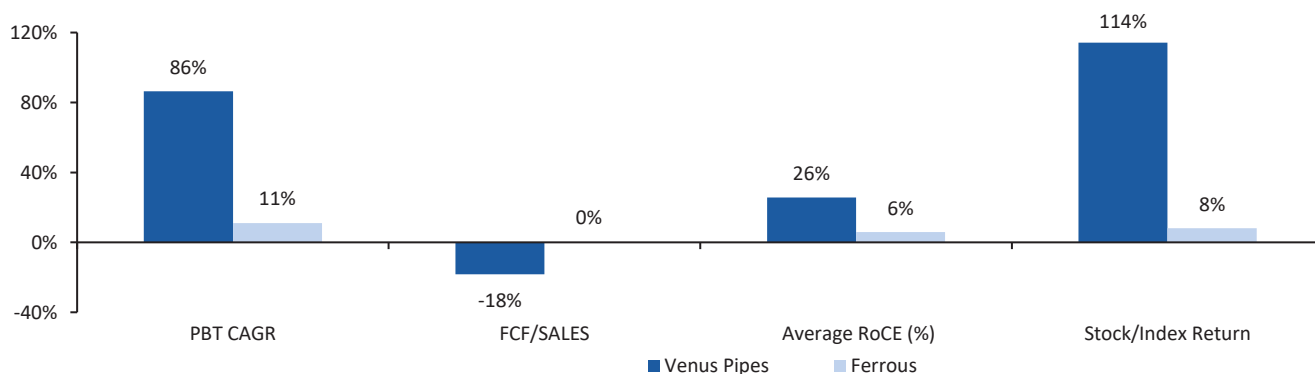
Exhibit 608: Price movement vs. Financials: Market rewards consistent growth, high RoEs; stock return much higher

Source: Company, Centrum Broking; ^: FY19-23 CAGR; *: aggregate

Exhibit 609: Negative FCF generation

Rs mn	FY19	FY20	FY21	FY22	FY23
FCF (a)	(104)	(131)	48	(881)	(1,765)
FCF yield	NA	NA	NA	NA	NA
Dividend + Buyback (b)	-	-	-	-	-
Distribution of FCF (b/a)	0%	0%	0%	0%	0%
Cash & equivalents*/Capital employed	9%	11%	7%	5%	9%

Source: Company, Centrum Broking *including liquid investments

Exhibit 610: Consistently delivered high growth in profitability; Stock return >100%

Source: Company, Centrum Broking, *Nifty metal index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	3,093	3,870	5,524	8,794	11,721
Operating Expense	2,615	3,150	4,446	6,474	8,654
Employee cost	32	62	102	122	134
Others	99	164	285	717	847
EBITDA	348	492	691	1,482	2,086
Depreciation & Amortisation	10	14	20	67	76
EBIT	338	478	671	1,415	2,010
Interest expenses	56	71	98	112	112
Other income	27	21	24	70	90
PBT	310	429	597	1,373	1,988
Taxes	73	112	155	359	520
Effective tax rate (%)	23.6	26.1	25.9	26.1	26.1
PAT	236	317	442	1,014	1,468
Minority/Associates	0	0	0	0	0
Recurring PAT	236	317	442	1,014	1,468
Extraordinary items	0	0	0	0	0
Reported PAT	236	317	442	1,014	1,468
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	74.0	25.1	42.8	59.2	33.3
EBITDA	198.9	41.6	40.4	114.4	40.7
Adj. EPS	472.5	(23.1)	4.7	129.4	44.8
Margins (%)					
Gross	15.5	18.6	19.5	26.4	26.2
EBITDA	11.2	12.7	12.5	16.8	17.8
EBIT	10.9	12.4	12.2	16.1	17.1
Adjusted PAT	7.6	8.2	8.0	11.5	12.5
Returns (%)					
ROE	84.1	37.6	19.6	27.2	29.5
ROCE	40.9	26.9	16.9	23.7	26.4
ROIC	40.8	26.9	17.2	23.4	25.5
Turnover (days)					
Gross block turnover ratio (x)	12.6	14.0	8.1	3.8	4.5
Debtors	45	56	48	38	41
Inventory	62	80	107	115	112
Creditors	58	44	44	54	47
Net working capital	69	160	153	130	137
Solvency (x)					
Net debt-equity	0.8	0.5	0.2	0.2	0.2
Interest coverage ratio	6.3	7.0	7.0	13.2	18.6
Net debt/EBITDA	1.0	1.2	0.9	0.6	0.4
Per share (Rs)					
Adjusted EPS	27.1	20.8	21.8	50.0	72.3
BVPS	45.7	84.4	158.8	208.7	281.1
CEPS	28.2	21.7	22.8	53.3	76.1
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	0.0	0.0	70.3	30.6	21.2
P/BV	0.0	0.0	9.6	7.3	5.4
EV/EBITDA	0.0	0.0	45.9	21.5	15.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

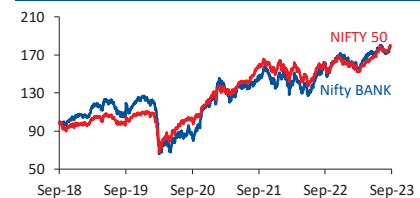
Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	87	152	203	203	203
Reserves & surplus	312	1,133	3,019	4,033	5,501
Shareholders fund	399	1,285	3,222	4,236	5,704
Minority Interest	0	0	0	0	0
Total debt	375	686	905	905	905
Non Current Liabilities	5	6	6	6	6
Def tax liab. (net)	4	7	15	15	15
Total liabilities	784	1,985	4,147	5,161	6,630
Gross block	246	277	682	2,312	2,612
Less: acc. Depreciation	(51)	(65)	(84)	(151)	(227)
Net block	195	213	598	2,161	2,385
Capital WIP	0	74	1,216	(164)	(164)
Net fixed assets	196	287	1,815	1,998	2,223
Non Current Assets	3	3	21	21	21
Investments	0	0	0	0	0
Inventories	442	935	1,669	2,409	2,890
Sundry debtors	451	735	705	1,122	1,496
Cash & Cash Equivalents	45	73	260	67	32
Loans & advances	0	0	0	0	0
Other current assets	239	445	605	946	1,251
Trade payables	424	335	741	1,180	1,028
Other current liab.	167	159	186	222	254
Provisions	0	0	0	0	0
Net current assets	585	1,694	2,312	3,142	4,386
Total assets	784	1,985	4,147	5,161	6,630
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	310	429	597	1,373	1,988
Depreciation & Amortisation	10	14	20	67	76
Net Interest	37	49	62	112	112
Net Change – WC	(240)	(974)	(404)	(1,023)	(1,279)
Direct taxes	(7)	(110)	(187)	(359)	(520)
Net cash from operations	113	(600)	89	170	376
Capital expenditure	(50)	(206)	(1,619)	(251)	(300)
Acquisitions, net	0	(14)	(15)	0	0
Investments	14	(14)	(161)	0	0
Others	12	5	20	0	0
Net cash from investing	(24)	(228)	(1,775)	(251)	(300)
FCF	89	(828)	(1,686)	(81)	76
Issue of share capital	0	569	1,505	0	0
Increase/(decrease) in debt	(51)	311	268	0	0
Dividend paid	0	0	0	0	0
Interest paid	(41)	(53)	(79)	(112)	(112)
Others	0	0	0	0	0
Net cash from financing	(92)	828	1,694	(112)	(112)
Net change in Cash	(3)	(1)	8	(193)	(36)

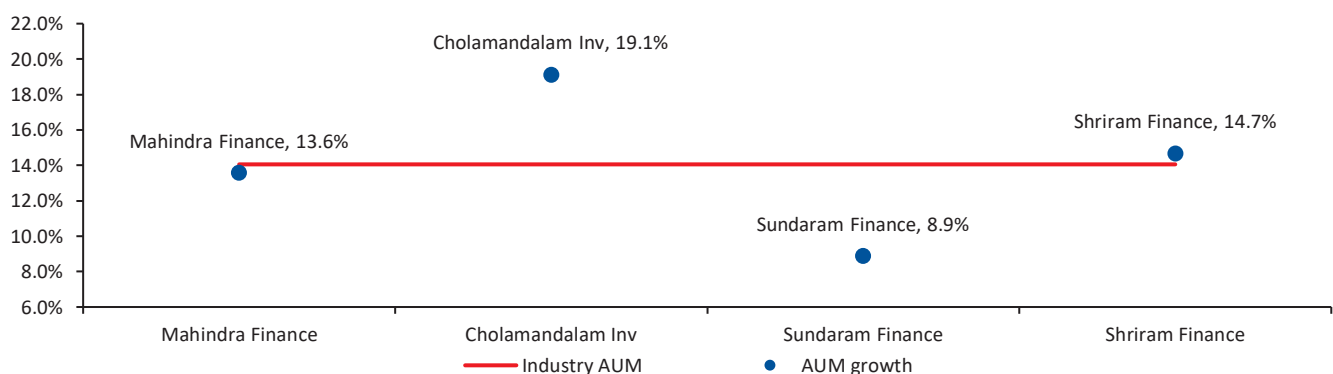
Source: Company, Centrum Broking

NBFC

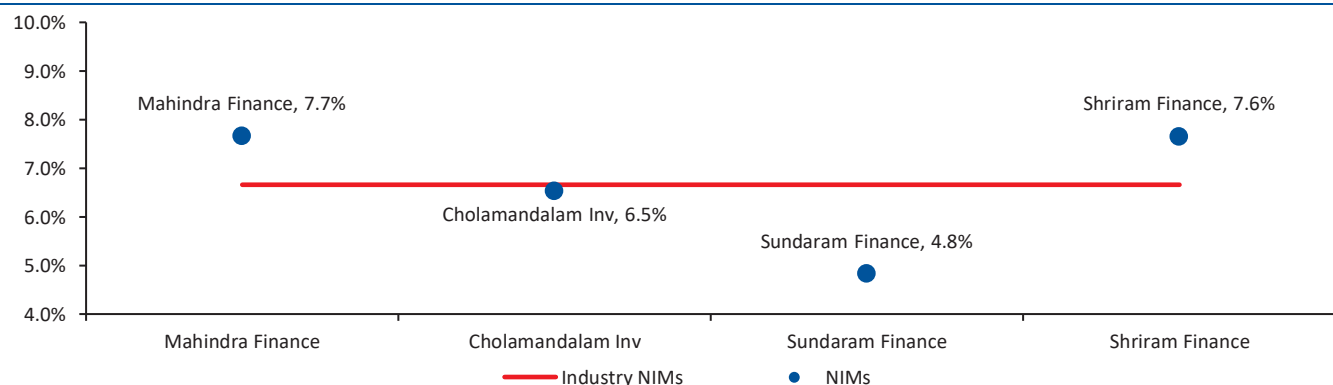
Auto NBFCs have registered an avg AUM growth of 14% over last 10 years despite facing multiple headwinds. NIMs declined due to increase in competitive intensity from banks. Operational expenses remained high for Chola and Mahindra due to segregation in sales and collection functions. Asset quality has remained volatile based on economic cycles, however, Sundaram and Chola have outperformed others due to better customer profile. Industry RoA stood at an avg. of 2.3%, with Sundaram outperforming industry benchmark at 2.7% while Mahindra Finance has been a laggard, due to volatility in its loan loss provisions.

Nifty 50 vs Nifty Bank


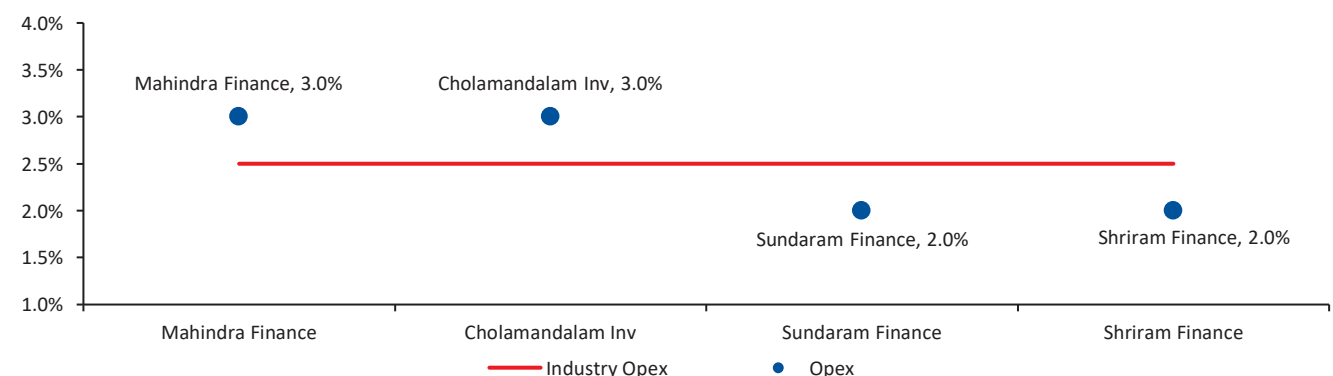
Source: Bloomberg

Exhibit 611: Chola leads in AUM growth due to market share gains & business diversification


Source: Company, Centrum Broking

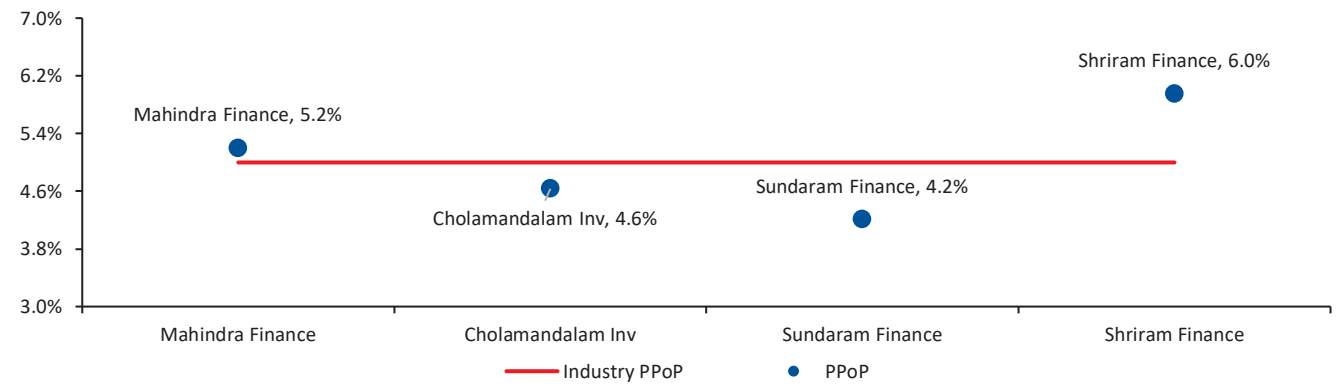
Exhibit 612: NIMs lower for Sundaram due to better customer segment


Source: Company, Centrum Broking

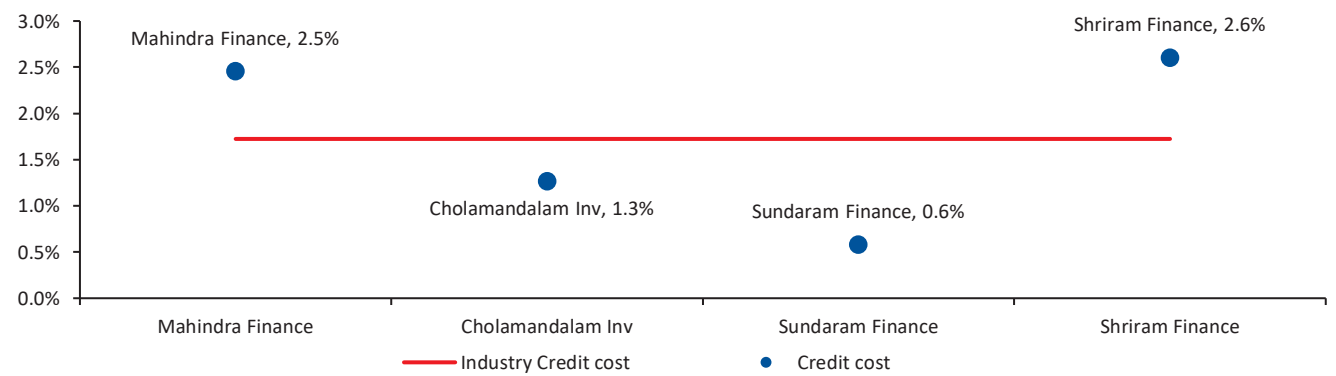
Exhibit 613: Opex higher for Chola & Mahindra due to centralized business model


Source: Company, Centrum Broking

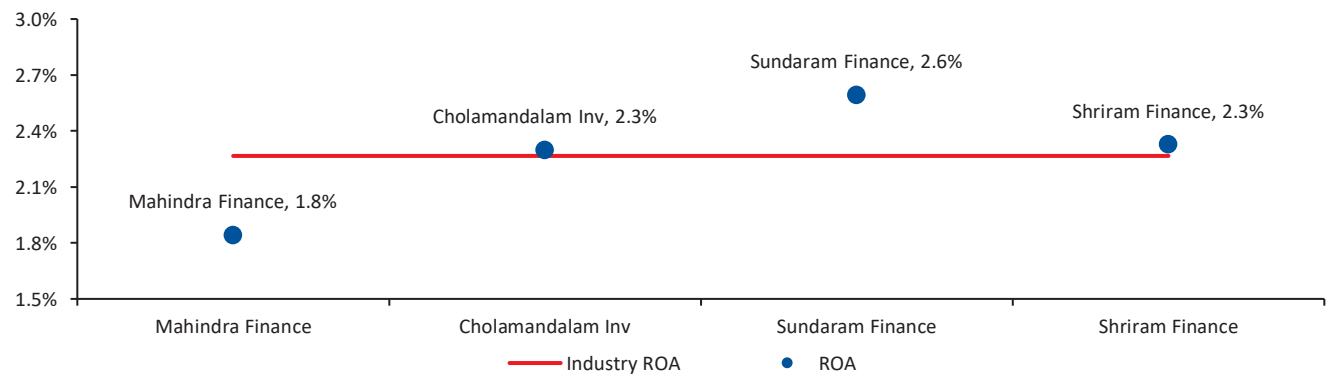
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 614: PPOP higher for Shriram & Mahindra due to sub-prime customer segment

Source: Company, Centrum Broking

Exhibit 615: Credit costs reflect delinquencies in chosen customer segment

Source: Company, Centrum broking

Exhibit 616: Mahindra's ROA impacted due to cyclical in provisions as customers were rural-agri focussed

Source: Company, Centrum Broking

Exhibit 617: Cholamandalam Inv and Sundaram finance have delivered highest stock returns

	Stock returns^	Avg. AUM*	Avg. NIM*	Avg. Opex*	Avg. PPOP*	Avg. Credit cost*	Avg. ROA*
Mahindra Finance	8.4%	14.2%	8.3%	3.0%	5.2%	2.5%	1.8%
Cholamandalam Inv	32.1%	19.1%	7.2%	3.0%	4.6%	1.3%	2.3%
Sundaram Finance	19.7%	8.9%	4.8%	2.4%	4.2%	0.6%	2.6%
Shriram Finance	8.2%	14.7%	7.6%	2.1%	6.0%	2.6%	2.3%

Source: Company, Centrum Broking; ^: FY13-23 CAGR *: FY14-23 average

Cholamandalam Inv & Fin Co (CIFC)

From a niche vehicle finance (VF) player, CIFC has transformed into a diversified asset finance company with VF now comprising 63%, LAP 20%, Home Loans (HL) 8% and new business segments 9% of AUM. Over the last 10 years, AUM/BVPS/EPS has grown at a CAGR of 19%/20%/22% with an improved RoA profile. Opex (on assets) has been in the range of 2.3-2.8% in the last 5 years, a steep decline from 3.3-3.7% over FY14-18. Borrowings mix is dominated by bank term loans, however, it has diversified over the last one year. CIFC is AA+ rated and sourcing funds has not been a challenge due to strong parentage. Chola has negative ALM in <1 year tenure.

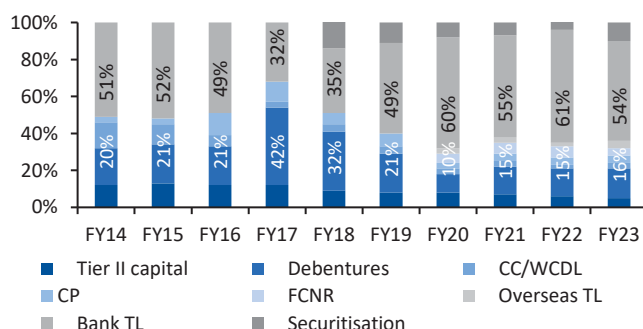
Market data

Current price:	Rs1,194
Bloomberg:	CIFC IN
52-week H/L:	Rs1,240/658
Market cap:	Rs981.6bn
Free float:	52.5%
Avg. daily vol. 3mth:	1960180

Source: Bloomberg

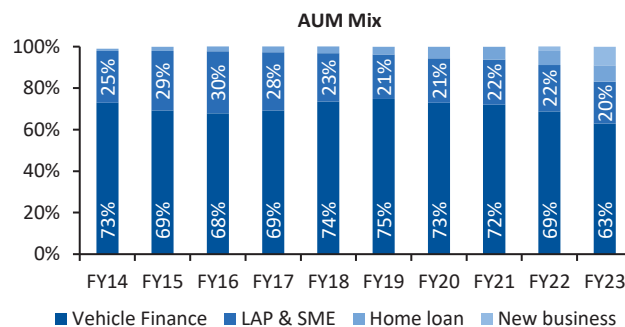
Borrowing mix changed to optimise CoF in FY23; AUM mix diversified yet dominated by VF: Chola has diversified its business across VF, LAP, HL, PL, LTP, MSME loans, etc. Within VF it caters across products thereby reducing the inherent risk relating to growth, cyclicity and asset quality in each of these segments. It diversified into new business segments of Consumer & Small Enterprise loan (CSEL), Small Business Personal Loan (SBPL) and MSME in FY22. Borrowings are largely skewed towards Bank term loans with its share at ~50% or more in last 5 years. Share of NCDs have declined from 36% in FY17 to ~15% in last 3 years. Securitisation contributed 10% of borrowings mix in FY23, however, its share has been volatile over the last 10 years.

Exhibit 618: Bank term loans dominate the mix



Source: Company, Centrum Broking

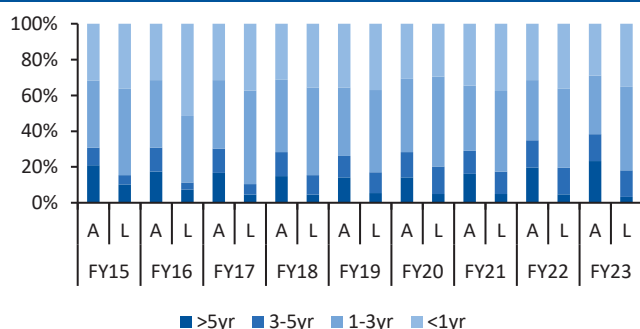
Exhibit 619: AUM mix diversified over the years



Source: Company, Centrum Broking

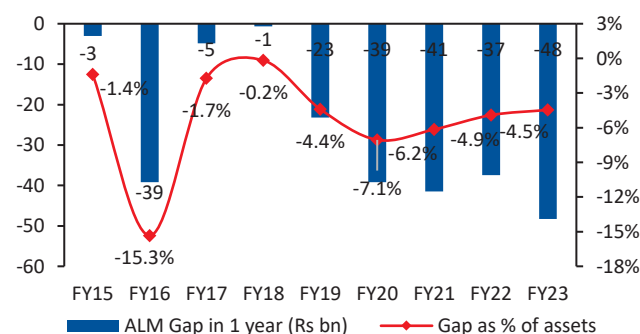
Negative ALM mismatch across tenures in FY23: Chola has negative ALM mismatch across <1 year, 1-3yr, 3-5yr tenures in FY23 indicating high cash outflows than inflows and prioritisation on margins in FY23. Negative ALM in <1 year is also indicative of reliance on short tenure debt due to increase in CoF. Liabilities maturing in <3yr tenure stands at 82% and has hovered in the range of 80-85% over last 6 years. Proportion of assets maturing in <3 years has reduced from ~70% over FY15-21 to 63% in FY22 and 61% in FY23. In our view, parentage of Murugappa group has aided company in maintaining tight ALM vis-à-vis peers. The company shored up its cash base in FY19 (IL&FS crisis) and FY20 (onset of covid) however, cash & bank balance has gradually moderated from highs of 11% of assets in FY20 to 2.6% in FY23. The peer set are far better placed in terms of ALM mismatch as compared to Chola.

Exhibit 620: Assets in <3yr bucket down to 61% as the share of VF declined in AUM



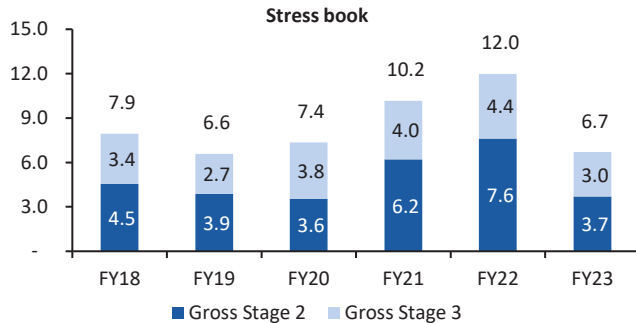
Source: Company, Centrum Broking; Note: ALM is based on certain items of assets and liabilities as reported in Annual Report

Exhibit 621: Negative ALM in 1 year tenure in FY23

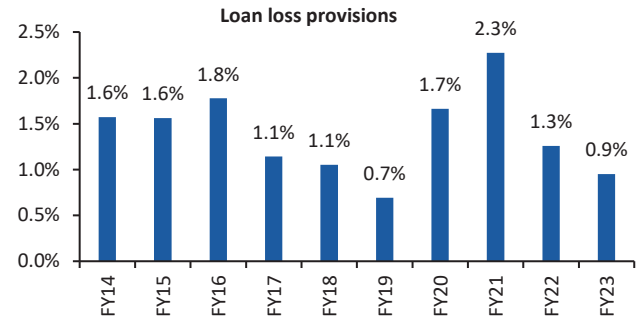


Source: Company, Centrum Broking; Note: ALM is based on certain items of assets and liabilities as reported in Annual Report

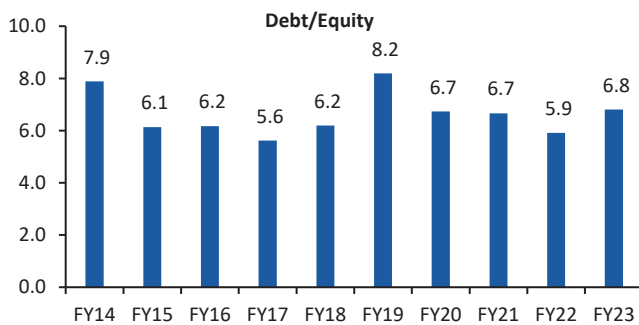
Strong growth momentum sustained with controlled credit costs: Chola's multiproduct strategy and diversified geographical reach, supported its growth and asset quality. The credit costs and write-offs for Chola are second best in the peer set despite strong growth witnessed over the years. Loans loss provisions have hovered in the range of 0.7% to 1.3% in last 7 years barring FY20 & FY21 which saw a surge due to covid. Notably, Chola saw restructured book spiking to 6.9% (Rs47.5bn) in 2QFY22 (post covid second wave), however, credit costs have remained well under control. Restructured book now (1QFY24) stands at Rs22bn (down 54% from peak) of which 22% is in Stage 3 and provided accordingly.

Exhibit 622: Stress levels and...

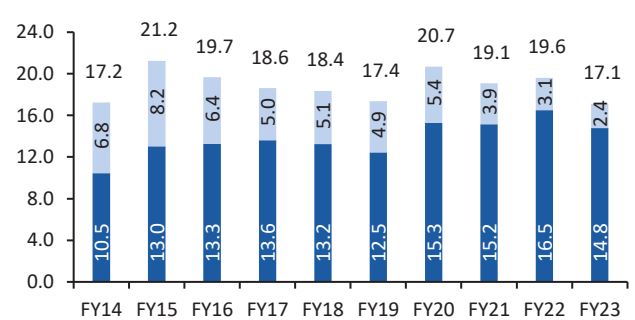
Source: Company, Centrum Broking;

Exhibit 623: ..credit costs down to pre-covid times

Source: Company, Centrum Broking;

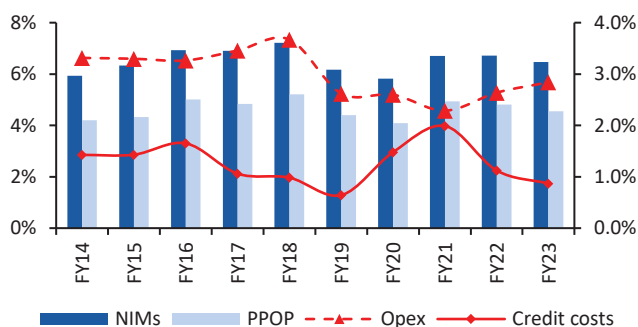
Exhibit 624: Debt/Equity increased due to strong growth

Source: Company, Centrum Broking

Exhibit 625: Capital Adequacy Ratio at 10-yr low

Source: Company, Centrum Broking

Overall balance sheet stress (Stage 2+ Stage 3) is down to 6.7% in-line with pre-covid levels in FY23. It surged to 12% in FY22 due to restructuring of accounts whose income were severely impacted during covid. Debt to equity stood at 6.8x in FY23 as the company grew at a faster clip in FY23. CAR declined to 17.1%, lowest in 10 years and company will look to infuse equity (recently announced Rs 40bn) and tier II capital to boost its CAR.

Exhibit 626: NIMs down in FY23 due to increase in CoF

Source: Company, Centrum Broking

Exhibit 627: RoA improved in FY23 due to lower credit costs

Source: Company, Centrum Broking

RoA's healthy despite NIMs compression: NIMs have remained volatile in the range of 5.8-7.2% over the last 10 years. FY21 & FY22 benefitted from low repo rate which led to NIMs expansion however, NIMs contracted in FY23 as the RBI started hiking repo rates. Opex saw a step reduction from 3.3%+ over FY14-18 to an average of 2.6% in last 5 years. Opex increased to 2.8% in FY23 as company invested in manpower, digital and tech to develop new product lines. Despite NIMs compression and elevated opex, the company maintained RoA at 2.7% due to controlled credit costs. The RoA profile for the company has improved over the last 10 years. High leverage contributed to peer-leading RoEs.

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	92,242	95,668	1,20,822	1,68,670	2,08,765
Interest expense	45,759	42,988	57,488	87,532	1,07,959
NII	46,483	52,680	63,334	81,139	1,00,806
Other income	3,514	5,720	8,958	11,087	12,334
Total income	49,997	58,400	72,292	92,226	1,13,140
Operating expenses	15,834	20,687	27,799	33,991	40,789
Employee	7,494	8,945	12,657	15,821	18,985
Others	8,341	11,742	15,142	18,170	21,804
PPOP	34,162	37,712	44,494	58,235	72,350
Provisions	13,778	8,803	8,497	14,322	17,837
PBT	20,384	28,909	35,997	43,913	54,513
Tax	5,235	7,442	9,335	11,286	14,010
PAT	15,149	21,467	26,662	32,628	40,503

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
AUM	15.6	9.9	38.5	28.3	24.1
Borrowings	15.9	8.5	40.7	24.8	22.2
NII	31.6	13.3	20.2	28.1	24.2
Other income	(33.5)	62.8	56.6	23.8	11.2
Opex	0.4	30.6	34.4	22.3	20.0
PPoP	37.6	10.4	18.0	30.9	24.2
Provisions	53.5	(36.1)	(3.5)	68.6	24.5
PAT	44.0	41.7	24.2	22.4	24.1
Profitability (%)					
Yield on advances	15.2	13.7	13.5	14.3	14.2
Cost of funds	7.7	6.5	6.9	8.0	8.0
NIM (on AuM)	7.7	7.5	7.1	6.9	6.9
Other Income/ Total Income	7.0	9.8	12.4	12.0	10.9
Other Income / Total Assets	0.5	0.7	0.8	0.8	0.7
Cost/Income	31.7	35.4	38.5	36.9	36.1
Employee	15.0	15.3	17.5	17.2	16.8
Others	16.7	20.1	20.9	19.7	19.3
Opex/ Avg AuM	2.4	2.8	3.0	2.8	2.7
Provisions	2.1	1.2	0.9	1.2	1.2
Tax Rate	25.7	25.7	25.9	25.7	25.7
RoA	2.2	2.7	2.7	2.5	2.5
RoE	17.1	20.2	20.5	20.6	21.0

DuPont (% avg assets)					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	13.3	12.2	12.3	13.0	12.9
Interest expense	6.6	5.5	5.9	6.7	6.7
NII	6.7	6.7	6.5	6.3	6.2
Other income	0.5	0.7	0.9	0.9	0.8
Total income	7.2	7.4	7.4	7.1	7.0
Operating expenses	2.3	2.6	2.8	2.6	2.5
Employee	1.1	1.1	1.3	1.2	1.2
Others	1.2	1.5	1.5	1.4	1.3
PPOP	4.9	4.8	4.5	4.5	4.5
Provisions	2.0	1.1	0.9	1.1	1.1
PBT	2.9	3.7	3.7	3.4	3.4
Tax	0.8	0.9	1.0	0.9	0.9
PAT	2.2	2.7	2.7	2.5	2.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Financial assets	7,26,900	8,04,450	11,13,298	14,33,380	17,51,407
Cash	52,319	42,200	29,614	71,669	70,056
Loans	6,58,393	7,41,490	10,47,483	13,11,543	16,28,808
Investment	16,188	20,760	36,200	50,168	52,542
Non-financial assets	18,582	19,180	21,858	26,196	30,792
Deferred tax assets	7,640	6,710	6,085	6,710	6,710
Fixed Assets	2,290	2,920	4,591	5,509	6,611
Other Non-fin. assets	8,652	9,550	11,182	13,977	17,472
Total Assets	7,45,483	8,23,630	11,35,155	14,59,576	17,82,199
Financial liabilities	6,37,300	6,91,735	9,73,561	12,14,729	14,84,243
Borrowings	6,37,300	6,91,735	9,73,561	12,14,729	14,84,243
Non-financial liabilities	12,580	14,822	18,634	71,759	85,985
Other Non-fin liabilities	12,580	14,822	18,634	71,759	85,985
Total equity	95,603	1,17,073	1,42,961	1,73,088	2,11,971
Share capital	1,641	1,643	1,645	1,645	1,645
Other equity	93,962	1,15,430	1,41,316	1,71,443	2,10,327
Total Liabilities	7,45,483	8,23,630	11,35,155	14,59,576	17,82,199
Balance Sheet ratios (%)					
Debt / Equity	6.7	5.9	6.8	7.0	7.0
Assets / Equity	7.8	7.0	7.9	8.4	8.4
Cash / Borrowings	8.2	6.1	3.0	5.9	4.7
Details on loans					
AUM	6,99,960	7,69,070	10,64,980	13,66,840	16,96,721
Disbursements	2,60,430	3,54,900	6,65,310	7,98,487	9,37,587
Capital Adequacy (%)					
CRAR	19.1	19.6	17.1	15.5	15.1
Tier-1	15.2	16.5	14.8	13.2	13.2
Tier-2	3.9	3.1	2.4	2.3	1.9
Asset quality (%)					
GNPA (Rs mn)	27,050	33,430	32,220	38,606	47,275
Growth (%)	25.0	23.6	(3.6)	19.8	22.5
NNPA (Rs mn)	15,075	20,170	17,400	21,233	26,001
Growth (%)	19.2	33.8	(13.7)	22.0	22.5
GNPA	3.9	4.3	3.0	2.8	2.8
NNPA	2.2	2.6	1.6	1.6	1.5
PCR	44.3	39.7	46.0	45.0	45.0
NNPA / Equity	15.8	17.2	12.2	12.3	12.3
Per share (Rs)					
EPS	18.5	26.2	32.4	39.7	49.3
BVPS	116.5	142.5	173.8	210.5	257.7
ABVPS	98.2	118.0	152.7	184.6	226.1
DPS	2.0	2.0	2.0	2.0	2.0
Valuation (x)					
P/E	64.5	45.5	36.8	30.1	24.2
P/BV	10.2	8.4	6.9	5.7	4.6
P/ABV	10.6	8.8	6.8	5.6	4.6
Dividend yield	0.2	0.2	0.2	0.2	0.2

Source: Company, Centrum Broking

M&M Financial Services (MMFS)

The last 10-year cycle for MMFS has been tough on asset quality, leading to declining return ratios. GNPA/GS3 rose from 3.2% in FY13 to 11.3% in 3QFY22 and has now moderated to 4.5% in FY23. PCR dropped from 66% in FY13 to 60% in FY23. Ability to source funds was never a challenge owing to its strong parentage. Funding mix shifted from banks to NCDs and off shore funds over FY13-23. AUM mix has diversified with share of M&M vehicles coming down from 49% in FY14 to 44% in FY23. Contribution of cars and tractors in AUM mix has declined while pre-owned vehicles and SME and other segment witnessed strong traction. Opex performance has been variable. Company maintains positive ALM across buckets.

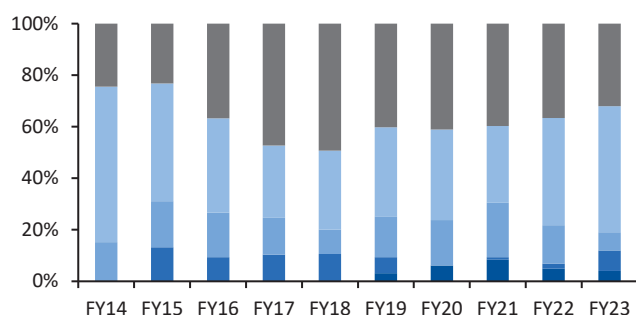
Share of Bank term loans has gone up in borrowings; AUM mix more diversified: Borrowing mix for MMFS is largely dominated by NCDs and banks. Share of banks tilted in favor of NCDs over FY13-20 as asset quality pressure rose. However, with increase in repo rates and improved asset quality, the company has shifted its liability mix towards bank term loans rather than locking high-rate long term NCDs. Over FY21-23, share of Securitization and Deposits reduced in favor of bank term loans and CPs. The AUM mix is diversified with increase in share of pre-owned vehicles and MSME & other segments. Autos contribute 90%. Share of CV/CE was relatively volatile, since it is dependent on new auto volumes. Share of tractors has gone down with seasonality while UV has reported a robust performance benefitting from growth in parent company.

Market data

Current price:	Rs301
Bloomberg:	MMFS IN
52-week H/L:	Rs347/176
Market cap:	Rs372.5bn
Free float:	37.5%
Avg. daily vol. 3mth:	4569290

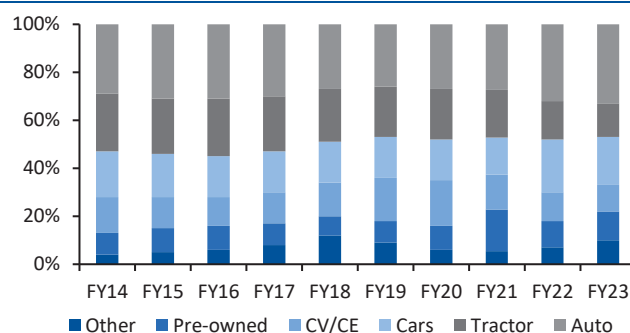
Source: Bloomberg

Exhibit 628: Bank TL rose while NCD funding reduced



Source: Company, Centrum Broking. *Incl. Securitisation

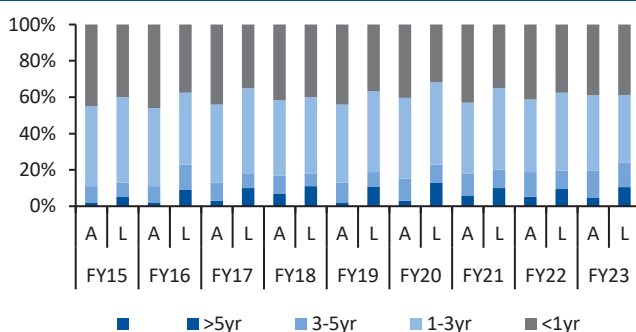
Exhibit 629: AUM mix diversified, dominated by auto



Source: Company, Centrum Broking

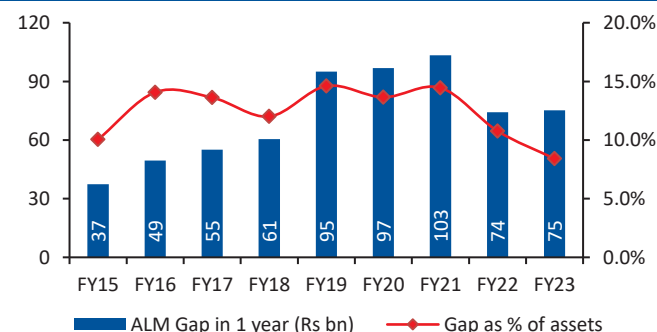
ALM mismatch with a positive tilt, as vehicle loans have a 1-3 year tenure: Over FY14-23, 80-90% of assets had a maturity of less than three years, as vehicle loans generally have a maturity of 1-3 years. Hence, MMFS' ALM profile was positive in the less than 1-year bucket, with a gap of over 10% of total assets over FY15-22. The mismatch has reduced in FY23 due to rise in interest rates. MMFS has an advantage in falling interest rate scenario as the asset side is on a fixed rate while on liabilities pricing for bank term loans, CPs would be reset at regular intervals, providing an opportunity for NIMs expansion. ALM has been well-managed despite strong parentage and improved credit rating (upgraded to AAA/Stable by Crisil in Jan'23)

Exhibit 630: Asset liability profile largely balanced



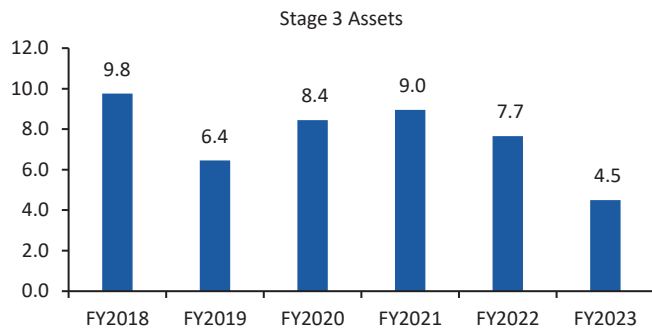
Source: Company, Centrum Broking; Note: ALM is based on maturity pattern of certain items of asset (does not include cash & bank) & liabilities

Exhibit 631: ALM mismatch has been positive

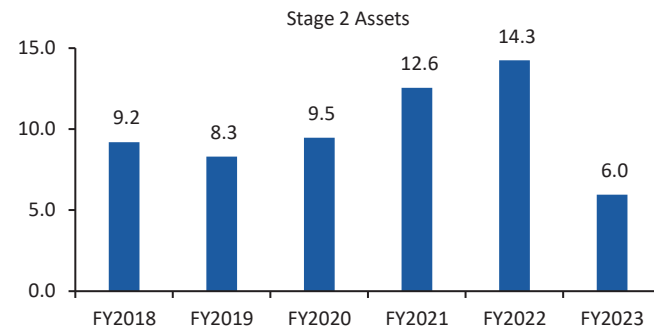


Source: Company, Centrum Broking; Note: ALM is based on maturity pattern of certain items of asset (does not include cash & bank) & liabilities

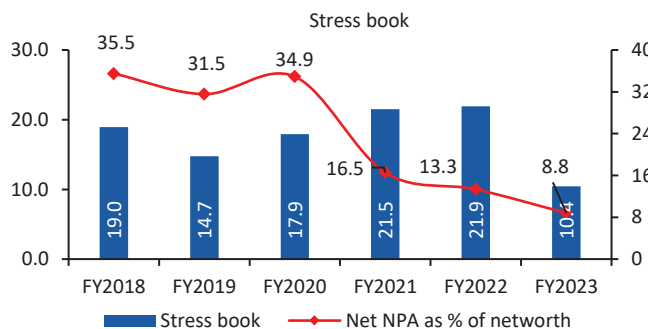
Asset quality has remained volatile: Asset quality pressure has remained a challenge for MMFS due to greater reliance on earn-and-pay customers mostly dependent on agri income. Over last two to three years, MMFS has taken significant write-offs and moved up in its customer selection to reduce volatility in its asset quality. Also, the incentives have been drawn for soft-bucket collections arresting the forward flows. This has led to significant decline in loan loss provisions and improvement in Stage 2 and Stage 3 assets in FY23. Total provisions have come-off from average of 5.2% in FY16-22 to 4% in FY23, in-line with overall reduction in stress book. Leverage (debt to equity) declined post capital raise in FY21.

Exhibit 632: GNPA/GS-3 at 10-year low

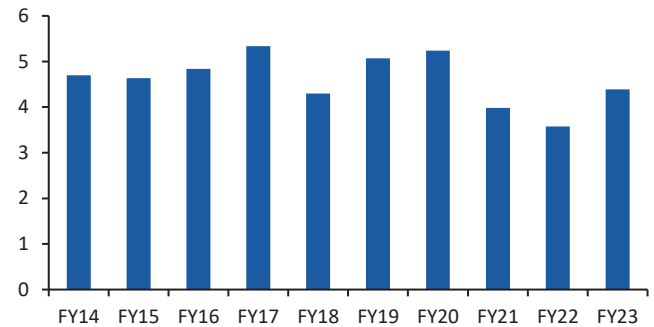
Source: Company, Centrum Broking

Exhibit 633: Stage 2 assets at 6-yr low

Source: Company, Centrum Broking

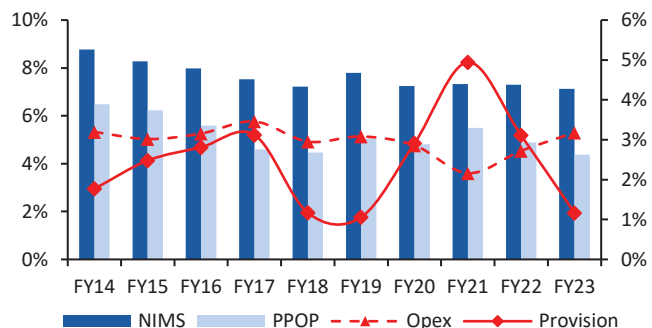
Exhibit 634: Stress is at comfortable levels

Source: Company, Centrum Broking

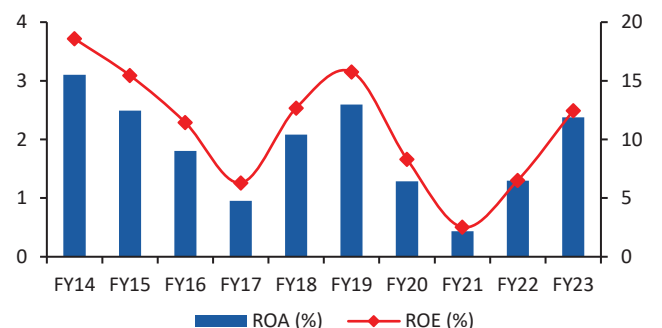
Exhibit 635: Leverage (Debt/Equity)

Source: Company, Centrum Broking

Rise in credit costs impacted returns in FY20-22; opex elevated in FY23: NIM has consistently declined over the last 10 years with some intermittent spikes, mainly led by interest reversals and to some extent due to a positive ALM mix. Operating expenses have remained volatile, with improvement in FY20-22, led by lower employee costs and reduced overheads. Opex increased in FY23 due to digital & tech spends and increase in incentives to employees. Provisions (credit costs) have reduced drastically in FY23 compared to previous two years, creating a positive impact on profitability. Provisions declined in FY18 and FY19, which only seems optically lower, since PCR also dropped sharply in both these years, implying underprovided stress. Hence, RoA/RoE has consistently been volatile.

Exhibit 636: Lower NIM coupled with higher provisions

Source: Company, Centrum Broking

Exhibit 637: Credit costs impacted RoAs

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	1,02,670	94,756	1,06,826	1,36,392	1,62,941
Interest expense	47,332	39,202	45,767	64,831	77,633
NII	55,338	55,554	61,059	71,561	85,307
Other income	2,499	2,432	3,735	4,109	4,520
Total income	57,836	57,986	64,794	75,669	89,827
Operating expenses	16,325	20,734	27,276	30,003	33,411
Employee	10,152	11,714	15,843	17,427	19,518
Others	6,172	9,020	11,433	12,576	13,893
PPOP	41,512	37,252	37,518	45,666	56,416
Provisions	37,348	23,683	9,992	15,335	18,786
PBT	4,163	13,569	27,526	30,331	37,630
Tax	873	3,682	7,138	7,886	9,784
PAT	3,291	9,888	20,388	22,445	27,846

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
AUM	(5.1)	0.5	27.4	22.0	17.6
Borrowings	(1.5)	(4.7)	34.3	21.8	18.1
NII	8.2	0.4	9.9	17.2	19.2
Other income	(17.7)	(2.7)	53.6	10.0	10.0
Opex	(19.1)	27.0	31.5	10.0	11.4
PPoP	22.2	(10.3)	0.7	21.7	23.5
Provisions	81.8	(36.6)	(57.8)	53.5	22.5
PAT	(63.7)	200.5	106.2	10.1	24.1
Profitability (%)					
Yield on advances	16.4	15.7	15.3	15.4	15.3
Cost of funds	8.0	6.9	7.0	7.8	7.8
NIM (on AuM)	8.3	8.6	8.3	7.8	7.8
Other Income/ Total Income	1.0	1.0	2.0	1.9	1.7
Other Income / Total Assets	0.1	0.1	0.1	0.1	0.1
Cost/Income	28.2	35.8	42.1	39.7	37.2
Employee	17.6	20.2	24.5	23.0	21.7
Others	10.7	15.6	17.6	16.6	15.5
Opex/ Avg AuM	2.5	3.2	3.7	3.3	3.0
Provisions	5.6	3.7	1.4	1.7	1.7
Tax Rate	21.0	27.1	25.9	26.0	26.0
RoA	0.4	1.3	2.4	2.1	2.2
RoE	2.5	6.5	12.5	12.6	14.4

DuPont (% avg assets)					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	13.6	12.4	12.5	13.0	13.2
Interest expense	6.3	5.1	5.3	6.2	6.3
NII	7.3	7.3	7.1	6.8	6.9
Other income	0.3	0.3	0.4	0.4	0.4
Total income	7.7	7.6	7.6	7.2	7.3
Operating expenses	2.2	2.7	3.2	2.9	2.7
Employee	1.3	1.5	1.8	1.7	1.6
Others	0.8	1.2	1.3	1.2	1.1
PPOP	5.5	4.9	4.4	4.3	4.6
Provisions	4.9	3.1	1.2	1.5	1.5
PBT	0.6	1.8	3.2	2.9	3.0
Tax	0.1	0.5	0.8	0.7	0.8
PAT	0.4	1.3	2.4	2.1	2.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Financial assets	7,49,748	7,30,353	9,22,754	10,97,903	12,80,966
Cash	33,221	41,504	28,321	11,257	6,930
Loans	5,99,474	6,04,446	7,94,547	9,76,771	11,53,173
Investment	1,17,054	84,403	99,886	1,09,875	1,20,862
Non-financial assets	20,616	22,534	39,411	45,323	52,122
Deferred tax assets	0	0	0	0	0
Fixed Assets	3,218	3,831	6,812	7,834	9,009
Other Non-fin. assets	17,398	18,703	32,599	37,489	43,113
Total Assets	7,70,365	7,52,887	9,62,166	11,43,226	13,33,088
Financial liabilities	5,85,767	5,58,139	7,49,459	9,12,870	10,77,732
Borrowings	5,85,767	5,58,139	7,49,459	9,12,870	10,77,732
Non-financial liabilities	37,483	38,467	41,818	46,000	52,900
Other Non-fin liabilities	37,483	38,467	41,818	46,000	52,900
Total equity	1,47,115	1,56,281	1,70,889	1,84,356	2,02,456
Share capital	2,464	2,466	2,467	2,467	2,467
Other equity	1,44,651	1,53,815	1,68,422	1,81,889	1,99,989
Total Liabilities	7,70,365	7,52,887	9,62,166	11,43,226	13,33,088
Balance Sheet ratios (%)					
Debt / Equity	4.0	3.6	4.4	5.0	5.3
Assets / Equity	5.2	4.8	5.6	6.2	6.6
Cash / Borrowings	5.7	7.4	3.8	1.2	0.6
Details on loans					
AUM	6,46,080	6,49,610	8,27,700	10,10,056	11,88,245
Disbursements	1,90,010	2,75,810	4,95,410	5,79,630	6,66,574
Capital Adequacy (%)					
CRAR	26.0	27.8	22.5	19.3	17.8
Tier-1	22.2	24.3	19.9	17.5	16.5
Tier-2	3.8	3.5	2.6	1.7	1.3
Asset quality (%)					
GNPA (Rs mn)	57,860	49,763	37,170	44,736	53,651
Growth (%)	0.7	(14.0)	(25.3)	20.4	19.9
NNPA (Rs mn)	24,339	20,860	15,070	20,131	26,825
Growth (%)	(38.6)	(14.3)	(27.8)	33.6	33.3
GNPA	9.0	7.7	4.5	4.4	4.5
NNPA	4.0	3.4	1.8	2.0	2.3
PCR	57.9	58.1	59.5	55.0	50.0
NNPA / Equity	16.5	13.3	8.8	10.9	13.2
Per share (Rs)					
EPS	2.7	8.0	16.5	18.2	22.6
BVPS	119.3	126.7	138.5	149.4	164.1
ABVPS	104.5	114.3	129.6	138.0	148.9
DPS	0.8	3.6	6.0	7.3	7.9
Valuation (x)					
P/E	112.8	37.6	18.2	16.6	13.4
P/BV	2.5	2.4	2.2	2.0	1.8
P/ABV	2.9	2.6	2.3	2.2	2.0
Dividend yield	0.3	1.2	2.0	2.4	2.6

Source: Company, Centrum Broking

Shriram Finance Limited (SHFL)

Shriram Finance (SFC) is the 2nd largest retail NBFC operating in used CV finance, used PV finance, SME finance, 2W loans, etc. The last 10-year cycle for SFC has been tough on asset quality, leading to declining return ratios. GNPA/GS3 rose from 3.9% in FY14 to 6.2% in FY23 for the merged entity. PCR dropped from 79% in FY14 to 50% in FY23. Funding mix shifted from banks to NCDs and off shore funds over FY14-23. Post merger with Shriram City Union (SCUF), AUM mix has diversified with share of CV+CE declining to 57% as against 69% in last 10 years. The NBFC witnessed a steep reduction in opex during covid, however, it increased in FY23 due to merger/opex intensive business of merged entity. Company maintains positive ALM.

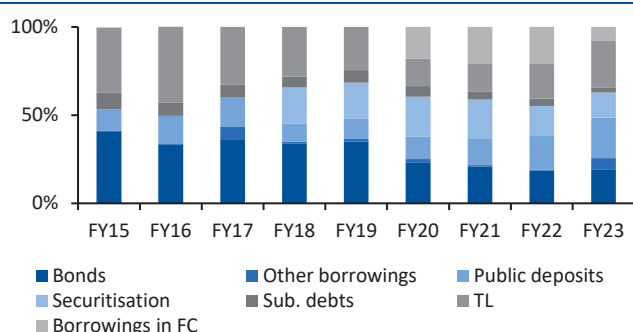
Market data

Current price:	Rs1,913
Bloomberg:	SHFL IN
52-week H/L:	Rs1,975/1,146
Market cap:	Rs717.9bn
Free float:	69.8%
Avg. daily vol. 3mth:	2048208

Source: Bloomberg

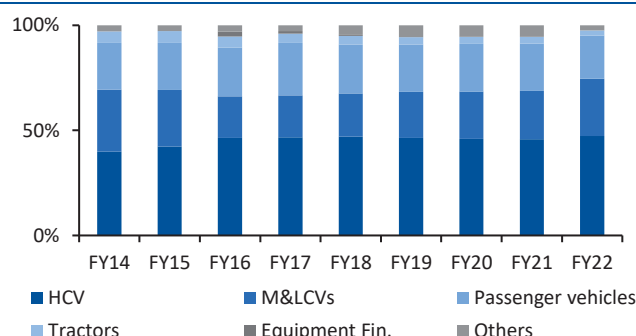
Share of Bank term loans has gone up in borrowings; AUM mix more diversified: Borrowing mix for SFC is well diversified across Bank term loans, NCDs, ECBs, Securitisation and Deposits. Share of bonds declined over the last 6 years while that of deposits increased. Bank term loans have remained volatile however the share increased in FY23. Share of securitisation in borrowings declined over last 4 years. AUM mix has been concentrated with CVs contributing ~69% over FY14-22 and PVs ~23% over the same period. Post-merger with SCUF in FY23, the company has diversified into MSME loans, 2W, PL, Gold Loans, etc., with share of CV & PV declining to 76% vs. 92% earlier. Share of MSME/2W/PL/GL stood at 10%/5%/4%/3% in FY23.

Exhibit 638: Bank TL rose while NCD funding reduced



Source: Company, Centrum Broking. *Incl. Securitisation

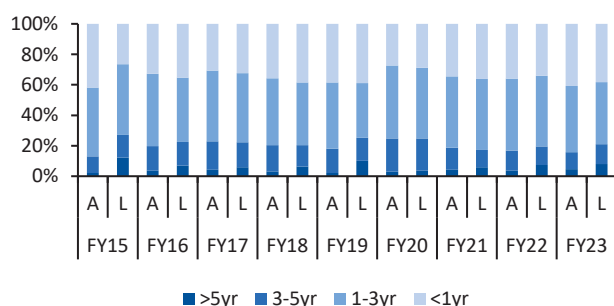
Exhibit 639: AUM mix largely stable, dominated by auto



Source: Company, Centrum Broking

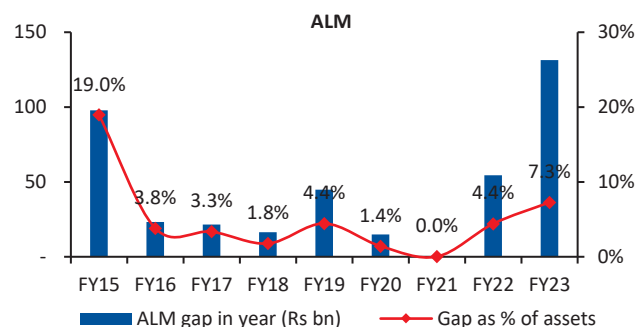
ALM mismatch with a positive tilt, as vehicle loans have a 1-3 year tenure: Over FY15-23, 80-90% of assets had a maturity of less than three years, as vehicle loans generally have a maturity of 1-3 years. The company has maintained positive mismatch until 5 years tenure over the last 8 years. The positive mismatch in less than 1-year tenure reduced in FY21 during covid. However, it improved significantly in FY22 and FY23 due to strong traction in deposits and further diversification of its borrowings sources.

Exhibit 640: ~80% of assets in <3 year tenure



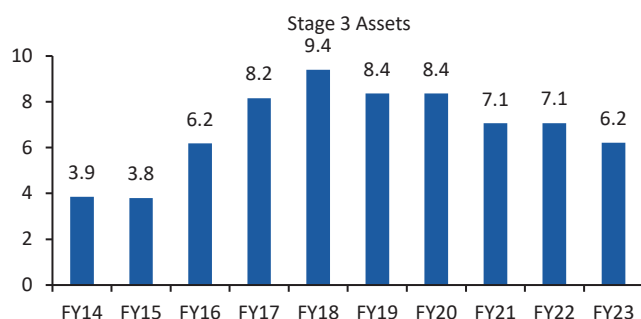
Source: Company, Centrum Broking; Note: ALM is based on maturity pattern of certain items of asset (does not include cash & bank) & liabilities

Exhibit 641: ALM in 1 year bucket positive over years

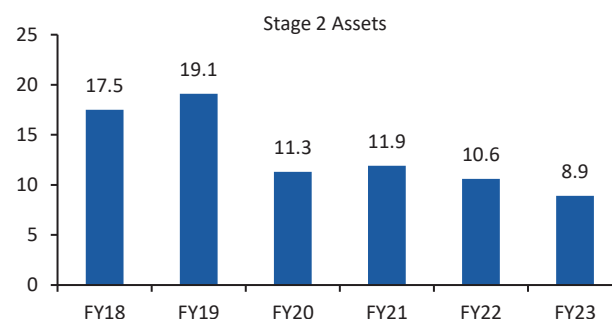


Source: Company, Centrum Broking; Note: ALM is based on maturity pattern of certain items of asset (does not include cash & bank) & liabilities

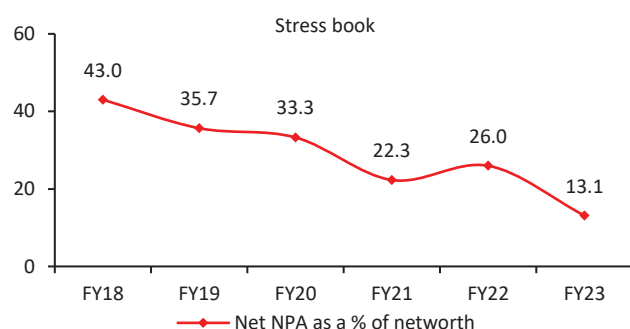
Asset quality has seen significant improvement in recent years: Asset quality pressure has remained a challenge for SFC. GNPA/GS3 rose from 3.9% in FY14 to reaching a peak of 9.4% in FY18 due to change in NPA recognition days and amalgamation of Shriram Equipment Finance Ltd. It moderated to 6.2% in FY23. However, company has been able to reduce stress on its books in last 4 years arresting forward flows. Stage-2 assets have improved from 17.5% in FY18 to 8.9% in FY23. The company has been able to maintain write-offs at an avg. of 1.9% over the last 4 years despite covid. Total provisions on business assets increased during covid and declined in FY23 in-line with reduction in stress book.

Exhibit 642: GNPA/GS-3 at 7-year low

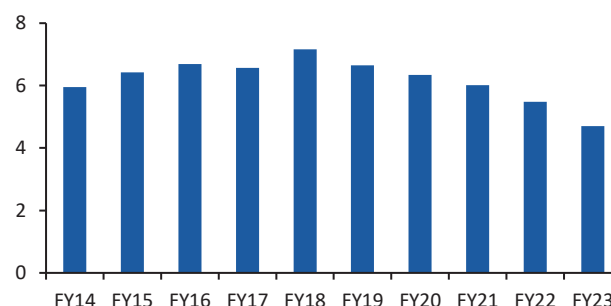
Source: Company, Centrum Broking

Exhibit 643: Stage 2 assets at 6-yr low

Source: Company, Centrum Broking

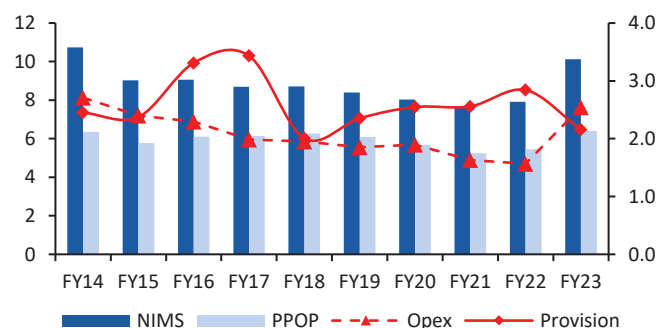
Exhibit 644: Stress is at comfortable levels

Source: Company, Centrum Broking

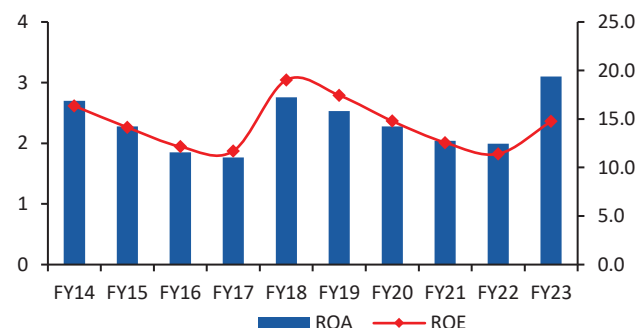
Exhibit 645: Leverage (Debt/Equity)

Source: Company, Centrum Broking

Balance sheet stress grew over the last decade: Owing to its 'earn and pay' customer profile, stress (Stage 2 + Stage 3) rose for SFC in FY18 & FY19 with Net NPA to net worth reaching as high as 35-40%. Net NPA to net worth in FY21-22 declined as GS3 improved as well as company increased its provision coverage ratio to provide for stress emanating from covid wave 2. Higher provisions and improvement in stress book has led to further improvement to 13.1% in FY23. Stage 3 PCR stood at 50% over the last 2 years. On leverage, debt to equity is at 10 year low and Tier 1 capital is strong at 21.2%, 10-year high. Strong network should support growth without equity dilution over the next two years.

Exhibit 646: Lower NIM coupled with higher provisions

Source: Company, Centrum Broking

Exhibit 647: Credit costs impacted RoAs

Source: Company, Centrum Broking

Rise in credit costs impacted returns in FY20-22; opex was elevated recently: NIM has consistently declined over FY14-22 with some intermittent spikes, led by yields compression and increase in cost of fund. Post-merger NIMs have increased as SCUF products commanded higher interest yield. Operating as % of assets declined over FY14-22, however increased in FY23 due to higher opex of SCUF and employee and branch additions post-merger. Credit costs have reduced drastically in FY23 compared to previous two years, creating a positive impact on profitability. Provision costs declined in FY18 and FY19, which only seems optically lower, since PCR also dropped sharply in both these years. Hence, RoA/RoE has consistently been volatile.

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	1,71,281	1,86,463	2,86,074	3,29,440	3,83,130
Interest expense	90,543	97,343	1,25,458	1,48,577	1,72,484
NII	80,739	89,120	1,60,616	1,80,863	2,10,647
Other income	3,083	6,280	11,955	10,862	12,048
Total income	83,821	95,399	1,72,571	1,91,725	2,22,694
Operating expenses	19,857	21,298	49,131	57,893	62,586
Employee	9,063	9,971	25,061	31,499	33,380
Others	10,795	11,327	24,070	26,394	29,206
PPOP	63,964	74,101	1,23,441	1,33,832	1,60,108
Provisions	31,184	38,609	41,592	41,051	53,402
PBT	32,780	35,493	81,849	92,781	1,06,706
Tax	7,908	8,413	22,056	23,650	27,210
PAT	24,873	27,079	59,793	69,131	79,496

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
AUM	6.8	8.4	46.2	17.3	14.5
Borrowings	12.5	7.8	37.9	16.1	14.7
NII	1.0	10.4	80.2	12.6	16.5
Other income	(2.2)	103.7	90.4	(9.1)	10.9
Opex	(4.5)	7.3	130.7	17.8	8.1
PPoP	2.6	15.8	66.6	8.4	19.6
Provisions	11.6	23.8	7.7	(1.3)	30.1
PAT	(0.6)	8.9	120.8	15.6	15.0
Profitability (%)					
Yield on advances	16.3	16.6	18.0	17.6	17.6
Cost of funds	9.0	8.8	8.3	8.7	8.8
NIM (on AuM)	7.7	7.9	10.1	9.7	9.7
Other Income/ Total Income	3.7	6.6	6.9	5.7	5.4
Other Income / Total Assets	0.3	0.5	0.7	0.5	0.5
Cost/Income	23.7	22.3	28.5	30.2	28.1
Employee	10.8	10.5	14.5	16.4	15.0
Others	12.9	11.9	13.9	13.8	13.1
Opex/ Avg AuM	1.0	0.9	1.5	1.3	1.3
Provisions	2.7	3.2	2.7	2.0	2.3
Tax Rate	24.1	23.7	26.9	25.5	25.5
RoA	2.0	2.0	3.5	3.2	3.2
RoE	12.6	11.4	17.3	15.0	15.3

DuPont (% avg assets)					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	14.1	13.7	16.5	15.0	15.2
Interest expense	7.4	7.2	7.3	6.8	6.9
NII	6.6	6.6	9.3	8.2	8.4
Other income	0.3	0.5	0.7	0.5	0.5
Total income	6.9	7.0	10.0	8.7	8.9
Operating expenses	1.6	1.6	2.8	2.6	2.5
Employee	0.7	0.7	1.4	1.4	1.3
Others	0.9	0.8	1.4	1.2	1.2
PPOP	5.2	5.5	7.1	6.1	6.4
Provisions	2.6	2.8	2.4	1.9	2.1
PBT	2.7	2.6	4.7	4.2	4.2
Tax	0.6	0.6	1.3	1.1	1.1
PAT	2.0	2.0	3.5	3.2	3.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Financial assets	12,82,199	14,02,803	19,73,857	22,80,140	26,07,429
Cash	1,10,510	1,06,624	95,053	76,254	89,734
Loans	10,83,030	11,66,652	17,19,846	20,25,304	23,22,545
Investment	31,979	68,092	85,651	88,440	95,731
Non-financial assets	14,590	18,258	62,782	68,330	75,141
Deferred tax assets	6,391	8,694	17,439	19,183	20,142
Fixed Assets	1,244	1,106	2,095	2,409	2,771
Other Non-fin. assets	6,955	8,458	43,248	46,738	52,228
Total Assets	12,96,789	14,21,061	20,36,639	23,48,471	26,82,570
Financial liabilities	10,61,964	11,44,967	15,79,063	18,33,927	21,03,082
Borrowings	10,61,964	11,44,967	15,79,063	18,33,927	21,03,082
Non-financial liabilities	19,141	16,772	24,509	27,882	30,180
Other Non-fin liabilities	19,141	16,772	24,509	27,882	30,180
Total equity	2,15,684	2,59,322	4,33,066	4,86,662	5,49,308
Share capital	2,531	2,705	3,744	3,744	3,744
Other equity	2,13,153	2,56,617	4,29,322	4,82,917	5,45,564
Total Liabilities	12,96,789	14,21,061	20,36,639	23,48,471	26,82,570
Balance Sheet ratios (%)					
Debt / Equity	4.9	4.4	3.6	3.8	3.8
Assets / Equity	6.0	5.5	4.7	4.8	4.9
Cash / Borrowings	15.5	14.3	10.0	7.9	7.9
Details on loans					
AUM	11,72,428	12,70,409	18,56,829	21,77,307	24,93,674
Disbursements	3,50,275	6,00,734	11,14,847	13,02,943	14,59,296
Capital Adequacy (%)					
CRAR	22.5	23.0	22.6	21.6	21.1
Tier-1	19.9	20.7	21.2	20.3	19.8
Tier-2	2.6	2.3	1.4	1.4	1.2
Asset quality (%)					
GNPA (Rs mn)	82,928	88,876	1,13,822	1,27,655	1,53,901
Growth (%)	(9.6)	7.2	28.1	12.2	20.6
NNPA (Rs mn)	48,067	67,339	56,749	65,817	80,283
Growth (%)	(19.8)	40.1	(15.7)	16.0	22.0
GNPA	7.1	7.1	6.2	5.9	6.3
NNPA	4.1	5.4	3.1	3.1	3.3
PCR	42.0	61.6	49.9	51.6	52.2
NNPA / Equity	22.3	26.0	13.1	13.5	14.6
Per share (Rs)					
EPS	101.0	101.7	159.7	184.6	212.3
BVPS	852.3	974.2	1,107.7	1,236.7	1,384.9
ABVPS	662.4	709.6	956.1	1,060.9	1,170.5
DPS	18.0	20.0	35.0	45.0	50.0
Valuation (x)					
P/E	18.9	18.8	12.0	10.4	9.0
P/BV	2.2	2.0	1.7	1.5	1.4
P/ABV	2.9	2.7	2.0	1.8	1.6
Dividend yield	0.9	1.0	1.8	2.4	2.6

Source: Company, Centrum Broking

Sundaram Finance (SUF)

SUF has been a conservative vehicle financier as suggested by its controlled asset quality and consistency in delivering returns. The funding mix has been dominated by NCDs, while on the lending side, CV has been the mainstay. Share of bank and CP have increased due to rise in benchmark interest rates. Focus on asset quality control, leading to tighter credit cost was the key highlight for SUF over FY14-23 (although the Covid impacted FY20 and FY21). RoAs have remained over 2.5% barring FY19-21. RoA improved to 2.85% in FY23 due to lower CoF and credit costs. Opex to assets improved over FY14-23. ALM profile remains balanced, reducing interest rate risk.

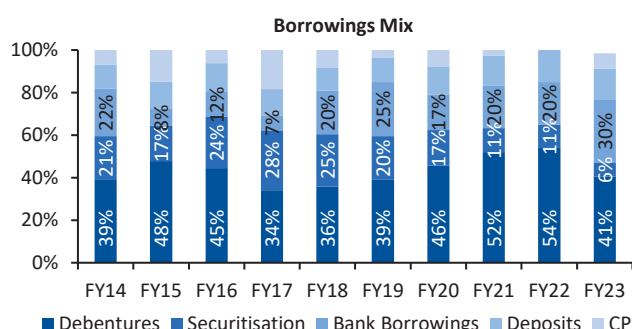
Market data

Current price:	2,880
Bloomberg:	SUF IN
52-week H/L:	Rs2,980/2,126
Market cap:	Rs320bn
Free float:	59.4%
Avg. daily vol. 3mth:	64094

Source: Bloomberg

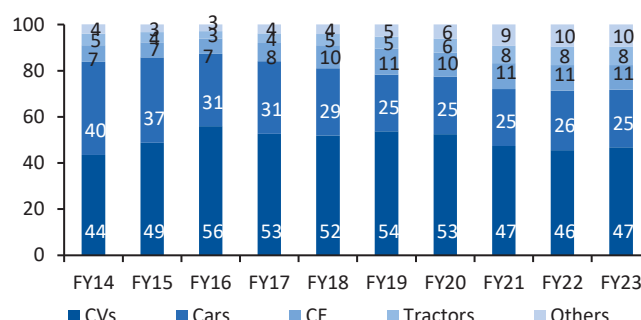
Borrowing mix changed to optimise CoF in FY23; share of CV declined in FY22-23: Share of funding from NCDs increased to 52%/54% in FY21/FY22 as the system rates were at all-time low as against an avg. of 41% over the previous 7 years. NCD share dropped to 41% in FY23 while the proportion of bank borrowings and CPs increased to optimise CoF (slower rate transmission by banks). Bank funding was volatile over the last 10 years. On the lending side, CV has the maximum share. Contribution of CVs to total AUM declined from 52-53% in FY16-20 to 45-47% in the last three years due to tepid demand during Covid. Contribution of cars declined over FY14 to FY23 while that of CE and tractors improved, over the same period.

Exhibit 648: NCD & Bank borrowings the main funding source



Source: Company, Centrum Broking. *Incl. Securitisation

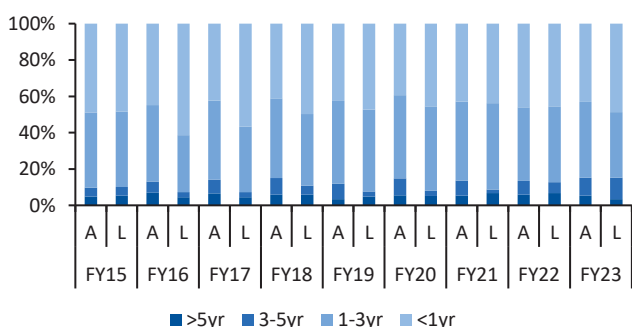
Exhibit 649: CV share at 46-47% for last 3 years



Source: Company, Centrum Broking

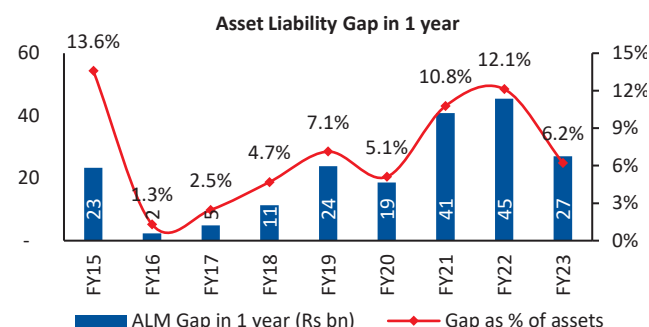
Positive ALM mismatch across tenures barring FY19: Sundaram Finance has maintained positive ALM mismatch across tenures since FY15 indicating higher cash inflows than outflows. For FY19, only in 5+ year tenure there was a negative ALM, however cumulative assets (inflows) are higher than liabilities (outflows). In FY21 & FY22, company has maintained higher liquidity of over 10% in <1 year bracket due to Covid. However, excess liquidity is run down to 6.2% of assets in FY23, likely due to higher interest rates and to support NIMs.

Exhibit 650: ~85% of assets in <3-year bucket



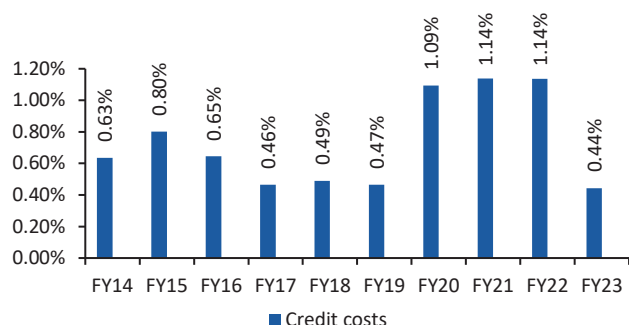
Source: Company, Centrum Broking; Note: ALM is based on maturity pattern of certain items of asset (does not include cash & bank) & liabilities

Exhibit 651: Positive ALM in 1 year tenure

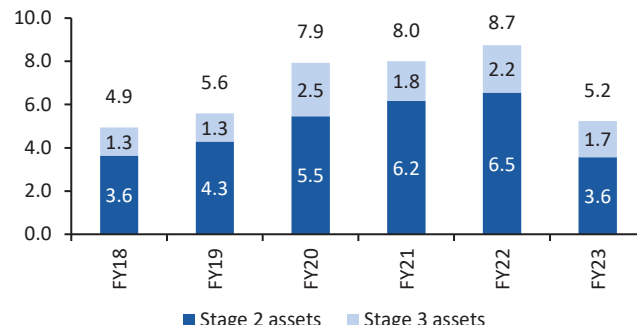


Source: Company, Centrum Broking; Note: ALM is based on maturity pattern of certain items of asset (does not include cash & bank) & liabilities

Best-in-class asset quality, led by solid underwriting practices: SUF's asset quality has remained the best-in-class owing to its conservative underwriting practices. Overall Gross Stage 3 (IND AS) was controlled at 1.3-2.5% over FY18-23. FY20 saw a surge to 2.5% owing to the sudden lockdown in March 2020, severely affecting vehicle movement. The trucking and CE segments were most impacted. The stage-2 pool was elevated from FY20 to FY22 due to restructuring of assets during covid, however is down to pre-covid levels now. Credit cost have remained lower than the peers.

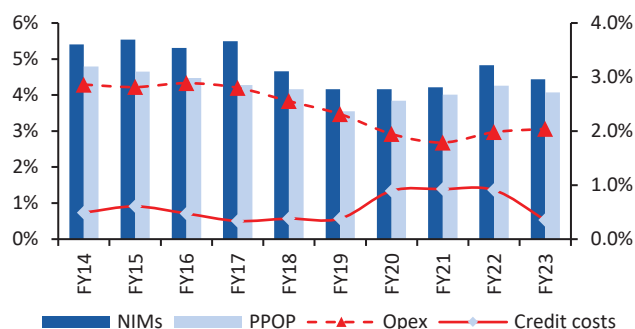
Exhibit 652: Credit costs normalised in FY23

Source: Company, Centrum Broking

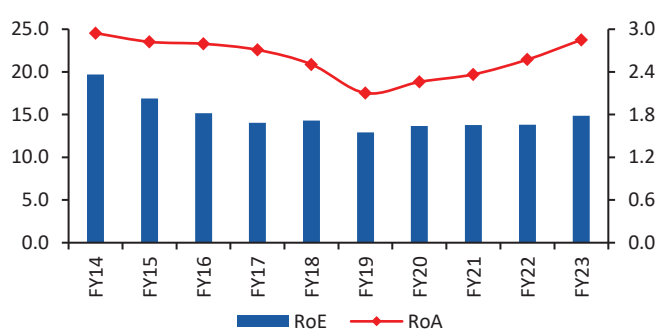
Exhibit 653: Stress levels back to pre-covid times

Source: Company, Centrum Broking

Balance sheet stress back to pre-covid level; leverage remains low: Overall balance sheet stress (Stage 2+ Stage 3) is down to pre-covid levels in FY23. It surged to over 8% in FY21 & FY22 due to restructuring. The dispensation during covid was targeted towards segments severely impacted by the Covid-19 pandemic: education (school bus operators), transportation (staff and route bus operators), travel/tourism (tour operators, taxi operators) and market-load operators hit by lack of demand for their services as well as rising fuel prices. Leverage has been at comfortable levels. Sundaram Finance has not raised any equity in the last 5 decades.

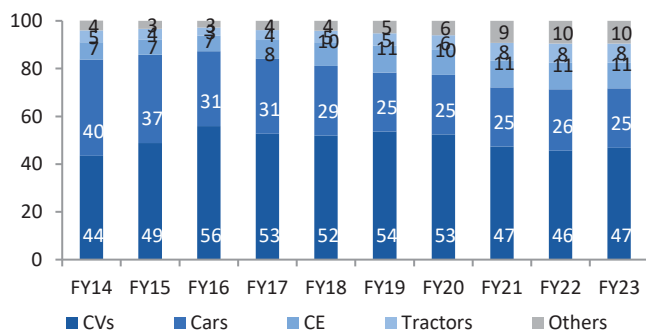
Exhibit 654: NIMs down in FY23 as CV disbursement rises

Source: Company, Centrum Broking

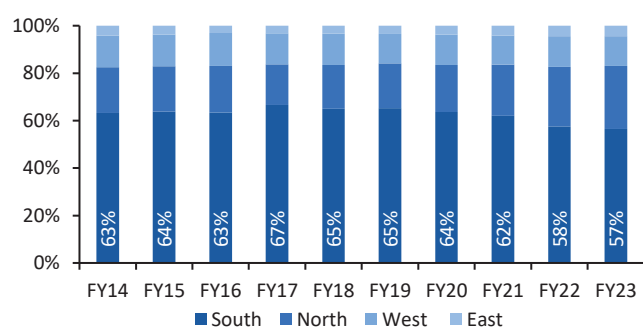
Exhibit 655: RoA improved in FY23 due to lower credit costs

Source: Company, Centrum Broking

RoAs healthy despite NIMs compression: NIM consistently declined over FY15-19 and remained volatile thereafter due to change in repo rates. Opex/Assets declined over the last 4 years due to tepid growth and branch consolidation. Despite uptick in credit costs, RoAs have expanded after reaching a trough in FY19. RoE's have remained at mid teen levels due to low leverage.

Exhibit 656: Segment wise AUM mix

Source: Company, Centrum Broking

Exhibit 657: Region wise AUM mix

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	34,713	33,945	34,721	44,240	51,864
Interest expense	20,307	17,001	17,771	24,790	28,813
NII	14,406	16,944	16,950	19,450	23,050
Other income	5,429	4,960	6,381	7,092	7,821
Total income	19,835	21,904	23,331	26,542	30,871
Operating expenses	6,111	6,949	7,789	9,124	10,493
Employee	3,822	4,145	4,451	5,118	5,886
Others	2,289	2,805	3,338	4,006	4,607
PPOP	13,724	14,954	15,542	17,417	20,378
Provisions	3,161	3,185	1,343	1,536	1,748
PBT	10,563	11,769	14,200	15,882	18,630
Tax	2,473	2,735	3,317	3,732	4,378
PAT	8,091	9,034	10,883	12,149	14,252

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
AUM	3.2	(4.4)	17.0	18.0	15.9
Borrowings	3.2	(1.3)	17.7	16.2	16.2
NII	8.0	17.6	0.0	14.7	18.5
Other income	4.3	(8.6)	28.7	11.1	10.3
Opex	(2.0)	13.7	12.1	17.1	15.0
PPoP	11.4	9.0	3.9	12.1	17.0
Provisions	10.4	0.8	(57.9)	14.4	13.8
PAT	11.8	11.7	20.5	11.6	17.3
Profitability (%)					
Yield on advances	12.1	11.8	11.2	12.0	12.0
Cost of funds	7.3	6.1	5.9	7.0	7.0
NIM (on AuM)	5.0	5.9	5.5	5.3	5.3
Other Income/ Total Income	24.3	21.7	24.6	24.1	23.1
Other Income / Total Assets	1.4	1.4	1.5	1.4	1.4
Cost/Income	30.8	31.7	33.4	34.4	34.0
Employee	19.3	18.9	19.1	19.3	19.1
Others	11.5	12.8	14.3	15.1	14.9
Opex/ Avg AuM	2.0	2.3	2.4	2.4	2.4
Provisions	1.0	1.1	0.4	0.4	0.4
Tax Rate	23.4	23.2	23.4	23.5	23.5
RoA	2.4	2.6	2.9	2.7	2.8
RoE	13.8	13.8	14.9	14.8	15.4

DuPont (% avg assets)					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Interest income	10.2	9.7	9.1	10.0	10.1
Interest expense	5.9	4.8	4.7	5.6	5.6
NII	4.2	4.8	4.4	4.4	4.5
Other income	1.6	1.4	1.7	1.6	1.5
Total income	5.8	6.2	6.1	6.0	6.0
Operating expenses	1.8	2.0	2.0	2.1	2.1
Employee	1.1	1.2	1.2	1.2	1.2
Others	0.7	0.8	0.9	0.9	0.9
PPOP	4.0	4.3	4.1	3.9	4.0
Provisions	0.9	0.9	0.4	0.3	0.3
PBT	3.1	3.4	3.7	3.6	3.6
Tax	0.7	0.8	0.9	0.8	0.9
PAT	2.4	2.6	2.9	2.7	2.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Financial assets	3,40,872	3,43,360	3,98,883	4,60,944	5,33,355
Cash	6,932	6,171	10,703	8,508	13,985
Loans	2,93,416	2,84,002	3,37,552	3,99,783	4,64,611
Investment	40,524	53,187	50,628	52,653	54,759
Non-financial assets	8,326	9,516	11,704	13,165	14,874
Deferred tax assets	1,589	1,851	1,728	1,814	1,905
Fixed Assets	2,594	2,918	4,141	4,348	4,565
Other Non-fin. assets	4,143	4,747	5,836	7,003	8,404
Total Assets	3,49,198	3,52,875	4,10,587	4,74,109	5,48,229
Financial liabilities	2,82,134	2,78,353	3,27,549	3,80,745	4,42,487
Borrowings	2,82,134	2,78,353	3,27,549	3,80,745	4,42,487
Non-financial liabilities	5,269	5,592	5,664	6,513	7,490
Other Non-fin liabilities	5,269	5,592	5,664	6,513	7,490
Total equity	61,795	68,931	77,374	86,851	98,252
Share capital	1,111	1,111	1,111	1,111	1,111
Other equity	60,684	67,820	76,263	85,740	97,141
Total Liabilities	3,49,198	3,52,875	4,10,587	4,74,109	5,48,229
Balance Sheet ratios (%)					
Debt / Equity	4.6	4.0	4.2	4.4	4.5
Assets / Equity	5.7	5.1	5.3	5.5	5.6
Cash / Borrowings	2.5	2.2	3.3	2.2	3.2
Details on loans					
AUM	3,08,820	2,95,320	3,45,520	4,07,751	4,72,579
Disbursements	1,17,420	1,32,750	2,09,660	2,46,810	2,82,574
Capital Adequacy (%)					
CRAR	22.1	24.2	22.8	20.9	20.0
Tier-1	15.2	17.3	17.7	16.7	16.3
Tier-2	6.9	6.9	5.1	4.2	3.7
Asset quality (%)					
GNPA (Rs mn)	6,831	7,035	5,684	6,377	7,869
Growth (%)	(13.3)	3.0	(19.2)	12.2	23.4
NNPA (Rs mn)	4,009	3,636	2,899	3,188	3,935
Growth (%)	(26.0)	(9.3)	(20.3)	10.0	23.4
GNPA	1.8	2.2	1.7	1.6	1.7
NNPA	1.0	1.1	0.9	0.8	0.8
PCR	41.3	48.3	49.0	50.0	50.0
NNPA / Equity	6.5	5.3	3.7	3.7	4.0
Per share (Rs)					
EPS	72.8	81.3	98.0	109.4	128.3
BVPS	556.2	620.4	696.4	781.7	884.4
ABVPS	520.1	587.7	670.3	753.0	848.9
DPS	18.0	20.0	27.0	24.1	25.7
Valuation (x)					
P/E	39.5	35.4	29.4	26.3	22.5
P/BV	5.2	4.6	4.1	3.7	3.3
P/ABV	5.5	4.9	4.3	3.8	3.4
Dividend yield	0.6	0.7	0.9	0.8	0.9

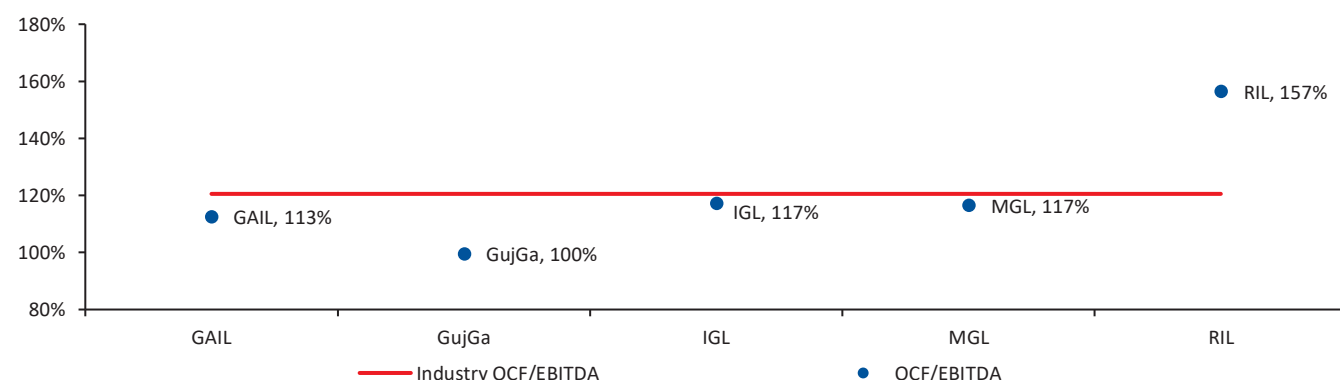
Source: Company, Centrum Broking

Oil & Gas Industry

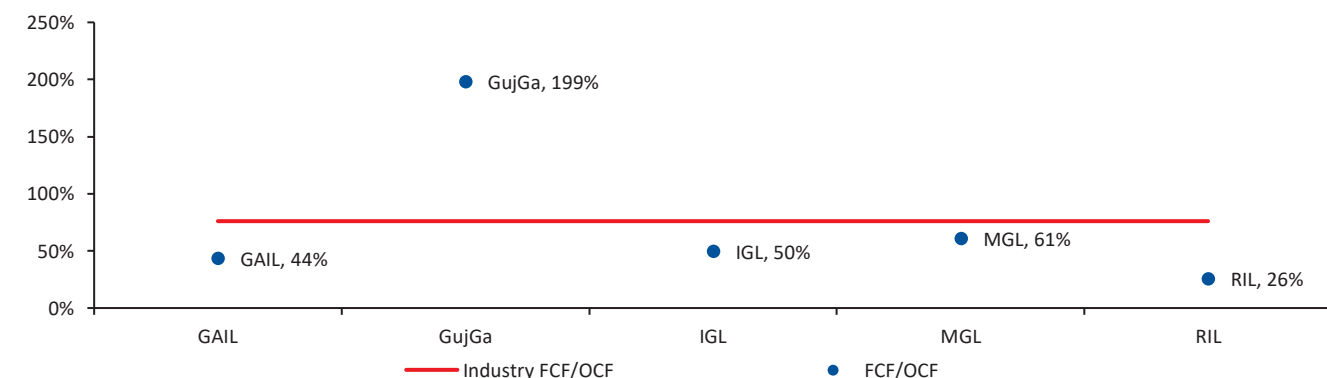
Amongst the gas companies, high PBT CAGR coupled with good RoEs led to maximum (24% CAGR) stock returns for GujGas over the past decade. MGL's RoEs remained the highest at 22% after GujGas at 23% while the average RoE for the reference companies was 18%. RIL continues to remain strong in terms of highest EBITDA to OCF conversion (149%) although weak FCF to OCF due to large capex. Robust PBT growth, high return ratios, and good asset turn is reflected in highest 24% CAGR in stock returns for GujGas. Moderate margins and net cash position has supported 23% stock return CAGR for IGL. GAIL with negative PBT CAGR over the decade coupled with moderate return ratios has been a laggard with only 4% stock return CAGR.

Sensex vs BSE OIL

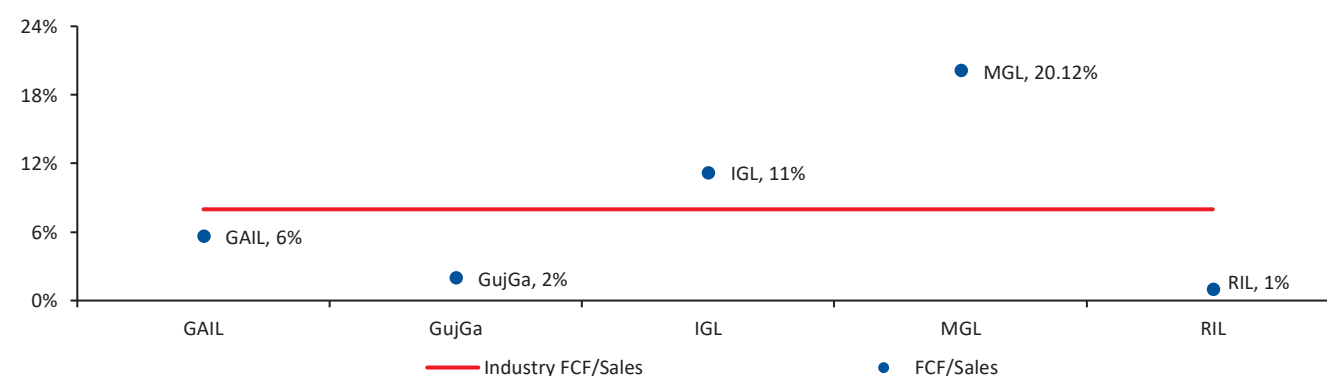

Source: Bloomberg

Exhibit 658: For all companies EBITDA to OCF conversion has been above 100% with RIL highest at 157%


Source: Company, Centrum Broking; data is for FY14-23

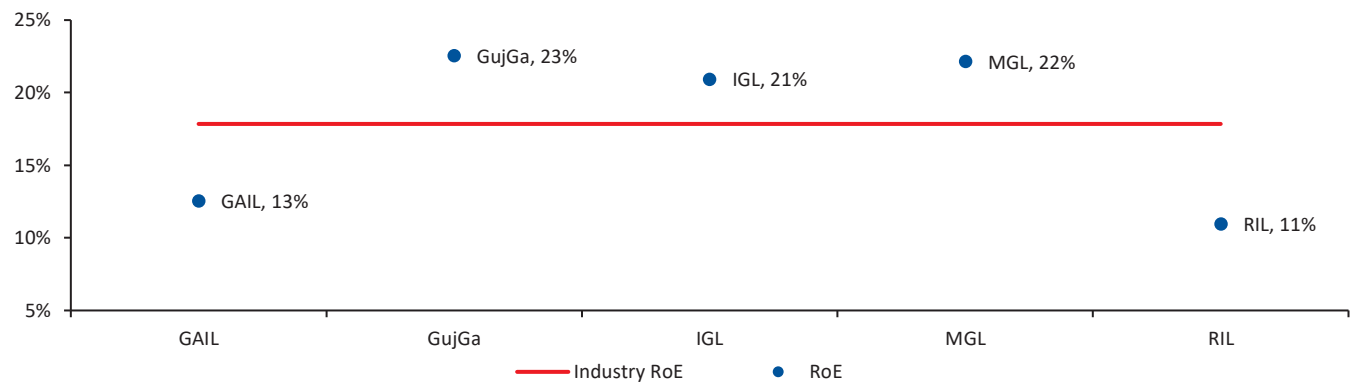
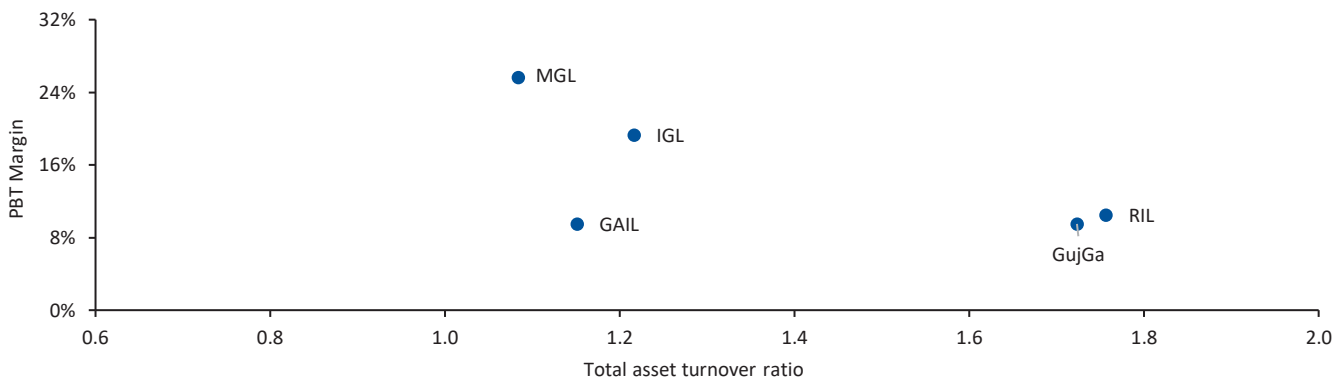
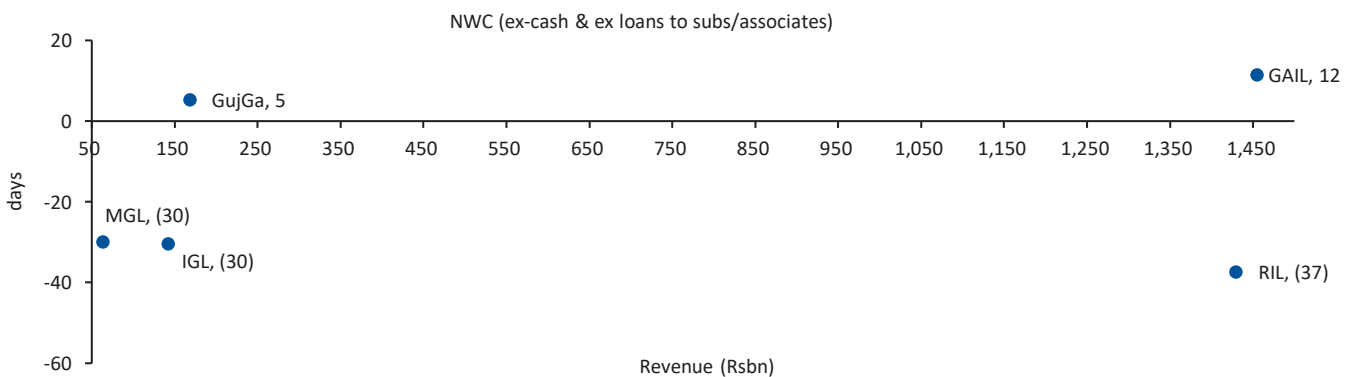
Exhibit 659: OCF to FCF conversion highest for GujGas above peers' average of 76%


Source: Company, Centrum Broking; data is for FY14-23

Exhibit 660: FCF to Sales conversion has been weak for GujGa & RIL


Source: Company, Centrum Broking; data is for FY14-23

Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 661: Highest RoEs for MGL & GujGas while medium asset turn for GAIL with relatively low RoE**Exhibit 662: Highest PBT margin for MGL while highest asset turn for RIL & GujGas****Exhibit 663: Negative WC for MGL, IGL, and Reliance while moderate WC intensity for GujGas and GAIL****Exhibit 664: Key performance metrics for 10 years ended FY23**

	GAIL	GujGa	IGL	MGL	RIL
Revenue CAGR (%)^	11	9	15	15	8
EBITDA CAGR (%)^	0	17	10	9	16
PBT CAGR (%)^	(2)	40	14	9	14
Gross margin (%)	20	21	39	44	10
EBITDA margin (%)	11	14	21	28	15
PBT margin (%)	10	10	19	26	11
Net Debt/Equity (x)	0.2	0.7	(0.2)	(0.1)	0.3
Net Debt/EBITDA (x)	1.0	1.5	(0.6)	(0.3)	1.9
OCF/EBITDA (%)	112	95	126	118	149
FCF/OCF (%)	45	15	47	61	5
FCF/Sales (%)	6	1	11	20	1
NWC (ex-cash & ex loans to subs/associates) – days	12	5	(30)	(30)	(25)
RoE (%)	13	23	21	22	11
Stock return (%)^	4	24	23	8	20

Source: Company, Centrum Broking; ^: FY13-23 CAGR

GAIL (GAIL)

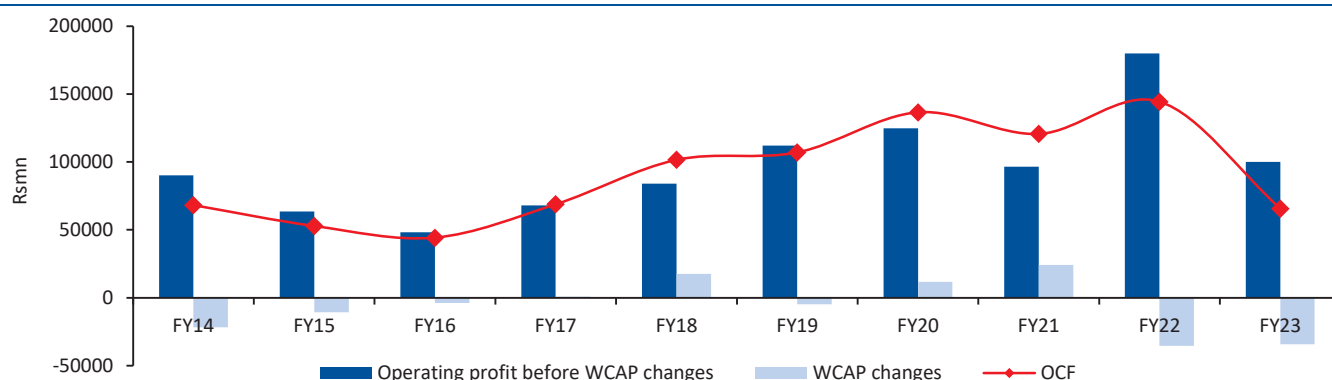
GAIL posted revenue/PBT CAGR of 11%/-2% over FY14-23. The ex-cash NWC days were hovering at sub-10 days till FY19, however jumped to 15+ days in recent years. With healthy rise in FY17-21, the aggregate OCF was Rs910bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 112%. Over FY14-23, 59% of the total OCF was invested in capex aggregating to Rs530bn. Avg. net debt/equity ratio stood at 0.2x while avg. RoE/RoCE (pre-tax) at 12.6%/13.9% over FY14-23. Distribution of FCF as dividend remained healthy at an aggregate of 60% over FY14-23. GAIL's dismal P&L performance led to lower stock returns of meagre 4% CAGR despite good OC and FCF generation coupled with moderate return ratios.

Market data

Current price:	Rs124
Bloomberg:	GAIL IN
52-week H/L:	Rs130/83
Market cap:	Rs812bn
Free float:	32.9%
Avg. daily vol. 3mth:	16052050

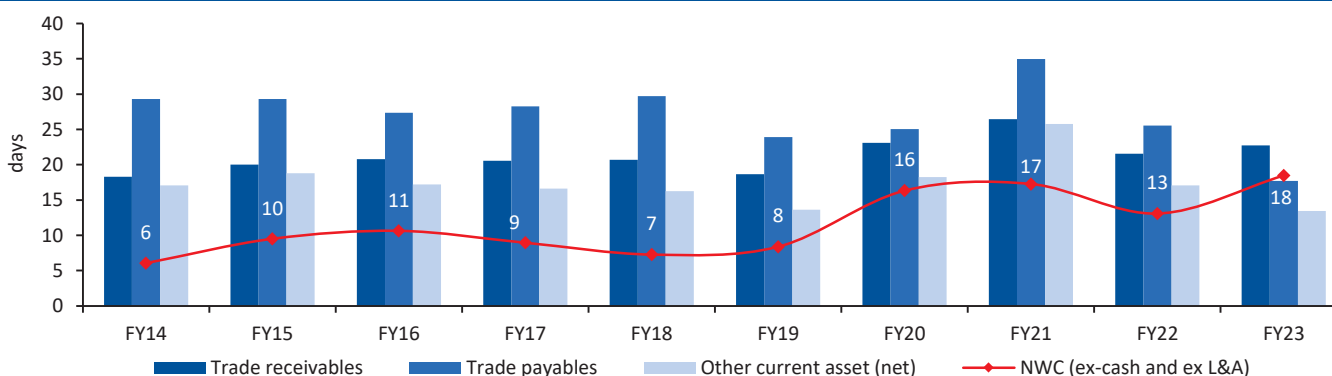
Source: Bloomberg

Exhibit 665: OCF uptrend in most of the years, recent decline due to impact on profitability



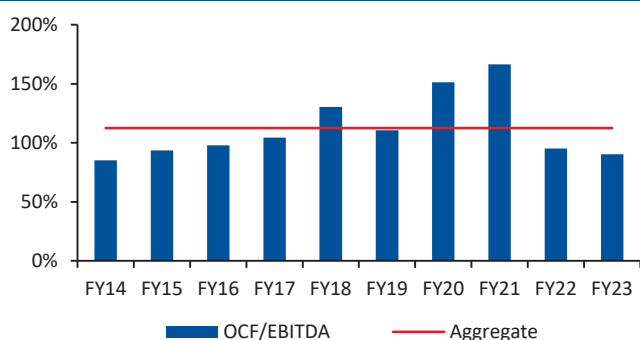
Source: Company, Centrum Broking

Exhibit 666: From a low of 6 days NWC has peaked to 18 days in FY23



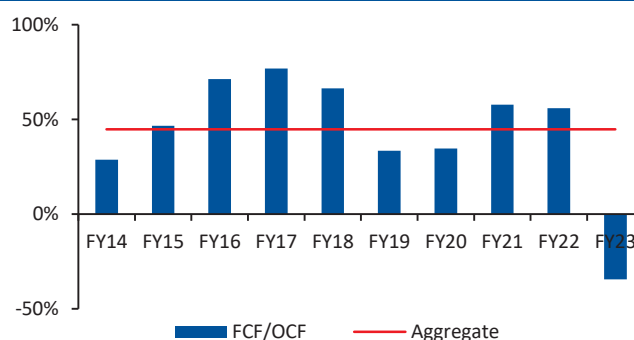
Source: Company, Centrum Broking

Exhibit 667: EBITDA to OCF conversion of 112% over 10 years



Source: Company, Centrum Broking

Exhibit 668: OCF to FCF conversion of 45% over 10 years



Source: Company, Centrum Broking

Exhibit 669: With higher capex intensity, return ratio moderated (except FY22)

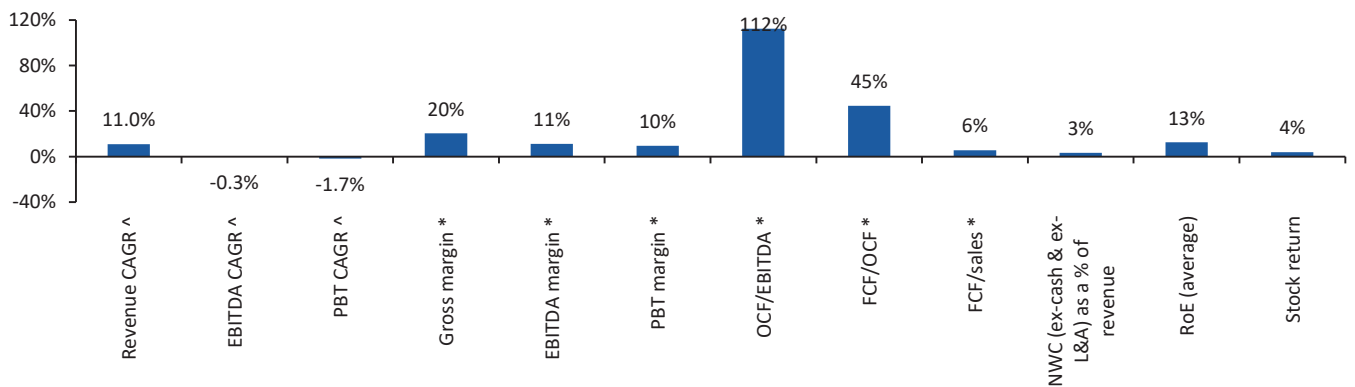
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt / Equity	0.4	0.4	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.2	0.2
Net Debt / EBITDA	1.7	2.5	1.1	0.4	(0.1)	0.1	0.6	0.7	0.4	2.2	1.0
RoCE (Pre-tax)	15.0%	9.9%	8.0%	14.0%	16.2%	20.0%	16.4%	10.7%	21.0%	7.7%	13.9%
RoCE	10.0%	6.7%	5.0%	9.5%	11.1%	12.8%	14.5%	7.9%	16.2%	5.4%	9.9%
RoIC (Pre-tax)	12.2%	7.5%	6.3%	10.3%	13.0%	13.9%	10.8%	7.4%	15.5%	4.9%	10.2%
RoE	14.6%	9.3%	5.3%	8.3%	11.9%	14.9%	20.0%	12.0%	21.0%	8.4%	12.6%

Source: Company, Centrum Broking

Exhibit 670: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT / PBT	0.72	0.71	0.63	0.61	0.71	0.72	1.16	1.02	0.90	0.97	0.82
Revenue / average total assets	1.2	1.1	1.0	1.0	1.1	1.4	1.2	0.8	1.2	1.6	1.15
Average total assets / Average NW	1.6	1.6	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4
PBT / EBITDA	0.83	0.78	0.65	0.84	0.87	0.94	0.91	0.83	0.90	0.76	0.8
EBITDA / Revenue	0.13	0.09	0.09	0.14	0.14	0.13	0.12	0.13	0.16	0.05	0.1
RoE	14.6%	9.3%	5.3%	8.3%	11.9%	14.9%	20.0%	12.0%	21.0%	8.4%	12.6%

Source: Company, Centrum Broking

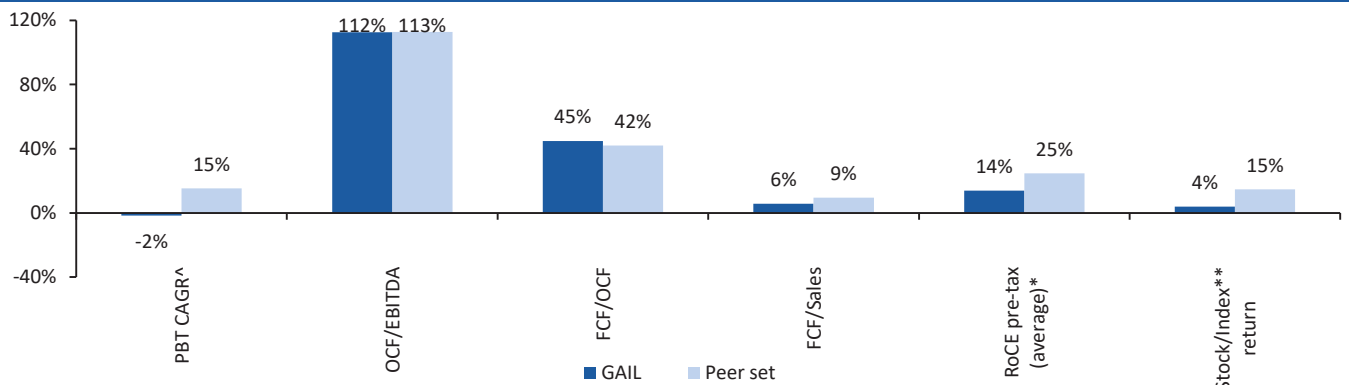
Exhibit 671: Price movement vs. Financials – Dismal P&L performance led to lower returns

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 672: Consistent dividend paying

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	19624	24624	31553	52956	67526	35802	47360	69685	80679	(22,599)
FCF yield	5%	5%	7%	10%	9%	5%	8%	15%	12%	(4%)
Dividend + Buyback (b)	14991	13319	8400	17634	21065	20886	39606	22381	39954	45,228
Distribution of FCF (b)/(a)	76%	54%	27%	33%	31%	58%	84%	32%	50%	(200%)
Cash & equivalents/Capital employed	6%	3%	4%	3%	7%	3%	1%	3%	2%	0%

Source: Company, Centrum Broking *including liquid investments

Exhibit 673: GAIL vs. peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: Average return of the peer set

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	5,73,719	9,27,698	14,54,616	11,04,374	10,00,977
Operating Expense	4,37,252	7,01,072	12,88,313	9,11,775	7,81,024
Employee cost	16,459	18,156	19,024	19,975	20,974
Others	47,571	56,955	74,466	78,189	82,099
EBITDA	72,438	1,51,516	72,813	94,436	1,16,880
Depreciation & Amortisation	21,738	24,202	27,016	27,653	28,529
EBIT	50,699	1,27,314	45,797	66,783	88,351
Interest expenses	1,793	2,025	3,666	4,069	4,072
Other income	7,202	9,613	13,285	5,764	5,764
PBT	60,109	1,37,012	55,416	69,087	1,00,037
Taxes	15,826	31,599	16,605	17,884	25,896
Effective tax rate (%)	26.3	23.1	30.0	25.9	25.9
PAT	44,282	1,05,413	38,811	51,203	74,141
Minority/Associates	17,146	17,623	15,081	15,081	15,081
Recurring PAT	61,428	1,23,036	53,892	66,284	89,221
Extraordinary items	0	0	0	0	0
Reported PAT	61,428	1,23,036	53,892	66,284	89,221
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(20.9)	61.7	56.8	(24.1)	(9.4)
EBITDA	(19.8)	109.2	(51.9)	29.7	23.8
Adj. EPS	(35.4)	100.3	(56.2)	23.0	34.6
Margins (%)					
Gross	23.8	24.4	11.4	17.4	22.0
EBITDA	12.6	16.3	5.0	8.6	11.7
EBIT	8.8	13.7	3.1	6.0	8.8
Adjusted PAT	10.7	13.3	3.7	6.0	8.9
Returns (%)					
ROE	12.0	21.0	8.4	10.1	13.1
ROCE	7.9	16.2	5.4	6.6	9.2
ROIC	5.4	11.9	3.4	5.4	7.0
Turnover (days)					
Gross block turnover ratio (x)	1.4	2.1	2.9	2.0	1.8
Debtors	26	22	23	30	25
Inventory	26	17	13	20	18
Creditors	35	26	18	28	30
Net working capital	(1)	14	16	20	19
Solvency (x)					
Net debt-equity	0.1	0.1	0.2	0.2	0.2
Interest coverage ratio	40.4	74.8	19.9	23.2	28.7
Net debt/EBITDA	0.7	0.4	2.2	1.3	1.0
Per share (Rs)					
Adjusted EPS	9.3	18.7	8.2	10.1	13.6
BVPS	80.9	97.5	98.7	101.7	106.1
CEPS	12.6	22.4	12.3	14.3	17.9
DPS	3.4	6.1	6.9	7.1	9.2
Dividend payout (%)	36.4	32.5	83.9	70.5	67.5
Valuation (x)					
P/E	13.2	6.6	15.1	12.3	9.1
P/BV	1.5	1.3	1.3	1.2	1.2
EV/EBITDA	11.9	5.8	13.4	9.9	7.9
Dividend yield (%)	2.8	4.9	5.6	5.8	7.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	44,404	44,404	65,751	65,751	65,751
Reserves & surplus	4,87,420	5,96,739	5,83,523	6,03,063	6,32,024
Shareholders fund	5,31,823	6,41,143	6,49,274	6,68,814	6,97,775
Minority Interest	975	1,912	1,796	1,796	1,796
Total debt	67,603	78,303	1,62,749	1,62,899	1,47,899
Non Current Liabilities	62,269	74,940	76,880	76,880	76,880
Def tax liab. (net)	40,885	41,992	43,951	43,951	43,951
Total liabilities	7,03,555	8,38,289	9,34,649	9,54,339	9,68,301
Gross block	4,10,335	4,44,556	4,95,422	5,46,969	5,69,316
Less: acc. Depreciation	(21,738)	(24,202)	(27,016)	(27,653)	(28,529)
Net block	3,88,597	4,20,355	4,68,406	5,19,316	5,40,787
Capital WIP	1,33,997	1,54,904	1,66,465	1,66,465	1,66,465
Net fixed assets	5,45,600	6,00,625	6,63,434	6,85,781	7,07,252
Non Current Assets	33,685	37,816	36,584	36,584	36,584
Investments	1,25,893	1,64,082	1,72,483	1,72,483	1,72,483
Inventories	29,897	35,766	59,179	41,504	36,333
Sundry debtors	35,015	74,465	1,06,796	74,915	62,417
Cash & Cash Equivalents	15,066	15,198	2,438	39,977	34,623
Loans & advances	11,729	17,790	18,918	18,918	18,918
Other current assets	16,966	19,853	17,976	17,976	17,976
Trade payables	44,532	53,613	71,436	69,174	60,555
Other current liab.	57,475	64,960	62,437	55,339	48,444
Provisions	8,287	8,732	9,286	9,286	9,286
Net current assets	(1,622)	35,767	62,149	59,492	51,982
Total assets	7,03,555	8,38,289	9,34,649	9,54,339	9,68,301
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	77,255	1,54,635	72,564	84,168	1,15,118
Depreciation & Amortisation	21,738	24,202	27,016	27,653	28,529
Net Interest	(2,545)	1,039	420	3,666	3,666
Net Change – WC	24,210	(35,485)	(34,294)	40,196	2,156
Direct taxes	(13,020)	(32,842)	(16,138)	(17,884)	(25,896)
Net cash from operations	89,934	96,286	32,044	1,37,799	1,23,572
Capital expenditure	(56,972)	(69,713)	(88,306)	(50,000)	(50,000)
Acquisitions, net	0	0	0	0	0
Investments	(3,308)	3,046	4,598	0	0
Others	13,349	10,211	7,307	0	0
Net cash from investing	(46,930)	(56,455)	(76,401)	(50,000)	(50,000)
FCF	43,003	39,831	(44,356)	87,799	73,572
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	5,749	6,258	84,446	150	(15,000)
Dividend paid	(22,381)	(39,954)	(45,228)	(46,744)	(60,260)
Interest paid	(3,499)	(3,634)	(3,666)	(3,666)	(3,666)
Others	(14,576)	(1,829)	(3,955)	(3,955)	(3,955)
Net cash from financing	(34,706)	(39,159)	31,598	(54,215)	(82,881)
Net change in Cash	8,297	672	(12,759)	33,584	(9,309)

Source: Company, Centrum Broking

Gujarat Gas (GUJGA)

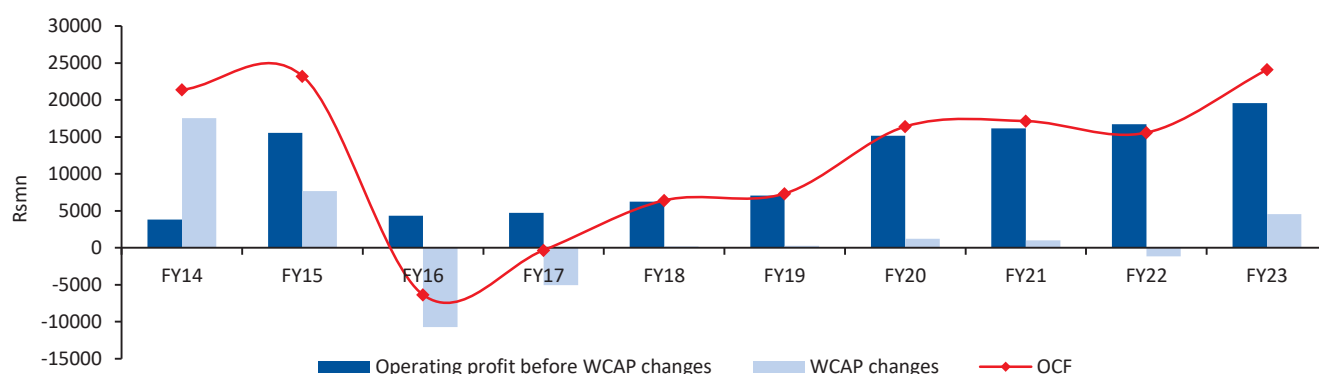
Gujarat Gas posted revenue/PBT CAGR of 9%/40% over FY14-23. The ex-cash WC has remained tight with average NWC of 5 days rising to 7-8 days in recent couple of years. With aggregate OCF of Rs125bn, EBITDA to OCF conversion has averaged 95% during the last 10 years. Total capex over FY14-23 has been Rs106bn. Barring FY14, OCF to FCF conversion has been consistently positive with an aggregate level of 15% at Rs18.8bn. Return ratios have improved consistently with net debt/equity ratio at 0.7x resulting in RoE/RoCE (pre-tax) of 23%/24% while distribution of FCF as dividend is strong at an aggregate of 64% over FY14-23. With robust PBT CAGR and rising return ratios, GujGas has delivered 24% CAGR stock returns over the past decade.

Market data

Current price:	Rs453
Bloomberg:	GUJGA IN
52-week H/L:	Rs539/439
Market cap:	Rs312bn
Free float:	22.1%
Avg. daily vol. 3mth:	1546864

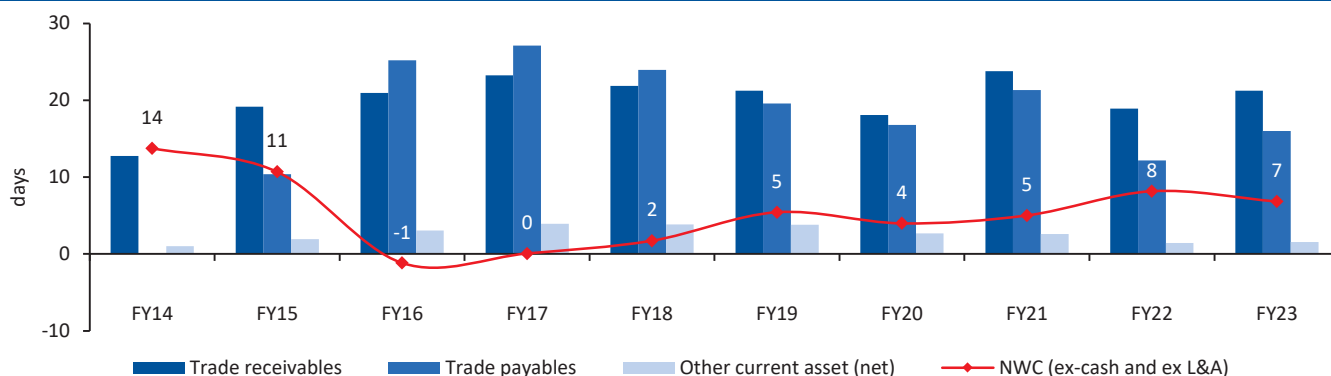
Source: Bloomberg

Exhibit 674: OCF lumpy initially, then rose consistently



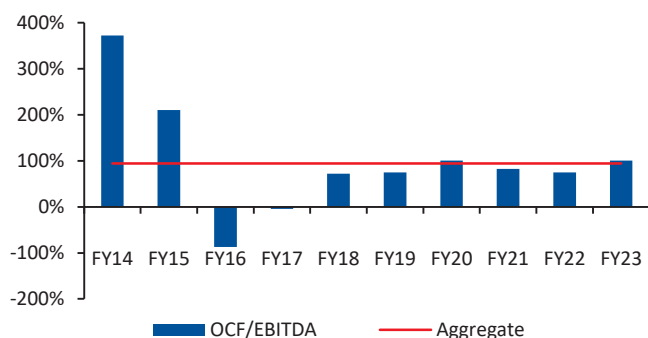
Source: Company, Centrum Broking

Exhibit 675: Average 5 days of NWC, up slightly in past couple of years



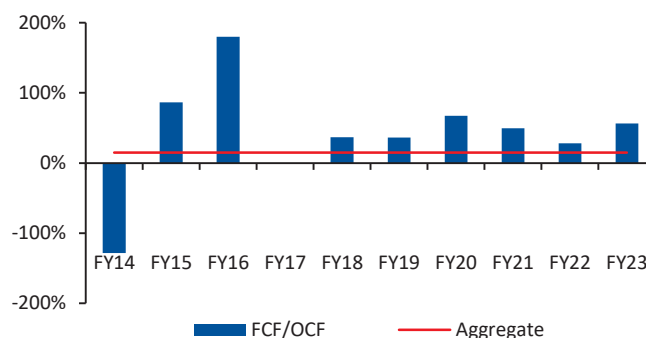
Source: Company, Centrum Broking

Exhibit 676: 80% conversion of EBITDA to OCF over last 10 yr



Source: Company, Centrum Broking

Exhibit 677: Outlier OCF to FCF conversion of 1575% in FY17



Source: Company, Centrum Broking

Exhibit 678: Steady improvement in leverage; return ratio expanded significantly over the decade

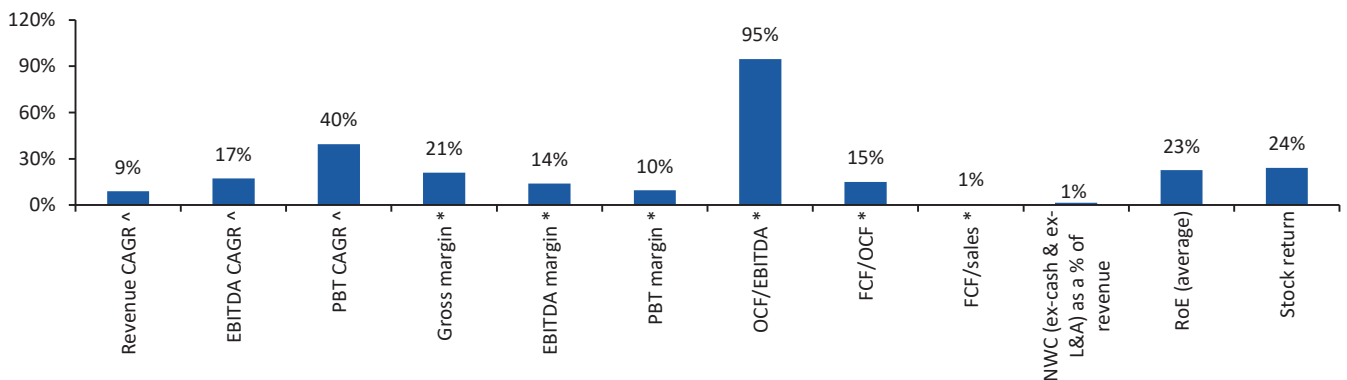
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt / Equity	1.2	0.9	1.1	1.3	1.1	0.8	0.3	0.1	0.1	(0.1)	0.7
Net Debt / EBITDA	3.3	1.1	2.3	3.0	2.3	1.8	0.7	0.3	0.2	(0.3)	1.5
RoCE (Pre-tax)	21.4%	29.1%	17.1%	14.2%	16.4%	19.3%	29.6%	34.4%	31.0%	31.4%	23.6%
RoCE	7.9%	20.1%	13.1%	10.3%	10.3%	13.7%	29.4%	25.8%	23.3%	23.7%	17.8%
RoIC (Pre-tax)	7.6%	23.3%	11.5%	9.9%	12.4%	13.5%	24.3%	28.9%	23.7%	26.4%	18.1%
RoE	4.6%	28.8%	14.5%	13.8%	16.6%	21.4%	43.4%	32.6%	25.7%	24.1%	22.6%

Source: Company, Centrum Broking

Exhibit 679: DuPont Analysis – Margin contraction in FY22 due to higher input costs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT / PBT	0.28	0.69	0.68	0.73	0.63	0.68	0.99	0.75	0.75	0.75	0.74
Revenue / average total assets	1.93	2.25	1.49	1.10	1.22	1.46	1.78	1.58	2.43	2.19	1.72
Average total assets / Average NW	2.5	2.6	2.8	2.9	2.9	2.6	2.1	1.6	1.3	1.2	2.22
PBT / EBITDA	0.18	0.58	0.38	0.41	0.52	0.62	0.74	0.81	0.83	0.85	0.64
EBITDA / Revenue	0.07	0.12	0.12	0.15	0.14	0.13	0.16	0.21	0.13	0.14	0.14
RoE	4.6%	28.8%	14.5%	13.8%	16.6%	21.4%	43.4%	32.6%	25.7%	24.1%	22.6%

Source: Company, Centrum Broking

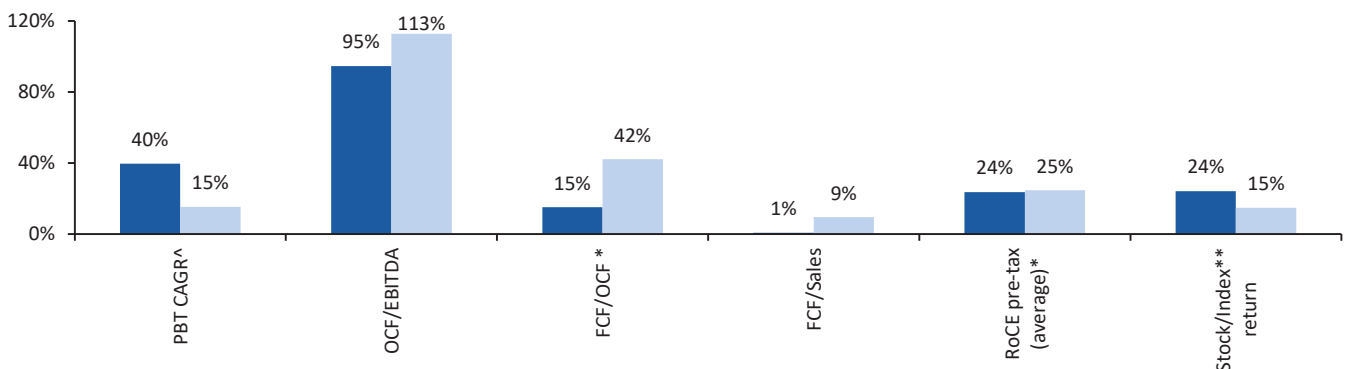
Exhibit 680: Price movement vs. Financials – Best PBT CAGR with improved margins

Source: Company, Centrum Broking; ^: FY14-23 CAGR; *: aggregate*FY16-23 Stock return CAGR taken

Exhibit 681: Effective FCF utilisation & distribution of FCF continues in FY23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(27,428)	20,070	(11,447)	(4,861)	2,352	2,655	11,059	8,466	4,361	13,570
FCF yield	NA	NA	(15%)	(6%)	2%	3%	8%	4%	1%	4%
Dividend + Buyback (b)	495	828	414	497	664	830	1037	1377	1377	4578
Distribution of FCF (b)/(a)	(2%)	4%	(4%)	(10%)	28%	31%	9%	16%	32%	34%
Cash & equivalents/Capital employed	5.6%	8.1%	2.1%	1.6%	3.4%	7.3%	13.5%	6.0%	0.3%	9.7%

Source: Company, Centrum Broking *including liquid investments

Exhibit 682: GUJGA vs. peer set (Asset utilisation improved; ban on coal gasifier usage was major boost to GUJGA volume)

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY14-23 CAGR; **: Average return of the peer set

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	98,664	1,64,562	1,67,594	1,67,428	1,82,514
Operating Expense	69,965	1,34,369	1,32,734	1,33,887	1,40,713
Employee cost	0	0	0	0	0
Others	7,857	9,431	10,940	11,456	12,788
EBITDA	20,842	20,763	23,920	22,086	29,013
Depreciation & Amortisation	3,436	3,849	4,283	4,812	5,362
EBIT	17,406	16,914	19,637	17,274	23,651
Interest expenses	1,168	568	404	300	200
Other income	716	909	1,013	894	657
PBT	16,954	17,254	20,247	17,868	24,108
Taxes	4,272	4,278	4,992	4,405	5,944
Effective tax rate (%)	25.2	24.8	24.7	24.7	24.7
PAT	12,683	12,977	15,255	13,463	18,164
Minority/Associates	21	16	29	0	0
Recurring PAT	12,704	12,993	15,283	13,463	18,164
Extraordinary items	0	(119)	0	0	0
Reported PAT	12,704	12,874	15,283	13,463	18,164
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(4.2)	66.8	1.8	(0.1)	9.0
EBITDA	27.5	(0.4)	15.2	(7.7)	31.4
Adj. EPS	6.0	2.3	17.6	(11.9)	34.9
Margins (%)					
Gross	29.1	18.3	20.8	20.0	22.9
EBITDA	21.1	12.6	14.3	13.2	15.9
EBIT	17.6	10.3	11.7	10.3	13.0
Adjusted PAT	12.9	7.9	9.1	8.0	10.0
Returns (%)					
ROE	32.6	25.7	24.1	18.0	21.1
ROCE	25.8	23.3	23.7	18.3	21.3
ROIC	21.6	17.8	19.9	16.2	20.5
Turnover (days)					
Gross block turnover ratio (x)	1.3	2.0	1.8	1.6	1.5
Debtors	24	19	21	22	20
Inventory	3	1	2	2	2
Creditors	21	12	16	20	20
Net working capital	(31)	(23)	(18)	(12)	2
Solvency (x)					
Net debt-equity	0.1	0.1	(0.1)	(0.1)	(0.2)
Interest coverage ratio	17.9	36.5	59.3	73.6	145.1
Net debt/EBITDA	0.3	0.2	(0.3)	(0.5)	(0.6)
Per share (Rs)					
Adjusted EPS	18.5	18.9	22.2	19.6	26.4
BVPS	65.0	81.8	102.1	115.8	134.3
CEPS	23.4	24.5	28.4	26.5	34.2
DPS	2.0	2.0	6.7	5.9	7.9
Dividend payout (%)	10.8	10.7	30.0	30.0	30.0
Valuation (x)					
P/E	24.6	24.0	20.4	23.2	17.2
P/BV	7.0	5.5	4.4	3.9	3.4
EV/EBITDA	15.2	15.2	12.8	13.7	10.2
Dividend yield (%)	0.4	0.4	1.5	1.3	1.7

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,377	1,377	1,377	1,377	1,377
Reserves & surplus	43,399	54,923	68,903	78,327	91,041
Shareholders fund	44,776	56,299	70,280	79,703	92,418
Minority Interest	0	0	0	0	0
Total debt	8,973	4,811	0	0	0
Non Current Liabilities	1,851	2,479	2,500	2,500	2,500
Def tax liab. (net)	7,925	8,077	8,461	8,461	8,461
Total liabilities	63,524	71,667	81,241	90,665	1,03,379
Gross block	75,587	84,231	94,854	1,06,354	1,17,854
Less: acc. Depreciation	(20,704)	(24,553)	(28,836)	(33,648)	(39,009)
Net block	54,883	59,678	66,018	72,707	78,845
Capital WIP	7,075	9,659	9,576	9,576	9,576
Net fixed assets	61,957	69,337	75,594	82,283	88,421
Non Current Assets	4,770	6,987	5,620	5,620	5,620
Investments	5,258	5,649	8,269	8,269	8,269
Inventories	525	534	612	611	666
Sundry debtors	7,747	9,301	10,212	9,633	10,501
Cash & Cash Equivalents	3,212	213	6,810	10,305	16,333
Loans & advances	13	29	137	137	137
Other current assets	1,908	3,824	2,022	2,022	2,022
Trade payables	4,487	4,471	7,156	7,336	7,710
Other current liab.	17,133	19,407	20,604	20,604	20,604
Provisions	245	329	274	274	274
Net current assets	(8,461)	(10,306)	(8,242)	(5,506)	1,070
Total assets	63,524	71,667	81,241	90,665	1,03,379
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	18,122	17,823	20,650	18,168	24,308
Depreciation & Amortisation	3,436	3,849	4,283	4,812	5,362
Net Interest	(1,168)	(568)	(404)	(300)	(200)
Net Change – WC	944	(1,153)	4,532	760	(549)
Direct taxes	(4,352)	(4,126)	(4,608)	(4,405)	(5,944)
Net cash from operations	17,229	16,314	24,462	19,034	22,977
Capital expenditure	(8,682)	(11,229)	(10,540)	(11,500)	(11,500)
Acquisitions, net	0	0	0	0	0
Investments	0	0	0	0	0
Others	0	0	0	0	0
Net cash from investing	(8,682)	(11,229)	(10,540)	(11,500)	(11,500)
FCF	8,547	5,085	13,922	7,534	11,477
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(9,371)	(4,162)	(4,811)	0	0
Dividend paid	(1,377)	(1,377)	(4,578)	(4,039)	(5,449)
Interest paid	0	0	0	0	0
Others	21	16	29	0	0
Net cash from financing	(10,727)	(5,522)	(9,360)	(4,039)	(5,449)
Net change in Cash	(2,179)	(437)	4,562	3,495	6,027

Source: Company, Centrum Broking

Indraprastha Gas (IGL)

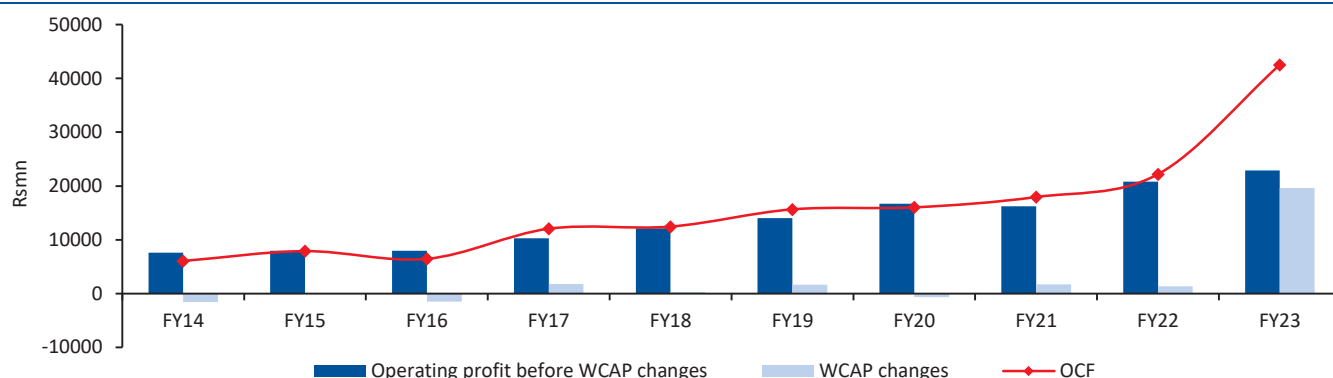
IGL posted Revenue/PBT CAGR of 15%/10% during FY14-23. The ex-cash NWC has been consistently negative during the decade with higher payables, which has helped the company in generating strong OCF. OCF aggregated Rs159.2bn while EBITDA to OCF conversion has been 41% over the 10 years. Over FY14-23, the company invested Rs74bn in capex. IGL has a strong OCF to FCF conversion of 126% over the years with an improving trend. IGL's return ratios remain robust with avg. RoE and RoCE (pre-tax) of 21% & 29.3% respectively, while distribution of FCF as dividend is moderate at an aggregate of 30% over FY14-23. Decent PBT growth coupled with high return ratios led to 23% stock return CAGR over the past decade.

Market data

Current price:	Rs468
Bloomberg:	IGL IN
52-week H/L:	Rs516/364
Market cap:	Rs327.5bn
Free float:	43%
Avg. daily vol. 3mth:	1542730

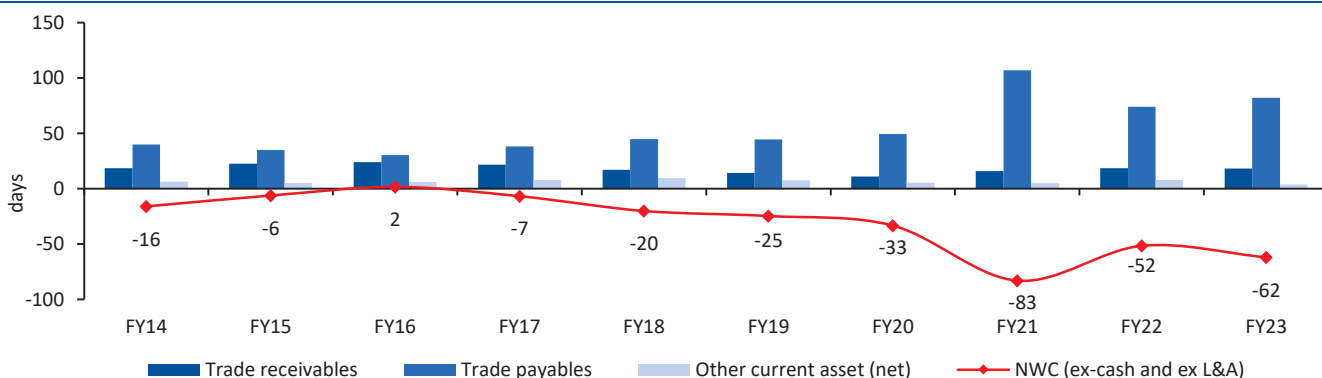
Source: Bloomberg

Exhibit 683: Consistent and substantial increase in OCF over the decade



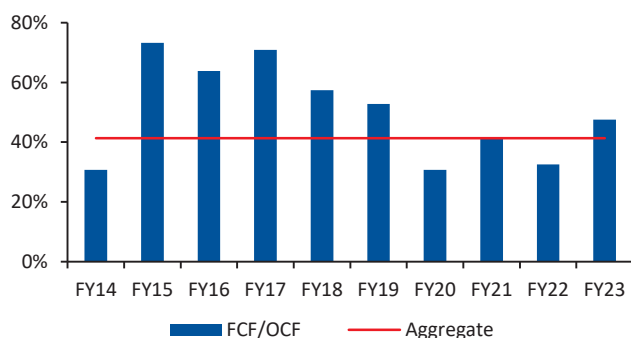
Source: Company, Centrum Broking

Exhibit 684: Net working capital (NWC) continues to remain in negative



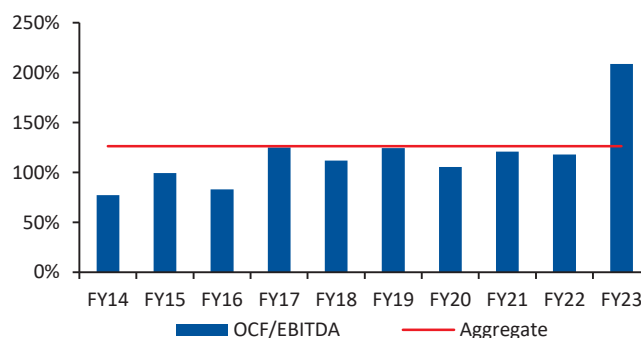
Source: Company, Centrum Broking

Exhibit 685: EBITDA to OCF conversion of 41% over 10 years



Source: Company, Centrum Broking

Exhibit 686: OCF to FCF conversion 126% over the years



Source: Company, Centrum Broking

Exhibit 687: Strengthened profitability while no significant change in the debt position

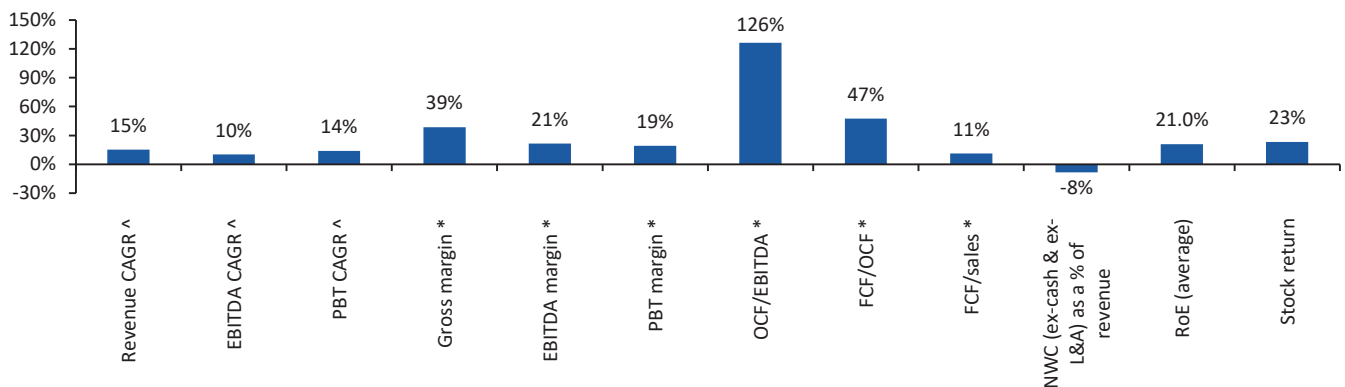
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt / Equity	0.1	0.0	(0.2)	(0.2)	(0.2)	(0.1)	(0.4)	(0.2)	(0.2)	(0.4)	(0.1)
Net Debt / EBITDA	0.1	(0.1)	(0.6)	(0.6)	(0.5)	(0.5)	(1.4)	(0.7)	(0.7)	(1.3)	(0.5)
RoCE (Pre-tax)	29.5%	31.1%	27.2%	31.7%	32.1%	31.5%	30.7%	24.2%	27.4%	27.3%	29.6%
RoCE	19.7%	21.0%	17.9%	21.0%	20.9%	20.6%	24.7%	18.3%	20.4%	20.5%	20.7%
RoIC (Pre-tax)	24.8%	25.7%	22.9%	25.5%	23.8%	22.5%	29.3%	18.4%	20.4%	34.1%	24.7%
RoE	22.1%	22.7%	18.2%	21.0%	20.8%	20.6%	24.7%	18.4%	20.5%	20.6%	21.5%

Source: Company, Centrum Broking

Exhibit 688: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT / PBT	0.67	0.67	0.66	0.66	0.65	0.66	0.80	0.76	0.74	0.75	0.69
Revenue / average total assets	1.67	1.40	1.25	1.11	1.12	1.18	1.10	0.70	0.93	1.71	1.20
Average total assets / Average NW	1.44	1.36	1.28	1.27	1.28	1.28	1.28	1.29	1.30	1.18	1.32
PBT / EBITDA	0.69	0.82	0.82	0.89	0.93	0.95	0.93	0.90	0.94	0.95	0.86
EBITDA / Revenue	0.20	0.22	0.21	0.25	0.24	0.22	0.23	0.30	0.24	0.14	0.23
RoE	22.1%	22.7%	18.2%	21.0%	20.8%	20.6%	24.7%	18.4%	20.5%	20.6%	22.2%

Source: Company, Centrum Broking

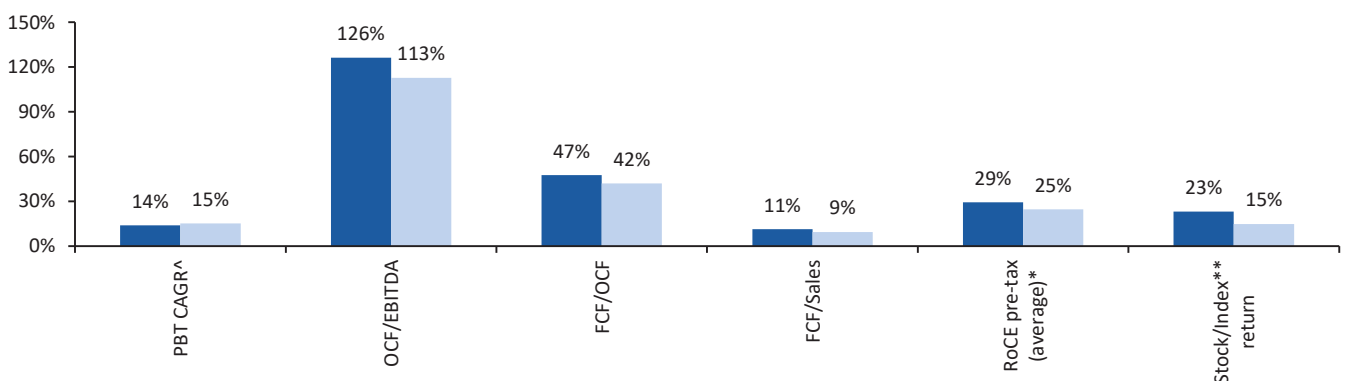
Exhibit 689: Price movement vs. Financials – Stock returns aided by high PBT CAGR and high return ratios

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 690: Effective utilisation of FCF

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,855	5,767	4,111	8,541	7,137	8,272	4,930	7,462	7,223	10,549
FCF yield	5%	11%	6%	8%	4%	4%	2%	2%	2%	4%
Dividend + Buyback (b)	901	1,011	1,011	1,432	1,139	1,953	1,960	2,520	3,850	3,850
Distribution of FCF (b)/(a)	49%	18%	25%	17%	16%	24%	40%	34%	53%	36%
Cash & equivalents/Capital employed	11.9%	10.3%	18.0%	20.8%	15.9%	14.7%	42.4%	19.0%	19.3%	36.8%

Source: Company, Centrum Broking *including liquid investments

Exhibit 691: IGL vs. peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: Average return of the peer set

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	49,408	77,100	1,41,459	1,42,475	1,34,545
Operating Expense	22,295	43,923	1,04,360	99,904	87,414
Employee cost	1,344	1,760	1,935	2,129	2,342
Others	10,939	12,606	14,765	16,451	17,933
EBITDA	14,830	18,811	20,398	23,992	26,856
Depreciation & Amortisation	2,904	3,171	3,634	4,264	4,920
EBIT	11,926	15,640	16,764	19,728	21,937
Interest expenses	113	132	106	108	110
Other income	1,502	2,150	2,619	2,562	2,280
PBT	13,315	17,659	19,277	22,181	24,107
Taxes	3,258	4,509	4,827	5,545	6,027
Effective tax rate (%)	24.5	25.5	25.0	25.0	25.0
PAT	10,057	13,149	14,450	16,636	18,080
Minority/Associates	0	0	0	0	0
Recurring PAT	10,057	13,149	14,450	16,636	18,080
Extraordinary items	0	0	0	0	0
Reported PAT	10,057	13,149	14,450	16,636	18,080
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(23.8)	56.0	83.5	0.7	(5.6)
EBITDA	(2.4)	26.8	8.4	17.6	11.9
Adj. EPS	(11.5)	30.8	9.9	15.1	8.7
Margins (%)					
Gross	54.9	43.0	26.2	29.9	35.0
EBITDA	30.0	24.4	14.4	16.8	20.0
EBIT	24.1	20.3	11.9	13.8	16.3
Adjusted PAT	20.4	17.1	10.2	11.7	13.4
Returns (%)					
ROE	18.4	20.5	20.6	22.3	21.2
ROCE	18.3	20.4	20.5	22.2	21.2
ROIC	13.9	15.2	25.6	24.5	23.3
Turnover (days)					
Gross block turnover ratio (x)	0.9	1.2	1.9	1.7	1.4
Debtors	16	18	18	19	15
Inventory	8	4	2	3	5
Creditors	107	74	82	118	107
Net working capital	60	43	6	5	26
Solvency (x)					
Net debt-equity	(0.2)	(0.2)	(0.4)	(0.3)	(0.3)
Interest coverage ratio	130.8	142.4	192.6	222.1	243.8
Net debt/EBITDA	(0.7)	(0.7)	(1.3)	(0.9)	(1.0)
Per share (Rs)					
Adjusted EPS	14.4	18.8	20.6	23.8	25.8
BVPS	83.9	99.1	101.2	112.0	131.4
CEPS	18.5	23.3	25.8	29.9	32.9
DPS	3.6	5.5	5.5	13.0	6.5
Dividend payout (%)	25.1	29.3	26.6	54.7	25.0
Valuation (x)					
P/E	32.6	24.9	22.7	19.7	18.1
P/BV	5.6	4.7	4.6	4.2	3.6
EV/EBITDA	21.4	16.7	14.8	12.7	11.2
Dividend yield (%)	0.8	1.2	1.2	2.8	1.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,400	1,400	1,400	1,400	1,400
Reserves & surplus	57,319	67,962	69,466	77,002	90,562
Shareholders fund	58,719	69,362	70,866	78,402	91,962
Minority Interest	0	0	0	0	0
Total debt	799	1,076	593	593	593
Non Current Liabilities	14,140	17,134	817	899	989
Def tax liab. (net)	2,422	2,737	3,168	3,558	3,981
Total liabilities	76,080	90,309	75,443	83,451	97,524
Gross block	52,892	62,531	73,609	86,161	98,161
Less: acc. Depreciation	(11,667)	(14,837)	(18,471)	(22,735)	(27,655)
Net block	41,225	47,694	55,138	63,425	70,506
Capital WIP	8,469	13,786	14,337	14,337	13,786
Net fixed assets	49,695	61,480	69,476	77,763	84,292
Non Current Assets	0	0	0	0	0
Investments	18,258	19,758	3,807	3,807	3,807
Inventories	456	455	492	1,171	1,106
Sundry debtors	2,607	5,206	9,034	5,855	5,529
Cash & Cash Equivalents	11,323	13,616	26,332	23,014	27,019
Loans & advances	213	1,094	2,230	1,171	1,106
Other current assets	2,800	2,545	6,388	2,978	2,934
Trade payables	7,987	9,817	37,158	27,371	23,949
Other current liab.	0	0	0	0	0
Provisions	1,284	4,028	5,158	4,938	4,321
Net current assets	8,127	9,072	2,160	1,881	9,425
Total assets	76,080	90,309	75,443	83,451	97,524
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	13,428	17,791	19,383	22,289	24,217
Depreciation & Amortisation	2,904	3,171	3,634	4,264	4,920
Net Interest	(113)	(132)	(106)	(108)	(110)
Net Change – WC	1,726	1,349	19,627	(3,038)	(3,539)
Direct taxes	(2,956)	(4,195)	(4,396)	(5,156)	(5,603)
Net cash from operations	17,645	21,255	21,341	18,334	19,974
Capital expenditure	(10,483)	(14,956)	(11,630)	(12,551)	(11,449)
Acquisitions, net	0	0	0	0	0
Investments	0	0	0	0	0
Others	0	0	0	0	0
Net cash from investing	(10,483)	(14,956)	(11,630)	(12,551)	(11,449)
FCF	7,162	6,300	9,711	5,782	8,525
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(2,520)	(3,850)	(3,850)	(9,100)	(4,520)
Interest paid	0	0	0	0	0
Others	0	0	0	0	0
Net cash from financing	(2,520)	(3,850)	(3,850)	(9,100)	(4,520)
Net change in Cash	4,642	2,450	5,861	(3,318)	4,005

Source: Company, Centrum Broking

Mahanagar Gas (MAHGL)

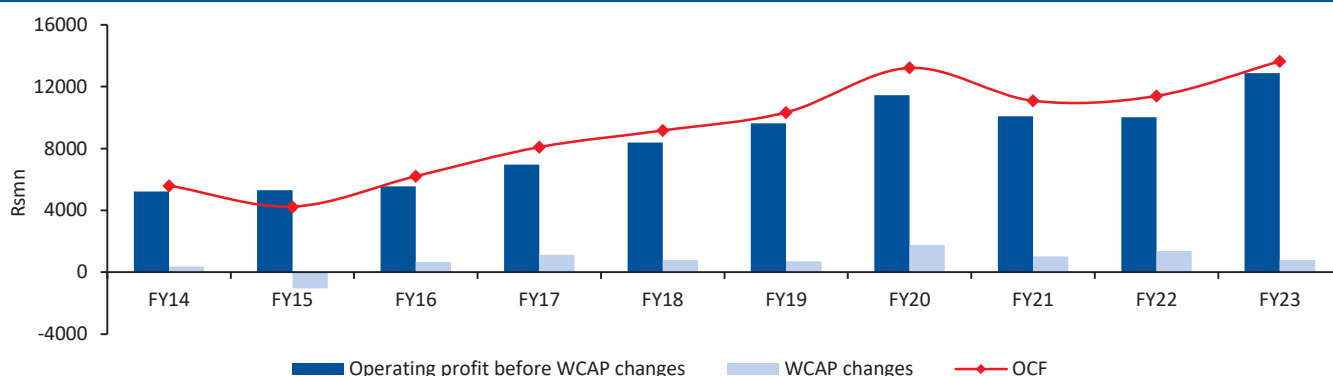
MGL posted revenue/PBT CAGR of 15%/9% over FY14-23. Ex-cash NWC has been negative over the past decade at an average of 30 days although the intensity moderated in recent years. With a robust OCF of Rs92.9bn over FY14-23 MGL had high EBITDA to OCF conversion of 118%. Over the decade, 38% of total OCF was invested in capex amounting to Rs36.4bn and OCF to FCF conversion too has been consistent at 62% barring the recent past couple of years. The balance sheet has been debt-free while RoE/RoCE (pre-tax) has been robust at 22.2%/31.8% over FY14-23. Distribution of FCF as dividend was at average of 42.6% over FY14-23. The 8% stock return CAGR does not reflect true picture as MGL was listed only in 2016.

Market data

Current price:	Rs1,054
Bloomberg:	MAHGL IN
52-week H/L:	Rs1,145/771
Market cap:	Rs104.1bn
Free float:	43.7%
Avg. daily vol. 3mth:	506453

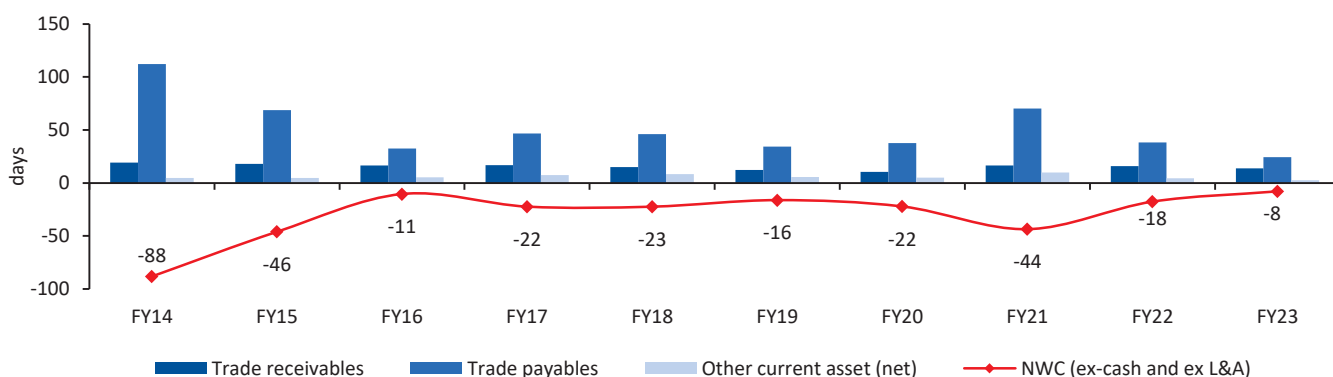
Source: Bloomberg

Exhibit 692: Expansion of OCF continues



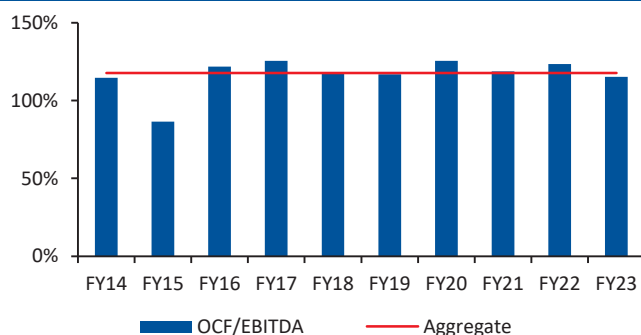
Source: Company, Centrum Broking

Exhibit 693: Negative NWC due to higher trade payables



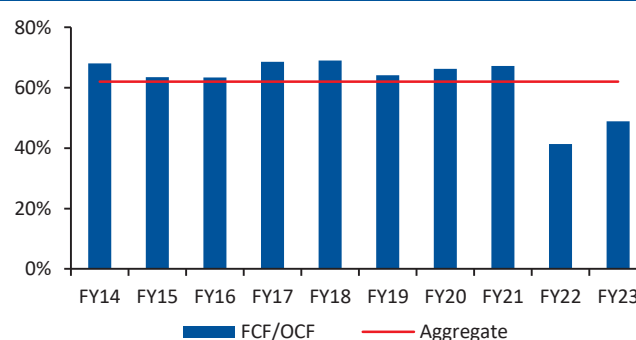
Source: Company, Centrum Broking

Exhibit 694: EBITDA to OCF conversion of 118% over 10 years



Source: Company, Centrum Broking

Exhibit 695: OCF to FCF conversion of 62% over 10 years



Source: Company, Centrum Broking

Exhibit 696: Largely leverage free over decade, higher capex intensity in recent years have moderated return ratios

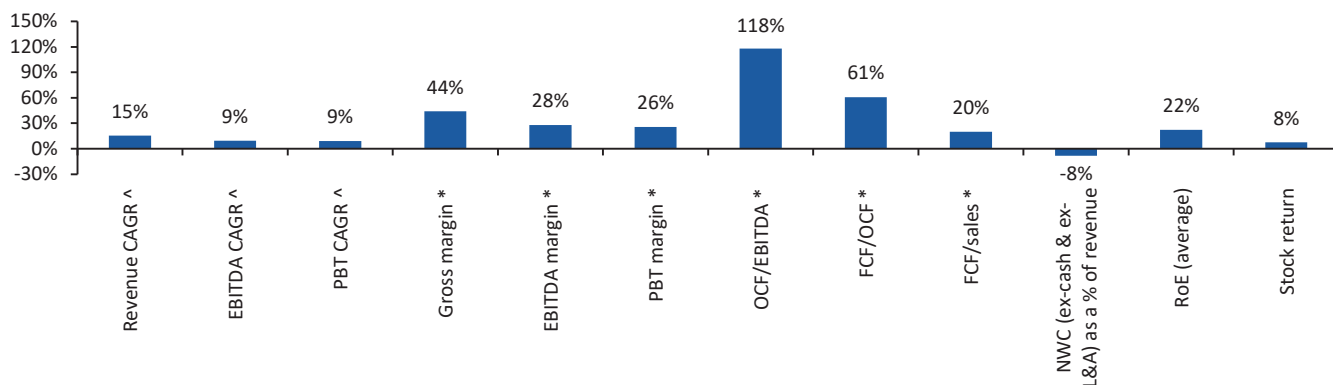
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt / Equity	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)
Net Debt / EBITDA	(0.2)	(0.3)	(0.3)	(0.2)	(0.1)	(0.3)	(0.2)	(0.5)	(0.5)	(0.2)	(0.3)
RoCE (Pre-tax)	35.4%	30.9%	28.3%	33.7%	36.9%	37.2%	37.0%	27.2%	23.8%	27.5%	31.8%
RoCE	23.8%	20.7%	18.7%	22.0%	24.3%	24.3%	29.9%	20.2%	17.6%	20.6%	22.2%
RoIC (Pre-tax)	31.2%	25.8%	25.3%	29.7%	30.5%	32.7%	30.0%	25.4%	21.0%	22.5%	27.4%
RoE	24.0%	20.8%	18.7%	22.1%	24.3%	24.3%	29.7%	20.0%	17.5%	20.4%	22.2%

Source: Company, Centrum Broking

Exhibit 697: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT / PBT	0.67	0.67	0.66	0.65	0.66	0.65	0.81	0.74	0.74	0.75	0.70
Revenue / average total assets	1.41	1.34	1.16	1.05	1.04	1.14	1.02	0.64	0.96	1.50	1.06
Average total assets / Average NW	1.08	1.08	1.08	1.08	1.09	1.09	1.09	1.08	1.09	1.09	1.08
PBT / EBITDA	0.90	0.92	0.93	0.93	0.93	0.95	0.93	0.89	0.87	0.89	0.91
EBITDA / Revenue	0.26	0.23	0.25	0.32	0.35	0.32	0.35	0.43	0.26	0.19	0.30
RoE	24.0%	20.8%	18.7%	22.1%	24.3%	24.3%	29.7%	20.0%	17.5%	20.4%	22.2%

Source: Company, Centrum Broking

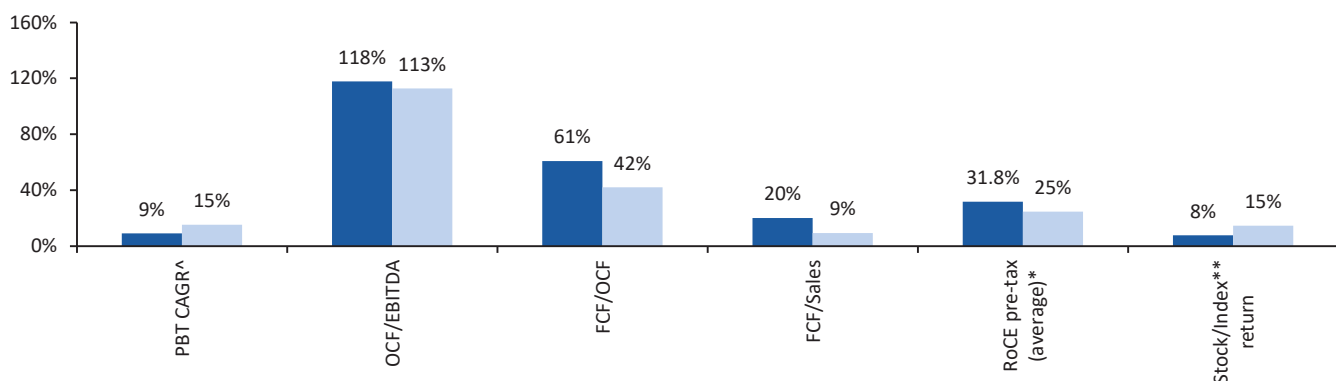
Exhibit 698: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate *Stock return CAGR FY17-23

Exhibit 699: Effective FCF utilisation; consistently strong dividend pay-out ratio

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	3,806	2,691	3,933	5,550	6,330	6,633	8,759	7,460	4,715	6,675
FCF yield	NA	NA	NA	8%	6%	8%	9%	8%	5%	8%
Dividend + Buyback (b)	1,829	1,882	1,882	2,353	2,255	2,392	4,186	2,272	2,469	2,568
Distribution of FCF (b)/(a)	48%	70%	48%	42%	36%	36%	48%	30%	52%	38%
Cash & equivalents/Capital employed	6.8%	8.5%	10.1%	8.0%	4.4%	12.5%	7.8%	15.8%	12.9%	5.5%

Source: Company, Centrum Broking *including liquid investments

Exhibit 700: MAHGL vs. peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: Average return of the peer set

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	21,525	35,602	62,993	55,304	57,235
Operating Expense	8,410	21,945	44,349	32,402	36,025
Employee cost	875	833	1,079	1,144	1,212
Others	2,901	3,581	5,724	6,124	6,645
EBITDA	9,340	9,243	11,842	15,635	13,353
Depreciation & Amortisation	1,737	1,967	2,312	2,817	3,188
EBIT	7,603	7,276	9,530	12,817	10,165
Interest expenses	72	75	94	0	0
Other income	805	857	1,119	999	947
PBT	8,336	8,058	10,555	13,817	11,112
Taxes	2,140	2,093	2,655	3,482	2,800
Effective tax rate (%)	25.7	26.0	25.2	25.2	25.2
PAT	6,196	5,965	7,900	10,335	8,312
Minority/Associates	0	0	0	0	0
Recurring PAT	6,196	5,965	7,900	10,335	8,312
Extraordinary items	0	0	0	0	0
Reported PAT	6,196	5,965	7,900	10,335	8,312
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(27.6)	65.4	76.9	(12.2)	3.5
EBITDA	(11.3)	(1.0)	28.1	32.0	(14.6)
Adj. EPS	(21.9)	(3.7)	32.4	30.8	(19.6)
Margins (%)					
Gross	65.3	42.5	29.6	41.4	37.1
EBITDA	43.4	26.0	18.8	28.3	23.3
EBIT	35.3	20.4	15.1	23.2	17.8
Adjusted PAT	28.8	16.8	12.5	18.7	14.5
Returns (%)					
ROE	20.0	17.5	20.4	23.3	16.7
ROCE	20.2	17.6	20.6	23.3	16.7
ROIC	18.9	15.6	16.8	20.6	15.3
Turnover (days)					
Gross block turnover ratio (x)	0.6	0.9	1.4	1.0	1.0
Debtors	17	16	14	21	21
Inventory	10	4	3	4	4
Creditors	70	38	24	36	34
Net working capital	(62)	(56)	(50)	(45)	(36)
Solvency (x)					
Net debt-equity	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Interest coverage ratio	129.9	122.8	126.1	0.0	0.0
Net debt/EBITDA	(0.5)	(0.5)	(0.2)	(0.3)	(0.4)
Per share (Rs)					
Adjusted EPS	62.7	60.4	80.0	104.6	84.1
BVPS	327.2	364.2	418.5	479.9	529.2
CEPS	80.3	80.3	103.4	133.1	116.4
DPS	23.0	25.0	26.0	43.3	34.8
Dividend payout (%)	36.7	41.4	32.5	41.4	41.4
Valuation (x)					
P/E	16.8	17.5	13.2	10.1	12.5
P/BV	3.2	2.9	2.5	2.2	2.0
EV/EBITDA	10.6	10.8	8.6	6.4	7.4
Dividend yield (%)	2.2	2.4	2.5	4.1	3.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	988	988	988	988	988
Reserves & surplus	31,336	34,985	40,354	46,411	51,282
Shareholders fund	32,324	35,973	41,342	47,399	52,270
Minority Interest	0	0	0	0	0
Total debt	0	0	0	0	0
Non Current Liabilities	974	1,296	1,283	1,283	1,283
Def tax liab. (net)	1,773	2,008	2,086	2,086	2,086
Total liabilities	35,070	39,278	44,711	50,768	55,639
Gross block	34,011	40,142	46,189	53,189	60,189
Less: acc. Depreciation	(13,546)	(15,509)	(17,820)	(20,637)	(23,825)
Net block	20,466	24,633	28,369	32,552	36,364
Capital WIP	5,603	6,159	7,086	7,086	7,086
Net fixed assets	26,069	30,793	35,455	39,638	43,450
Non Current Assets	1,902	2,331	3,978	3,978	3,978
Investments	10,250	10,883	13,098	13,098	13,098
Inventories	222	275	338	380	393
Sundry debtors	1,275	1,840	2,940	3,299	3,414
Cash & Cash Equivalents	5,119	4,652	2,279	4,114	5,903
Loans & advances	0	0	0	0	0
Other current assets	678	801	1,407	1,537	1,579
Trade payables	1,559	2,719	3,222	3,222	3,582
Other current liab.	8,623	9,600	11,166	11,659	12,180
Provisions	760	742	1,223	1,223	1,241
Net current assets	(3,649)	(5,492)	(8,648)	(6,774)	(5,715)
Total assets	35,069	39,278	44,711	50,768	55,639
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	8,408	8,134	10,648	13,817	11,112
Depreciation & Amortisation	1,737	1,967	2,312	2,817	3,188
Net Interest	(72)	(75)	(94)	0	0
Net Change – WC	1,019	1,377	783	(38)	730
Direct taxes	(2,063)	(2,124)	(2,641)	(3,482)	(2,800)
Net cash from operations	9,106	9,567	10,919	13,114	12,230
Capital expenditure	(3,632)	(6,686)	(6,974)	(7,000)	(7,000)
Acquisitions, net	0	0	0	0	0
Investments	965	(633)	(2,215)	0	0
Others	0	0	0	0	0
Net cash from investing	(2,667)	(7,319)	(9,190)	(7,000)	(7,000)
FCF	6,440	2,247	1,729	6,114	5,230
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(2,272)	(2,469)	(2,568)	(4,278)	(3,441)
Interest paid	0	0	0	0	0
Others	0	0	0	0	0
Net cash from financing	(2,272)	(2,469)	(2,568)	(4,278)	(3,441)
Net change in Cash	4,168	(222)	(839)	1,836	1,789

Source: Company, Centrum Broking

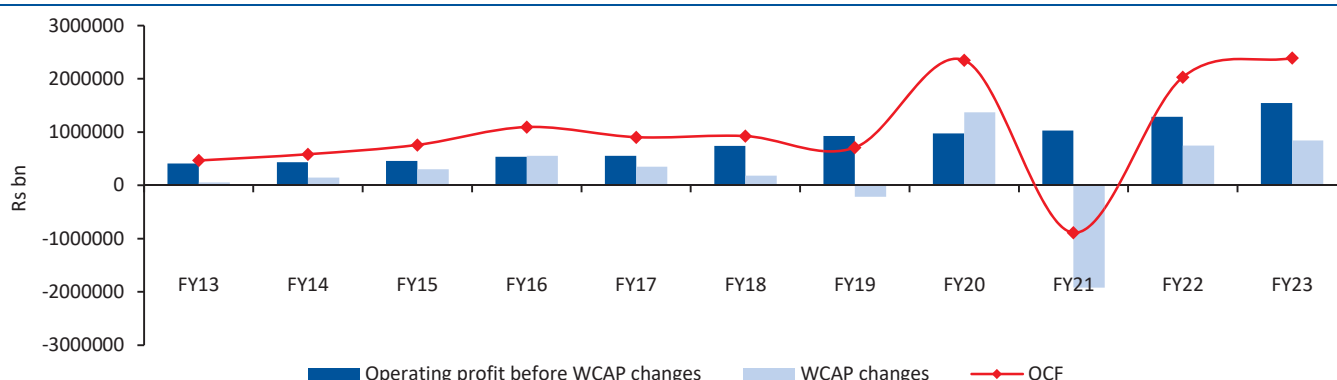
Reliance Industries (Reliance)

Reliance posted revenue/ PBT CAGR of 8%/14% over FY14-23. WC has been managed efficiently with ex-cash NWC at negative 37 days supported by high trade payables. With healthy rise in operating profit, Reliance's aggregate OCF was Rs10,875bn over FY14-23, with robust EBITDA to OCF conversion rate of 149%. Over FY14-23, the company invested significantly in capex cum. at ~Rs10,382bn due to which OCF to FCF conversion was lower at 5% with negative in earlier half of decade and then turning positive. Avg. net debt/equity ratio stayed at 0.3x while avg. RoE/RoCE stood at 11%/ 10.1% over FY14-23. Despite lower FCF, Reliance distributed dividends every year, aggregating total dividend payout for FY14-23 at ~Rs558bn. The stock has delivered 20% CAGR returns over FY14-23.

Market data

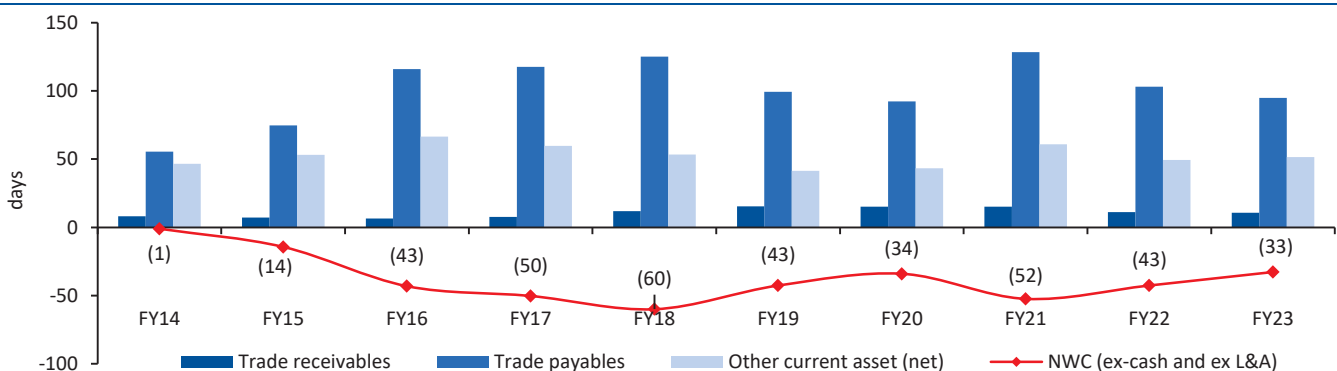
Current price:	Rs2,436
Bloomberg:	RELIANCE IN
52-week H/L:	Rs2,632/1,986
Market cap:	Rs16,484.1bn
Free float:	43.1%
Avg. daily vol. 3mth:	7638305
Source:	Bloomberg

Exhibit 701: Surge in operating profit continues with better OCF conversion



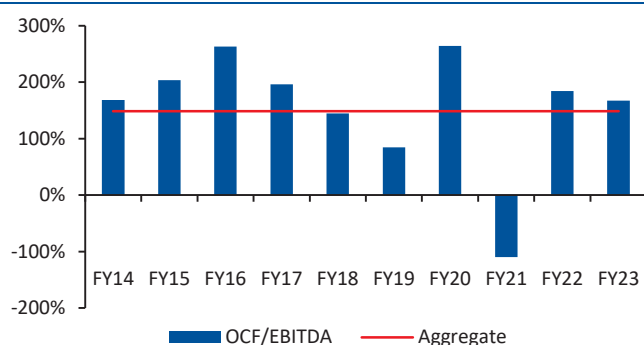
Source: Company, Centrum Broking

Exhibit 702: No drag from working capital on cash flows; NWC has been a negative on an average 37 days for reference period



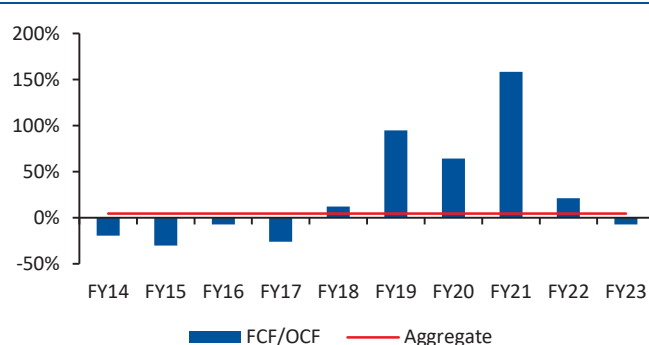
Source: Company, Centrum Broking

Exhibit 703: EBITDA to OCF conversion of 149% over a decade



Source: Company, Centrum Broking

Exhibit 704: OCF to FCF conversion 5% over decade



Source: Company, Centrum Broking

Exhibit 705: Return ratios subdued due to aggressive investment in multiple business expansions (telecom + retail)

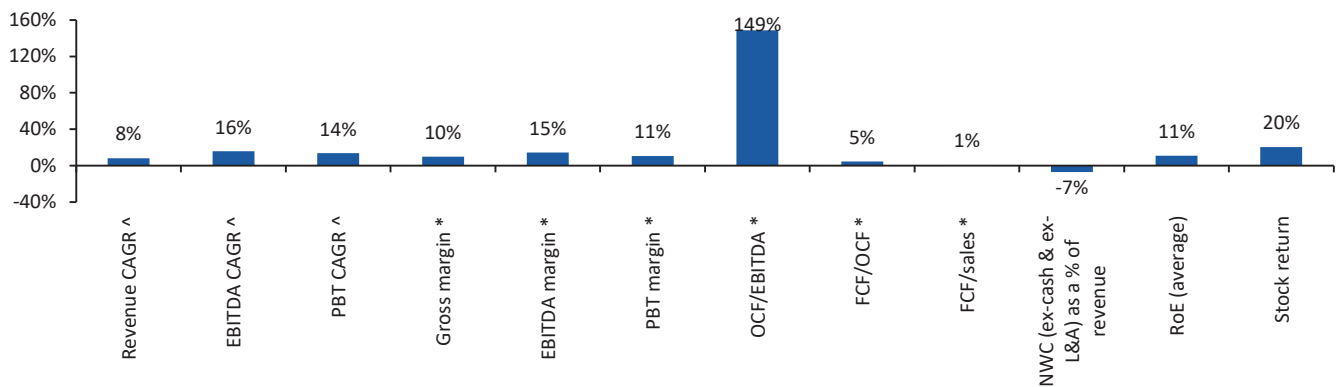
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt / Equity	0.2	0.4	0.5	0.5	0.5	0.4	0.4	0.1	0.1	0.1	0.3
Net Debt / EBITDA	1.3	2.3	2.5	3.1	2.5	2.1	2.1	1.0	1.1	0.8	1.9
RoCE (Pre-tax)	11.0%	9.9%	10.5%	9.6%	11.2%	11.6%	11.0%	7.8%	8.7%	9.5%	10.1%
RoCE	8.6%	7.5%	8.1%	7.2%	8.2%	8.3%	8.4%	7.5%	6.9%	7.4%	7.8%
RoIC (Pre-tax)	10.9%	9.5%	9.1%	8.7%	10.4%	10.5%	8.8%	6.3%	7.5%	9.0%	9.1%
RoE	13.0%	12.3%	13.7%	12.1%	12.9%	11.6%	10.5%	7.6%	7.8%	8.3%	11.0%

Source: Company, Centrum Broking

Exhibit 706: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT / PBT	0.78	0.76	0.77	0.74	0.73	0.72	0.76	0.88	0.71	0.70	0.76
Revenue / average total assets	1.4	1.0	0.7	0.6	0.7	0.9	0.7	0.5	0.6	0.6	0.78
Average total assets / Average NW	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.6	1.4	1.5	1.76
PBT / EBITDA	0.83	0.83	0.92	0.87	0.77	0.66	0.65	0.61	0.73	0.66	0.75
EBITDA / Revenue	0.08	0.10	0.15	0.15	0.16	0.15	0.15	0.17	0.16	0.16	0.14
RoE	13.0%	12.3%	13.7%	12.1%	12.9%	11.6%	10.5%	7.6%	7.8%	8.3%	11.0%

Source: Company, Centrum Broking

Exhibit 707: Price movement vs. financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 708: Both capex and investment increased sharply in recent years, FCF compressed more in FY17-20

Rs bn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(1,14,245)	(2,28,670)	(79,761)	(2,35,860)	1,13,180	6,75,710	15,09,630	(14,07,690)	4,32,820	(1,72,840)
FCF yield	(4%)	(7%)	(3%)	(7%)	2%	10%	18%	(11%)	3%	(1%)
Dividend + Buyback (b)	33,230	36,330	37,376	(680)	39,210	45,310	51,100	85,320	1,14,370	1,16,830
Distribution of FCF (b)/(a)	(29.1%)	(15.9%)	(46.9%)	0.3%	34.6%	6.7%	3.4%	(6.1%)	26.4%	(67.6%)
Cash & equivalents/Capital employed	29.3%	22.5%	20.6%	15.5%	14.5%	18.9%	13.8%	16.2%	12.5%	16.3%

Source: Company, Centrum Broking *including liquid investments

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	46,69,240	69,99,620	87,94,680	92,06,888	93,03,666
Operating Expense	29,27,010	47,49,120	58,92,800	62,36,417	61,14,446
Employee cost	0	0	0	0	0
Others	9,34,860	11,45,900	14,72,800	13,10,976	13,87,926
EBITDA	8,07,370	11,04,600	14,29,080	16,59,495	18,01,294
Depreciation & Amortisation	2,65,720	2,97,970	4,03,190	3,70,589	4,16,594
EBIT	5,41,650	8,06,630	10,25,890	12,88,905	13,84,700
Interest expenses	2,11,890	1,45,840	1,95,710	1,26,373	1,25,048
Other income	1,63,270	1,49,470	1,18,260	1,30,130	1,31,863
PBT	4,93,030	8,10,260	9,48,440	12,92,662	13,91,515
Taxes	17,220	1,62,970	2,07,130	3,00,689	3,24,937
Effective tax rate (%)	3.5	20.1	21.8	23.3	23.4
PAT	4,75,810	6,47,290	7,41,310	9,91,973	10,66,579
Minority/Associates	(40,950)	(68,600)	(74,290)	(71,060)	(71,060)
Recurring PAT	4,34,860	5,78,690	6,67,020	9,20,913	9,95,519
Extraordinary items	0	0	0	0	0
Reported PAT	4,34,860	5,78,690	6,67,020	9,20,913	9,95,519
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(21.9)	49.9	25.6	4.7	1.1
EBITDA	(9.3)	36.8	29.4	16.1	8.5
Adj. EPS	(3.0)	30.1	15.3	38.1	8.1
Margins (%)					
Gross	37.3	32.2	33.0	32.3	34.3
EBITDA	17.3	15.8	16.2	18.0	19.4
EBIT	11.6	11.5	11.7	14.0	14.9
Adjusted PAT	9.3	8.3	7.6	10.0	10.7
Returns (%)					
ROE	7.6	7.8	8.3	9.9	9.2
ROCE	7.5	6.9	7.4	8.2	8.0
ROIC	6.1	6.0	7.1	7.6	8.2
Turnover (days)					
Gross block turnover ratio (x)	0.9	1.1	1.2	1.3	1.3
Debtors	15	11	11	11	9
Inventory	61	49	51	56	45
Creditors	0	0	0	0	0
Net working capital	143	61	73	121	144
Solvency (x)					
Net debt-equity	0.1	0.1	0.1	0.0	0.0
Interest coverage ratio	3.8	7.6	7.3	13.1	14.4
Net debt/EBITDA	1.0	1.1	0.8	(0.2)	(0.2)
Per share (Rs)					
Adjusted EPS	66.6	86.6	99.8	137.8	149.0
BVPS	1,071.9	1,166.6	1,229.0	1,547.9	1,687.3
CEPS	107.3	131.2	160.2	193.3	211.3
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	36.6	28.1	24.4	17.7	16.4
P/BV	2.3	2.1	2.0	1.6	1.4
EV/EBITDA	21.2	15.8	12.2	9.7	8.9
Dividend yield (%)	0.3	0.3	0.4	0.4	0.4

Source: Company, Centrum Broking

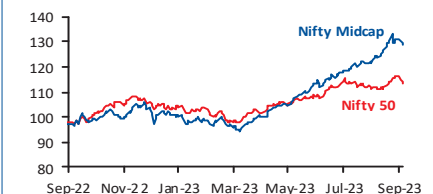
Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	64,450	67,650	67,660	67,650	67,650
Reserves & surplus	69,37,270	77,27,200	81,43,870	1,02,74,877	1,12,06,049
Shareholders fund	70,01,720	77,94,850	82,11,530	1,03,42,527	1,12,73,699
Minority Interest	9,92,600	10,94,990	11,30,090	10,94,990	10,94,990
Total debt	25,18,110	26,63,050	31,47,080	25,54,585	25,44,505
Non Current Liabilities	8,05,290	11,43,200	19,96,340	12,95,736	13,17,658
Def tax liab. (net)	0	0	0	0	0
Total liabilities	1,13,17,720	1,26,96,090	1,44,85,040	1,52,87,838	1,62,30,853
Gross block	53,10,460	61,47,890	70,95,930	69,87,099	74,04,891
Less: acc. Depreciation	0	0	0	0	0
Net block	53,10,460	61,47,890	70,95,930	69,87,099	74,04,891
Capital WIP	12,59,530	17,25,060	29,37,900	14,71,188	13,76,455
Net fixed assets	66,72,110	80,03,040	1,01,70,450	85,88,376	89,11,436
Non Current Assets	0	0	0	0	0
Investments	28,09,900	35,23,420	25,44,830	36,54,970	36,54,970
Inventories	8,16,720	10,77,780	14,00,080	14,38,134	8,79,951
Sundry debtors	1,90,140	2,36,400	2,84,510	2,83,850	1,65,342
Cash & Cash Equivalents	16,98,430	14,42,960	20,34,270	28,03,548	28,77,007
Loans & advances	6,11,890	2,40,260	2,02,070	2,58,181	2,67,411
Other current assets	4,12,930	4,72,790	4,98,850	6,31,573	6,84,267
Trade payables	0	0	0	0	0
Other current liab.	18,69,360	22,81,200	26,28,220	23,52,340	11,90,728
Provisions	25,040	19,360	21,800	18,455	18,804
Net current assets	18,35,710	11,69,630	17,69,760	30,44,492	36,64,446
Total assets	1,13,17,720	1,26,96,090	1,44,85,040	1,52,87,838	1,62,30,853
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	5,54,610	8,41,420	9,48,010	13,23,825	14,22,681
Depreciation & Amortisation	2,65,720	2,97,970	4,03,190	3,70,589	4,16,594
Net Interest	2,11,890	1,45,840	1,95,710	1,26,373	1,25,048
Net Change – WC	(19,19,250)	7,48,520	8,44,320	(12,06,058)	(5,24,574)
Direct taxes	(17,220)	(1,62,970)	(2,07,130)	(3,00,689)	(3,24,937)
Net cash from operations	19,03,505	17,67,659	20,05,300	2,61,844	10,62,615
Capital expenditure	(5,20,660)	(16,00,930)	(25,64,070)	12,04,954	(7,39,654)
Acquisitions, net	0	0	0	0	0
Investments	(1,50,990)	(7,13,520)	9,78,590	(11,10,140)	0
Others	0	0	0	0	0
Net cash from investing	(6,71,650)	(23,14,450)	(15,85,480)	94,814	(7,39,654)
FCF	12,31,855	(5,46,791)	4,19,820	3,56,658	3,22,961
Issue of share capital	1,32,190	4,06,080	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(85,320)	(1,14,370)	(1,16,830)	(1,16,830)	(1,16,830)
Interest paid	(2,11,890)	(1,45,840)	(1,95,710)	(1,26,373)	(1,25,048)
Others	0	0	0	0	0
Net cash from financing	(1,65,020)	1,45,870	(3,12,540)	(2,43,203)	(2,41,878)
Net change in Cash	10,66,835	(4,00,921)	1,07,280	1,13,455	81,083

Source: Company, Centrum Broking

Retail Sector

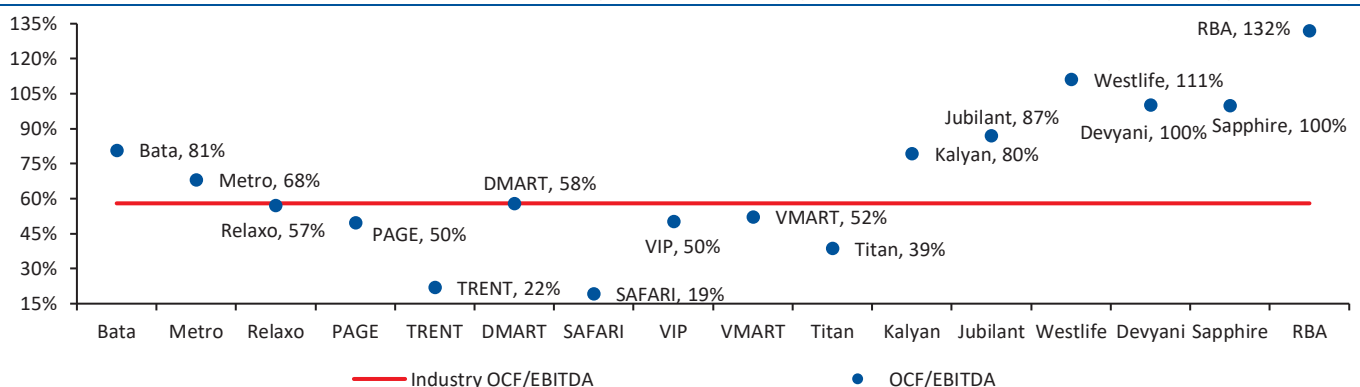
Our retail sector universe posted revenue/EBITDA/PBT CAGR of 21.2%/22.5%/19.3% over FY14-23 with an average EBITDA margin of 10.5%. The cash flow from operating activities grew at a healthy 22.3% CAGR over FY14-23 with aggregate OCF of Rs419.8bn at EBITDA to OCF conversion of 57.9%. Led by several expansions by industry players with cumulative capex of Rs252bn, the OCF to FCF conversion stood comparatively lower at 40%. The cumulative FCF generation stood at Rs168bn. In 10-years, average pre-tax RoCE stood at a healthy 19.8%. In pure Brick & Mortar retail model, markets have favoured the businesses, aiding sales at superior rates even when the FCF generation remained weak. On QSR portfolio, Sales/EBITDA/PBT grew by 14.9%/22.8%/27.1%.

Nifty 50 vs NSE midcap



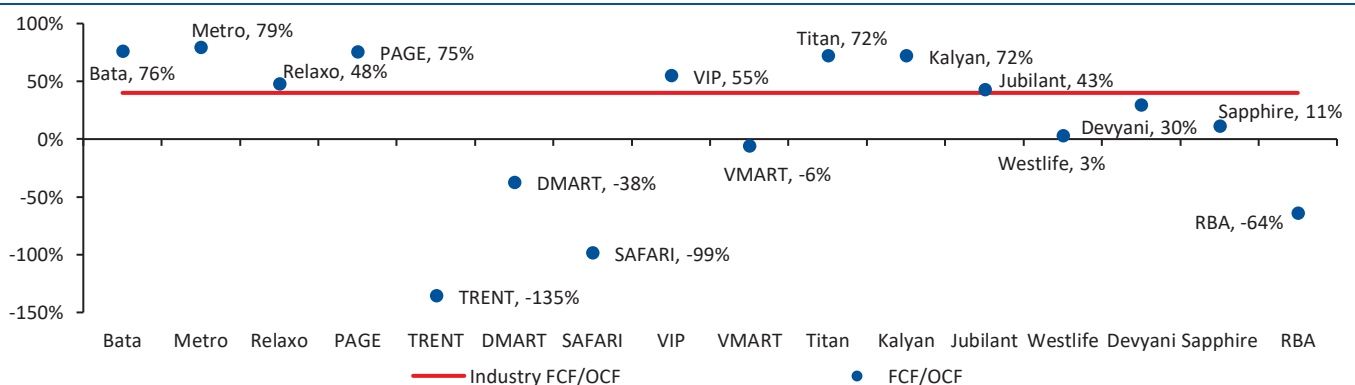
Source: Bloomberg

Exhibit 709: EBITDA to OCF conversion has been strong for the industry, pure retailers and QSR being the strongest



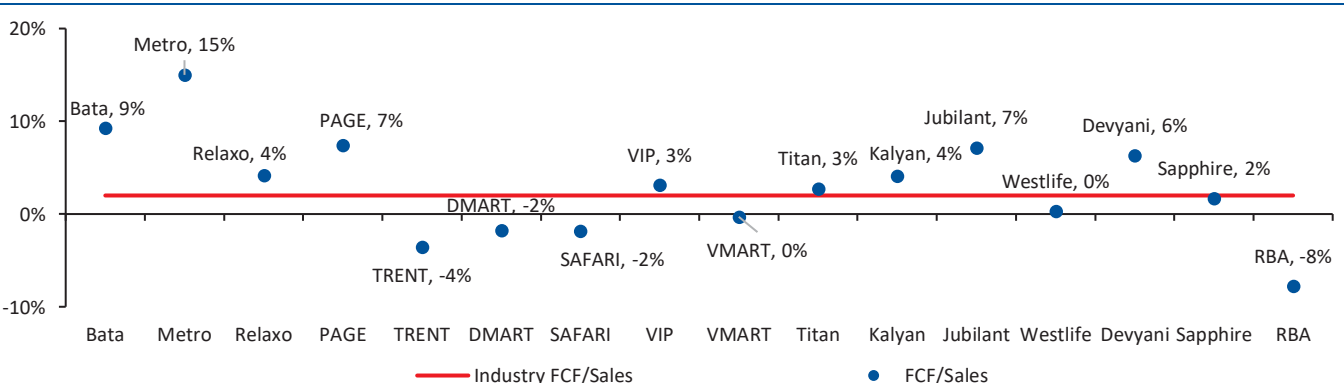
Source: Company, Centrum Broking

Exhibit 710: OCF to FCF conversion weak for companies with aggressive capex during the decade...

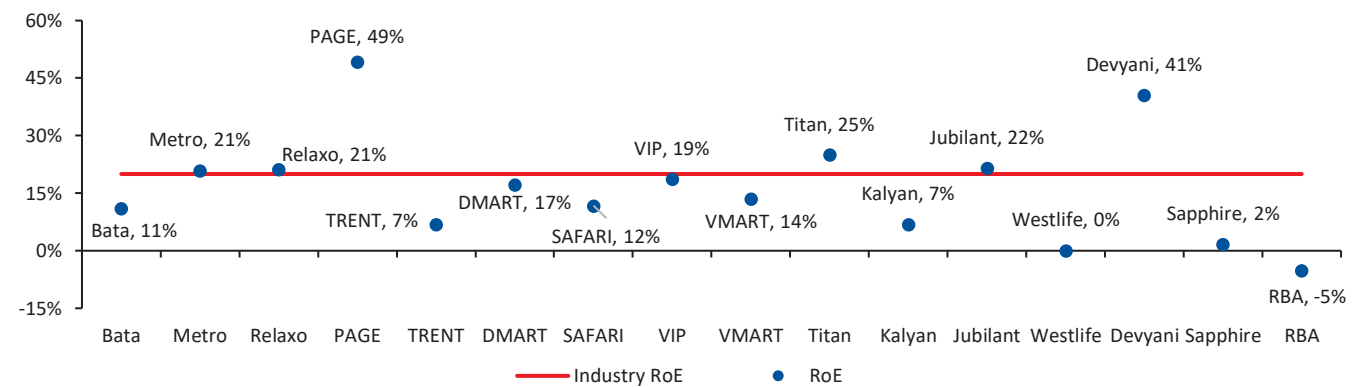


Source: Company, Centrum Broking

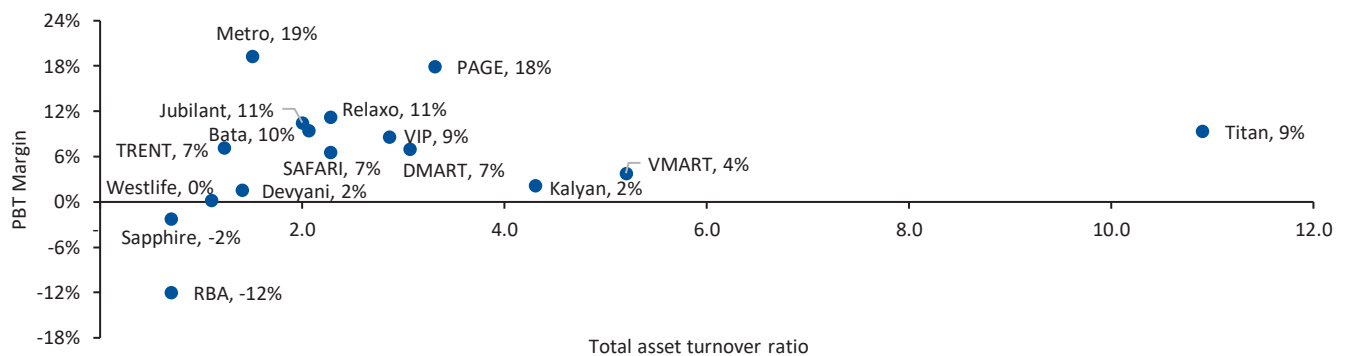
Exhibit 711: ...accordingly FCF to Sales conversion weak for companies in growth phase



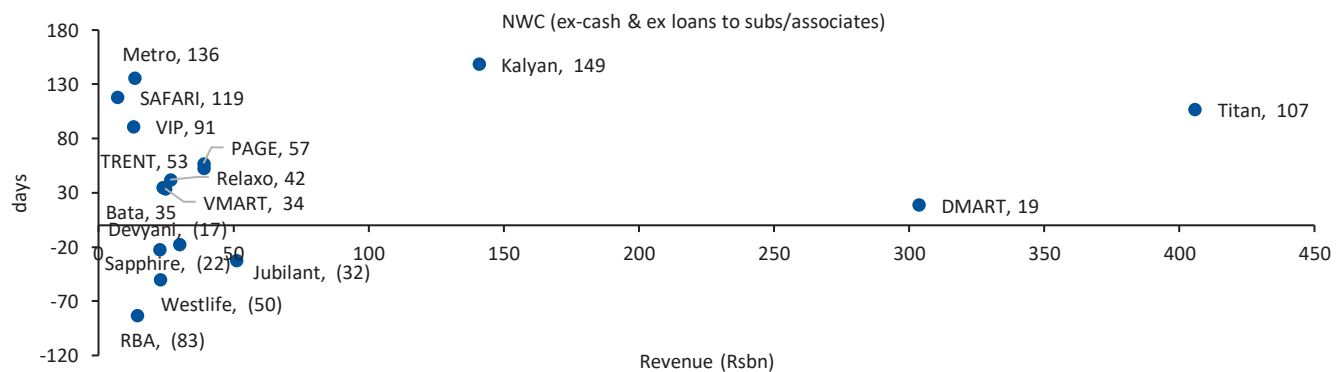
Source: Company, Centrum Broking

Exhibit 712: RoE has been healthy across the industry; Page commands highest RoE on virtue of its monopolistic structure

Source: Company, Centrum Broking

Exhibit 713: Page and Titan continue to exhibit best in class operating leverage

Source: Company, Centrum broking

Exhibit 714: Despite the scale, DMART leads in terms of working capital days

Source: Company, Centrum Broking, FY23 Revenue has been taken

Exhibit 715: Key performance metrics for 10 years ended FY23

	Bata	Metro	Relaxo	PAGE	TRENT	DMART	SAFARI	VIP	VMART	Titan	Kalyan	Jubilant	Westlife	Devyani	Sapphire	RBA
Revenue CAGR (%)^	6	15	11	19	23	29	29	10	21	15	6	14	13	23	17	15
EBITDA CAGR (%)^	11	25	12	17	37	33	50	16	21	17	9	17	21	23	31	13
PBT CAGR (%)^	5	18	12	16	24	37	72	18	NA	16	23	11	17	NA	NA	NA
Gross margin (%)	55	56	55	64	49	15	55	53	32	27	16	76	63	70	68	64
EBITDA margin (%)	15	28	15	20	12	8	10	11	10	10	7	18	8	21	15	7
PBT margin (%)	10	19	11	18	7	7	7	9	4	9	2	11	0	2	(2)	(12)
Net Debt/Equity (x)	(0.4)	(0.1)	0.2	0.0	0.1	0.2	0.6	0.1	0.4	-	1.1	0.2	1.0	-	(0.2)	0.1
Net Debt/EBITDA (x)	(1.2)	(0.2)	0.4	0.0	1.5	0.4	2.7	0.1	1.3	(0.3)	3.6	0.3	5.4	1.4	(0.5)	(1.5)
OCF/EBITDA (%)	81	68	57	50	22	58	19	50	52	39	80	87	111	100	100	132
FCF/OCF (%)	76	79	48	75	(202)	(38)	(99)	55	(6)	72	72	43	3	30	11	(64)
FCF/Sales (%)	9	15	4	7	(4)	(2)	(2)	3	(0)	3	4	7	0	6	2	(8)
NWC (ex-cash & ex loans to subs/associates) - days	35	136	42	57	53	19	119	91	34	107	149	(32)	(50)	(17)	(22)	(83)
RoE (%)	11	21	21	49	7	17	12	19	14	25	7	22	0	41	2	(5)
Stock return (%)^	15	-	41	30	28	45	42	23	34	25	30	16	38	30	(2)	(57)

Source: Company, Centrum Broking; ^: FY13-23 CAGR

Avenue Supermarts (DMART)

DMART posted revenue/PBT CAGR of 29%/37% over FY14-23. The ex-cash NWC remained range bound between 17-20 days over FY14-23 (except for pandemic impacted years FY20/21). With healthy growth in EBITDA (CAGR: 33%), DMART's aggregate OCF was Rs89.5bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 58%. Over FY14-23, 138% of the total OCF was spent on capex at an avg. of Rs12.3bn p.a., which pushed FCF to turn negative at (Rs33.7bn). Negative FCF is on account of aggressive expansion. RoE/RoCE stood at 17.2%/14.6% over FY14-23. DMART being in the growth phase did not have FCF to be distributed as dividend. The stock price moved inline (CAGR: 45%) with the robust growth in past 10 years.

22 September 2023

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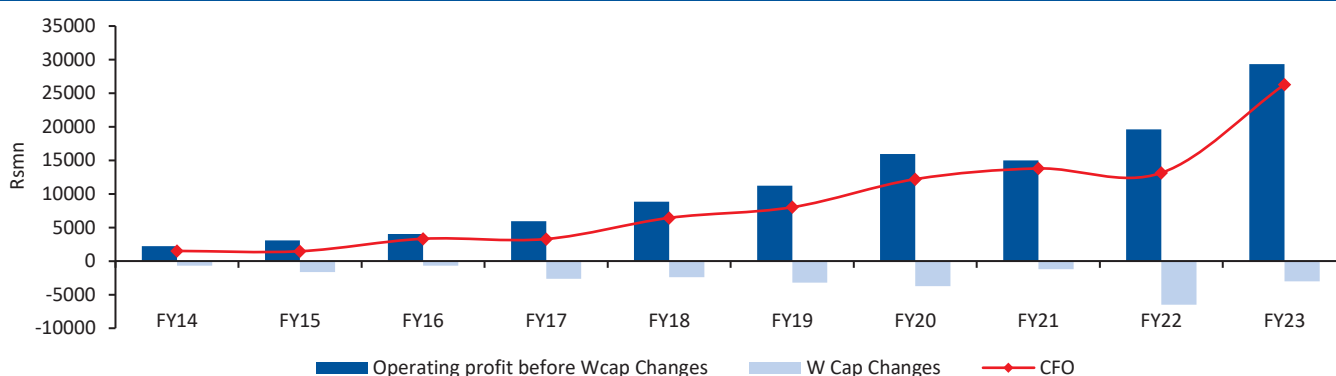
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Market data

Current price:	Rs3,798
Bloomberg:	DMART IN
52-week H/L:	Rs4,602/3,292
Market cap:	Rs2471.4bn
Free float:	35.6%
Avg. daily vol. 3mth:	379410.4

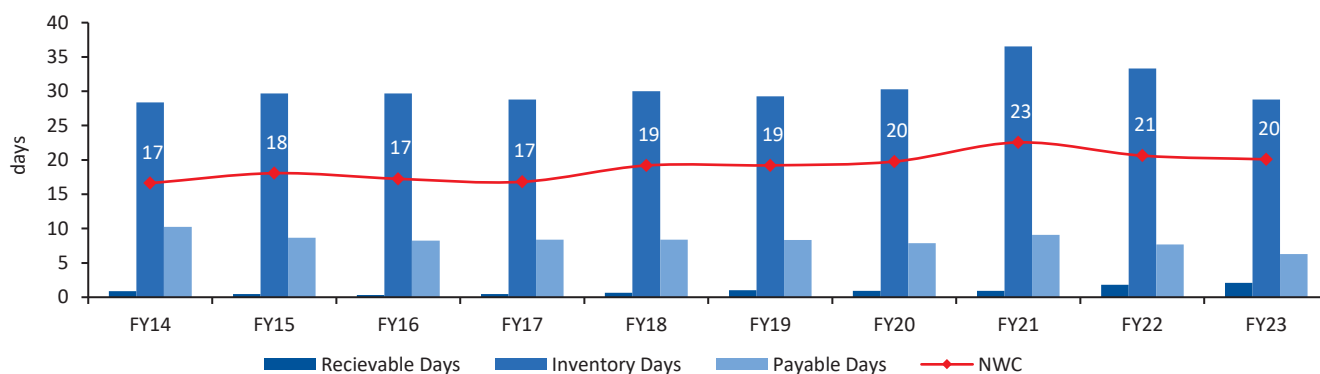
Source: Bloomberg

Exhibit 716: Cash flow from operations grew rapidly from lower levels by 17x in 10 years



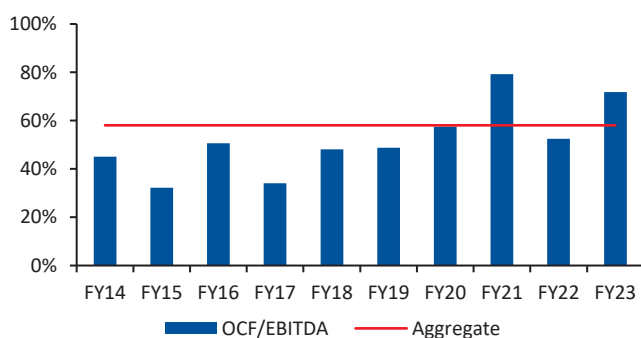
Source: Company, Centrum Broking

Exhibit 717: Negligible receivables keep working capital days lower and controlled



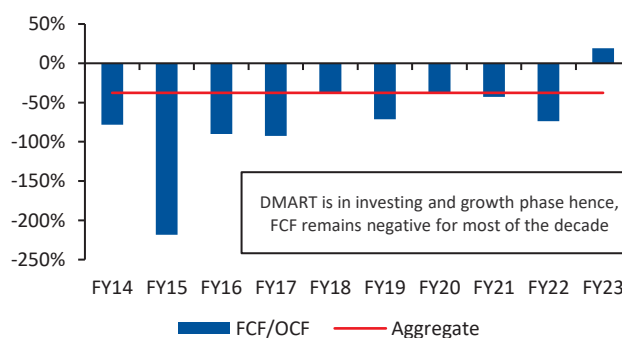
Source: Company, Centrum Broking

Exhibit 718: EBITDA to OCF conversion of 58% over 10 years



Source: Company, Centrum Broking

Exhibit 719: OCF to FCF conversion over 10 years



Source: Company, Centrum Broking

Exhibit 720: Leverage reduced as cash flows grew higher; Return ratios on track to recover back to healthy levels

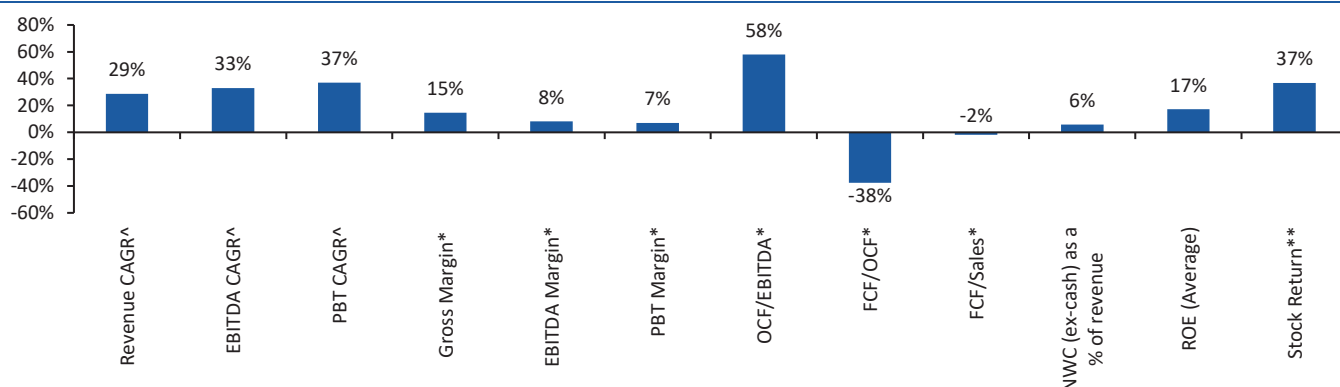
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.6	0.7	0.8	0.0	0.1	0.0	(0.1)	0.0	(0.1)	0.0	0.2
Net Debt/EBITDA	1.7	1.9	1.7	(0.1)	0.3	0.0	(0.8)	(0.1)	(0.4)	(0.1)	0.4
RoCE pre-tax	20.6%	21.5%	24.3%	21.7%	24.1%	26.3%	21.2%	13.5%	16.9%	21.6%	21.2%
RoCE	13.6%	14.2%	15.8%	14.0%	15.8%	17.0%	16.0%	10.2%	12.5%	17.1%	14.6%
RoIC (pre-tax)	20.4%	21.1%	24.0%	27.9%	30.5%	28.2%	21.5%	13.0%	17.8%	22.8%	22.7%
RoE	18.4%	19.7%	23.5%	18.0%	18.5%	18.3%	16.1%	9.9%	12.3%	16.8%	17.2%

Source: Company, Centrum Broking

Exhibit 721: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.66	0.66	0.65	0.65	0.66	0.65	0.76	0.75	0.74	0.79	0.70
Revenue/average total assets	3.16	3.44	3.52	2.92	2.85	3.47	2.78	1.99	2.26	2.68	2.91
Average total assets/Average NW	1.71	1.75	1.80	1.52	1.24	1.12	1.06	1.02	1.02	1.03	1.33
PBT/EBITDA	0.72	0.71	0.74	0.78	0.89	0.88	0.84	0.89	0.87	0.88	0.82
EBITDA/Revenue	0.07	0.07	0.08	0.08	0.09	0.08	0.09	0.07	0.08	0.09	0.08
RoE	18.4%	19.7%	23.5%	18.0%	18.5%	18.3%	16.1%	9.9%	12.3%	16.8%	17.2%

Source: Company, Centrum Broking

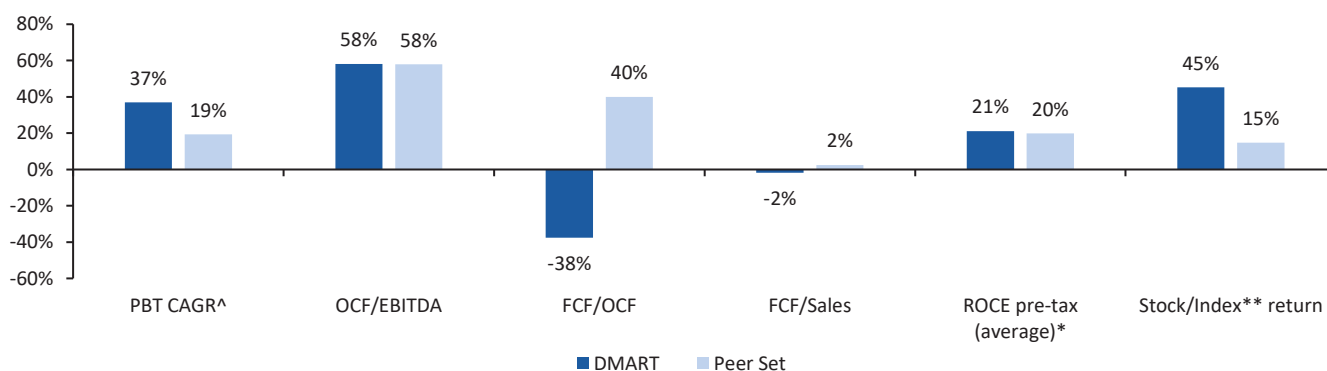
Exhibit 722: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate; **: Stock return over FY17-23;

Exhibit 723: Effective FCF utilization

Rs mn	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
FCF (a)	(1,182)	(3,187)	(2,985)	(3,040)	(2,468)	(5,701)	(4,575)	(5,883)	(9,678)	5,014
FCF yield	NA	NA	NA	NA	NA	NA	NA	NA	NA	0%
Dividend + Buyback (b)	-	-	-	-	-	-	-	-	-	-
Distribution of FCF (b/a)	NA	NA	NA	NA	NA	NA	NA	NA	NA	0%
Cash & equivalents*/Capital employed	3.6%	2.0%	1.4%	47.0%	10.7%	3.8%	1.1%	12.2%	2.2%	9.0%

Source: Company, Centrum Broking *including liquid investments

Exhibit 724: DMART vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; ***: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	2,37,872	3,03,525	4,18,333	5,29,140	6,66,628
Operating Expense	2,03,563	2,60,527	3,57,752	4,54,002	5,68,634
Employee cost	4,951	5,482	6,482	8,102	10,128
Others	11,940	12,501	17,505	22,224	27,998
EBITDA	17,417	25,015	36,594	44,812	59,868
Depreciation & Amortisation	3,714	4,211	5,433	5,437	6,732
EBIT	13,704	20,805	31,161	39,374	53,136
Interest expenses	345	396	481	481	481
Other income	2,089	1,409	1,631	1,890	2,086
PBT	15,448	21,817	32,312	40,784	54,741
Taxes	3,795	5,656	6,748	10,265	13,778
Effective tax rate (%)	24.6	25.9	20.9	25.2	25.2
PAT	11,653	16,162	25,564	30,518	40,963
Minority/Associates	0	0	0	0	0
Recurring PAT	11,653	16,162	25,564	30,518	40,963
Extraordinary items	0	0	0	0	0
Reported PAT	11,653	16,162	25,564	30,518	40,963
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(3.6)	27.6	37.8	26.5	26.0
EBITDA	(17.9)	43.6	46.3	22.5	33.6
Adj. EPS	(13.7)	38.7	58.1	19.4	34.2
Margins (%)					
Gross	14.4	14.2	14.5	14.2	14.7
EBITDA	7.3	8.2	8.7	8.5	9.0
EBIT	5.8	6.9	7.4	7.4	8.0
Adjusted PAT	4.9	5.3	6.1	5.8	6.1
Returns (%)					
ROE	9.9	12.3	16.8	16.9	19.0
ROCE	10.2	12.5	17.1	17.1	19.1
ROIC	9.2	11.0	15.9	16.3	19.1
Turnover (days)					
Gross block turnover ratio (x)	3.5	3.4	3.7	3.8	4.0
Debtors	1	2	2	1	1
Inventory	37	33	29	30	30
Creditors	9	8	6	7	7
Net working capital	44	27	35	34	38
Solvency (x)					
Net debt-equity	(0.1)	0.0	(0.1)	(0.1)	(0.1)
Interest coverage ratio	50.5	63.2	76.1	93.2	124.5
Net debt/EBITDA	(0.8)	(0.1)	(0.4)	(0.4)	(0.5)
Per share (Rs)					
Adjusted EPS	18.0	24.9	39.4	47.1	63.2
BVPS	190.0	215.0	254.6	301.3	364.5
CEPS	23.7	31.4	47.8	55.5	73.6
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	211.1	152.2	96.3	80.7	60.1
P/BV	20.0	17.7	14.9	12.6	10.4
EV/EBITDA	135.3	94.6	64.4	52.5	39.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	6,478	6,478	6,483	6,483	6,483
Reserves & surplus	1,16,575	1,32,763	1,58,543	1,88,855	2,29,818
Shareholders fund	1,23,053	1,39,241	1,65,025	1,95,338	2,36,301
Minority Interest	0	0	0	0	0
Total debt	0	0	0	0	0
Non Current Liabilities	2,174	3,207	3,297	3,297	3,297
Def tax liab. (net)	519	648	785	785	785
Total liabilities	1,25,745	1,43,097	1,69,107	1,99,420	2,40,383
Gross block	68,265	89,320	1,12,139	1,38,785	1,66,024
Less: acc. Depreciation	(10,538)	(13,554)	(17,495)	(22,932)	(29,664)
Net block	57,727	75,766	94,644	1,15,853	1,36,360
Capital WIP	10,062	10,731	8,289	8,289	8,289
Net fixed assets	67,883	86,593	1,03,033	1,24,242	1,44,749
Non Current Assets	24,034	27,651	17,496	17,496	17,496
Investments	4,938	6,284	8,532	8,532	8,532
Inventories	21,673	25,869	30,556	43,491	51,139
Sundry debtors	721	2,309	2,466	1,450	1,826
Cash & Cash Equivalents	14,320	2,843	13,728	18,567	31,866
Loans & advances	1,679	1,071	3,185	3,185	3,185
Other current assets	1,216	1,420	3,440	1,418	1,418
Trade payables	5,655	5,312	7,013	10,148	12,785
Other current liab.	4,841	5,297	5,855	8,351	6,582
Provisions	222	334	461	461	461
Net current assets	28,890	22,569	40,045	49,151	69,607
Total assets	1,25,745	1,43,097	1,69,107	1,99,420	2,40,383
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	15,448	21,817	32,312	40,784	54,741
Depreciation & Amortisation	3,714	4,211	5,433	5,437	6,732
Net Interest	345	396	481	481	481
Net Change – WC	(1,203)	(6,483)	(3,015)	(4,267)	(7,157)
Direct taxes	(2,561)	(5,528)	(7,001)	(10,265)	(13,778)
Net cash from operations	13,855	13,152	26,780	30,280	38,933
Capital expenditure	(19,677)	(22,817)	(21,290)	(26,646)	(27,240)
Acquisitions, net	0	0	0	0	0
Investments	0	0	(1,990)	0	0
Others	8,122	9,896	(1,141)	1,890	2,086
Net cash from investing	(11,555)	(12,922)	(24,422)	(24,756)	(25,154)
FCF	2,300	230	2,358	5,524	13,779
Issue of share capital	0	0	155	(411)	0
Increase/(decrease) in debt	(1,342)	(1,195)	(1,004)	0	0
Dividend paid	0	0	0	0	0
Interest paid	(61)	(12)	(476)	(481)	(481)
Others	0	0	0	2	1
Net cash from financing	(1,403)	(1,208)	(1,324)	(890)	(480)
Net change in Cash	897	(977)	1,034	4,634	13,299

Source: Company, Centrum Broking

BATA India (BATA)

BATA posted revenue/PBT CAGR of 6%/5% over FY14-23. The ex-cash NWC declined by 25 days over FY14-23 led by improvement in payable and inventory days' cycle. With steady rise in operating profit, BATA's OCF grew at CAGR 30% over FY14-20 before getting hit because of pandemic in FY21. EBITDA to OCF conversion remained healthy at 81%. Over FY14-23, 24% of the total OCF was spent on capex at an avg. of Rs746mn p.a., while 76% was converted to FCF at Rs23.9bn. Because of rise in cash position, avg. RoE/RoCE moderated at an average of 11.1%/14.9% over FY14-23. Distribution of FCF as dividend is healthy at an aggregate of 50.7% over FY14-23. The market rewarded the stock fairly with 15% CAGR return over the decade.

22 September 2023

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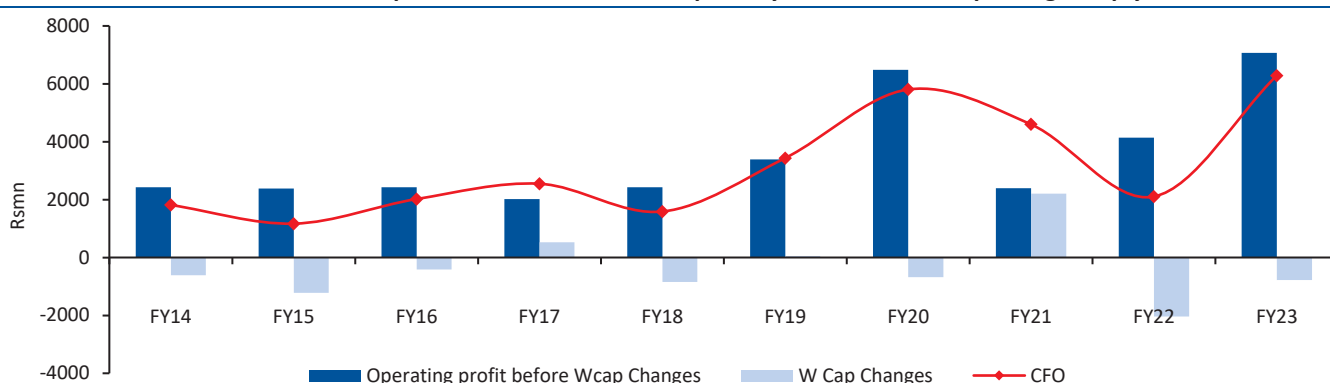
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Market data

Current price:	Rs1,678
Bloomberg:	BATA IN
52-week H/L:	Rs1,932/1,381
Market cap:	Rs215.7bn
Free float:	43.1%
Avg. daily vol. 3mth:	377198

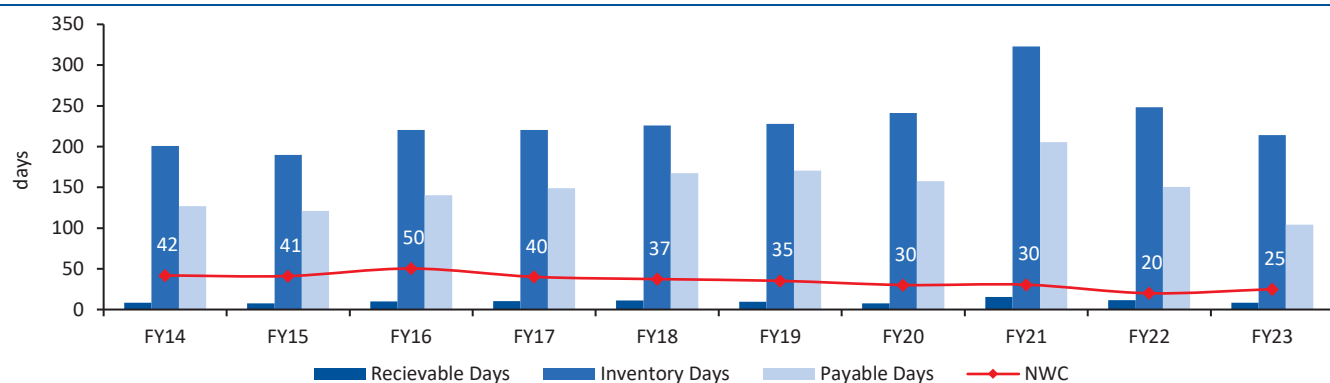
Source: Bloomberg

Exhibit 725: Stable cash flow from operations in first half, hiccup led by COVID before improving sharply in FY23



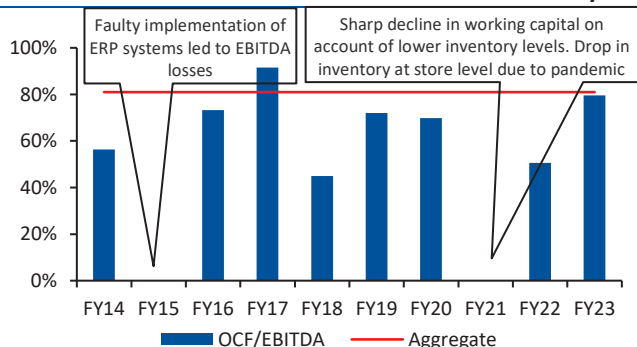
Source: Company, Centrum Broking

Exhibit 726: Efficient working capital days throughout the decade



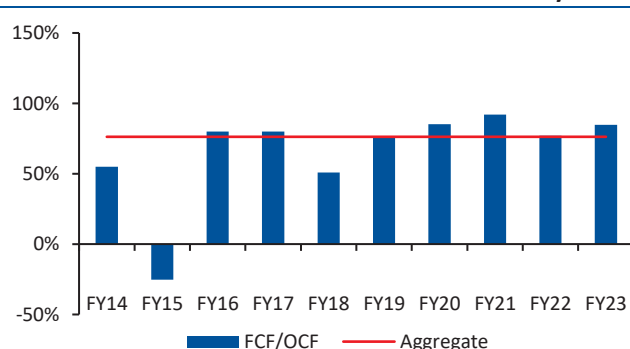
Source: Company, Centrum Broking

Exhibit 727: EBITDA to OCF conversion of 81% over 10 years



Source: Company, Centrum Broking

Exhibit 728: OCF to FCF conversion of 76% over 10 years



Source: Company, Centrum Broking

Exhibit 729: Net cash over the entire decade; Return ratios growth trend impacted by Covid before recovering in FY23

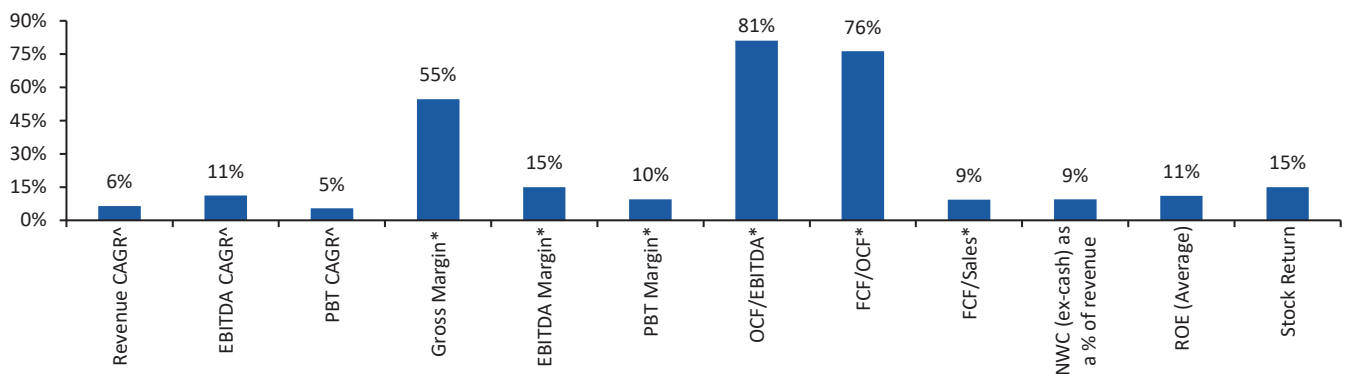
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.3)	(0.2)	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)	(0.6)	(0.5)	(0.4)	(0.4)
Net Debt/EBITDA	(0.8)	6.2	(1.2)	(1.9)	(1.7)	(1.8)	(1.2)	(6.7)	(2.3)	(0.7)	(1.2)
RoCE pre-tax	37.5%	(7.5)%	19.9%	20.4%	24.6%	30.0%	33.3%	(0.5)%	12.9%	32.8%	20.3%
RoCE	25.5%	2.2%	13.8%	14.2%	16.2%	20.6%	22.5%	(0.4)%	9.5%	24.6%	14.9%
RoIC (pre-tax)	47.1%	(16.3)%	25.9%	31.5%	43.5%	58.1%	75.9%	(17.4)%	30.7%	70.3%	34.9%
RoE	25.8%	(17.6)%	13.7%	13.9%	16.0%	20.5%	18.1%	(4.6)%	5.6%	19.6%	11.1%

Source: Company, Centrum Broking

Exhibit 730: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.68	2.30	0.69	0.69	0.66	0.69	0.68	0.76	0.74	0.75	0.86
Revenue/average total assets	2.63	2.89	2.16	1.94	1.88	1.82	1.31	0.62	0.90	1.34	1.75
Average total assets/Average NW	1.02	1.00	1.00	1.00	1.00	1.00	1.28	1.52	1.49	1.59	1.19
PBT/EBITDA	0.91	2.12	0.80	0.92	0.96	1.00	0.59	(0.69)	0.33	0.54	0.75
EBITDA/Revenue	0.16	(0.01)	0.11	0.11	0.13	0.16	0.27	0.09	0.17	0.23	0.14
RoE	25.8%	(17.6)%	13.7%	13.9%	16.0%	20.5%	18.1%	(4.6)%	5.6%	19.6%	11.1%

Source: Company, Centrum Broking

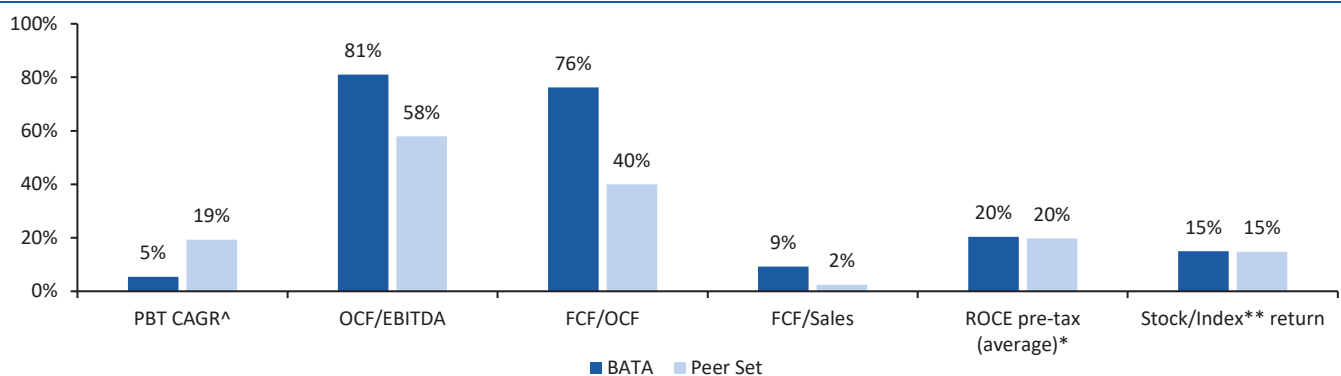
Exhibit 731: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 732: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	998	(295)	1,615	2,036	809	2,617	4,949	4,232	1,619	5,335
FCF yield	2%	NA	2%	3%	1%	2%	2%	2%	1%	2%
Dividend + Buyback (b)	449	487	502	540	541	618	969	515	514	6,989
Distribution of FCF (b/a)	45%	NA	31%	27%	67%	24%	20%	12%	32%	131%
Cash & equivalents*/Capital employed	32.6%	22.5%	30.5%	41.0%	42.2%	52.2%	53.0%	59.9%	54.0%	32.2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 733: BATA vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	17,085	23,877	34,516	36,601	40,737
Operating Expense	8,375	10,868	15,136	15,556	17,110
Employee cost	3,398	3,787	4,187	4,438	4,793
Others	3,690	5,065	7,284	7,646	8,299
EBITDA	1,622	4,157	7,909	8,962	10,535
Depreciation & Amortisation	2,648	2,419	2,947	3,093	3,185
EBIT	(1,026)	1,737	4,961	5,870	7,350
Interest expenses	1,035	928	1,079	1,186	1,305
Other income	941	559	374	411	452
PBT	(1,120)	1,368	4,256	5,094	6,497
Taxes	(273)	359	1,065	1,284	1,637
Effective tax rate (%)	24.4	26.3	25.0	25.2	25.2
PAT	(847)	1,009	3,191	3,810	4,860
Minority/Associates	0	0	0	0	0
Recurring PAT	(847)	1,009	3,191	3,810	4,860
Extraordinary items	(46)	0	0	0	0
Reported PAT	(893)	1,009	3,191	3,810	4,860
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(44.1)	39.8	44.6	6.0	11.3
EBITDA	(80.5)	156.3	90.3	13.3	17.6
Adj. EPS	nm	nm	216.3	19.4	27.5
Margins (%)					
Gross	51.0	54.5	56.1	57.5	58.0
EBITDA	9.5	17.4	22.9	24.5	25.9
EBIT	(6.0)	7.3	14.4	16.0	18.0
Adjusted PAT	(5.0)	4.2	9.2	10.4	11.9
Returns (%)					
ROE	(4.6)	5.6	19.6	23.8	24.5
ROCE	(0.4)	9.5	24.6	29.4	29.5
ROIC	(4.4)	7.4	19.4	23.2	29.5
Turnover (days)					
Gross block turnover ratio (x)	2.7	3.5	4.7	4.5	4.6
Debtors	15	12	8	8	7
Inventory	323	248	214	211	195
Creditors	205	150	104	98	95
Net working capital	244	180	83	110	139
Solvency (x)					
Net debt-equity	(0.6)	(0.5)	(0.4)	(0.5)	(0.6)
Interest coverage ratio	1.6	4.5	7.3	7.6	8.1
Net debt/EBITDA	(6.7)	(2.3)	(0.7)	(1.0)	(1.3)
Per share (Rs)					
Adjusted EPS	(6.6)	7.9	24.8	29.7	37.8
BVPS	136.9	141.2	111.6	137.2	171.1
CEPS	14.0	26.7	47.8	53.7	62.6
DPS	4.0	4.0	64.0	4.0	4.0
Dividend payout (%)	nm	51.0	257.8	13.5	10.6
Valuation (x)					
P/E	nm	213.4	67.5	56.5	44.3
P/BV	12.2	11.9	15.0	12.2	9.8
EV/EBITDA	126.0	49.5	26.6	23.0	19.1
Dividend yield (%)	0.2	0.2	3.8	0.2	0.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	643	643	643	643	643
Reserves & surplus	16,955	17,500	13,696	16,992	21,338
Shareholders fund	17,598	18,142	14,339	17,635	21,981
Minority Interest	0	0	0	0	0
Total debt	0	0	0	0	0
Non Current Liabilities	8,597	8,913	10,093	10,175	10,253
Def tax liab. (net)	0	0	0	0	0
Total liabilities	26,194	27,055	24,432	27,810	32,234
Gross block	6,313	6,785	7,373	8,123	8,873
Less: acc. Depreciation	(3,498)	(3,919)	(4,171)	(5,031)	(5,966)
Net block	2,815	2,866	3,202	3,092	2,907
Capital WIP	336	37	16	244	266
Net fixed assets	3,219	3,086	3,382	3,500	3,337
Non Current Assets	8,294	9,207	10,546	10,631	10,713
Investments	1,873	1,946	1,535	1,535	1,535
Inventories	6,083	8,709	9,043	8,950	9,375
Sundry debtors	794	717	826	702	781
Cash & Cash Equivalents	10,936	9,648	5,232	8,917	13,565
Loans & advances	124	0	0	0	0
Other current assets	637	885	950	950	950
Trade payables	4,396	4,561	4,089	4,262	4,688
Other current liab.	2,643	3,520	4,057	4,178	4,400
Provisions	106	110	76	76	76
Net current assets	11,427	11,768	7,828	11,003	15,508
Total assets	26,194	27,055	24,432	27,810	32,234
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(1,166)	1,368	4,256	5,094	6,497
Depreciation & Amortisation	2,648	2,419	2,947	860	935
Net Interest	405	400	726	776	853
Net Change – WC	2,202	(2,040)	(777)	511	143
Direct taxes	468	(68)	(972)	(1,284)	(1,637)
Net cash from operations	4,611	2,116	6,289	5,956	6,792
Capital expenditure	(368)	(486)	(954)	(978)	(773)
Acquisitions, net	0	0	0	0	0
Investments	(920)	941	5,008	59	56
Others	761	473	330	411	452
Net cash from investing	(527)	928	4,385	(508)	(265)
FCF	4,084	3,044	10,673	5,449	6,527
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(515)	(514)	(6,989)	(514)	(514)
Interest paid	(11)	(11)	0	(1,186)	(1,305)
Others	(3,165)	(2,886)	(3,116)	(63)	(60)
Net cash from financing	(3,691)	(3,411)	(10,105)	(1,764)	(1,880)
Net change in Cash	393	(367)	568	3,685	4,647

Source: Company, Centrum Broking

Devyani International (DIL)

While DIL posted revenue CAGR of 23% over FY19-23, EBITDA grew faster at 45.8%. Operating profits have consistently expanded led by operating leverage as DIL has been opening ~150 stores every year. Over FY19-23, cumulative profit before WC was Rs18.5bn (tax paid: Rs587mn) and OCF was Rs19bn. For FY23, OCF/FCF conversion was 29.7% and OCF/EBITDA stood at 100.1%. Cumulative capex was Rs13.4bn and FCF was Rs5.7bn. Working capital cycle has been stable over last 5 years, while payable days remained steady at ~30 days. KFC franchise grew faster; however, PH portfolio has been struggling on account of rising competition. Further, strong management with sharp execution and RoE at 64%, reflected in the stock price return at CAGR 30%.

22 September 2023

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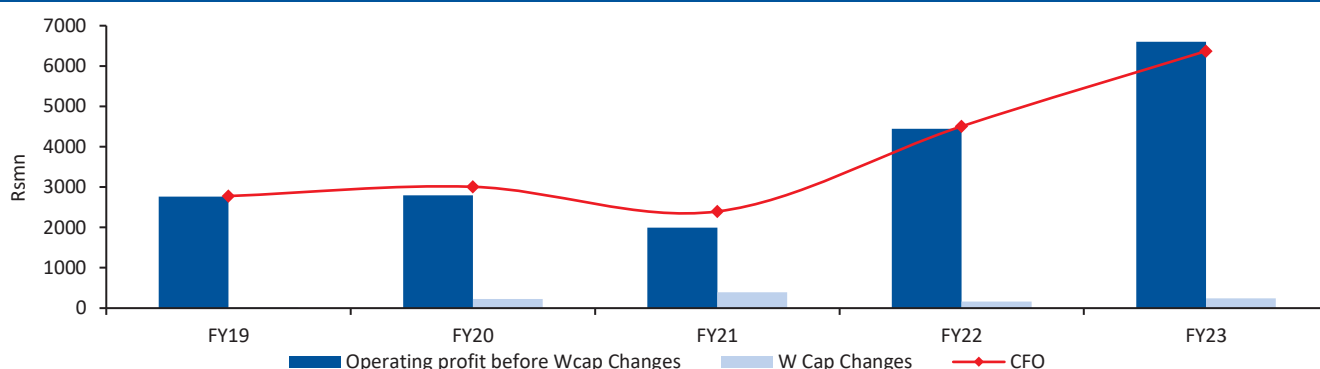
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Market data

Current price:	Rs210
Bloomberg:	DEVYANI IN
52-week H/L:	Rs228/134
Market cap:	Rs253.8bn
Free float:	31.7%
Avg. daily vol. 3mth:	2321964

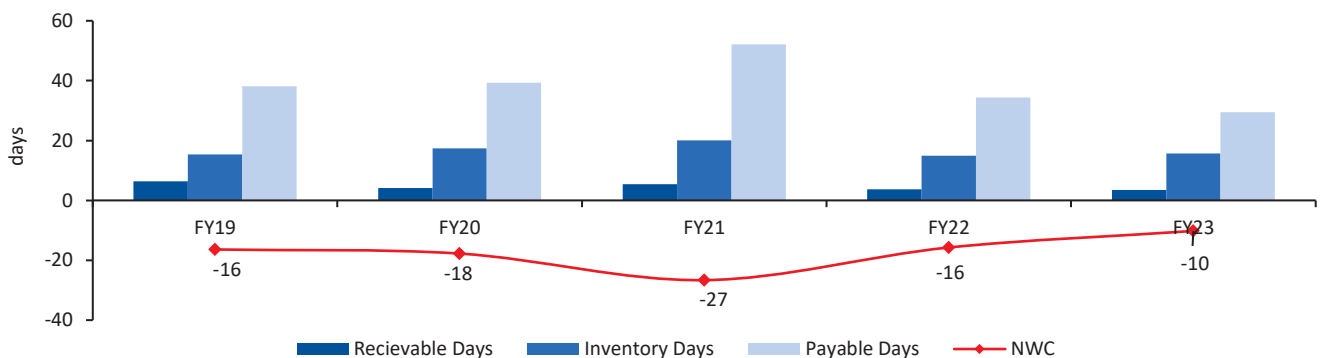
Source: Bloomberg

Exhibit 734: Consistent positive cash flow from operations



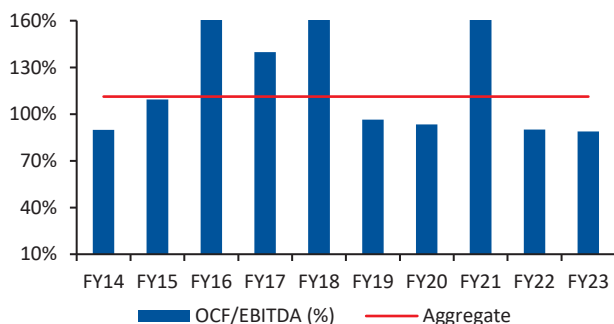
Source: Company, Centrum Broking

Exhibit 735: Working capital cycle overall remained in the negative zone over 5 year period despite Covid disruptions



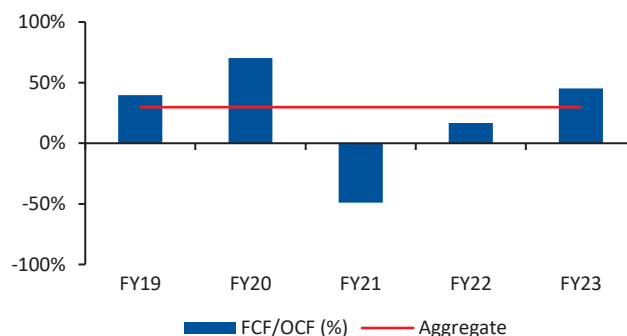
Source: Company, Centrum Broking

Exhibit 736: EBITDA to OCF conversion of 100.1% over 5 years



Source: Company, Centrum Broking

Exhibit 737: OCF to FCF conversion 29.7% over 5 years



Source: Company, Centrum Broking

Exhibit 738: Leverage has been low consistently; Return ratios have been increasing

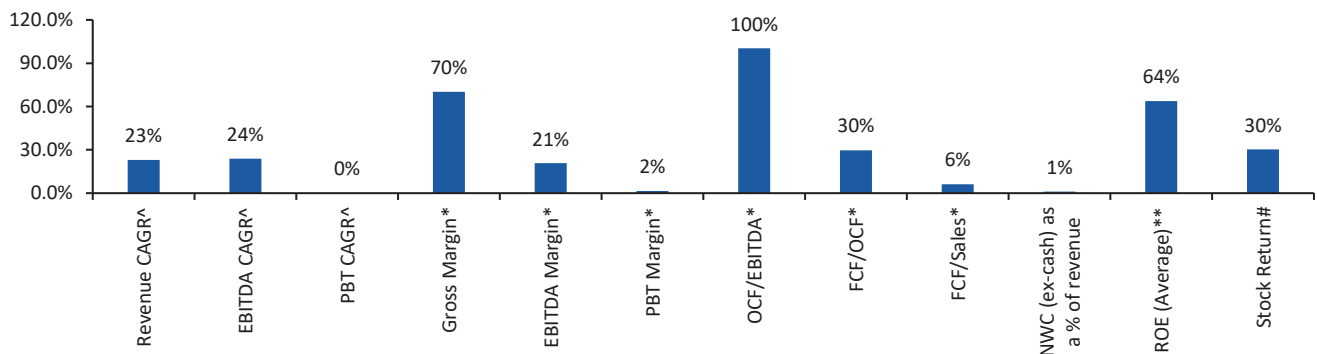
	FY19	FY20	FY21	FY22	FY23	FY19-23 average
Net Debt/Equity	(3.1)	(1.8)	4.7	0.1	(0.0)	(0.0)
Net Debt/EBITDA	3.7	1.6	1.4	0.2	(0.0)	1.4
RoCE pre-tax	(25.3%)	26.0%	26.1%	41.6%	50.8%	23.8%
RoCE	(31.6%)	20.8%	20.8%	33.3%	40.7%	16.8%
RoIC (pre-tax)	(5.4%)	2.7%	0.5%	15.7%	20.1%	6.7%
RoE	nm	88.8%	73.2%	53.8%	39.1%	63.7%

Source: Company, Centrum Broking

Exhibit 739: DuPont Analysis

	FY19	FY20	FY21	FY22	FY23	FY19-23 avg
PAT/PBT	1.42	1.98	0.74	1.43	1.17	1.35
Revenue/average total assets	0.73	0.82	0.64	1.06	1.14	0.88
Average total assets/Average NW	(14.91)	(10.78)	(21.34)	6.01	3.63	(7.48)
PBT/EBITDA	(0.21)	(0.30)	(0.35)	0.26	0.37	(0.05)
EBITDA/Revenue	0.21	0.17	0.21	0.23	0.22	0.21
RoE	nm	88.8%	73.2%	53.8%	39.1%	63.7%

Source: Company, Centrum Broking

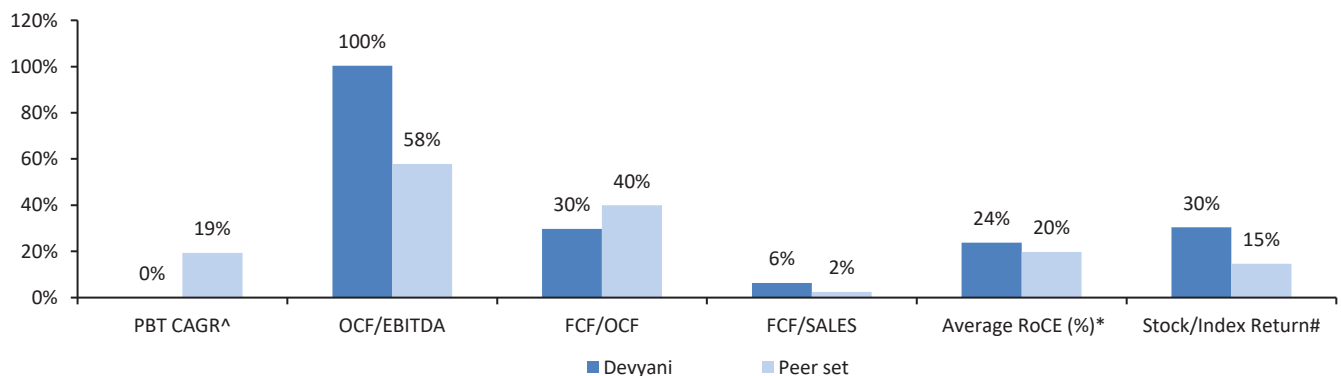
Exhibit 740: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY19-23 CAGR; *: aggregate, Note: Stock return benchmark = Nifty Midcap

Exhibit 741: Effective FCF utilization

Rs mn	FY19	FY20	FY21	FY22	FY23
FCF (a)	1,101	2,116	(1,175)	753	2,874
FCF yield	0%	0%	0%	0%	1%
Dividend + Buyback (b)	0	0	0	0	0
Distribution of FCF (b/a)	0%	0%	0%	0%	0%
Cash & equivalents*/Capital employed	1.8%	1.1%	3.1%	3.0%	3.4%

Source: Company, Centrum Broking *including liquid investments

Exhibit 742: Devyani vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Nifty Midcap Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	11,351	20,842	29,978	39,938	47,609
Operating Expense	3,447	5,998	8,986	11,660	13,811
Employee cost	867	1,938	3,452	3,229	3,843
Others	4,689	8,142	10,988	16,071	19,094
EBITDA	2,345	4,762	6,551	8,978	10,861
Depreciation & Amortisation	2,295	2,213	2,782	3,224	3,704
EBIT	51	2,548	3,769	5,754	7,157
Interest expenses	1,495	1,270	1,475	1,710	2,163
Other income	641	161	326	215	113
PBT	(803)	1,440	2,620	4,260	5,107
Taxes	(11)	(320)	(206)	852	1,277
Effective tax rate (%)	1.3	22.2	7.9	20.0	25.0
PAT	(793)	1,759	2,826	3,408	3,830
Minority/Associates	261	12	0	0	0
Recurring PAT	(531)	1,772	2,826	3,408	3,830
Extraordinary items	(21)	(206)	(200)	0	0
Reported PAT	(552)	1,565	2,626	3,408	3,830
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(25.2)	83.6	43.8	33.2	19.2
EBITDA	(8.2)	103.0	37.6	37.0	21.0
Adj. EPS	(65.1)	nm	56.9	20.6	12.4
Margins (%)					
Gross	69.6	71.2	70.0	70.8	71.0
EBITDA	20.7	22.8	21.9	22.5	22.8
EBIT	0.4	12.2	12.6	14.4	15.0
Adjusted PAT	(4.7)	7.5	8.8	8.5	8.0
Returns (%)					
ROE	141.1	44.3	34.1	29.8	25.4
ROCE	20.8	33.3	40.7	39.4	34.6
ROIC	0.4	12.5	16.1	19.1	21.6
Turnover (days)					
Gross block turnover ratio (x)	0.9	1.3	1.3	1.5	1.6
Debtors	5	3	3	3	3
Inventory	71	45	44	47	50
Creditors	172	109	89	106	127
Net working capital	(26)	30	1	80	124
Solvency (x)					
Net debt-equity	4.7	0.1	0.0	(0.7)	(1.0)
Interest coverage ratio	1.6	3.7	4.4	5.3	5.0
Net debt/EBITDA	1.4	0.2	0.0	(1.1)	(1.5)
Per share (Rs)					
Adjusted EPS	(0.5)	1.5	2.3	2.8	3.2
BVPS	1.0	5.8	8.1	10.9	14.2
CEPS	1.6	3.4	4.7	5.5	6.3
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	nm	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	nm	140.5	89.5	74.2	66.1
P/BV	203.1	36.3	26.1	19.2	14.8
EV/EBITDA	100.0	48.7	35.3	24.7	19.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,154	1,205	1,205	1,205	1,205
Reserves & surplus	(16)	5,658	8,499	11,959	15,843
Shareholders fund	1,138	6,863	9,703	13,164	17,048
Minority Interest	(419)	(47)	(62)	(114)	(169)
Total debt	3,805	1,325	774	774	774
Non Current Liabilities	8,724	11,217	14,875	20,375	25,616
Def tax liab. (net)	0	0	0	0	0
Total liabilities	13,248	19,358	25,290	34,199	43,269
Gross block	12,718	16,419	22,563	26,015	29,595
Less: acc. Depreciation	(6,556)	(8,769)	(11,551)	(14,776)	(18,480)
Net block	6,162	7,649	11,012	11,240	11,116
Capital WIP	143	68	153	153	153
Net fixed assets	6,949	8,362	11,809	12,037	11,913
Non Current Assets	6,660	8,911	12,258	11,156	11,294
Investments	456	351	1,144	2,287	3,888
Inventories	622	855	1,290	1,719	2,050
Sundry debtors	169	211	289	385	459
Cash & Cash Equivalents	405	574	851	10,429	17,267
Loans & advances	0	0	0	0	0
Other current assets	1,423	3,362	2,244	2,805	3,927
Trade payables	1,619	1,964	2,419	4,377	5,217
Other current liab.	1,565	1,043	1,899	1,937	1,976
Provisions	252	261	277	304	335
Net current assets	(818)	1,734	80	8,719	16,174
Total assets	13,248	19,358	25,290	34,199	43,269
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(641)	1,231	2,420	4,260	5,107
Depreciation & Amortisation	2,357	2,213	2,782	3,224	3,704
Net Interest	1,518	1,180	1,475	1,710	2,163
Net Change – WC	397	162	246	938	(616)
Direct taxes	5	(103)	(478)	(852)	(1,277)
Net cash from operations	2,396	4,506	6,371	9,064	8,968
Capital expenditure	(1,329)	(2,930)	(4,373)	(2,350)	(3,718)
Acquisitions, net	0	0	0	0	0
Investments	22	(915)	(236)	(1,144)	(1,601)
Others	(2,263)	92	1,112	0	0
Net cash from investing	(3,570)	(3,753)	(3,497)	(3,494)	(5,319)
FCF	(1,175)	753	2,874	5,571	3,649
Issue of share capital	3,476	4,486	7	0	0
Increase/(decrease) in debt	(1,564)	(4,923)	(2,824)	5,501	5,240
Dividend paid	0	0	0	0	0
Interest paid	(492)	(147)	(27)	(1,495)	(2,051)
Others	0	0	17	0	0
Net cash from financing	1,420	(584)	(2,827)	4,006	3,190
Net change in Cash	245	169	47	9,577	6,839

Source: Company, Centrum Broking

Jubilant Foodworks (JUBI)

JUBI posted revenue/EBITDA CAGR of 13.7%/16.8% over FY14-23. Operating margins remained robust and expanded over the decade (+995bp) on account of rising share of delivery sales (67%). JUBI has delivered consistent positive cash flow; over FY14-23, cumulative profit before WC at Rs60.8bn (tax paid: Rs9.6bn) with OCF at Rs52.5bn. OCF/FCF conversion at 42.8%; OCF/EBITDA stood at 87.2%. Cumulative capex was Rs30bn and FCF at Rs22.4bn. Despite addition of 593 stores in last 5 years, working capital cycle over past 10 years has been stable while payable days at ~39 days. Though the QSR industry saw rising competition JUBI's SSSG weakened. Over 10 years, strong performance and RoE at 21.5% reflected in stock price return CAGR 16%.

22 September 2023

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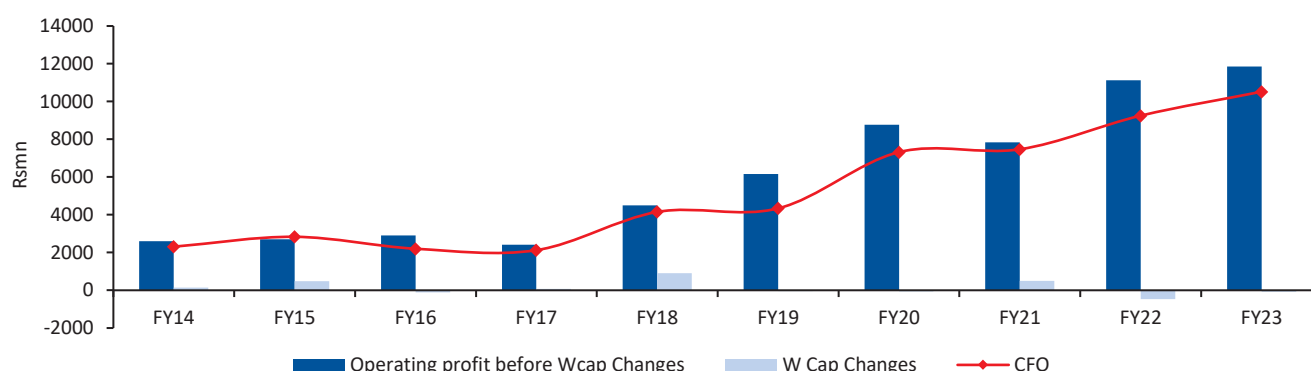
Institutional Research

Market data

Current price:	Rs539
Bloomberg:	JUBI IN
52-week H/L:	Rs652/412
Market cap:	Rs355.6bn
Free float:	54.4%
Avg. daily vol. 3mth:	2599273

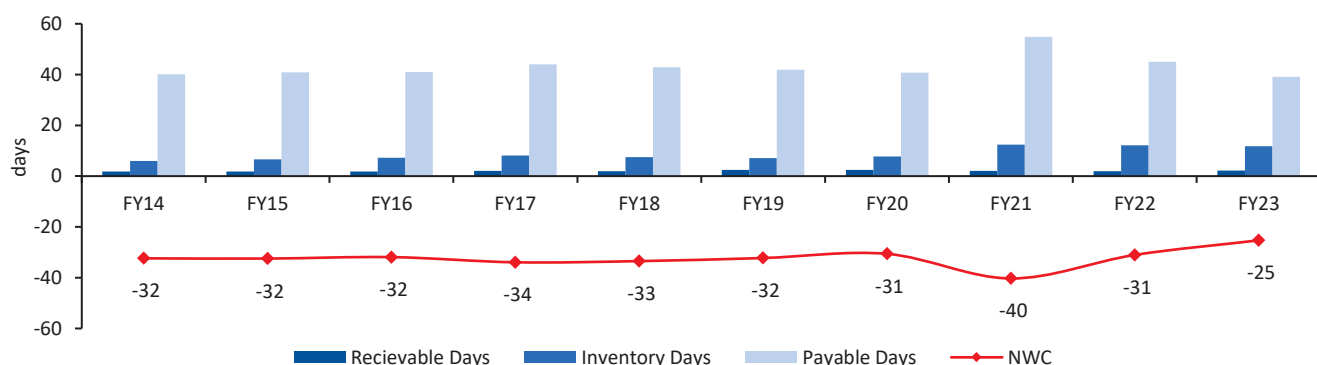
Source: Bloomberg

Exhibit 743: Consistent positive cash flow from operations



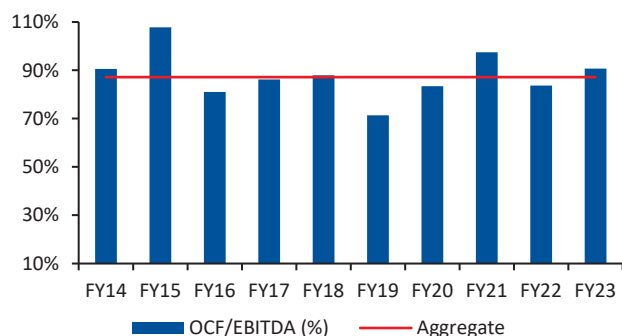
Source: Company, Centrum Broking

Exhibit 744: Working capital cycle remained negative due to efficient backend supply chain; inventory days inched up



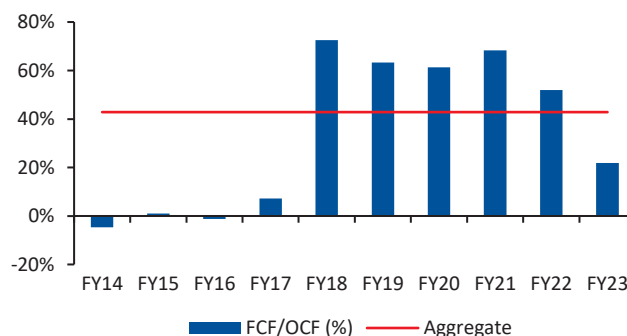
Source: Company, Centrum Broking

Exhibit 745: EBITDA to OCF conversion of 87.2% over 10 years



Source: Company, Centrum Broking

Exhibit 746: OCF to FCF conversion 42.8% over 10 years



Source: Company, Centrum Broking

Exhibit 747: Leverage has been consistently low; Return ratios have deteriorated for last 5-6 years

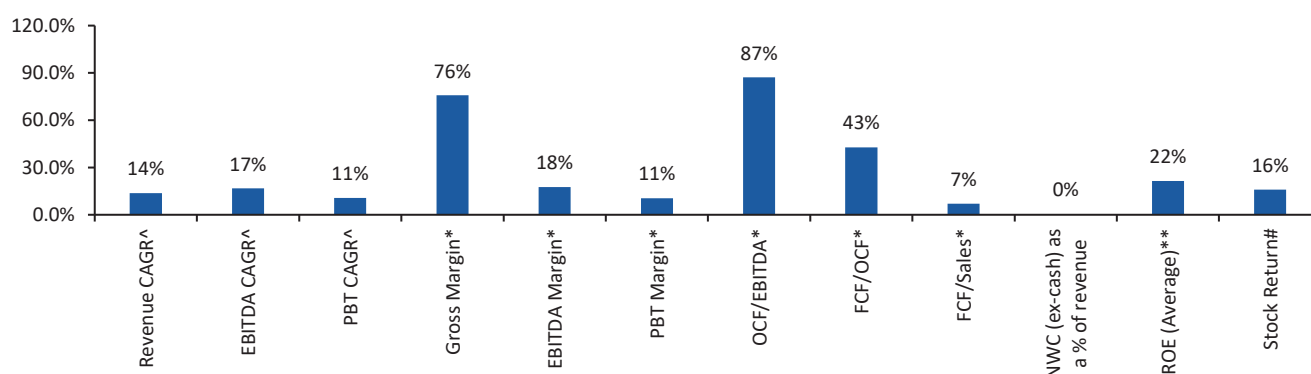
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.2)	(0.0)	(0.0)	(0.0)	(0.1)	(0.4)	0.8	0.6	0.6	1.0	0.2
Net Debt/EBITDA	(0.4)	(0.1)	(0.1)	(0.1)	(0.3)	(0.8)	1.0	1.2	1.1	1.8	0.3
RoCE pre-tax	31.5%	25.5%	18.9%	12.7%	32.8%	37.1%	28.1%	15.9%	21.1%	16.4%	24.0%
RoCE	25.2%	20.4%	15.1%	10.1%	26.2%	29.7%	22.5%	12.7%	16.9%	13.1%	19.2%
RoIC (pre-tax)	53.3%	27.2%	18.2%	11.5%	33.5%	46.5%	35.0%	17.0%	23.6%	16.9%	28.3%
RoE	25.2%	20.4%	15.1%	10.1%	26.2%	29.7%	26.9%	17.8%	24.7%	19.0%	21.5%

Source: Company, Centrum Broking

Exhibit 748: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	0.72	0.67	0.72	0.69	0.66	0.73	0.76	0.75	0.75	0.71
Revenue/average total assets	3.40	3.37	3.39	3.25	3.39	3.17	1.99	1.17	1.27	1.22	2.56
Average total assets/Average NW	1.01	1.02	1.01	1.00	1.00	1.00	1.64	2.14	1.89	1.97	1.37
PBT/EBITDA	0.74	0.65	0.58	0.45	0.72	0.83	0.50	0.40	0.53	0.46	0.59
EBITDA/Revenue	0.15	0.13	0.11	0.10	0.16	0.17	0.23	0.23	0.26	0.23	0.18
RoE	25.2%	20.4%	15.1%	10.1%	26.2%	29.7%	26.9%	17.8%	24.7%	19.0%	21.5%

Source: Company, Centrum Broking

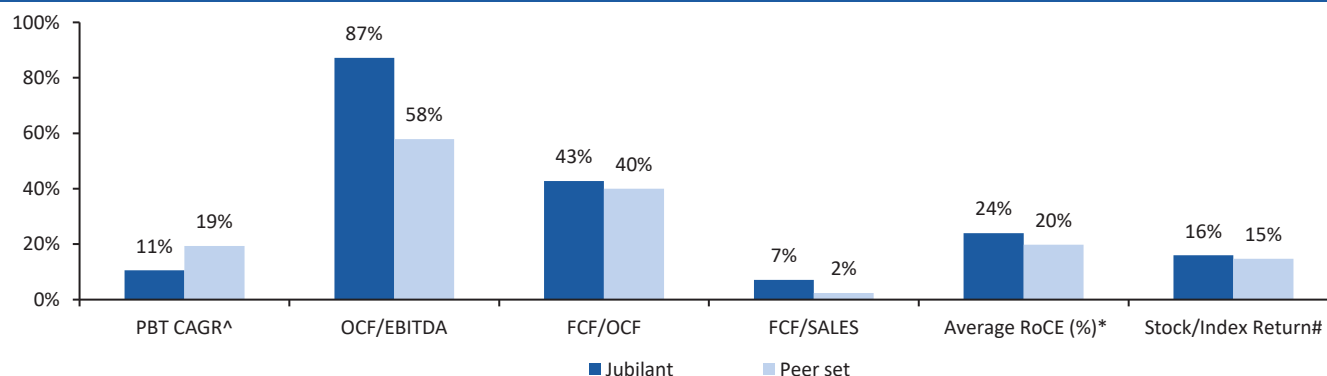
Exhibit 749: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate, Note: Stock return benchmark = Nifty Midcap

Exhibit 750: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(108)	28	(27)	152	3,011	2,743	4,492	5,099	4,804	2,301
FCF yield	0%	0%	0%	0%	3%	2%	2%	2%	1%	1%
Dividend + Buyback (b)	-	164	164	165	330	660	792	718	363	710
Distribution of FCF (b/a)	0%	581%	NA	108%	11%	24%	18%	14%	8%	31%
Cash & equivalents*/Capital employed	20.8%	4.7%	4.1%	3.9%	13.1%	38.8%	57.0%	34.6%	25.7%	10.9%

Source: Company, Centrum Broking *including liquid investments

Exhibit 751: JUBI vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Nifty Midcap Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	32,688	43,311	50,960	60,124	70,683
Operating Expense	7,261	10,195	12,272	15,664	18,451
Employee cost	7,357	7,514	8,896	10,221	11,663
Others	10,405	14,556	18,200	20,021	23,184
EBITDA	7,665	11,046	11,592	14,217	17,385
Depreciation & Amortisation	3,672	3,830	4,753	4,805	5,311
EBIT	3,993	7,216	6,839	9,413	12,074
Interest expenses	1,606	1,730	1,951	2,072	2,184
Other income	704	407	497	400	287
PBT	3,091	5,893	5,385	7,740	10,176
Taxes	754	1,444	1,356	1,935	2,544
Effective tax rate (%)	24.4	24.5	25.2	25.0	25.0
PAT	2,336	4,448	4,029	5,805	7,632
Minority/Associates	0	0	0	0	0
Recurring PAT	2,336	4,448	4,029	5,805	7,632
Extraordinary items	0	73	466	0	0
Reported PAT	2,336	4,522	4,495	5,805	7,632
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(15.9)	32.5	17.7	18.0	17.6
EBITDA	(12.6)	44.1	4.9	22.6	22.3
Adj. EPS	(27.0)	90.4	(9.5)	44.1	31.5
Margins (%)					
Gross	78.1	77.5	75.9	75.3	75.7
EBITDA	23.4	25.5	22.7	23.6	24.6
EBIT	12.2	16.7	13.4	15.7	17.1
Adjusted PAT	7.1	10.4	8.8	9.7	10.8
Returns (%)					
ROE	17.8	24.7	19.0	24.6	26.4
ROCE	12.7	16.9	13.1	15.7	17.8
ROIC	13.6	18.9	13.5	15.6	18.7
Turnover (days)					
Gross block turnover ratio (x)	0.9	0.9	0.9	0.9	1.0
Debtors	2	2	2	2	2
Inventory	57	54	49	45	46
Creditors	251	200	163	166	187
Net working capital	(4)	3	(8)	(35)	(20)
Solvency (x)					
Net debt-equity	0.6	0.6	1.0	0.8	0.5
Interest coverage ratio	4.8	6.4	5.9	6.9	8.0
Net debt/EBITDA	1.2	1.1	1.8	1.5	1.0
Per share (Rs)					
Adjusted EPS	3.5	6.7	6.1	8.8	11.6
BVPS	22.7	31.9	32.5	39.2	48.3
CEPS	9.1	12.6	13.3	16.1	19.6
DPS	6.0	1.2	1.2	1.8	2.0
Dividend payout (%)	169.4	17.5	17.6	20.5	17.3
Valuation (x)					
P/E	80.0	77.6	78.1	60.5	46.0
P/BV	16.8	16.7	16.4	13.6	11.0
EV/EBITDA	33.0	32.9	32.1	26.2	21.2
Dividend yield (%)	0.2	0.2	0.2	0.3	0.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,320	1,320	1,320	1,320	1,320
Reserves & surplus	13,652	19,715	20,135	24,515	30,564
Shareholders fund	14,971	21,035	21,455	25,835	31,883
Minority Interest	0	0	0	0	0
Total debt	14,500	17,653	23,340	23,340	23,340
Non Current Liabilities	5	5	10	10	10
Def tax liab. (net)	0	0	0	0	0
Total liabilities	29,476	38,693	44,804	49,184	55,233
Gross block	37,929	46,040	57,453	64,769	71,431
Less: acc. Depreciation	(17,249)	(19,740)	(24,493)	(29,298)	(34,609)
Net block	20,680	26,300	32,961	35,471	36,822
Capital WIP	244	388	1,585	1,664	1,831
Net fixed assets	21,301	27,285	35,891	38,616	40,281
Non Current Assets	2,425	1,538	3,271	3,481	3,719
Investments	6,139	9,544	6,802	12,914	15,182
Inventories	1,305	1,570	1,703	1,977	2,324
Sundry debtors	179	268	331	297	368
Cash & Cash Equivalents	5,175	5,400	2,330	1,437	5,885
Loans & advances	839	1,410	1,235	1,501	1,572
Other current assets	653	738	943	952	962
Trade payables	5,333	5,353	5,579	7,907	9,683
Other current liab.	2,744	3,265	1,707	3,663	4,952
Provisions	462	442	416	420	424
Net current assets	(388)	326	(1,161)	(5,827)	(3,948)
Total assets	29,476	38,693	44,804	49,184	55,233
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,091	5,820	4,918	7,740	10,176
Depreciation & Amortisation	3,672	3,830	4,753	4,805	5,311
Net Interest	1,201	1,443	1,454	1,672	1,897
Net Change – WC	500	(474)	(83)	3,773	2,570
Direct taxes	(865)	(1,405)	(1,253)	(1,935)	(2,544)
Net cash from operations	7,470	9,250	10,519	16,055	17,411
Capital expenditure	(2,365)	(4,425)	(8,180)	(7,529)	(6,976)
Acquisitions, net	0	0	0	0	0
Investments	(533)	(689)	(155)	(6,112)	(2,268)
Others	(3,245)	(631)	2,338	189	50
Net cash from investing	(6,143)	(5,746)	(5,997)	(13,452)	(9,195)
FCF	1,327	3,505	4,522	2,603	8,216
Issue of share capital	0	0	78	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	0	(792)	(790)	(1,425)	(1,584)
Interest paid	(2,803)	(3,050)	(3,678)	(2,072)	(2,184)
Others	0	0	(82)	0	0
Net cash from financing	(2,803)	(3,842)	(4,472)	(3,497)	(3,768)
Net change in Cash	(1,476)	(337)	51	(894)	4,448

Source: Company, Centrum Broking

Kalyan Jewellers (KALYAN)

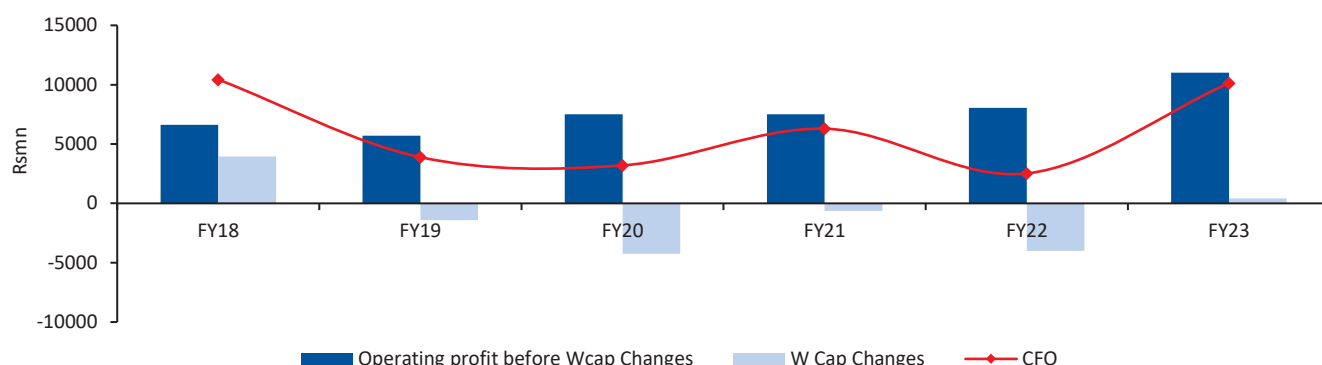
Kalyan Jewellers reported revenue/PBT CAGR of 6.0%/23.1% over FY18-23. Operating profits have consistently expanded from 7% to 7.9% excluding FY21 (Covid). Gross margins remained stable in the range of 15-17%, driven by store additions in non-south market (rising share of studded). Cumulative profit before WC has been Rs46.3bn (tax paid: Rs3.9bn) and cash flow from operations at Rs36.4bn from FY18-23. Aggregate OCF/EBITDA conversion at 79.5% and OCF/FCF at 72.1%. Cumulative capex of Rs10.0bn resulted in generating cumulative FCF of Rs26.3bn over FY18-23. Though Kalyan has not paid dividend till date, we note company is investing in FOCO model expanding its footprint in non-south. With improved operating performance, the stock price return is at CAGR 30%.

Market data

Current price:	Rs229
Bloomberg:	KALYANKJ IN
52-week H/L:	Rs262/86
Market cap:	Rs236.2bn
Free float:	19.5%
Avg. daily vol. 3mth:	7818863

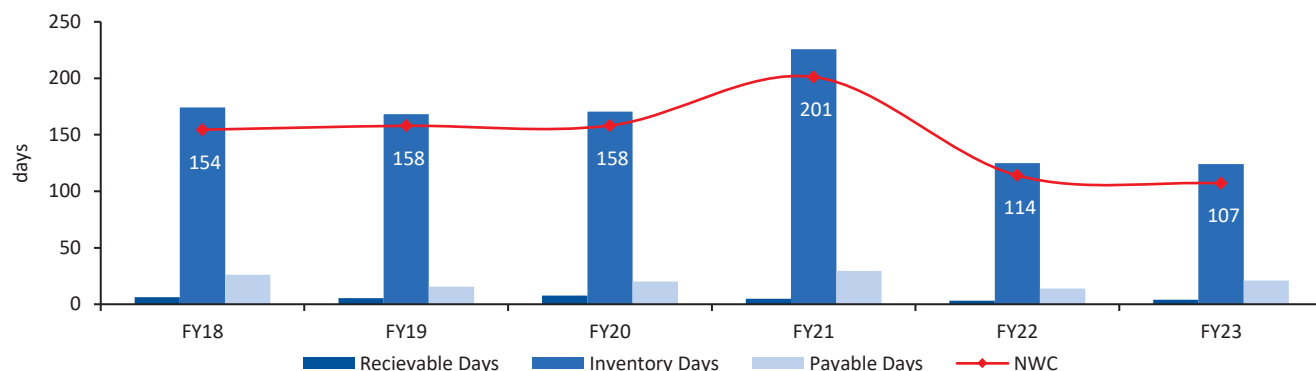
Source: Bloomberg

Exhibit 752: Consistent positive cash flow from operations



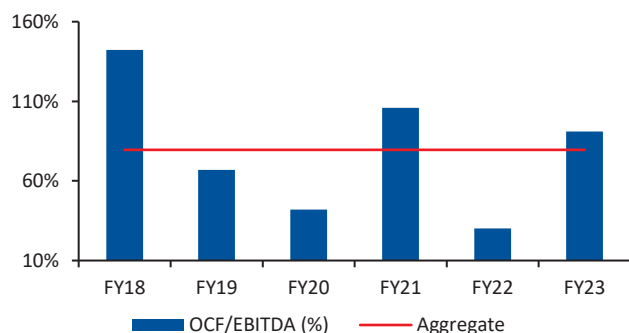
Source: Company, Centrum Broking

Exhibit 753: Working capital cycle by-and-large improved in last 5 years (higher inventory due to COCO model, cut by 50 days)



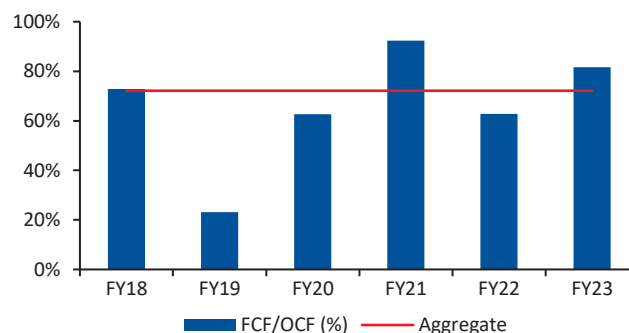
Source: Company, Centrum Broking

Exhibit 754: EBITDA to OCF conversion of 79.5% over 6 years



Source: Company, Centrum Broking

Exhibit 755: OCF to FCF conversion of 72.1% over 6 years



Source: Company, Centrum Broking

Exhibit 756: Leverage has been consistently low; Return ratios by-and-large stable for last 5 years

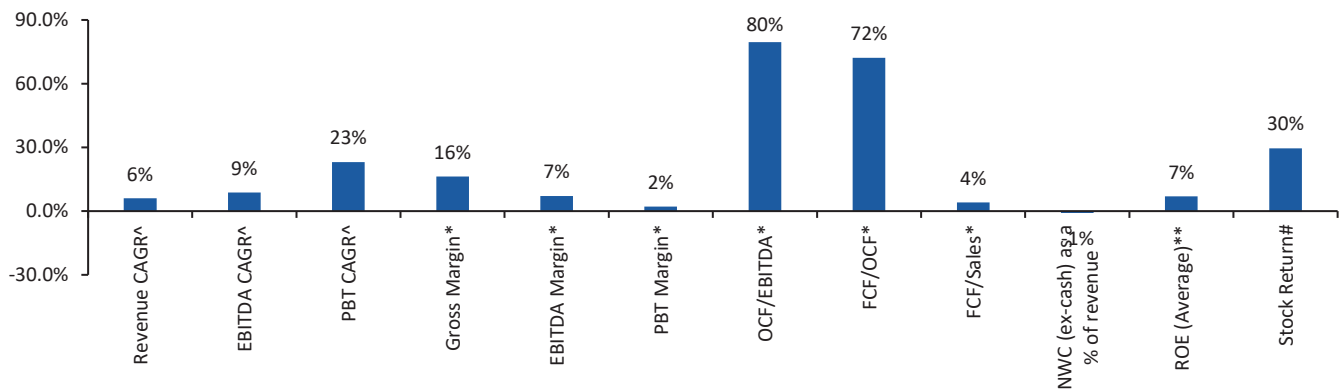
	FY18	FY19	FY20	FY21	FY22	FY23	FY18-23 average
Net Debt/Equity	1.5	1.4	1.3	0.8	0.8	1.0	1.1
Net Debt/EBITDA	4.0	5.0	3.7	3.6	3.2	2.3	3.6
RoCE pre-tax	8.9%	6.2%	9.1%	6.1%	9.0%	14.5%	9.0%
RoCE	6.2%	4.4%	6.3%	4.3%	6.0%	12.2%	6.6%
RoIC (pre-tax)	7.1%	(1.7%)	6.7%	(1.2%)	8.0%	13.6%	5.4%
RoE	7.2%	(0.2%)	6.8%	(0.2%)	7.5%	20.6%	6.9%

Source: Company, Centrum Broking

Exhibit 757: DuPont Analysis

	FY18	FY19	FY20	FY21	FY22	FY23	FY18-23 avg
PAT/PBT	0.66	(0.23)	0.64	(0.15)	0.75	0.75	0.40
Revenue/average total assets	1.23	1.18	1.24	1.00	1.21	1.98	1.31
Average total assets/Average NW	4.34	4.18	3.91	3.43	3.00	2.54	3.57
PBT/EBITDA	0.29	0.04	0.29	0.07	0.37	0.69	0.29
EBITDA/Revenue	0.07	0.06	0.08	0.07	0.08	0.08	0.07
RoE	7.2%	(0.2%)	6.8%	(0.2%)	7.5%	20.6%	6.9%

Source: Company, Centrum Broking

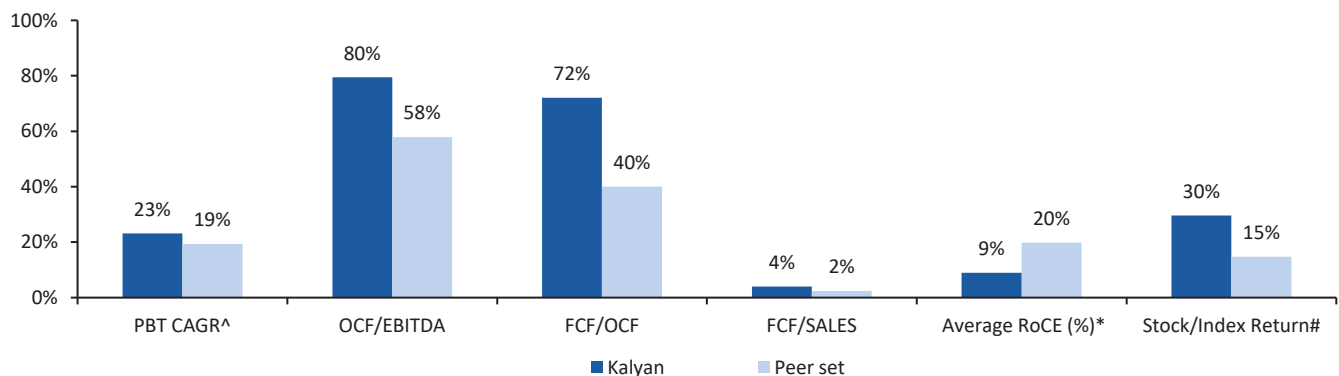
Exhibit 758: Price movement vs. Financials (volatility in revenues was seen due to closure of stores just before the IPO)

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 759: Effective FCF utilization

Rs mn	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	7,594	963	2,120	5,810	1,607	8,271
FCF yield	NA	NA	NA	8%	2%	9%
Dividend + Buyback (b)	NA	NA	NA	0.0	0.0	0.0
Distribution of FCF (b/a)	NA	NA	NA	NA	NA	NA
Cash & equivalents*/Capital employed	36.7%	29.0%	25.7%	31.7%	20.8%	22.8%

Source: Company, Centrum Broking *including liquid investments

Exhibit 760: KALYAN vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Mid cap index; Kalyan's stock return not comparable for 10 years index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	85,733	108,179	140,714	169,395	207,090
Operating Expense	71,141	91,263	118,722	142,631	173,956
Employee cost	3,315	3,543	4,406	5,759	6,627
Others	5,334	5,229	6,446	7,996	10,190
EBITDA	5,943	8,145	11,140	13,009	16,318
Depreciation & Amortisation	2,249	2,316	2,446	2,531	2,638
EBIT	3,694	5,829	8,694	10,478	13,680
Interest expenses	3,754	3,224	3,026	2,946	2,854
Other income	454	383	379	451	482
PBT	394	2,989	6,048	7,983	11,308
Taxes	454	748	1,396	1,996	2,827
Effective tax rate (%)	115.4	25.0	23.1	25.0	25.0
PAT	(61)	2,240	4,652	5,987	8,481
Minority/Associates	0	0	0	0	0
Recurring PAT	(61)	2,240	4,652	5,987	8,481
Extraordinary items	0	0	(333)	0	0
Reported PAT	(61)	2,240	4,319	5,987	8,481
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(15.1)	26.2	30.1	20.4	22.3
EBITDA	(21.8)	37.1	36.8	16.8	25.4
Adj. EPS	nm	nm	107.6	28.7	41.7
Margins (%)					
Gross	17.0	15.6	15.6	15.8	16.0
EBITDA	6.9	7.5	7.9	7.7	7.9
EBIT	4.3	5.4	6.2	6.2	6.6
Adjusted PAT	(0.1)	2.1	3.1	3.5	4.1
Returns (%)					
ROE	(0.2)	7.5	13.7	15.2	18.2
ROCE	(1.1)	7.4	10.2	11.1	13.2
ROIC	(1.2)	8.3	11.4	13.7	18.5
Turnover (days)					
Gross block turnover ratio (x)	3.6	4.3	5.2	5.9	6.8
Debtors	7	4	5	5	4
Inventory	257	222	197	164	132
Creditors	32	27	28	27	22
Net working capital	195	171	149	134	121
Solvency (x)					
Net debt-equity	0.8	0.8	0.7	0.3	0.2
Interest coverage ratio	1.6	2.5	3.7	4.4	5.7
Net debt/EBITDA	3.6	3.2	2.3	1.0	0.6
Per share (Rs)					
Adjusted EPS	(0.1)	2.2	4.5	5.8	8.2
BVPS	33.7	30.5	35.3	41.1	49.3
CEPS	2.6	4.4	6.9	8.3	10.8
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	nm	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	nm	106.2	51.2	39.7	28.1
P/BV	6.9	7.6	6.5	5.6	4.7
EV/EBITDA	36.2	27.0	19.7	15.9	12.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	10,301	10,301	10,301	10,301	10,301
Reserves & surplus	17,960	21,070	26,047	32,034	40,514
Shareholders fund	28,260	31,370	36,347	42,334	50,815
Minority Interest	5	9	(2)	9	9
Total debt	32,185	33,632	35,085	34,236	32,923
Non Current Liabilities	6,983	6,661	7,869	6,894	6,894
Def tax liab. (net)	0	0	0	0	0
Total liabilities	67,432	71,673	79,300	83,473	90,641
Gross block	24,136	25,410	27,053	28,767	30,462
Less: acc. Depreciation	(5,200)	(6,240)	(8,686)	(11,217)	(13,855)
Net block	18,936	19,170	18,367	17,550	16,607
Capital WIP	527	17	200	200	200
Net fixed assets	19,518	19,242	18,622	17,805	16,862
Non Current Assets	1,449	1,183	2,154	2,198	2,198
Investments	582	613	1,194	1,194	3,136
Inventories	53,031	57,943	70,139	58,012	68,084
Sundry debtors	1,127	1,195	2,442	1,998	2,442
Cash & Cash Equivalents	10,966	7,772	9,819	21,411	23,670
Loans & advances	343	305	629	1,528	305
Other current assets	1,636	1,199	2,129	715	2,640
Trade payables	6,901	6,566	11,927	9,378	11,438
Other current liab.	13,873	10,720	15,396	11,517	16,767
Provisions	445	493	507	493	493
Net current assets	45,884	50,635	57,329	62,276	68,444
Total assets	67,433	71,673	79,300	83,473	90,641
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	394	2,989	4,319	7,983	11,308
Depreciation & Amortisation	2,249	2,316	2,446	2,531	2,638
Net Interest	3,461	2,805	2,647	2,495	2,372
Net Change – WC	(641)	(4,001)	424	6,831	(3,723)
Direct taxes	(569)	(1,529)	(1,290)	(1,996)	(2,827)
Net cash from operations	6,289	2,520	10,134	17,844	9,768
Capital expenditure	(479)	(908)	(1,863)	(847)	(828)
Acquisitions, net	0	0	0	0	0
Investments	(1,821)	1,344	(2,183)	(44)	(1,942)
Others	127	199	206	(404)	(385)
Net cash from investing	(2,173)	636	(3,839)	(1,295)	(3,155)
FCF	4,116	3,156	6,295	16,549	6,613
Issue of share capital	7,565	15	0	0	0
Increase/(decrease) in debt	(5,132)	(861)	(2,146)	(1,035)	(1,500)
Dividend paid	0	0	0	0	0
Interest paid	(2,864)	(2,216)	(2,291)	(2,946)	(2,854)
Others	(1,646)	(2,182)	(1,939)	(976)	0
Net cash from financing	(2,076)	(5,244)	(6,376)	(4,957)	(4,354)
Net change in Cash	2,040	(2,088)	(81)	11,593	2,258

Source: Company, Centrum Broking

Metro Brands (METROBRA)

Metro posted revenue/PBT CAGR of 15%/18% over FY18-23. The ex-cash NWC stood at an average of 136 days over FY18-23. Led by 35% CAGR of EBITDA, Metro's aggregate OCF was Rs14.9bn over FY18-23, with a healthy EBITDA to OCF conversion rate of 68%. Over FY18-23, 21% of the total OCF was spent on capex at an avg. of Rs309mn p.a., while healthy 79% was converted to FCF at Rs11.8bn. Despite healthy cash position avg. RoE/RoCE stood at 21%/23.3% over FY18-23. Distribution of FCF as dividend is healthy at an aggregate of 44.6% over FY18-23. Market is rewarding the stock (more than 2x since listing in Dec'21) based on its strong performance since its recent listing.

22 September 2023

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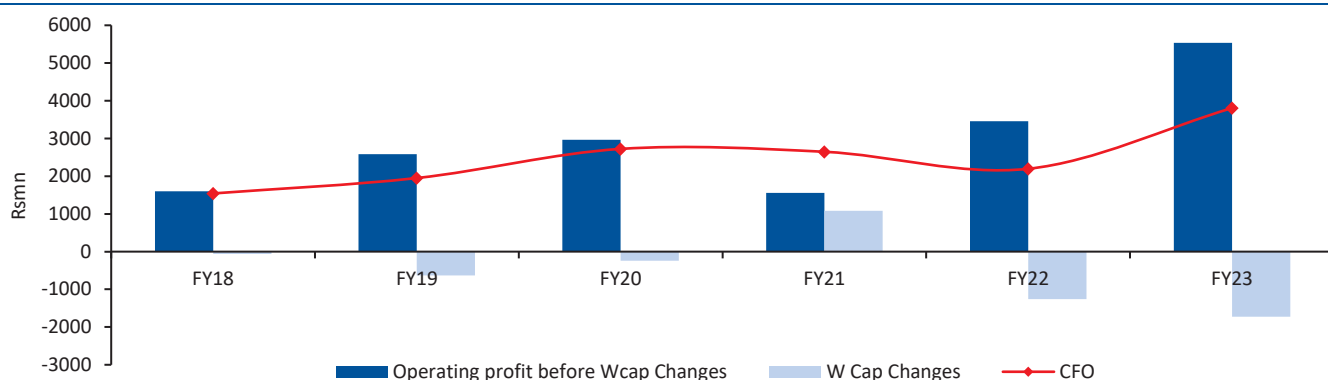
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Market data

Current price:	Rs1,099
Bloomberg:	METROBRA IN
52-week H/L:	Rs1,128/736
Market cap:	Rs298.7bn
Free float:	16.2%
Avg. daily vol. 3mth:	145212

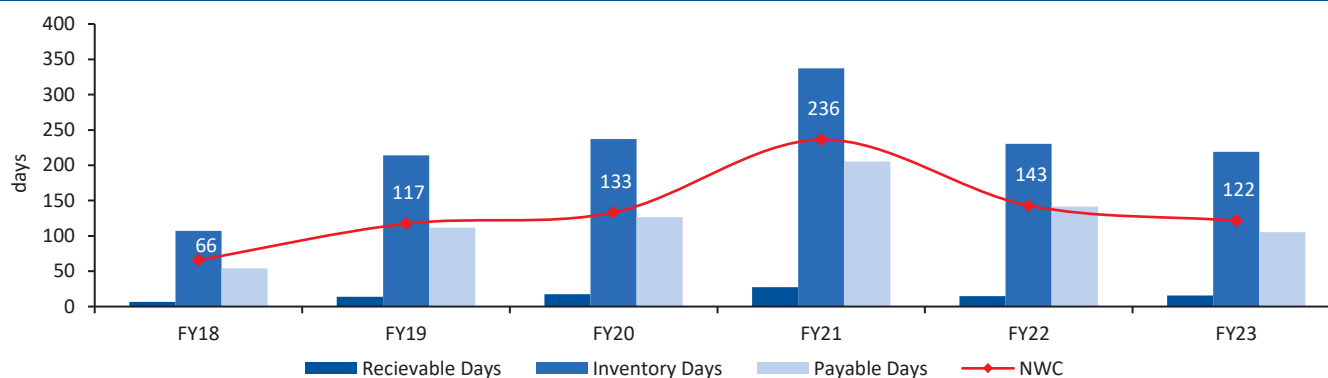
Source: Bloomberg

Exhibit 761: Healthy growth in cash flow from operations



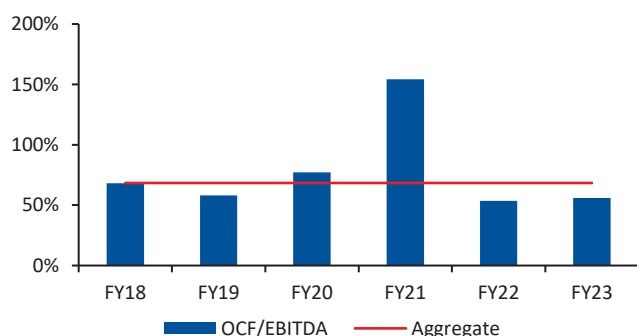
Source: Company, Centrum Broking

Exhibit 762: Increase in inventory days driving the working capital days higher



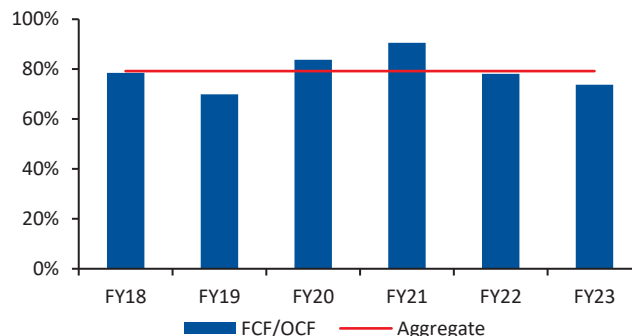
Source: Company, Centrum Broking

Exhibit 763: EBITDA to OCF conversion of 68% over 6 years



Source: Company, Centrum Broking

Exhibit 764: OCF to FCF conversion of 79% over 6 years



Source: Company, Centrum Broking

Exhibit 765: Leverage reduced with decade progress to turn debt free; Return ratios remained healthy

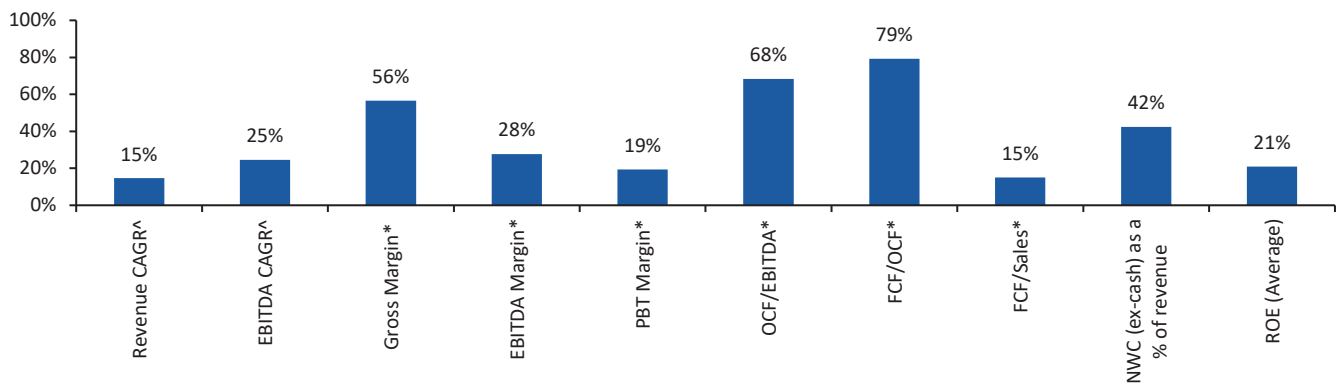
	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.0	0.0	0.0	(0.1)	(0.3)	(0.1)	(0.1)
Net Debt/EBITDA	0.0	0.0	0.0	(0.5)	1.1	(0.3)	(0.2)
RoCE pre-tax	36.0%	41.0%	33.9%	15.2%	31.2%	38.6%	32.7%
RoCE	23.8%	27.2%	24.8%	11.7%	23.5%	28.7%	23.3%
RoIC (pre-tax)	35.8%	39.2%	31.3%	6.3%	34.4%	45.0%	32.0%
RoE	24.7%	24.9%	22.0%	7.9%	20.5%	26.0%	21.0%

Source: Company, Centrum Broking

Exhibit 766: DuPont Analysis

	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.66	0.66	0.73	0.77	0.75	0.74	0.72
Revenue/average total assets	1.79	1.50	1.10	0.61	0.83	0.99	1.14
Average total assets/Average NW	1.04	1.33	1.60	1.61	1.54	1.52	1.44
PBT/EBITDA	0.95	0.68	0.62	0.49	0.69	0.72	0.69
EBITDA/Revenue	0.21	0.28	0.27	0.21	0.30	0.32	0.27
RoE	24.6%	24.6%	21.9%	8.0%	20.4%	25.8%	20.9%

Source: Company, Centrum Broking

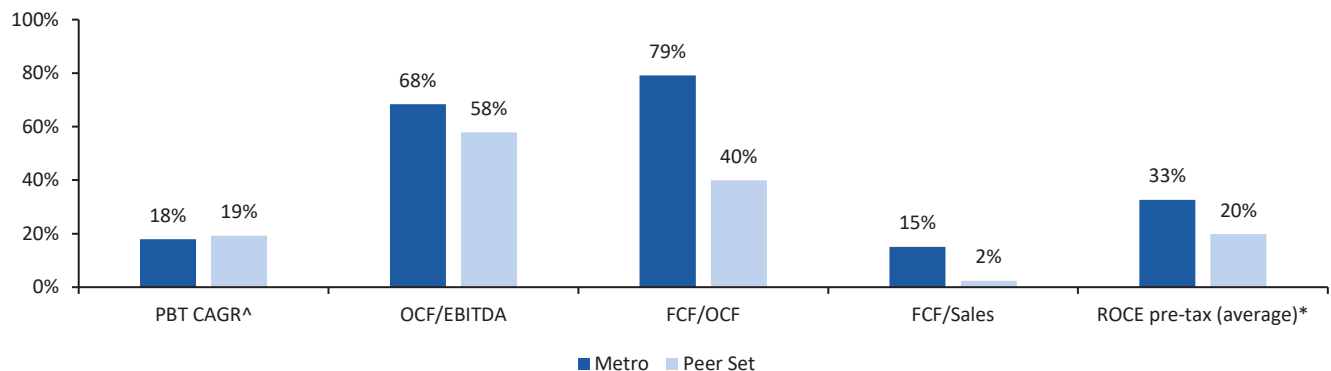
Exhibit 767: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 768: Effective FCF utilization

Rs mn	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	604	1,277	1,097	1,423	(813)	3,290
FCF yield	NA	NA	NA	NA	NA	2%
Dividend + Buyback (b)	532	446	-	498	706	883
Distribution of FCF (b/a)	88%	35%	35%	35%	NA	NA
Cash & equivalents*/Capital employed	5.2%	1.9%	1.4%	10.4%	40.7%	13.9%

Source: Company, Centrum Broking *including liquid investments

Exhibit 769: Metro vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	8,001	13,429	21,271	25,461	30,477
Operating Expense	3,605	5,659	8,920	10,821	12,800
Employee cost	1,026	1,212	1,844	2,175	2,567
Others	1,655	2,466	3,720	4,516	5,470
EBITDA	1,715	4,092	6,788	7,949	9,640
Depreciation & Amortisation	1,218	1,342	1,810	2,370	2,671
EBIT	497	2,749	4,977	5,579	6,969
Interest expenses	437	504	631	804	904
Other income	785	586	544	637	762
PBT	845	2,831	4,891	5,411	6,827
Taxes	193	702	1,257	1,362	1,718
Effective tax rate (%)	22.8	24.8	25.7	25.2	25.2
PAT	652	2,130	3,634	4,049	5,108
Minority/Associates	(6)	12	20	0	0
Recurring PAT	646	2,142	3,654	4,049	5,108
Extraordinary items	0	0	0	0	0
Reported PAT	646	2,142	3,654	4,049	5,108
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(37.7)	67.9	58.4	19.7	19.7
EBITDA	(51.4)	138.6	65.9	17.1	21.3
Adj. EPS	(59.8)	231.6	70.4	10.8	26.2
Margins (%)					
Gross	54.9	57.9	58.1	57.5	58.0
EBITDA	21.4	30.5	31.9	31.2	31.6
EBIT	6.2	20.5	23.4	21.9	22.9
Adjusted PAT	8.1	16.0	17.2	15.9	16.8
Returns (%)					
ROE	7.9	20.5	26.0	24.0	25.4
ROCE	11.7	23.5	28.7	27.1	28.4
ROIC	3.0	14.3	16.9	19.6	23.7
Turnover (days)					
Gross block turnover ratio (x)	2.3	3.6	4.5	4.5	4.6
Debtors	28	15	16	17	14
Inventory	337	230	219	216	198
Creditors	206	142	106	100	97
Net working capital	265	270	181	206	228
Solvency (x)					
Net debt-equity	(0.1)	(0.3)	(0.1)	(0.4)	(0.5)
Interest coverage ratio	3.9	8.1	10.8	9.9	10.7
Net debt/EBITDA	(0.5)	(1.1)	(0.3)	(0.8)	(1.1)
Per share (Rs)					
Adjusted EPS	2.4	7.9	13.4	14.9	18.8
BVPS	30.5	46.6	57.0	67.4	80.5
CEPS	6.9	12.8	20.1	23.6	28.6
DPS	1.1	2.3	4.0	4.5	5.6
Dividend payout (%)	46.2	28.5	29.7	30.0	30.0
Valuation (x)					
P/E	462.1	139.4	81.8	73.8	58.5
P/BV	36.1	23.6	19.3	16.3	13.6
EV/EBITDA	173.5	71.9	43.7	36.7	29.9
Dividend yield (%)	0.1	0.2	0.4	0.4	0.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	1,328	1,358	1,359	1,359	1,359
Reserves & surplus	6,948	11,289	14,118	16,953	20,529
Shareholders fund	8,276	12,647	15,477	18,312	21,888
Minority Interest	199	224	264	264	264
Total debt	14	0	15	15	15
Non Current Liabilities	4,893	5,988	8,173	9,274	10,374
Def tax liab. (net)	0	0	0	0	0
Total liabilities	13,381	18,859	23,930	27,865	32,541
Gross block	3,466	3,691	4,687	5,687	6,687
Less: acc. Depreciation	(1,265)	(1,341)	(1,711)	(2,070)	(2,491)
Net block	2,200	2,350	2,976	3,618	4,196
Capital WIP	42	56	171	0	0
Net fixed assets	2,285	2,444	4,823	5,294	5,872
Non Current Assets	5,057	6,161	8,398	8,015	7,480
Investments	73	85	105	105	105
Inventories	2,898	4,242	6,458	6,374	7,540
Sundry debtors	506	577	1,261	1,046	1,252
Cash & Cash Equivalents	879	4,350	1,985	6,571	10,570
Loans & advances	452	564	674	674	674
Other current assets	4,278	4,497	5,520	5,520	5,520
Trade payables	2,047	2,343	2,813	3,113	3,682
Other current liab.	1,157	1,899	2,400	2,540	2,710
Provisions	8	40	129	129	129
Net current assets	5,800	9,947	10,555	14,402	19,034
Total assets	13,381	18,859	23,930	27,865	32,541
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	845	2,831	4,891	5,411	6,827
Depreciation & Amortisation	1,218	1,342	1,810	2,370	2,671
Net Interest	383	382	330	167	142
Net Change – WC	1,086	(1,262)	(1,726)	598	(803)
Direct taxes	(204)	(715)	(1,412)	(1,362)	(1,718)
Net cash from operations	2,653	2,197	3,807	7,185	7,119
Capital expenditure	(251)	(479)	(996)	(829)	(1,000)
Acquisitions, net	0	0	0	0	0
Investments	(329)	538	(607)	0	0
Others	(644)	(3,068)	1,087	(992)	(953)
Net cash from investing	(1,224)	(3,009)	(516)	(1,821)	(1,953)
FCF	1,429	(812)	3,291	5,364	5,166
Issue of share capital	0	2,924	28	0	0
Increase/(decrease) in debt	(101)	(14)	(1,023)	0	0
Dividend paid	(498)	(706)	(883)	(1,215)	(1,533)
Interest paid	(6)	(1)	(1)	(804)	(904)
Others	(665)	(1,038)	(1,710)	1,241	1,270
Net cash from financing	(1,271)	1,164	(3,588)	(778)	(1,167)
Net change in Cash	158	352	(297)	4,586	3,999

Source: Company, Centrum Broking

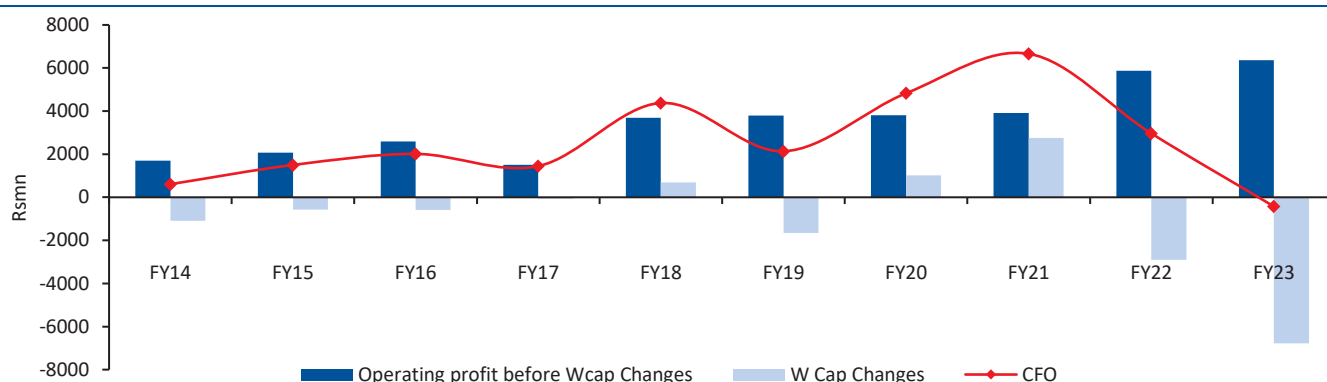
PAGE Industries (PAG)

PAG posted revenue/PBT CAGR of 19%/16% over FY14-23. The ex-cash NWC saw meaningful reduction from avg. 70 days over FY14-19 to 38 days over FY20-23, due to reducing inventory days (except in FY23). With consistent rise in operating profit (CAGR: 17%), PAGE's aggregate OCF was Rs26.1bn over FY14-23, with an EBITDA to OCF conversion rate of 50%. FY23 was an anomaly in OCF generation due to sharp rise in WC cycle. Over FY14-23, 25% of the total OCF was spent on capex at an avg. of Rs644mn p.a., while 75% was converted to FCF at Rs19.7bn. RoE/RoCE stood healthy at 49.3%/45%. Complete distribution of FCF as dividend at an aggregate of 106% over FY14-23. Market has rewarded the stock with 31% CAGR over the last 10 years.

Market data

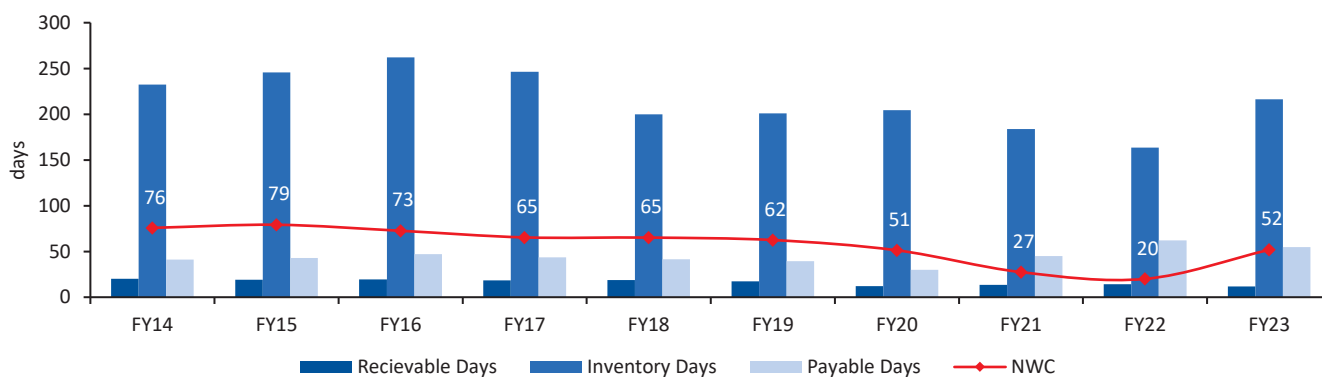
Current price:	Rs40,326
Bloomberg:	PAG IN
52-week H/L:	Rs54,349/34,953
Market cap:	Rs449.8bn
Free float:	39.3%
Avg. daily vol. 3mth:	24886
Source: Bloomberg	

Exhibit 770: Strong cash flow from operations, grew 5x over FY14-22



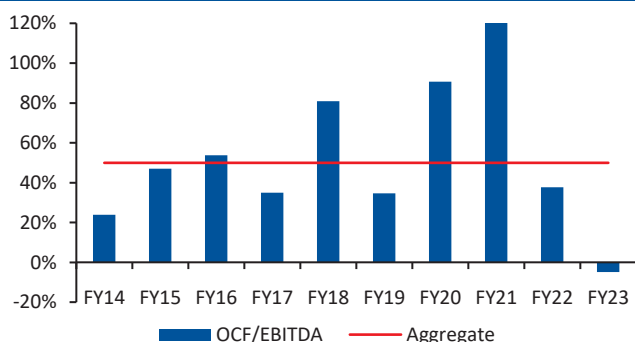
Source: Company, Centrum Broking

Exhibit 771: Improvement in working capital days in each year until FY22



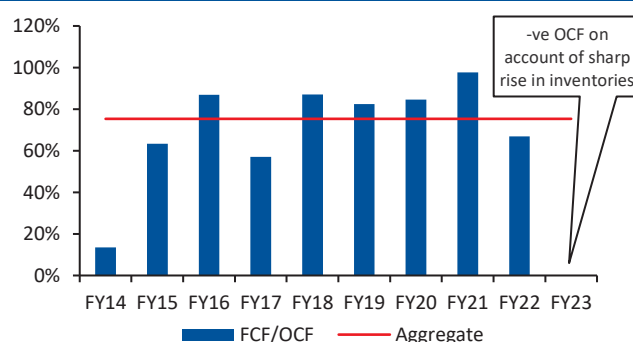
Source: Company, Centrum Broking

Exhibit 772: EBITDA to OCF conversion of 50% over 10 years



Source: Company, Centrum Broking

Exhibit 773: Healthy 75% OCF to FCF conversion over 10 years



Source: Company, Centrum Broking

Exhibit 774: Healthy cash flows wipe off the remaining leverage at decade start; Return ratios strongest throughout

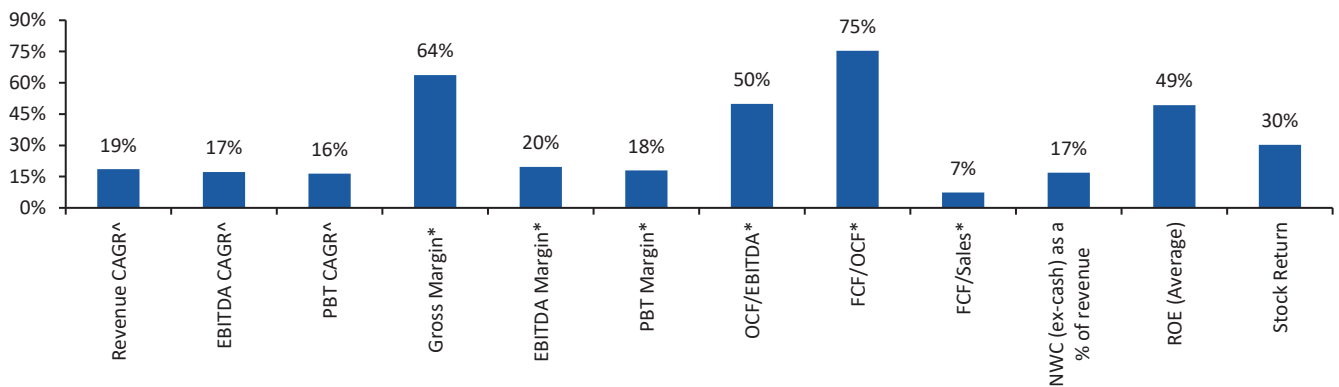
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.5	0.3	0.1	0.1	0.0	0.0	(0.1)	(0.5)	(0.3)	0.2	0.0
Net Debt/EBITDA	0.5	0.4	0.2	0.1	0.0	0.0	(0.2)	(0.8)	(0.4)	0.3	0.0
RoCE pre-tax	67.6%	65.1%	64.2%	61.8%	65.5%	71.3%	58.5%	55.8%	75.1%	59.0%	64.4%
RoCE	44.5%	43.5%	43.3%	41.7%	43.9%	46.4%	43.5%	41.9%	56.8%	44.5%	45.0%
RoIC (pre-tax)	66.6%	63.9%	63.8%	60.7%	67.2%	71.7%	61.5%	78.6%	114.7%	64.9%	71.4%
RoE	61.2%	58.0%	50.5%	44.5%	45.9%	48.6%	43.0%	40.0%	54.4%	46.4%	49.3%

Source: Company, Centrum Broking

Exhibit 775: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.66	0.67	0.67	0.67	0.67	0.65	0.74	0.75	0.76	0.75	0.70
Revenue/average total assets	2.87	2.87	2.98	3.10	3.04	3.19	3.21	2.90	3.60	3.28	3.10
Average total assets/Average NW	1.65	1.59	1.32	1.15	1.11	1.10	1.15	1.14	1.09	1.19	1.25
PBT/EBITDA	0.92	0.92	0.91	0.96	0.96	0.98	0.87	0.86	0.90	0.88	0.92
EBITDA/Revenue	0.21	0.21	0.21	0.19	0.21	0.22	0.18	0.19	0.20	0.18	0.20
RoE	61.2%	58.0%	50.5%	44.5%	45.9%	48.6%	43.0%	40.0%	54.4%	46.4%	49.3%

Source: Company, Centrum Broking

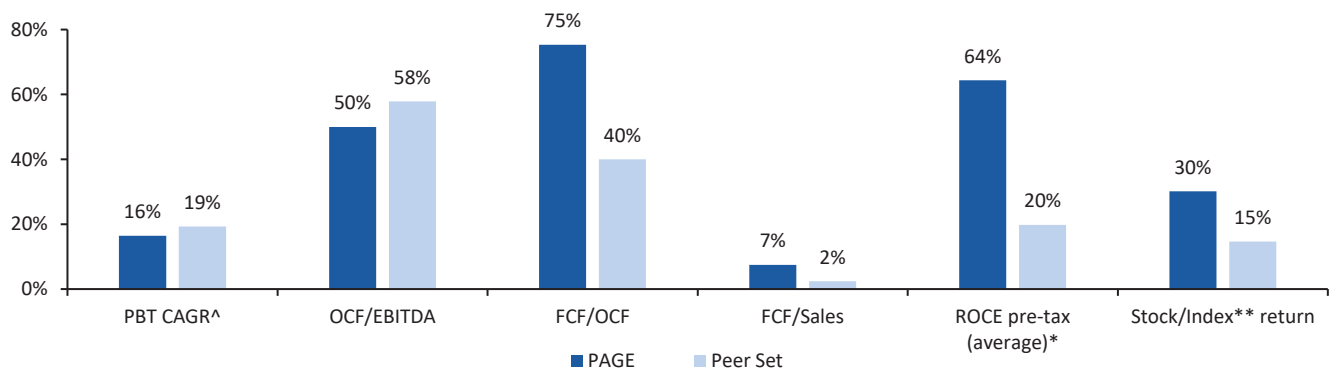
Exhibit 776: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 777: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	82	951	1,750	826	3,808	1,759	4,081	6,508	1,984	(2,081)
FCF yield	0%	1%	1%	1%	2%	1%	2%	3%	1%	NA
Dividend + Buyback (b)	756	899	1,087	180	1,624	4,545	2,716	2,787	3,347	2,900
Distribution of FCF (b/a)	918%	95%	62%	22%	43%	258%	67%	43%	169%	NA
Cash & equivalents*/Capital employed	0.9%	0.9%	1.5%	3.1%	8.2%	5.1%	13.8%	50.2%	28.7%	0.6%

Source: Company, Centrum Broking *including liquid investments

Exhibit 778: PAGE vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	28,330	38,865	47,886	48,279	56,943
Operating Expense	12,639	17,090	21,680	20,760	23,916
Employee cost	5,638	7,201	8,812	9,693	11,632
Others	4,787	6,719	8,767	8,304	9,851
EBITDA	5,266	7,854	8,627	9,521	11,544
Depreciation & Amortisation	629	655	781	850	919
EBIT	4,637	7,200	7,847	8,672	10,625
Interest expenses	297	322	413	413	413
Other income	195	210	147	330	660
PBT	4,534	7,087	7,581	8,589	10,872
Taxes	1,128	1,722	1,869	2,117	2,680
Effective tax rate (%)	24.9	24.3	24.6	24.6	24.6
PAT	3,406	5,365	5,712	6,472	8,192
Minority/Associates	0	0	0	0	0
Recurring PAT	3,406	5,365	5,712	6,472	8,192
Extraordinary items	0	0	0	0	0
Reported PAT	3,406	5,365	5,712	6,472	8,192
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(3.8)	37.2	23.2	0.8	17.9
EBITDA	(1.1)	49.2	9.8	10.4	21.2
Adj. EPS	(0.8)	57.5	6.5	13.3	26.6
Margins (%)					
Gross	55.4	56.0	54.7	57.0	58.0
EBITDA	18.6	20.2	18.0	19.7	20.3
EBIT	16.4	18.5	16.4	18.0	18.7
Adjusted PAT	12.0	13.9	12.0	13.4	14.4
Returns (%)					
ROE	40.0	54.4	46.4	42.3	43.3
ROCE	41.9	56.8	44.5	38.1	39.7
ROIC	49.8	61.4	34.0	52.9	63.9
Turnover (days)					
Gross block turnover ratio (x)	6.5	7.9	8.7	6.4	7.1
Debtors	14	14	12	11	11
Inventory	184	163	216	240	187
Creditors	45	62	55	53	51
Net working capital	66	59	78	104	117
Solvency (x)					
Net debt-equity	(0.5)	(0.3)	0.2	(0.3)	(0.5)
Interest coverage ratio	17.7	24.4	20.9	23.1	28.0
Net debt/EBITDA	(0.8)	(0.4)	0.3	(0.6)	(0.8)
Per share (Rs)					
Adjusted EPS	305.3	481.0	512.1	580.2	734.5
BVPS	793.3	976.0	1,229.2	1,515.9	1,878.6
CEPS	361.8	539.7	582.2	656.4	816.9
DPS	250.0	300.0	260.0	294.6	372.9
Dividend payout (%)	81.9	62.4	50.8	50.8	50.8
Valuation (x)					
P/E	132.0	83.8	78.7	69.5	54.9
P/BV	50.8	41.3	32.8	26.6	21.5
EV/EBITDA	84.6	56.9	52.4	46.6	38.1
Dividend yield (%)	0.6	0.7	0.6	0.7	0.9

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	112	112	112	112	112
Reserves & surplus	8,737	10,775	13,599	16,797	20,842
Shareholders fund	8,849	10,886	13,710	16,909	20,954
Minority Interest	0	0	0	0	0
Total debt	0	0	2,482	2,482	2,482
Non Current Liabilities	1,027	820	1,282	1,282	1,282
Def tax liab. (net)	0	0	0	0	0
Total liabilities	9,876	11,706	17,474	20,672	24,717
Gross block	4,355	4,914	5,518	7,523	8,023
Less: acc. Depreciation	(1,492)	(1,820)	(2,144)	(2,979)	(3,884)
Net block	2,863	3,094	3,375	4,543	4,139
Capital WIP	279	653	1,505	0	0
Net fixed assets	3,165	3,766	4,905	4,565	4,156
Non Current Assets	1,583	1,622	2,377	2,377	2,377
Investments	0	0	0	0	0
Inventories	5,549	9,749	15,953	11,375	13,105
Sundry debtors	1,371	1,651	1,461	1,568	1,850
Cash & Cash Equivalents	4,350	2,835	81	8,327	12,195
Loans & advances	0	0	0	0	0
Other current assets	980	1,447	2,152	2,152	2,152
Trade payables	2,175	3,628	2,876	3,114	3,588
Other current liab.	4,748	5,477	6,256	6,256	7,208
Provisions	199	258	322	322	322
Net current assets	5,128	6,317	10,192	13,730	18,184
Total assets	9,876	11,706	17,474	20,672	24,717
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	4,534	7,088	7,581	8,589	10,872
Depreciation & Amortisation	629	655	781	850	919
Net Interest	189	177	368	413	413
Net Change – WC	2,751	(2,910)	(6,782)	4,708	(586)
Direct taxes	(1,259)	(1,750)	(1,904)	(2,117)	(2,680)
Net cash from operations	6,959	3,269	(16)	12,113	8,278
Capital expenditure	(153)	(980)	(1,656)	(510)	(510)
Acquisitions, net	0	0	0	0	0
Investments	(3,950)	2,050	1,900	0	0
Others	93	118	64	330	660
Net cash from investing	(4,011)	1,189	308	(180)	150
FCF	2,948	4,458	292	11,933	8,428
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(321)	0	1,916	0	0
Dividend paid	(2,787)	(3,347)	(2,900)	(3,286)	(4,159)
Interest paid	(298)	(305)	(409)	(413)	(413)
Others	(253)	(312)	(348)	86	11
Net cash from financing	(3,659)	(3,964)	(1,741)	(3,612)	(4,561)
Net change in Cash	(711)	493	(1,449)	8,320	3,867

Source: Company, Centrum Broking

Relaxo Footwears (RLXF)

RLXF posted revenue/PBT CAGR of 11%/12% over FY14-23. The ex-cash NWC has seen an increase from average 27 days over FY14-18 to 56 days over FY19-23 largely due to increasing inventory. With healthy growth in operating profit, RLXF's aggregate OCF was Rs17.8bn over FY14-23, with EBITDA to OCF conversion rate of 57%. Over FY14-23, 52% of the total OCF was spent on capex at an avg. of Rs924mn p.a., while 48% was converted to FCF at Rs8.5bn. Avg. net debt/equity stood at 0.2x while avg. RoE/RoCE at 21.3%/18.3% over FY14-23. Distribution of FCF as dividend stood at an aggregate of 29.7% over FY14-23. The growth has been well rewarded by the market with a stock CAGR return of 54% over FY13-22 before correcting in FY23.

22 September 2023

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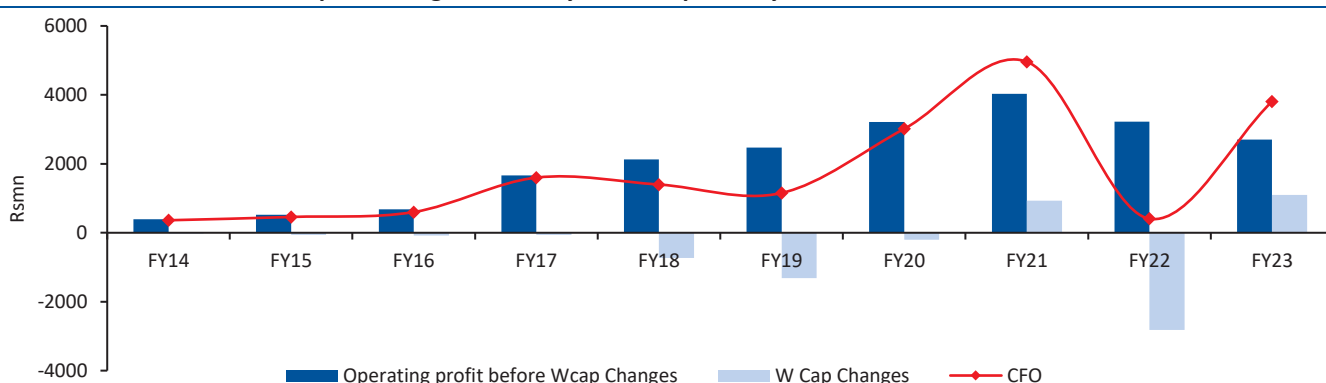
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Market data

Current price:	Rs902
Bloomberg:	RLXF IN
52-week H/L:	Rs1,105/748
Market cap:	Rs224.4bn
Free float:	18%
Avg. daily vol. 3mth:	132971

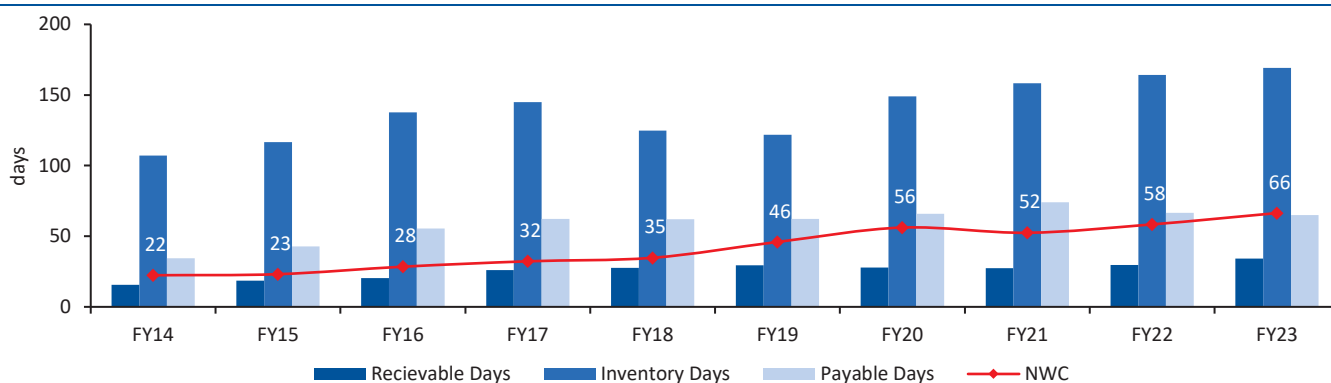
Source: Bloomberg

Exhibit 779: Cash flow from operations grew steadily over the past 10 years



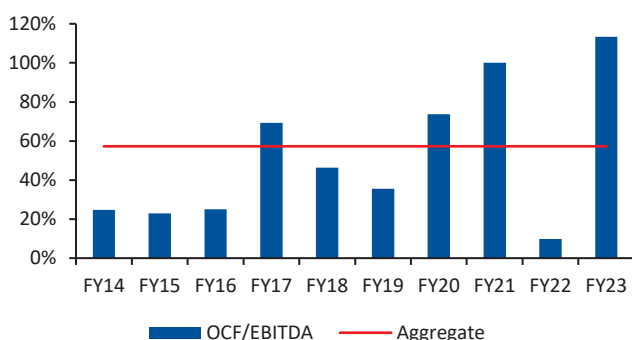
Source: Company, Centrum Broking

Exhibit 780: Working capital days increased in tandem with the growth and scale of operations



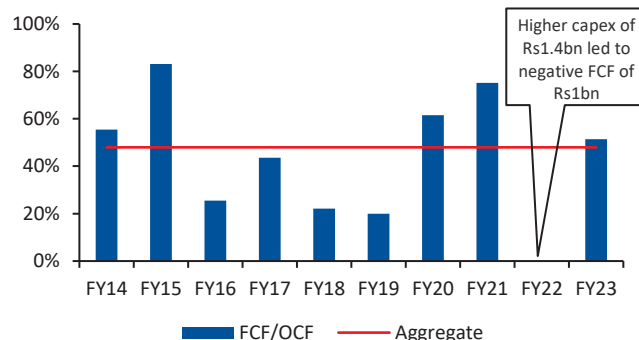
Source: Company, Centrum Broking

Exhibit 781: EBITDA to OCF conversion of 57% over 10 years



Source: Company, Centrum Broking

Exhibit 782: OCF to FCF conversion of 48% over 10 years



Source: Company, Centrum Broking

Exhibit 783: Leverage reduced with decade progress to turn debt free; Return ratios remained healthy until FY21

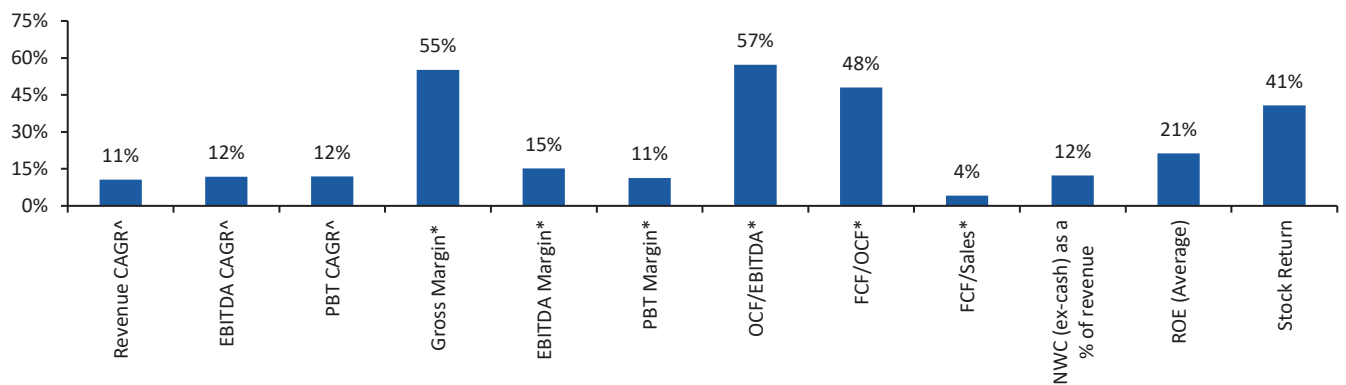
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.6	0.6	0.4	0.2	0.2	0.1	0.0	(0.0)	0.0	0.0	0.2
Net Debt/EBITDA	1.1	1.0	0.8	0.6	0.4	0.3	0.0	(0.0)	0.0	(0.2)	0.4
RoCE pre-tax	27.5%	31.7%	31.1%	27.2%	31.0%	26.4%	24.9%	28.5%	19.4%	12.6%	26.0%
RoCE	18.9%	22.9%	20.8%	18.3%	20.5%	17.3%	19.3%	21.2%	14.6%	9.3%	18.3%
RoIC (pre-tax)	27.3%	31.9%	30.7%	25.4%	30.7%	25.3%	24.2%	30.7%	21.4%	13.3%	26.1%
RoE	26.7%	32.0%	27.4%	22.1%	23.6%	18.8%	19.1%	20.5%	14.0%	8.5%	21.3%

Source: Company, Centrum Broking

Exhibit 784: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.69	0.72	0.67	0.67	0.66	0.65	0.78	0.75	0.75	0.74	0.71
Revenue/average total assets	2.62	2.72	2.56	2.18	2.31	2.13	1.80	1.49	1.45	1.40	2.07
Average total assets/Average NW	1.89	1.69	1.58	1.38	1.24	1.16	1.13	1.12	1.10	1.10	1.34
PBT/EBITDA	0.65	0.71	0.72	0.77	0.81	0.83	0.71	0.79	0.75	0.63	0.74
EBITDA/Revenue	0.12	0.14	0.14	0.14	0.15	0.14	0.17	0.21	0.16	0.12	0.15
RoE	26.7%	32.0%	27.4%	22.1%	23.6%	18.8%	19.1%	20.5%	14.0%	8.5%	21.3%

Source: Company, Centrum Broking

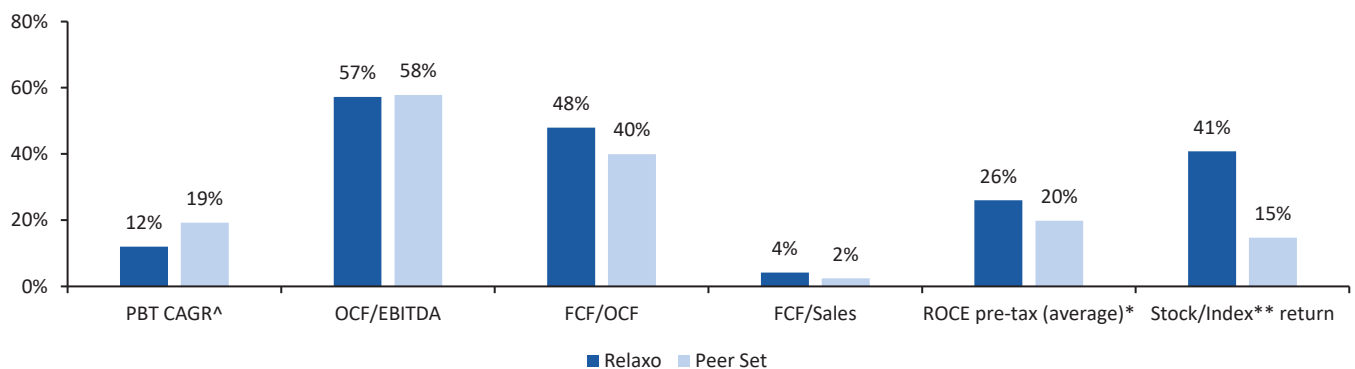
Exhibit 785: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 786: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	201	381	153	697	309	230	1,854	3,727	(989)	1,956
FCF yield	2%	1%	0%	1%	0%	0%	1%	2%	NA	1%
Dividend + Buyback (b)	43	62	86	87	145	218	643	-	621	622
Distribution of FCF (b/a)	21%	NA	57%	12%	47%	95%	35%	0%	NA	32%
Cash & equivalents*/Capital employed	1.3%	0.9%	0.4%	0.5%	0.5%	0.2%	0.3%	0.5%	0.7%	4.1%

Source: Company, Centrum Broking *including liquid investments

Exhibit 787: Relaxo vs. Peer set

Source: Company, Centrum Broking; *: FY13-22 average; ^: FY12-22 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	23,592	26,533	27,828	33,165	38,259
Operating Expense	10,033	12,167	13,343	15,335	17,402
Employee cost	3,014	3,347	3,433	3,844	4,306
Others	5,590	6,861	7,694	8,766	9,912
EBITDA	4,955	4,158	3,358	5,220	6,640
Depreciation & Amortisation	1,100	1,135	1,251	1,284	1,312
EBIT	3,855	3,022	2,107	3,935	5,328
Interest expenses	171	153	192	192	192
Other income	228	237	186	193	195
PBT	3,912	3,106	2,100	3,936	5,331
Taxes	996	779	555	988	1,338
Effective tax rate (%)	25.5	25.1	26.4	25.1	25.1
PAT	2,916	2,327	1,545	2,948	3,993
Minority/Associates	0	0	0	0	0
Recurring PAT	2,916	2,327	1,545	2,948	3,993
Extraordinary items	0	0	0	0	0
Reported PAT	2,916	2,327	1,545	2,948	3,993
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(2.1)	12.5	4.9	19.2	15.4
EBITDA	21.0	(16.1)	(19.2)	55.4	27.2
Adj. EPS	28.5	(20.2)	(33.6)	90.9	35.4
Margins (%)					
Gross	57.5	54.1	52.1	53.8	54.5
EBITDA	21.0	15.7	12.1	15.7	17.4
EBIT	16.3	11.4	7.6	11.9	13.9
Adjusted PAT	12.4	8.8	5.6	8.9	10.4
Returns (%)					
ROE	20.5	14.0	8.5	15.6	20.0
ROCE	21.2	14.6	9.3	16.4	20.8
ROIC	18.2	11.7	7.9	15.0	21.0
Turnover (days)					
Gross block turnover ratio (x)	2.4	2.4	2.0	2.4	2.7
Debtors	27	30	34	33	33
Inventory	158	164	169	148	148
Creditors	74	67	65	66	68
Net working capital	45	79	69	75	87
Solvency (x)					
Net debt-equity	0.0	0.0	0.0	(0.1)	(0.2)
Interest coverage ratio	29.0	27.1	17.5	27.1	34.5
Net debt/EBITDA	0.0	0.0	(0.2)	(0.3)	(0.5)
Per share (Rs)					
Adjusted EPS	11.8	9.4	6.2	11.9	16.1
BVPS	63.4	70.9	74.8	77.4	83.2
CEPS	16.2	14.0	11.3	17.1	21.4
DPS	2.5	2.5	2.5	3.2	4.3
Dividend payout (%)	21.3	26.7	40.2	26.7	26.7
Valuation (x)					
P/E	76.7	96.1	144.7	75.8	56.0
P/BV	14.2	12.7	12.0	11.6	10.8
EV/EBITDA	43.6	52.0	64.2	41.1	32.0
Dividend yield (%)	0.3	0.3	0.3	0.4	0.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	248	249	249	249	249
Reserves & surplus	15,476	17,352	18,302	18,966	20,396
Shareholders fund	15,724	17,601	18,551	19,215	20,645
Minority Interest	0	0	0	0	0
Total debt	0	200	0	0	0
Non Current Liabilities	1,315	1,416	1,476	1,595	1,713
Def tax liab. (net)	228	199	215	215	215
Total liabilities	17,267	19,416	20,241	21,024	22,572
Gross block	9,753	10,864	13,661	13,961	14,261
Less: acc. Depreciation	(2,542)	(3,171)	(4,422)	(5,706)	(7,018)
Net block	7,211	7,694	9,239	8,255	7,243
Capital WIP	1,122	1,452	878	878	878
Net fixed assets	8,724	9,469	10,436	9,452	8,440
Non Current Assets	2,235	2,488	2,576	2,789	2,999
Investments	3,380	1,693	2,006	2,006	2,006
Inventories	4,221	6,733	5,638	6,815	7,337
Sundry debtors	1,815	2,508	2,703	3,222	3,717
Cash & Cash Equivalents	77	126	740	1,417	3,533
Loans & advances	4	4	6	6	6
Other current assets	1,302	806	843	843	843
Trade payables	2,228	2,217	2,529	3,014	3,477
Other current liab.	1,991	1,901	1,926	2,260	2,580
Provisions	272	292	251	251	251
Net current assets	2,928	5,766	5,224	6,777	9,128
Total assets	17,267	19,416	20,241	21,024	22,572
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,912	3,106	2,100	3,936	5,331
Depreciation & Amortisation	1,100	1,135	1,251	1,284	1,312
Net Interest	163	141	137	(1)	(3)
Net Change – WC	930	(2,816)	1,101	(1,090)	(444)
Direct taxes	(891)	(839)	(555)	(988)	(1,338)
Net cash from operations	5,131	560	4,001	3,141	4,858
Capital expenditure	(1,233)	(1,395)	(1,852)	(300)	(300)
Acquisitions, net	0	0	0	0	0
Investments	(3,320)	1,519	(247)	0	0
Others	21	22	(486)	193	195
Net cash from investing	(4,532)	146	(2,585)	(107)	(105)
FCF	600	705	1,416	3,034	4,754
Issue of share capital	49	139	4	(2,284)	(2,563)
Increase/(decrease) in debt	(192)	200	(200)	0	0
Dividend paid	0	(621)	(622)	0	0
Interest paid	(171)	(153)	(192)	(192)	(192)
Others	(235)	(263)	(374)	118	118
Net cash from financing	(549)	(698)	(1,385)	(2,358)	(2,637)
Net change in Cash	51	7	32	677	2,117

Source: Company, Centrum Broking

Restaurant Brands Asia (RBA)

RBA reported revenue CAGR of 44.3% over FY17-23 with negative EBITDA driven by negative operating leverage as company added ~300 stores. Though operating profits have shown consistent improvement they stack much below the industry average and moved up 700bp to 10-11%. Over FY17-23, cumulative profit before WC was Rs4.6bn and OCF was Rs6bn. OCF/FCF conversion at an aggregate level was (64.1%) and OCF/EBITDA stood at 132.1%. Cumulative capex was Rs9.9bn while no positive FCFF. Working capital cycle has been stable over last 7 years while creditor days stood at +90 days. Return ratios remained subdued, yet negative as RBA consistently reported losses. However, with improved store performance and hopes on margin recovery the stock price moved up CAGR 15% in 5 years.

22 September 2023

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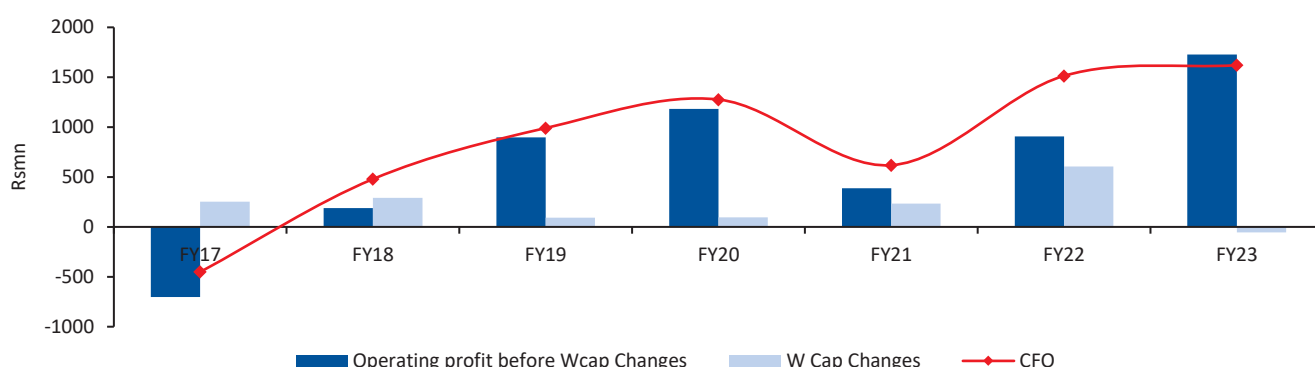
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Market data

Current price:	Rs124
Bloomberg:	RBA IN
52-week H/L:	Rs138/84
Market cap:	Rs61.4bn
Free float:	76.6%
Avg. daily vol. 3mth:	2666468

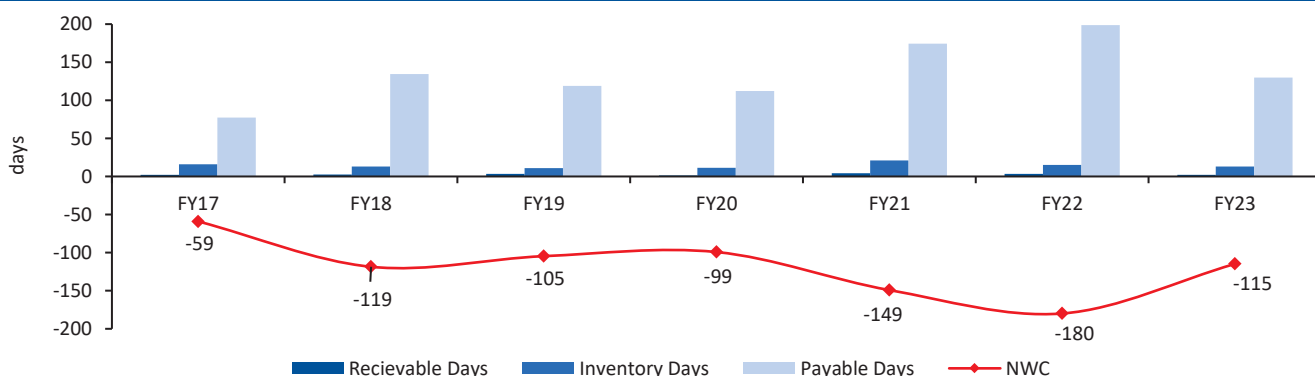
Source: Bloomberg

Exhibit 788: Consistent positive cash flow from operations for last 6 years



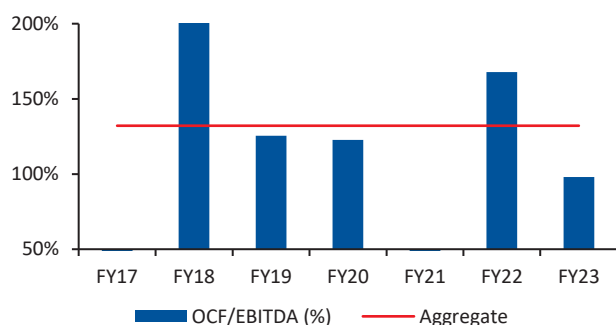
Source: Company, Centrum Broking

Exhibit 789: Working capital cycle overall on negative period led by higher payable days



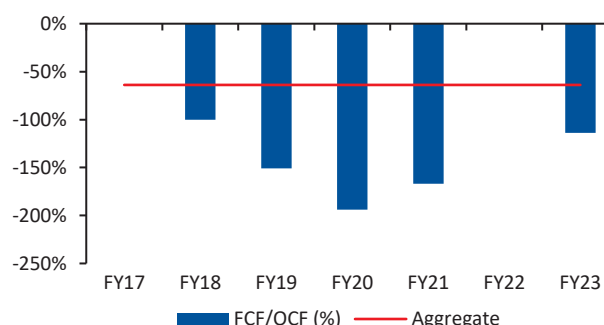
Source: Company, Centrum Broking

Exhibit 790: EBITDA to OCF conversion of 132.1% over 7 years



Source: Company, Centrum Broking

Exhibit 791: OCF to FCF conversion negative over 7 years



Source: Company, Centrum Broking

Exhibit 792: Leverage has been consistently low; Return ratios have been increasing

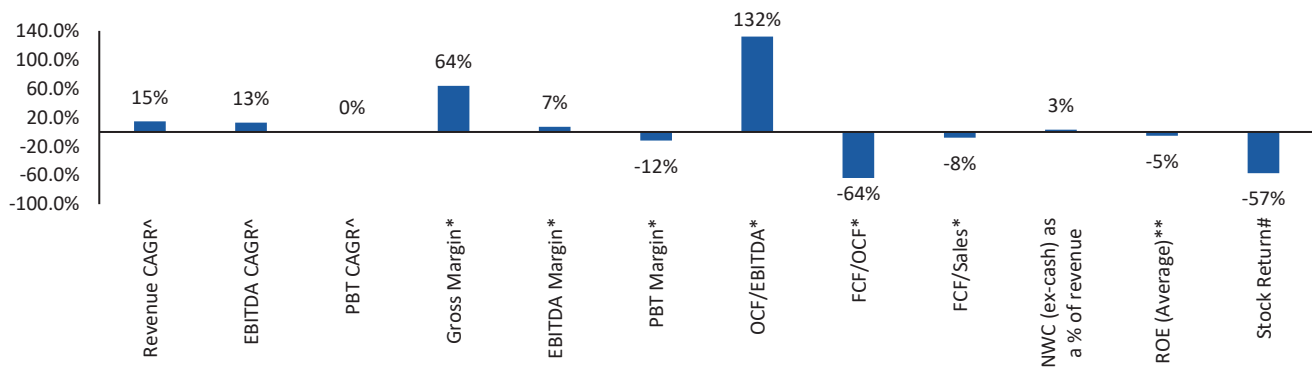
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY17-23 average
Net Debt/Equity	(0.0)	(0.0)	0.3	0.6	(0.3)	(0.1)	(0.0)	0.1
Net Debt/EBITDA	3.2	(0.9)	1.1	1.6	(14.4)	(1.2)	(0.1)	(1.5)
RoCE pre-tax	(19%)	(11.1%)	3.2%	(1.3%)	(11.7%)	(1.5%)	1.2%	(5.8%)
RoCE	(24%)	(13.8%)	2.6%	(1.6%)	(14.7%)	(1.9%)	0.9%	(7.5%)
RoIC (pre-tax)	(12%)	(7.0%)	(0.4%)	(1.1%)	(8.7%)	(2.0%)	(0.4%)	(4.6%)
RoE	(7.6%)	(6.3%)	(2.0%)	(7.6%)	(12.3%)	(0.5%)	(0.1%)	(5.2%)

Source: Company, Centrum Broking

Exhibit 793: DuPont Analysis

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY17-23 avg
PAT/PBT	(0.31)	(0.22)	(0.06)	(0.09)	(0.34)	(0.10)	(0.05)	(0.17)
Revenue/average total assets	0.56	0.53	0.77	0.79	0.38	0.44	0.48	0.56
Average total assets/Average NW	1.57	2.18	3.08	4.03	2.77	1.65	1.56	2.40
PBT/EBITDA	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
EBITDA/Revenue	(0.28)	(0.25)	(0.14)	(0.28)	(0.35)	(0.07)	(0.04)	(0.20)
RoE	(7.6%)	(6.3%)	(2.0%)	(7.6%)	(12.3%)	(0.5%)	(0.1%)	(5.2%)

Source: Company, Centrum Broking

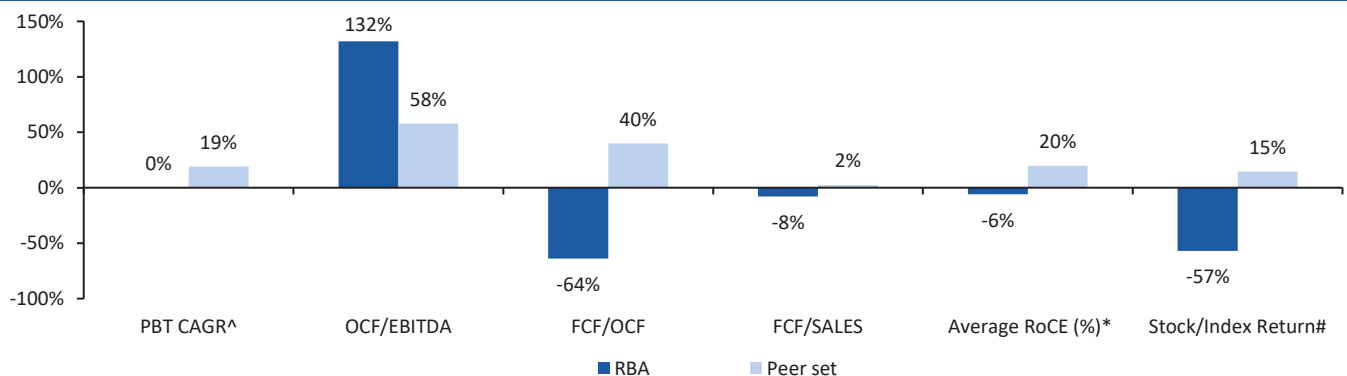
Exhibit 794: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY17-23 CAGR; *: aggregate, Note: Stock return benchmark = Nifty Midcap

Exhibit 795: Effective FCF utilization

Rs mn	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(1,501)	(383)	(647)	(974)	391	245	(992)
FCF yield	0%	0%	0%	0%	0%	0%	0%
Dividend + Buyback (b)	0	0	0	0	0	0	0
Distribution of FCF (b/a)	0%	0%	0%	0%	0%	0%	0%
Cash & equivalents*/Capital employed	1.9%	1.1%	2.3%	0.4%	2.0%	0.6%	0.5%

Source: Company, Centrum Broking *including liquid investments

Exhibit 796: RBA vs. Peer set

Source: Company, Centrum Broking; *: FY17-23 average; ^: FY17-23 CAGR; **: relevant benchmark index = Nifty Midcap Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	4,926	9,396	14,371	19,074	25,008
Operating Expense	2,273	4,687	10,462	8,812	11,204
Employee cost	1,176	1,540	2,280	2,828	3,876
Others	1,346	2,308	0	4,829	6,042
EBITDA	150	902	1,654	2,605	3,887
Depreciation & Amortisation	1,275	1,357	1,802	2,012	2,414
EBIT	(1,126)	(455)	(148)	593	1,473
Interest expenses	821	680	896	1,108	1,412
Other income	0	0	0	0	0
PBT	(1,662)	(930)	(718)	(255)	230
Taxes	0	0	0	0	0
Effective tax rate (%)	0.0	0.0	0.0	0.0	0.0
PAT	(1,662)	(930)	(718)	(255)	230
Minority/Associates	0	0	0	0	0
Recurring PAT	(1,662)	(930)	(718)	(255)	230
Extraordinary items	77	0	0	0	0
Reported PAT	(1,585)	(930)	(718)	(255)	230
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(41.2)	90.7	53.0	32.7	31.1
EBITDA	(85.6)	501.7	83.4	57.5	49.2
Adj. EPS	106.2	(56.6)	(37.5)	(64.5)	nm
Margins (%)					
Gross	64.7	66.0	66.5	67.1	69.0
EBITDA	3.0	9.6	11.5	13.7	15.5
EBIT	(22.8)	(4.8)	(1.0)	3.1	5.9
Adjusted PAT	(33.6)	(9.9)	(5.0)	(1.3)	0.9
Returns (%)					
ROE	(35.0)	(7.1)	(3.7)	(1.4)	1.2
ROCE	(14.7)	(1.9)	0.9	4.5	8.5
ROIC	(10.9)	(2.5)	(0.6)	2.1	4.8
Turnover (days)					
Gross block turnover ratio (x)	0.5	0.8	1.0	1.3	1.4
Debtors	3	3	3	2	2
Inventory	20	13	12	12	12
Creditors	203	141	104	94	97
Net working capital	153	119	(14)	26	32
Solvency (x)					
Net debt-equity	(0.3)	(0.1)	0.0	0.0	(0.1)
Interest coverage ratio	0.2	1.3	1.8	2.4	2.8
Net debt/EBITDA	(14.4)	(1.2)	(0.1)	(0.2)	(0.4)
Per share (Rs)					
Adjusted EPS	(5.4)	(2.3)	(1.5)	(0.5)	0.5
BVPS	21.7	48.7	38.3	37.5	38.0
CEPS	(1.2)	1.1	2.2	3.6	5.3
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	nm	nm	nm	nm	0.0
Valuation (x)					
P/E	nm	nm	nm	nm	268.5
P/BV	5.8	2.6	3.3	3.3	3.3
EV/EBITDA	385.9	65.4	36.2	22.8	15.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	3,830	4,927	4,946	4,944	4,944
Reserves & surplus	2,905	14,576	14,000	13,603	13,833
Shareholders fund	6,735	19,503	18,946	18,547	18,777
Minority Interest	0	0	0	0	0
Total debt	0	0	0	381	750
Non Current Liabilities	5,812	6,943	9,245	10,931	14,923
Def tax liab. (net)	0	0	0	0	0
Total liabilities	12,546	26,446	28,190	29,859	34,450
Gross block	9,590	11,220	14,849	15,055	17,516
Less: acc. Depreciation	0	0	0	0	0
Net block	9,590	11,220	14,849	15,055	17,516
Capital WIP	301	107	269	265	265
Net fixed assets	10,156	11,681	15,711	15,626	18,062
Non Current Assets	0	0	0	0	0
Investments	329	11,690	13,041	12,861	14,183
Inventories	100	135	192	224	276
Sundry debtors	60	92	115	115	151
Cash & Cash Equivalents	2,161	1,063	146	1,026	2,188
Loans & advances	1,243	4,023	1,469	3,105	3,415
Other current assets	233	215	226	241	254
Trade payables	1,140	1,358	1,391	1,827	2,306
Other current liab.	569	1,053	1,252	1,468	1,728
Provisions	27	42	64	44	46
Net current assets	2,062	3,074	(562)	1,372	2,204
Total assets	12,546	26,446	28,190	29,859	34,450
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(1,662)	(930)	(718)	(255)	230
Depreciation & Amortisation	1,275	1,357	1,802	2,012	2,414
Net Interest	821	680	(3)	1,108	1,412
Net Change – WC	232	606	(56)	424	393
Direct taxes	0	0	(52)	0	0
Net cash from operations	618	1,514	1,621	4,002	4,692
Capital expenditure	(589)	(2,882)	(2,818)	(1,955)	(4,850)
Acquisitions, net	0	0	0	0	0
Investments	(1,057)	(13,862)	2,655	(1,617)	(1,542)
Others	1	(35)	(254)	(41)	(82)
Net cash from investing	(1,645)	(16,779)	(416)	(3,613)	(6,474)
FCF	(1,027)	(15,265)	(1,845)	1,334	(401)
Issue of share capital	5,719	13,698	0	(144)	0
Increase/(decrease) in debt	(1,990)	1,148	(1,290)	1,716	4,356
Dividend paid	0	0	0	0	0
Interest paid	(821)	(680)	0	(1,108)	(1,412)
Others	0	0	85	28	0
Net cash from financing	2,907	14,167	(1,205)	492	2,944
Net change in Cash	1,880	(1,098)	(1)	881	1,162

Source: Company, Centrum Broking

Safari Industries(SII)

Safari posted revenue/PBT CAGR of 29%/72% over FY14-23. The ex-cash NWC reduced sharply from average of 122 days over FY14-20 to 66 days over FY22-23 due to reducing inventories helped by increased in-house manufacturing. As a result, Safari's aggregate OCF stood at Rs2.2bn over FY20-23. EBITDA to OCF conversion still remains weak at 19% as company remains in growth phase. Half of the OCF generated (Rs2.2bn) over FY20-23 has been invested in capex. RoE/RoCE has started to see sharp improvement in FY23 rising to 34%/33%. Dividend distribution remains moderate as company remains in high growth phase. Markets have appropriately rewarded the improvement in operating performance with stock CAGR of 43% over FY13-23.

22 September 2023

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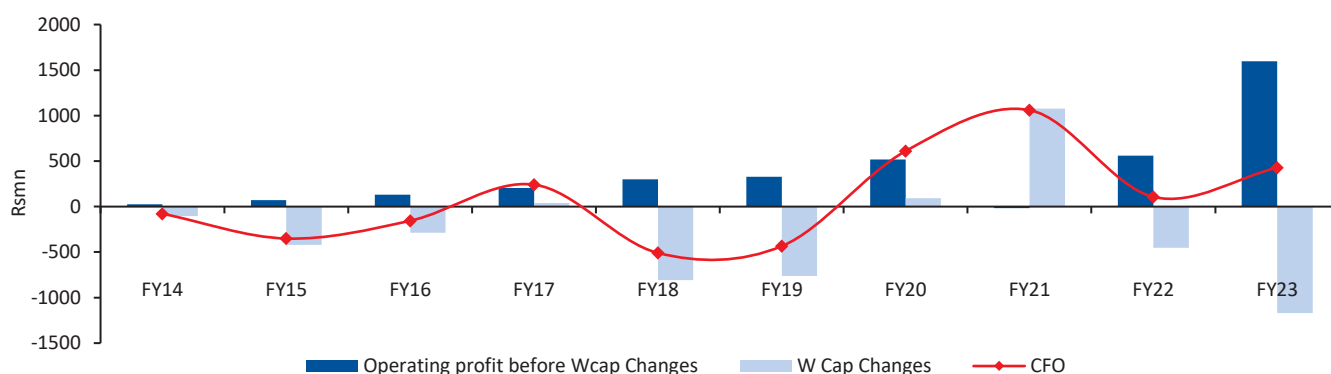
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Market data

Current price:	Rs3,501
Bloomberg:	SII IN
52-week H/L:	Rs3,875/1,452
Market cap:	Rs83.3bn
Free float:	43.3%
Avg. daily vol. 3mth:	60857

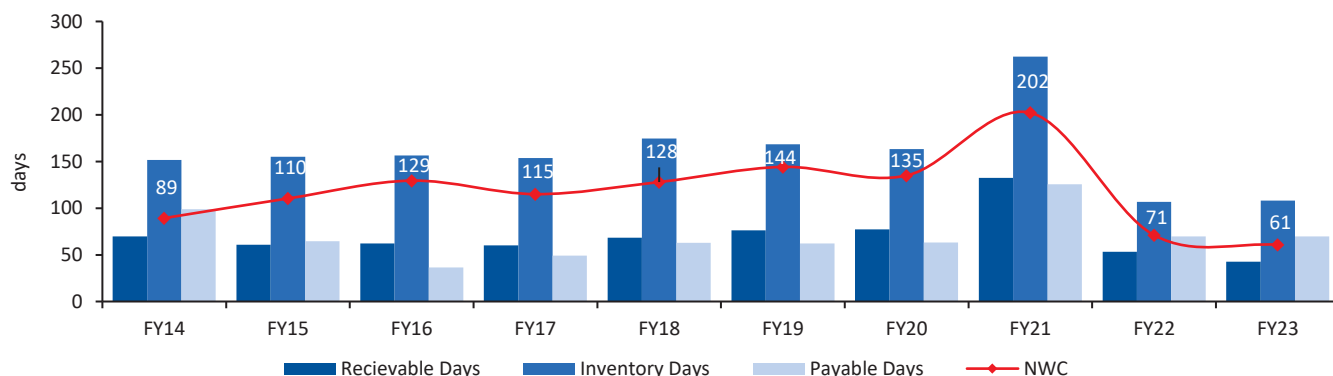
Source: Bloomberg

Exhibit 797: Healthy improvement in cash flow from operations from FY20



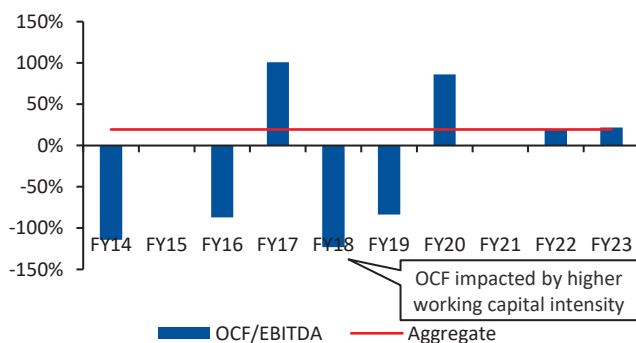
Source: Company, Centrum Broking

Exhibit 798: Sharp improvement in working capital cycle from FY22



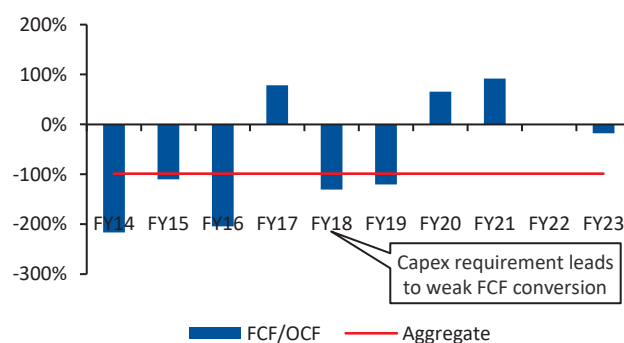
Source: Company, Centrum Broking

Exhibit 799: EBITDA to OCF conversion of 19% over 10 years



Source: Company, Centrum Broking

Exhibit 800: Room for improvement in OCF to FCF conversion



Source: Company, Centrum Broking

Exhibit 801: Healthy cash flows wipe off the remaining leverage at decade start; Return ratios continue to get better each year

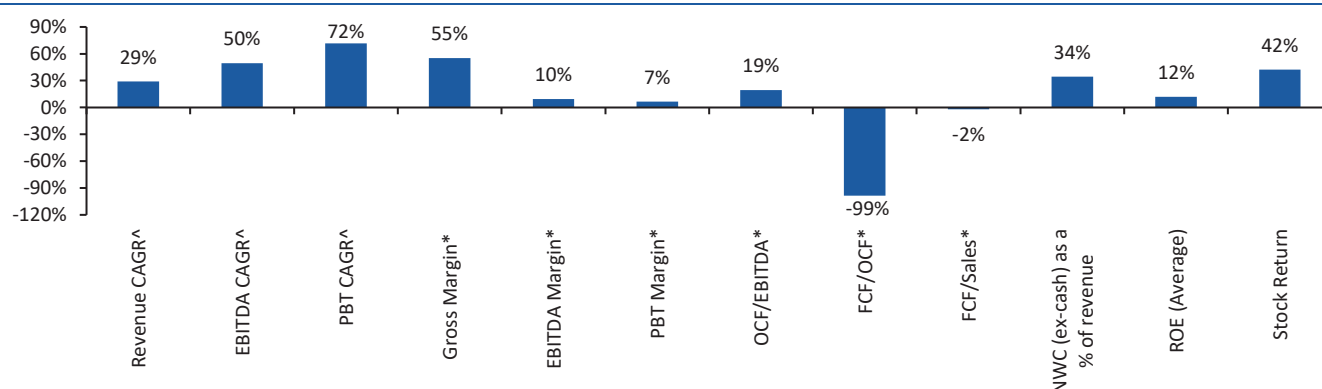
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	3.9	0.4	0.6	0.4	0.3	0.5	0.3	(0.2)	(0.2)	(0.1)	0.6
Net Debt/EBITDA	7.0	2.4	2.9	1.6	1.2	2.0	1.0	10.1	(0.9)	(0.1)	2.7
RoCE pre-tax	11.2%	11.3%	11.5%	13.7%	19.6%	17.0%	16.5%	(7.8)%	14.5%	43.4%	15.1%
RoCE	5.4%	8.7%	7.5%	9.3%	12.5%	11.3%	12.5%	(5.7)%	12.0%	32.9%	10.6%
RoIC (pre-tax)	10.8%	11.1%	11.3%	13.4%	19.5%	16.6%	16.3%	(10.1)%	15.0%	50.2%	15.4%
RoE	3.2%	12.1%	9.5%	11.5%	15.6%	14.5%	14.2%	(8.2)%	10.9%	34.4%	11.8%

Source: Company, Centrum Broking

Exhibit 802: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.48	0.77	0.65	0.68	0.64	0.66	0.76	0.72	0.82	0.76	0.69
Revenue/average total assets	3.02	2.48	2.14	2.35	2.25	2.16	2.16	1.05	2.23	2.77	2.26
Average total assets/Average NW	4.49	2.01	1.57	1.53	1.36	1.43	1.47	1.23	1.09	1.20	1.74
PBT/EBITDA	0.12	0.56	0.67	0.68	0.81	0.78	0.57	4.86	0.70	0.84	1.06
EBITDA/Revenue	0.04	0.06	0.06	0.07	0.10	0.09	0.10	(0.02)	0.08	0.16	0.07
RoE	3.2%	12.1%	9.5%	11.5%	15.6%	14.5%	14.2%	(8.2)%	10.9%	34.4%	11.8%

Source: Company, Centrum Broking

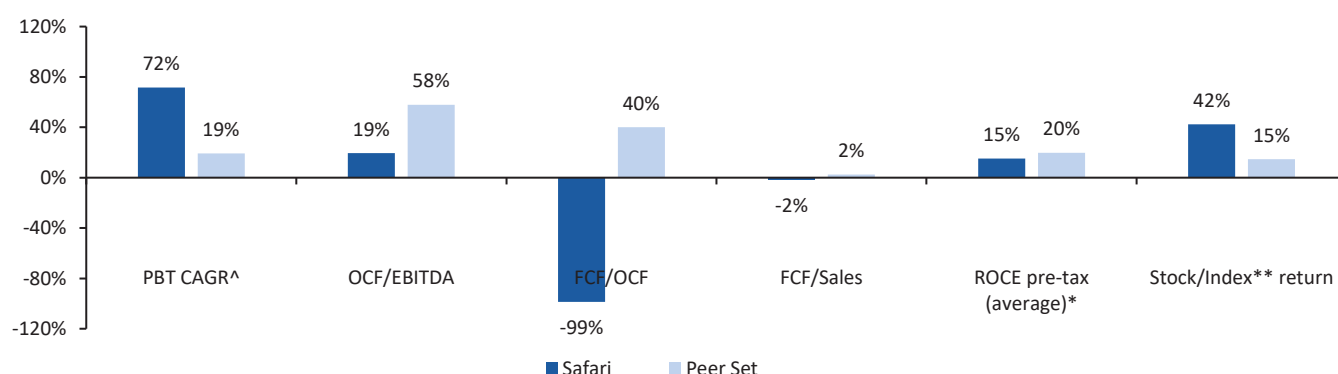
Exhibit 803: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 804: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(170)	(387)	(318)	189	(663)	(522)	401	977	(334)	(76)
FCF yield	NA	NA	NA	5%	NA	NA	3%	10%	NA	NA
Dividend + Buyback (b)	0	0	5	6	10	13	13	-	-	53
Distribution of FCF (b/a)	NA	NA	NA	3%	NA	NA	3%	0%	NA	NA
Cash & equivalents*/Capital employed	8.6%	6.1%	4.6%	3.9%	3.3%	1.5%	0.3%	0.5%	22.3%	19.9%

Source: Company, Centrum Broking *including liquid investments

Exhibit 805: Safari vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	3,280	7,052	12,120	15,150	17,877
Operating Expense	1,907	4,448	6,973	8,257	9,653
Employee cost	599	664	858	1,072	1,340
Others	834	1,388	2,321	3,024	3,570
EBITDA	(59)	552	1,969	2,797	3,313
Depreciation & Amortisation	204	199	333	471	534
EBIT	(264)	353	1,636	2,325	2,779
Interest expenses	58	49	80	80	80
Other income	33	80	95	104	114
PBT	(288)	384	1,650	2,350	2,814
Taxes	(80)	67	400	592	709
Effective tax rate (%)	27.6	17.6	24.2	25.2	25.2
PAT	(209)	316	1,251	1,758	2,105
Minority/Associates	0	0	0	0	0
Recurring PAT	(209)	316	1,251	1,758	2,105
Extraordinary items	0	(93)	0	0	0
Reported PAT	(209)	223	1,251	1,758	2,105
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(51.9)	115.0	71.9	25.0	18.0
EBITDA	nm	nm	256.7	42.1	18.5
Adj. EPS	nm	nm	273.7	40.5	19.8
Margins (%)					
Gross	41.9	36.9	42.5	45.5	46.0
EBITDA	(1.8)	7.8	16.2	18.5	18.5
EBIT	(8.0)	5.0	13.5	15.3	15.5
Adjusted PAT	(6.4)	3.1	10.3	11.6	11.8
Returns (%)					
ROE	(8.2)	10.9	34.4	32.5	26.6
ROCE	(5.7)	12.0	32.9	30.2	25.4
ROIC	(8.3)	10.5	27.4	37.7	40.3
Turnover (days)					
Gross block turnover ratio (x)	6.1	8.5	8.2	8.7	9.0
Debtors	132	53	43	43	42
Inventory	262	107	108	114	102
Creditors	126	70	70	72	65
Net working capital	138	78	76	58	58
Solvency (x)					
Net debt-equity	(0.2)	(0.2)	(0.1)	(0.4)	(0.6)
Interest coverage ratio	(1.0)	11.2	24.7	35.1	41.6
Net debt/EBITDA	10.1	(0.9)	(0.1)	(1.0)	(1.6)
Per share (Rs)					
Adjusted EPS	(9.4)	14.1	52.8	74.1	88.8
BVPS	124.8	134.4	179.5	277.3	391.0
CEPS	(0.2)	23.0	66.8	94.0	111.3
DPS	0.0	0.0	2.3	3.2	3.8
Dividend payout (%)	nm	0.0	4.3	4.3	4.3
Valuation (x)					
P/E	nm	247.7	66.3	47.2	39.4
P/BV	28.0	26.0	19.5	12.6	8.9
EV/EBITDA	(1,388.3)	149.4	42.0	28.7	23.5
Dividend yield (%)	0.0	0.0	0.1	0.1	0.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	45	45	47	47	47
Reserves & surplus	2,738	2,965	4,210	6,527	9,224
Shareholders fund	2,783	3,010	4,257	6,575	9,272
Minority Interest	0	0	0	0	0
Total debt	53	110	601	601	601
Non Current Liabilities	228	307	565	847	1,129
Def tax liab. (net)	(109)	(70)	(37)	(37)	(37)
Total liabilities	2,955	3,357	5,385	7,985	10,965
Gross block	538	834	1,487	1,737	1,987
Less: acc. Depreciation	(166)	(300)	(417)	(526)	(652)
Net block	372	534	1,070	1,211	1,335
Capital WIP	1	197	0	0	0
Net fixed assets	378	735	1,074	1,215	1,339
Non Current Assets	679	527	922	980	993
Investments	1	0	0	0	0
Inventories	1,140	1,461	2,664	2,488	2,909
Sundry debtors	906	1,146	1,693	1,868	2,204
Cash & Cash Equivalents	655	592	865	3,377	5,802
Loans & advances	0	0	0	0	0
Other current assets	95	153	225	153	225
Trade payables	700	1,001	1,665	1,583	1,851
Other current liab.	178	239	379	500	642
Provisions	21	18	14	14	14
Net current assets	1,898	2,095	3,389	5,790	8,633
Total assets	2,955	3,357	5,385	7,985	10,965
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(288)	384	1,650	2,350	2,814
Depreciation & Amortisation	204	199	333	471	534
Net Interest	55	(14)	17	80	80
Net Change – WC	1,078	(452)	(1,171)	(3)	(532)
Direct taxes	12	(26)	(361)	(592)	(709)
Net cash from operations	1,118	156	506	2,202	2,072
Capital expenditure	(83)	(440)	(503)	(612)	(658)
Acquisitions, net	0	0	0	0	0
Investments	(900)	330	(264)	0	0
Others	7	73	71	46	102
Net cash from investing	(976)	(37)	(695)	(566)	(556)
FCF	142	120	(189)	1,635	1,516
Issue of share capital	749	(1)	3	0	0
Increase/(decrease) in debt	(719)	13	494	0	0
Dividend paid	0	0	(53)	563	595
Interest paid	(58)	(50)	(79)	(80)	(80)
Others	(76)	(103)	(168)	394	395
Net cash from financing	(104)	(141)	196	877	910
Net change in Cash	38	(21)	7	2,512	2,426

Source: Company, Centrum Broking

Sapphire Foods (SAPPHIRE)

Sapphire posted revenue CAGR of 17.4% over FY19-23, though EBITDA grew faster at 30.9% as SF added ~100 stores every year. Operating profits have expanded consistently led by strong operating leverage with improved margin profile of 14-15% except Covid disruptions. Over FY19-23, cumulative profit before WC was Rs12.4bn (tax paid: Rs81mn) and OCF was Rs11.9bn. OCF/FCF conversion at an aggregate of 11.1% and OCF/EBITDA stood at 100.1%. Cumulative capex was Rs10.6bn while FCF came at Rs1.3bn. Working capital cycle has been stable, yet creditor days stood at +40 days. With rising scale of operation SF saw sharp improvement in profitability (FCFF) resulting in improvement in return ratios and driving stock price return CAGR of 1.9%.

22 September 2023

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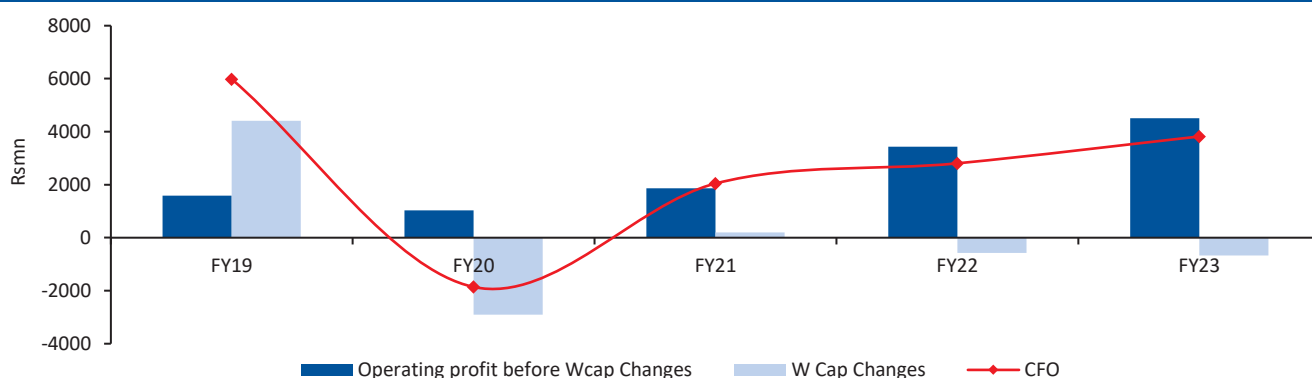
institutional research

Market data

Current price:	Rs1,453
Bloomberg:	SAPPHIRE IN
52-week H/L:	Rs1,574/1,102
Market cap:	Rs92.5bn
Free float:	46.9%
Avg. daily vol. 3mth:	167963

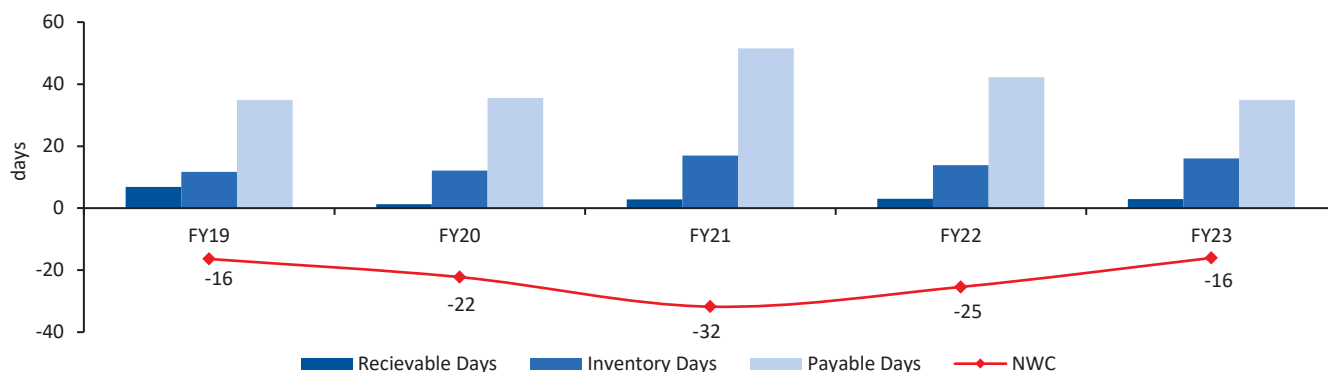
Source: Bloomberg

Exhibit 806: Consistent positive cash flow from operations for last 3 years



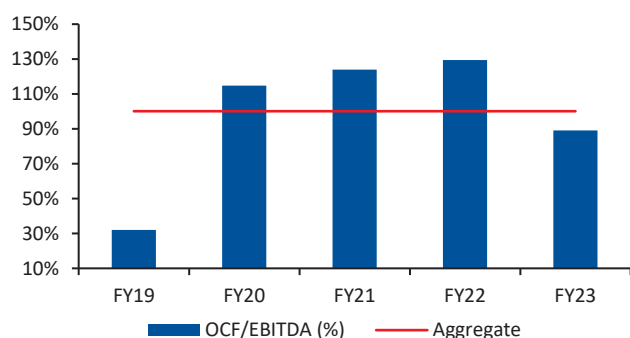
Source: Company, Centrum Broking

Exhibit 807: Working capital cycle remained negative led by higher payable days (40 days)



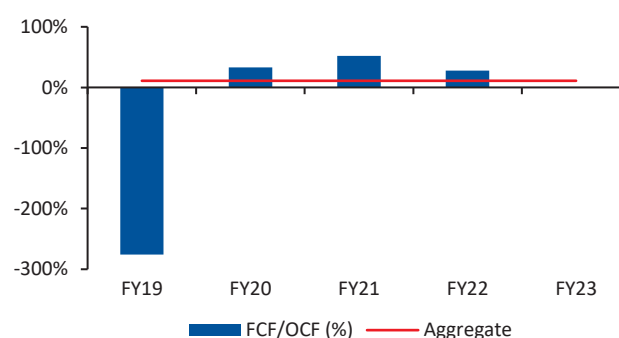
Source: Company, Centrum Broking

Exhibit 808: EBITDA to OCF conversion of 100.1% over 5 years



Source: Company, Centrum Broking

Exhibit 809: OCF to FCF conversion of 11.1% over 5 years



Source: Company, Centrum Broking

Exhibit 810: Leverage has been consistently low; Return ratios have been increasing

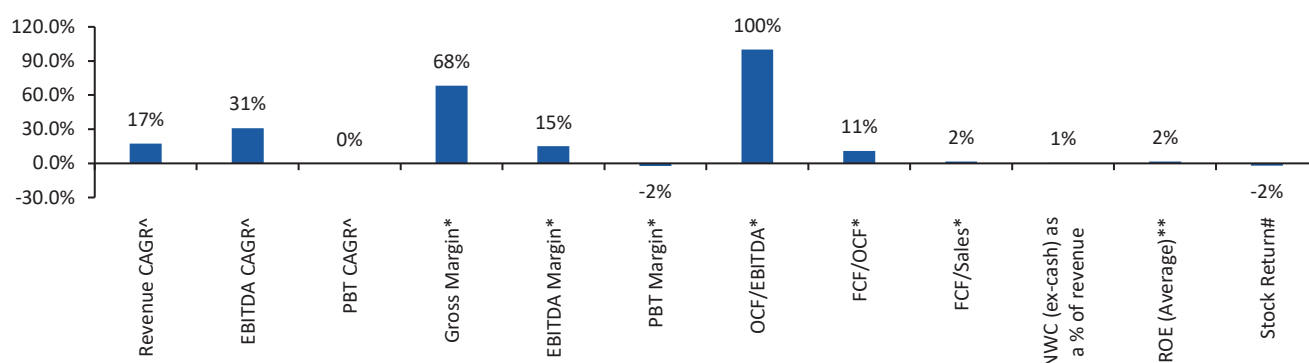
	FY19	FY20	FY21	FY22	FY23	FY19-23 average
Net Debt/Equity	(0.3)	0.0	(0.1)	(0.3)	(0.2)	(0.2)
Net Debt/EBITDA	(0.7)	0.0	(0.2)	(1.1)	(0.6)	(0.5)
RoCE pre-tax	0.8%	1.3%	(5.1%)	18.1%	18.6%	6.7%
RoCE	0.6%	1.0%	(4.1%)	14.5%	14.9%	5.4%
RoIC (pre-tax)	(1.8%)	(0.5%)	(6.8%)	8.9%	28.2%	5.6%
RoE	(17.3%)	(32.2%)	(19.7%)	7.6%	22.5%	(7.8%)

Source: Company, Centrum Broking

Exhibit 811: DuPont Analysis

	FY19	FY20	FY21	FY22	FY23	FY19-23 avg
PAT/PBT	1.02	0.99	1.01	0.89	2.15	1.21
Revenue/average total assets	0.76	0.91	0.75	0.98	0.95	0.87
Average total assets/Average NW	3.90	2.98	2.69	2.91	2.29	2.95
PBT/EBITDA	(0.47)	(0.87)	(0.79)	0.17	0.25	(0.34)
EBITDA/Revenue	0.12	0.14	0.12	0.18	0.19	0.15
RoE	(17.3%)	(32.2%)	(19.7%)	7.6%	22.5%	(7.8%)

Source: Company, Centrum Broking

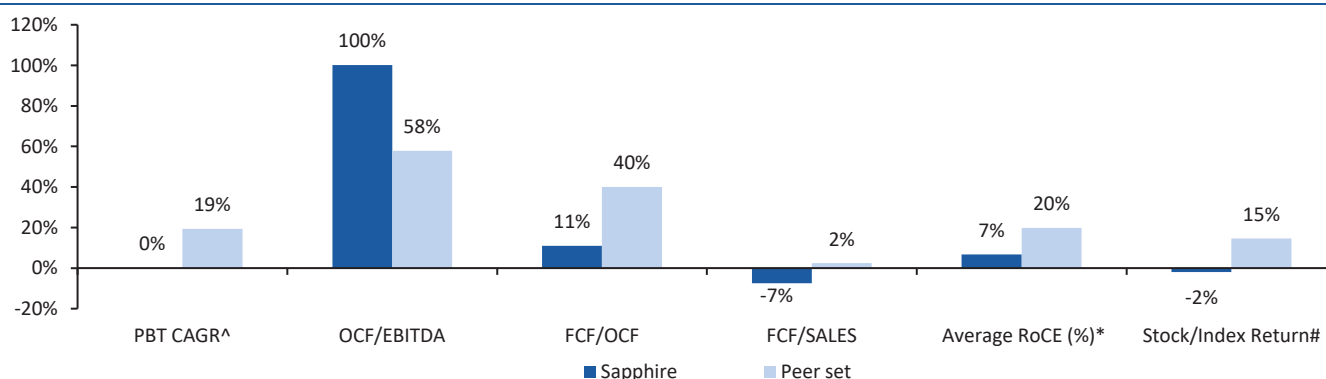
Exhibit 812: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY19-23 CAGR; *: aggregate, Note: Stock return benchmark = Nifty Midcap

Exhibit 813: Effective FCF utilization

Rs mn	FY19	FY20	FY21	FY22	FY23
FCF (a)	(1,286)	701	801	1,096	(7)
FCF yield	0%	0%	0%	1%	0%
Dividend + Buyback (b)	0	0	0	0	0
Distribution of FCF (b/a)	0%	0%	0%	0%	0%
Cash & equivalents*/Capital employed	38.3%	6.7%	9.4%	23.8%	17.0%

Source: Company, Centrum Broking *including liquid investments

Exhibit 814: Sapphire vs. Peer set

Source: Company, Centrum Broking; *: FY19-23 average; ^: FY19-23 CAGR; **: relevant benchmark index = Nifty Midcap Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	10,196	17,216	22,656	28,658	33,259
Operating Expense	3,755	6,163	7,407	10,848	12,467
Employee cost	1,956	2,740	2,929	3,573	4,360
Others	3,241	5,262	8,036	8,713	9,874
EBITDA	1,244	3,050	4,284	5,523	6,558
Depreciation & Amortisation	2,091	2,135	2,642	3,364	3,739
EBIT	(847)	915	1,642	2,160	2,819
Interest expenses	756	781	869	1,020	1,109
Other income	616	380	311	560	504
PBT	(987)	514	1,084	1,700	2,214
Taxes	12	54	(1,248)	170	221
Effective tax rate (%)	1.2	10.5	115.1	10.0	10.0
PAT	(999)	460	2,332	1,530	1,992
Minority/Associates	0	0	0	0	0
Recurring PAT	(999)	460	2,332	1,530	1,992
Extraordinary items	0	0	0	0	0
Reported PAT	(999)	460	2,332	1,530	1,992

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(23.9)	68.8	31.6	26.5	16.1
EBITDA	(33.0)	145.2	40.4	28.9	18.7
Adj. EPS	49.7	nm	376.4	(34.4)	30.2
Margins (%)					
Gross	69.6	69.3	67.3	67.2	67.6
EBITDA	12.2	17.7	18.9	19.3	19.7
EBIT	(8.3)	5.3	7.2	7.5	8.5
Adjusted PAT	(9.8)	2.7	10.3	5.3	6.0
Returns (%)					
ROE	(19.9)	6.2	20.6	11.5	13.2
ROCE	(4.1)	14.5	14.9	17.9	19.4
ROIC	(8.2)	6.7	(1.5)	10.6	14.3
Turnover (days)					
Gross block turnover ratio (x)	0.6	0.8	0.8	0.9	0.9
Debtors	2	2	3	2	2
Inventory	54	39	41	44	46
Creditors	162	119	103	96	100
Net working capital	(39)	25	(1)	30	59
Solvency (x)					
Net debt-equity	0.0	(0.2)	(0.1)	(0.4)	(0.6)
Interest coverage ratio	1.6	3.9	4.9	5.4	5.9
Net debt/EBITDA	0.0	(0.6)	(0.4)	(1.0)	(1.4)
Per share (Rs)					
Adjusted EPS	(19.3)	7.7	36.7	24.1	31.4
BVPS	92.8	168.7	197.7	221.7	253.1
CEPS	21.1	43.5	78.3	77.0	90.2
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	nm	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	nm	188.2	39.5	60.2	46.2
P/BV	15.6	8.6	7.3	6.5	5.7
EV/EBITDA	74.1	29.6	21.1	15.7	12.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	528	635	635	635	635
Reserves & surplus	4,271	9,436	11,924	13,454	15,446
Shareholders fund	4,799	10,071	12,559	14,089	16,082
Minority Interest	(12)	(17)	(20)	(20)	(20)
Total debt	520	612	443	363	283
Non Current Liabilities	4,905	6,496	7,713	9,255	10,181
Def tax liab. (net)	107	87	36	39	43
Total liabilities	10,319	17,250	20,730	23,726	26,568
Gross block	17,283	22,799	29,671	32,927	36,372
Less: acc. Depreciation	(6,440)	(8,575)	(11,217)	(14,580)	(18,319)
Net block	10,844	14,224	18,454	18,346	18,052
Capital WIP	304	320	550	556	561
Net fixed assets	11,148	14,224	18,454	18,902	18,614
Non Current Assets	0	314	450	495	544
Investments	267	1,525	659	725	798
Inventories	474	652	993	1,256	1,458
Sundry debtors	78	141	179	157	182
Cash & Cash Equivalents	500	2,546	2,204	5,622	9,202
Loans & advances	988	2,131	1,578	1,765	1,989
Other current assets	34	107	203	157	182
Trade payables	1,440	1,991	2,170	2,745	3,185
Other current liab.	1,567	2,222	2,864	3,622	4,204
Provisions	163	176	177	206	232
Net current assets	(1,096)	1,187	(53)	2,384	5,392
Total assets	10,319	17,250	20,730	23,726	26,568

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(987)	514	1,084	1,700	2,214
Depreciation & Amortisation	2,091	2,135	2,642	3,364	3,739
Net Interest	756	781	869	1,020	1,109
Net Change – WC	197	(571)	(669)	939	526
Direct taxes	(12)	(54)	(21)	(170)	(221)
Net cash from operations	2,045	2,805	3,904	6,852	7,367
Capital expenditure	(3,166)	(5,211)	(3,825)	(3,812)	(3,451)
Acquisitions, net	0	0	0	0	0
Investments	(112)	(1,258)	1,656	(66)	(73)
Others	0	0	133	0	0
Net cash from investing	(3,278)	(6,469)	(2,035)	(3,878)	(3,523)
FCF	(1,233)	(3,664)	1,869	2,974	3,844
Issue of share capital	2,669	6,399	0	1,543	926
Increase/(decrease) in debt	(71)	92	(1,084)	(80)	(80)
Dividend paid	0	0	0	0	0
Interest paid	(756)	(781)	(864)	(1,020)	(1,109)
Others	0	0	0	0	0
Net cash from financing	1,842	5,710	(1,948)	443	(264)
Net change in Cash	609	2,046	(80)	3,417	3,580

Source: Company, Centrum Broking

Titan Company Ltd (TITAN)

Titan posted revenue/PBT CAGR of 14.9%/16% over FY14-23. Operating profits have expanded consistently, with 200bp increase in operating margin to 12% in FY23. Working capital cycle has been steady over the decade despite higher inventory days (140 days). Cumulative profit before WC has been Rs205.6bn (tax paid: Rs44.0bn) and cash flow from operations at Rs79bn. On an aggregate, OCF/EBITDA has been at 38.9%, while OCF/FCF stood at 72.1%. Cumulative capex at Rs26.1bn resulted in FCF of Rs52.9bn over FY14-23 led by strong sales growth in jewelry segment. Over FY14-23, Titan paid bonus debentures to reward shareholders; average dividend pay-out has been 32.3% over the decade. With 24.7% RoE strong performance led to stock price return CAGR 25%.

22 September 2023

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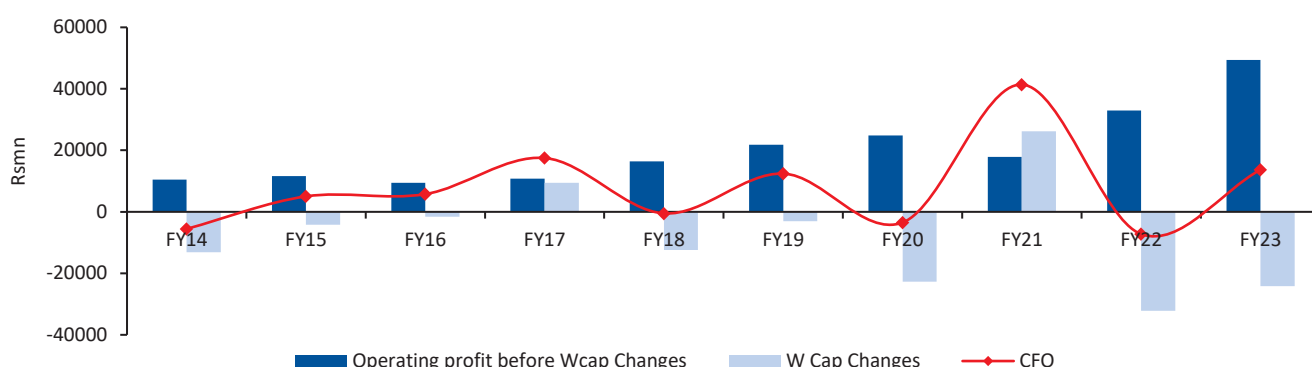
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Market data

Current price:	Rs3,340
Bloomberg:	TTAN IN
52-week H/L:	Rs3,352/2,269
Market cap:	Rs2964.8bn
Free float:	40.5%
Avg. daily vol. 3mth:	974603

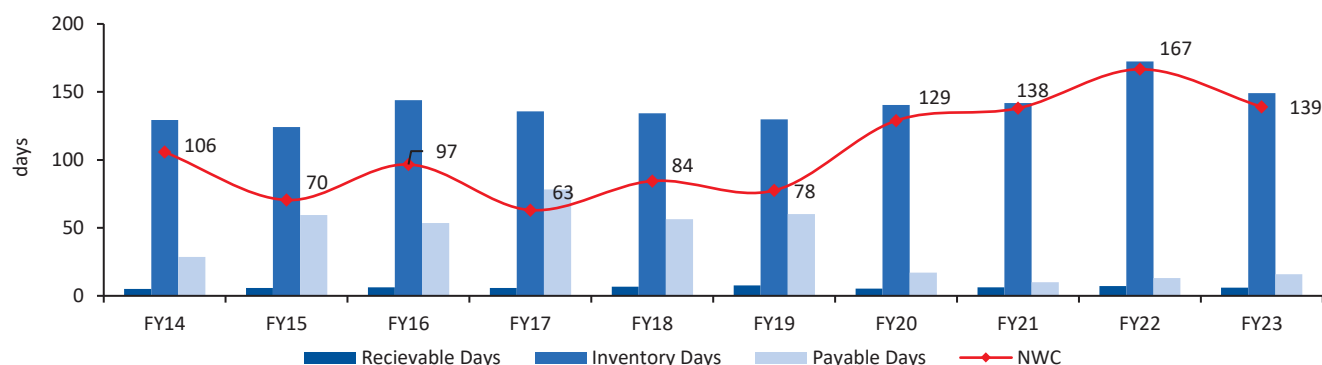
Source: Bloomberg

Exhibit 815: Generated positive cash flow from operations for most of the years over last decade



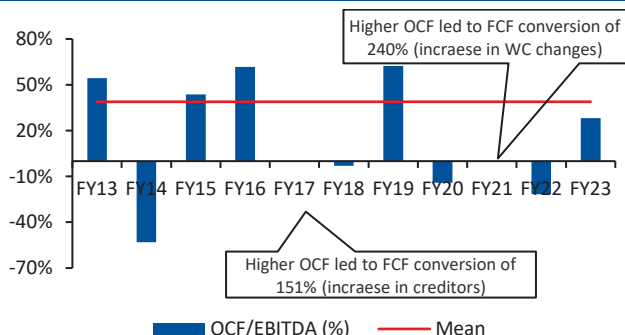
Source: Company, Centrum Broking

Exhibit 816: Working capital cycle by-and-large steady over the decade (high jewelry contribution saw +140 days inventory)



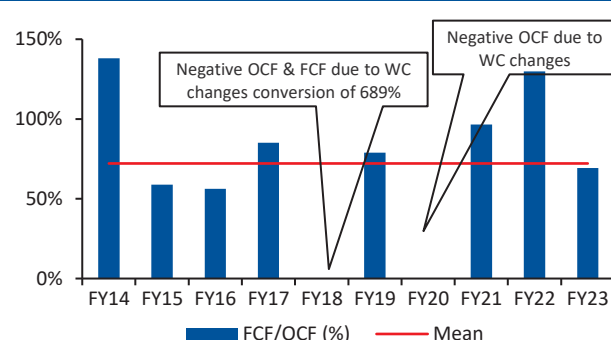
Source: Company, Centrum Broking

Exhibit 817: EBITDA to OCF conversion of 38.9% over 10 years



Source: Company, Centrum Broking

Exhibit 818: OCF to FCF conversion of 72.1% over 10 years



Source: Company, Centrum Broking, FY18=NA

Exhibit 819: Leverage has been consistently low; Return ratios continued to improve

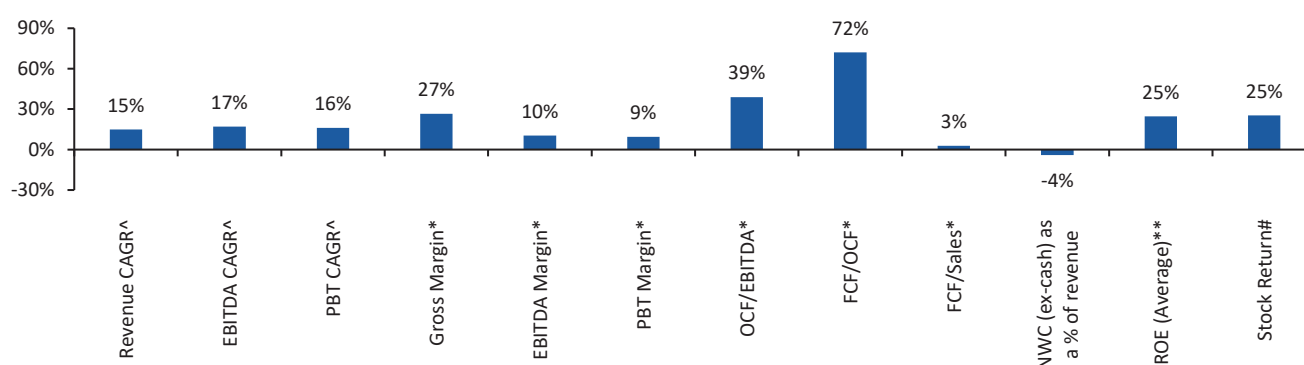
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.0)	(0.0)	(0.0)	(0.2)	(0.1)	(0.2)	0.1	(0.1)	(0.1)	0.5	(0.0)
Net Debt/EBITDA	(0.1)	(0.1)	(0.0)	(1.0)	(0.3)	(0.6)	0.1	(1.9)	(0.3)	1.3	(0.5)
RoCE pre-tax	35.9%	31.7%	23.8%	25.7%	31.3%	31.7%	28.1%	15.1%	28.7%	33.5%	28.6%
RoCE	26.6%	24.7%	18.6%	19.1%	22.7%	22.5%	20.0%	11.1%	21.3%	26.9%	21.3%
RoIC (pre-tax)	57.3%	38.0%	25.0%	29.0%	36.7%	37.1%	31.1%	15.9%	32.0%	22.0%	24.6%
RoE	33.3%	29.1%	20.5%	20.6%	23.9%	25.1%	23.5%	13.7%	26.8%	30.8%	24.7%

Source: Company, Centrum Broking

Exhibit 820: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.74	0.78	0.78	0.74	0.72	0.72	0.71	0.73	0.76	0.74	0.74
Revenue/average total assets	4.02	3.57	3.21	3.26	3.33	3.43	2.79	2.42	2.81	2.46	3.45
Average total assets/Average NW	1.21	1.19	1.07	1.05	1.03	1.03	1.18	1.26	1.22	1.55	1.13
PBT/EBITDA	0.97	0.91	0.93	0.93	0.94	0.98	0.85	0.77	0.89	0.91	0.92
EBITDA/Revenue	0.10	0.10	0.08	0.09	0.10	0.10	0.12	0.08	0.12	0.12	0.10
RoE	33.3%	29.1%	20.5%	20.6%	23.9%	25.1%	23.5%	13.7%	26.8%	30.8%	24.7%

Source: Company, Centrum Broking

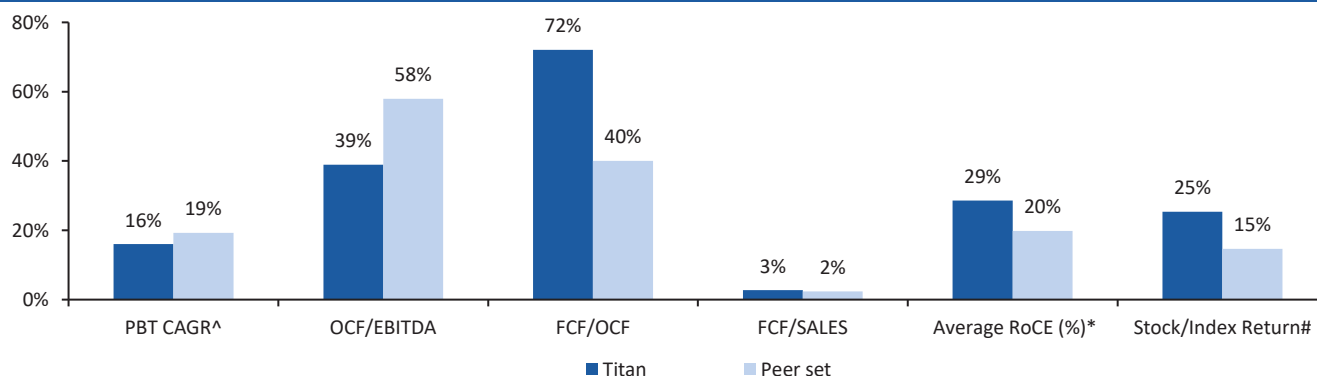
Exhibit 821: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 822: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(7,659)	2,956	3,239	14,901	(3,500)	9,796	(6,930)	40,000	(9,400)	9,500
FCF yield	NA	1%	1%	4%	NA	1%	NA	4%	NA	0%
Dividend + Buyback (b)	1,864	2,042	1,953	2,308	3,329	4,439	3,551	3,560	6,675	8,900
Distribution of FCF (b/a)	NA	69%	60%	15%	NA	45%	NA	9%	NA	94%
Cash & equivalents*/Capital employed	26.8%	6.7%	3.2%	18.8%	12.0%	17.4%	5.2%	7.3%	16.0%	7.0%

Source: Company, Centrum Broking *including liquid investments

Exhibit 823: TITAN vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Mid cap index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	216,440	287,990	405,750	490,569	582,988
Operating Expense	164,140	216,410	303,550	365,496	433,237
Employee cost	10,650	13,490	16,470	19,545	23,081
Others	24,410	24,680	36,940	44,343	52,406
EBITDA	17,240	33,410	48,790	61,184	74,264
Depreciation & Amortisation	3,750	3,990	4,410	6,006	6,970
EBIT	13,490	29,420	44,380	55,178	67,294
Interest expenses	2,030	2,180	3,000	4,662	4,760
Other income	1,860	2,340	3,080	862	732
PBT	13,320	29,580	44,460	51,378	63,267
Taxes	3,530	7,060	11,730	12,742	15,627
Effective tax rate (%)	26.5	23.9	26.4	24.8	24.7
PAT	9,790	22,520	32,730	38,636	47,640
Minority/Associates	(50)	0	10	10	10
Recurring PAT	9,740	22,520	32,740	38,646	47,650
Extraordinary items	0	(540)	0	0	0
Reported PAT	9,740	21,980	32,740	38,646	47,650
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	2.8	33.1	40.9	20.9	18.8
EBITDA	(30.1)	93.8	46.0	25.4	21.4
Adj. EPS	(35.1)	130.6	45.4	18.0	23.3
Margins (%)					
Gross	24.2	24.9	25.2	25.5	25.7
EBITDA	8.0	11.6	12.0	12.5	12.7
EBIT	6.2	10.2	10.9	11.2	11.5
Adjusted PAT	4.5	7.6	8.1	7.9	8.2
Returns (%)					
ROE	13.7	26.8	30.8	29.2	29.3
ROCE	12.8	24.0	21.5	18.6	20.0
ROIC	14.5	30.1	24.4	26.5	36.5
Turnover (days)					
Gross block turnover ratio (x)	7.9	9.9	10.7	11.8	12.7
Debtors	6	6	6	6	6
Inventory	184	186	182	192	197
Creditors	80	99	48	53	89
Net working capital	98	97	152	148	147
Solvency (x)					
Net debt-equity	(0.3)	0.0	0.5	0.0	(0.2)
Interest coverage ratio	8.5	15.3	16.3	13.1	15.6
Net debt/EBITDA	(1.1)	0.1	1.2	(0.1)	(0.5)
Per share (Rs)					
Adjusted EPS	11.0	25.3	36.8	43.4	53.5
BVPS	84.5	104.9	133.8	164.1	201.6
CEPS	15.2	29.8	41.7	50.2	61.4
DPS	4.0	4.0	7.5	13.0	16.1
Dividend payout (%)	36.4	16.2	20.3	30.0	30.0
Valuation (x)					
P/E	304.0	131.8	90.7	76.8	62.3
P/BV	39.5	31.8	24.9	20.3	16.5
EV/EBITDA	170.6	88.7	61.9	48.3	39.4
Dividend yield (%)	0.1	0.1	0.2	0.4	0.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	888	890	890	890	890
Reserves & surplus	74,133	92,440	118,150	145,202	178,557
Shareholders fund	75,020	93,330	119,040	146,092	179,447
Minority Interest	0	0	0	0	0
Total debt	14,210	18,770	93,670	93,670	93,670
Non Current Liabilities	1,600	2,030	2,450	2,450	2,450
Def tax liab. (net)	80	60	30	30	30
Total liabilities	90,910	114,190	215,190	242,242	275,597
Gross block	27,370	29,030	37,810	41,489	45,862
Less: acc. Depreciation	(5,800)	(7,110)	(11,520)	(17,526)	(24,495)
Net block	21,570	21,920	26,290	23,964	21,367
Capital WIP	190	690	1,330	1,330	1,330
Net fixed assets	25,550	26,290	31,420	29,094	26,497
Non Current Assets	5,760	6,450	9,650	9,650	9,650
Investments	190	2,790	3,510	3,510	3,510
Inventories	84,080	136,090	165,840	218,378	248,339
Sundry debtors	3,660	5,650	6,740	9,087	10,479
Cash & Cash Equivalents	33,650	15,880	35,070	96,792	131,489
Loans & advances	3,060	7,140	3,540	4,280	5,086
Other current assets	7,520	9,780	12,880	15,572	18,506
Trade payables	49,990	66,920	12,140	93,833	117,899
Other current liab.	23,320	30,450	41,580	50,272	59,743
Provisions	300	380	1,320	1,596	1,897
Net current assets	58,360	76,790	169,030	198,409	234,361
Total assets	90,910	114,190	215,190	242,242	275,597
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	13,270	29,040	44,470	51,388	63,277
Depreciation & Amortisation	3,760	3,990	4,410	6,006	6,970
Net Interest	1,420	1,220	1,570	3,800	4,028
Net Change – WC	26,210	(32,200)	(24,130)	32,343	(1,255)
Direct taxes	(2,710)	(8,020)	(11,540)	(12,742)	(15,627)
Net cash from operations	41,390	(7,240)	13,700	80,795	57,392
Capital expenditure	(1,390)	(2,160)	(4,200)	(3,679)	(4,373)
Acquisitions, net	0	0	0	0	0
Investments	(27,110)	13,240	(15,340)	0	0
Others	490	560	1,430	862	732
Net cash from investing	(28,010)	11,640	(18,110)	(2,818)	(3,641)
FCF	13,380	4,400	(4,410)	77,978	53,752
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(6,760)	1,700	16,770	0	0
Dividend paid	(3,550)	(3,550)	(6,660)	(11,594)	(14,295)
Interest paid	(2,030)	(2,180)	(3,000)	(4,662)	(4,760)
Others	0	0	(2,540)	0	0
Net cash from financing	(12,340)	(4,030)	4,570	(16,256)	(19,055)
Net change in Cash	1,040	370	160	61,722	34,697

Source: Company, Centrum Broking

TRENT (TRENT)

Trent posted revenue/PBT CAGR of 20%/28% over FY14-23. The ex-cash NWC remained steady for large part before rising during pandemic years of FY20-22. Trent's aggregate OCF stood at Rs7.2bn over FY14-23, at EBITDA to OCF conversion rate of 22%. OCF conversion remained lumpy due to significant expansion in Zudio over the last five years. Over FY14-23, rapid expansions to the tune of 2.35x of the total OCF was spent on capex at an avg. of Rs1.7bn p.a. resulting in weak FCF of (Rs9.7bn). Despite this avg. net debt/equity stood at 0.1x on account of capital raise in FY20 (Rs15.5bn). RoE/RoCE has only started to improve since FY22 and stood at 19%/25% in FY23. Rapid growth has been rewarded well with 28% CAGR return over FY13-23.

22 September 2023

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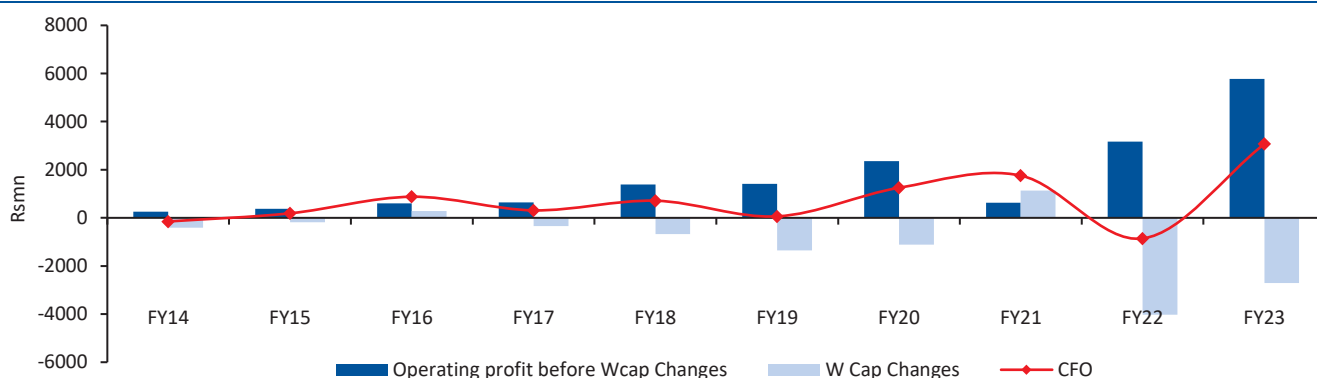
Institutional Research

Market data

Current price:	Rs2,055
Bloomberg:	TRENT IN
52-week H/L:	Rs2,132/1,155
Market cap:	Rs730.7bn
Free float:	55%
Avg. daily vol. 3mth:	599554

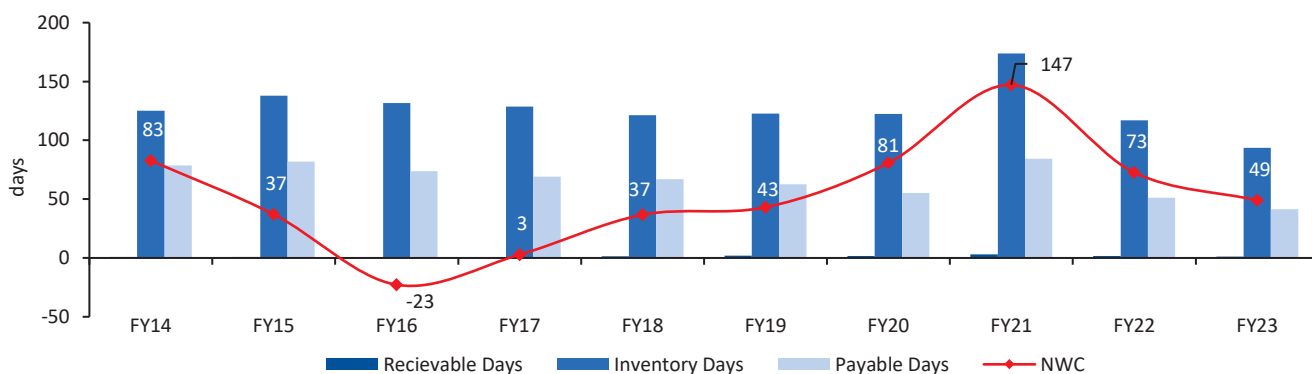
Source: Bloomberg

Exhibit 824: Gradual improvement in cash flow from operations



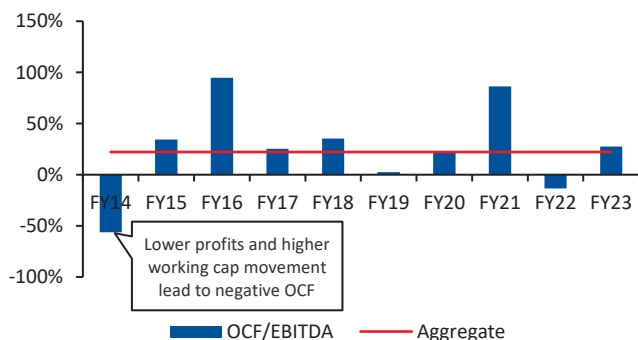
Source: Company, Centrum Broking

Exhibit 825: Inconsistency in working capital days due to variations in inventory days



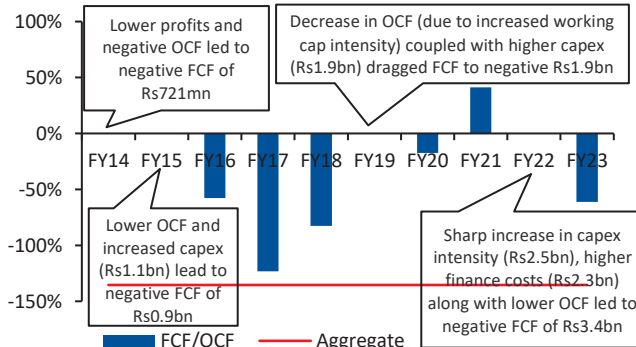
Source: Company, Centrum Broking

Exhibit 826: EBITDA to OCF conversion of 22% over 10 years



Source: Company, Centrum Broking

Exhibit 827: OCF to FCF conversion over 10 years



Source: Company, Centrum Broking

Exhibit 828: Leverage remained low; Healthy improvement in return ratios in recent years

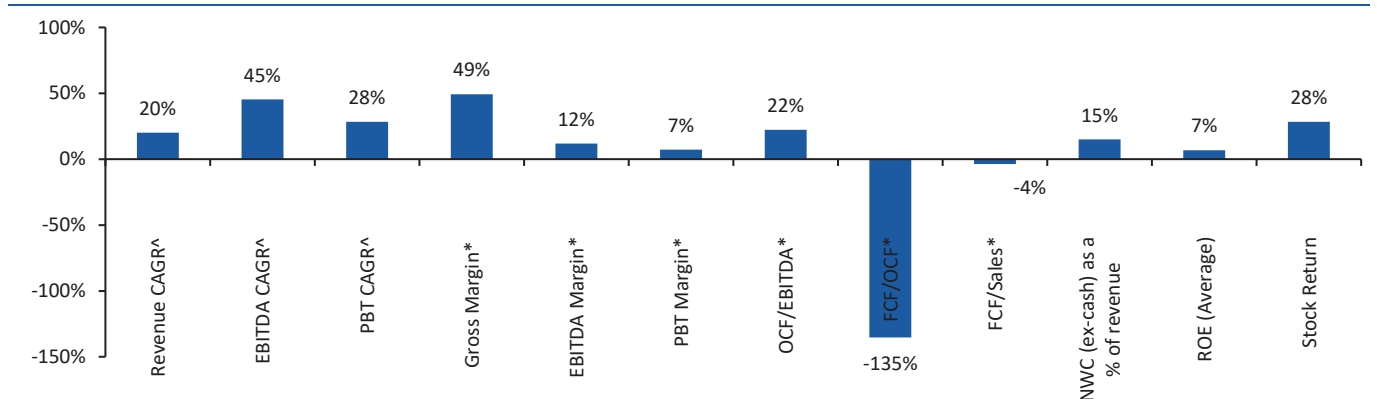
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.0	0.0	0.2	0.2	0.2	0.1	(0.0)	0.2	0.1	0.1
Net Debt/EBITDA	7.2	0.8	0.8	2.1	1.8	1.5	0.5	(0.3)	0.7	0.4	1.5
RoCE pre-tax	4.0%	6.0%	9.9%	8.6%	10.5%	11.0%	19.8%	6.5%	22.0%	31.4%	13.0%
RoCE	3.0%	3.2%	7.8%	6.4%	7.2%	7.5%	12.5%	4.4%	17.2%	24.5%	9.4%
RoIC (pre-tax)	0.2%	2.6%	14.0%	14.4%	18.7%	18.0%	22.2%	(2.0%)	21.9%	31.5%	14.2%
RoE	3.1%	3.2%	6.2%	5.5%	7.4%	7.7%	7.4%	(1.8%)	10.0%	19.1%	6.8%

Source: Company, Centrum Broking

Exhibit 829: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.76	0.53	0.79	0.74	0.68	0.67	0.63	0.68	0.78	0.78	0.71
Revenue/average total assets	0.70	0.86	0.99	1.01	1.07	1.23	0.90	0.41	0.63	1.06	0.89
Average total assets/Average NW	1.24	1.17	1.08	1.14	1.22	1.25	1.69	1.99	2.35	2.50	1.56
PBT/EBITDA	2.20	1.50	1.18	0.90	0.85	0.80	0.44	(0.32)	0.53	0.63	0.87
EBITDA/Revenue	0.02	0.04	0.06	0.07	0.10	0.09	0.18	0.10	0.16	0.15	0.10
RoE	3.1%	3.2%	6.2%	5.5%	7.4%	7.7%	7.4%	-1.8%	10.0%	19.1%	6.8%

Source: Company, Centrum Broking

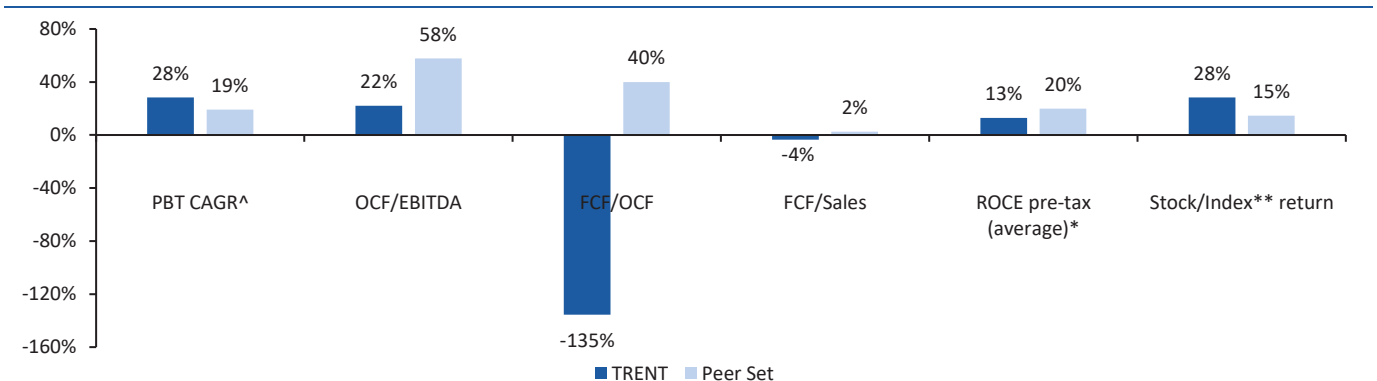
Exhibit 830: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate;

Exhibit 831: Effective FCF utilization

	Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)		(721)	(933)	(508)	(384)	(589)	(1,868)	(216)	725	(3,407)	(1,878)
FCF yield		NA	NA	NA	NA	NA	NA	NA	0%	NA	NA
Dividend + Buyback (b)		272	272	752	6	399	459	520	355	426	393
Distribution of FCF (b/a)		NA	NA	NA	NA	NA	NA	NA	49%	NA	NA
Cash & equivalents*/Capital employed		2.0%	1.9%	1.7%	1.9%	1.6%	2.5%	1.8%	2.5%	2.6%	2.3%

Source: Company, Centrum Broking *including liquid investments

Exhibit 832: TRENT vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	25,930	44,980	82,420	1,12,669	1,45,158
Operating Expense	15,340	24,815	47,197	65,297	83,890
Employee cost	3,019	3,990	6,552	8,190	9,875
Others	5,852	10,437	17,934	25,097	32,115
EBITDA	1,719	5,739	10,737	14,084	19,278
Depreciation & Amortisation	2,573	3,108	4,937	4,633	5,844
EBIT	(854)	2,631	5,800	9,451	13,434
Interest expenses	2,487	3,047	3,692	4,210	5,670
Other income	2,016	1,752	2,609	3,989	3,989
PBT	(1,325)	1,335	4,717	9,231	11,753
Taxes	(237)	766	1,584	2,645	3,329
Effective tax rate (%)	17.9	57.4	33.6	28.7	28.3
PAT	(1,088)	569	3,132	6,586	8,424
Minority/Associates	(714)	51	835	1,076	1,361
Recurring PAT	(1,801)	620	3,967	7,662	9,785
Extraordinary items	(10)	(274)	(30)	0	0
Reported PAT	(1,811)	346	3,937	7,662	9,785
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(25.6)	73.5	83.2	36.7	28.8
EBITDA	(68.4)	233.8	87.1	31.2	36.9
Adj. EPS	nm	nm	320.2	72.3	27.7
Margins (%)					
Gross	40.8	44.8	42.7	42.0	42.2
EBITDA	6.6	12.8	13.0	12.5	13.3
EBIT	(3.3)	5.8	7.0	8.4	9.3
Adjusted PAT	(6.9)	0.9	3.0	6.8	6.7
Returns (%)					
ROE	(7.7)	2.7	16.0	25.6	25.5
ROCE	3.7	7.1	18.4	26.9	28.4
ROIC	(1.4)	1.6	5.6	8.1	10.5
Turnover (days)					
Gross block turnover ratio (x)	2.6	4.0	6.1	6.4	7.2
Debtors	3	2	1	1	1
Inventory	123	95	86	82	79
Creditors	68	48	40	40	38
Net working capital	92	92	57	50	69
Solvency (x)					
Net debt-equity	0.0	0.2	0.2	0.1	(0.2)
Interest coverage ratio	0.7	1.9	2.9	3.3	3.4
Net debt/EBITDA	(0.5)	0.7	0.4	0.2	(0.4)
Per share (Rs)					
Adjusted EPS	(4.1)	3.0	12.5	21.6	27.5
BVPS	65.1	66.5	73.0	95.4	120.5
CEPS	2.2	10.5	25.1	34.6	44.0
DPS	1.0	1.2	1.1	2.5	2.5
Dividend payout (%)	nm	123.3	9.9	11.6	9.1
Valuation (x)					
P/E	nm	681.3	162.1	94.1	73.7
P/BV	31.2	30.5	27.8	21.3	16.8
EV/EBITDA	419.0	126.4	67.5	51.4	37.0
Dividend yield (%)	0.0	0.1	0.1	0.1	0.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	355	356	356	356	356
Reserves & surplus	22,775	23,285	25,599	33,550	42,459
Shareholders fund	23,130	23,640	25,955	33,905	42,815
Minority Interest	445	459	675	675	675
Total debt	0	4,974	4,980	4,980	4,980
Non Current Liabilities	26,148	41,653	38,266	45,832	54,852
Def tax liab. (net)	0	0	0	0	0
Total liabilities	49,723	70,726	69,876	85,392	1,03,321
Gross block	9,860	11,121	13,607	17,482	20,232
Less: acc. Depreciation	(3,455)	(3,872)	(4,895)	(6,825)	(9,014)
Net block	6,405	7,249	8,712	10,657	11,218
Capital WIP	1,080	1,047	1,017	0	0
Net fixed assets	8,152	8,994	10,513	11,441	12,002
Non Current Assets	26,885	42,858	40,883	52,807	58,154
Investments	8,166	7,574	5,641	5,641	5,641
Inventories	4,284	8,678	13,612	15,813	20,541
Sundry debtors	208	179	344	331	333
Cash & Cash Equivalents	815	864	863	2,289	11,830
Loans & advances	260	264	170	170	170
Other current assets	8,467	7,850	8,789	8,789	8,789
Trade payables	2,746	3,780	6,652	7,602	9,852
Other current liab.	4,704	2,658	4,163	4,163	4,163
Provisions	65	96	124	124	124
Net current assets	6,519	11,300	12,838	15,503	27,523
Total assets	49,723	70,726	69,876	85,392	1,03,321
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(2,038)	1,387	5,551	10,307	13,114
Depreciation & Amortisation	2,573	3,108	4,937	4,633	5,844
Net Interest	2,197	2,814	3,524	4,210	5,670
Net Change – WC	1,063	(4,293)	(2,932)	(1,239)	(2,480)
Direct taxes	(11)	(816)	(1,910)	(2,645)	(3,329)
Net cash from operations	3,739	585	5,949	11,277	14,830
Capital expenditure	(1,134)	(2,709)	(5,034)	(2,858)	(2,750)
Acquisitions, net	(450)	(663)	(515)	0	0
Investments	1,400	2,084	65	0	0
Others	341	1,848	4,458	(10,636)	(5,011)
Net cash from investing	156	560	(1,026)	(13,494)	(7,761)
FCF	3,896	1,145	4,922	(2,217)	7,069
Issue of share capital	(3)	5,513	463	288	(876)
Increase/(decrease) in debt	0	(3,009)	0	0	0
Dividend paid	(355)	(427)	(393)	0	0
Interest paid	(2,489)	(2,463)	(3,587)	(4,210)	(5,670)
Others	(848)	(694)	(1,397)	7,564	9,017
Net cash from financing	(3,695)	(1,080)	(4,914)	3,643	2,472
Net change in Cash	201	65	8	1,426	9,541

Source: Company, Centrum Broking

VIP Industries (VIP)

VIP posted revenue/PBT CAGR of 10%/18% over FY14-23. The ex-cash NWC stood at an average of 91 days over FY14-23. OCF remained lumpy since FY18 led by fluctuations in WC cycle. Despite that, VIP's aggregate OCF was Rs7.6bn over FY14-23, with an EBITDA to OCF conversion rate of 50%. Over FY14-23, 45% of the total OCF was spent on capex at an avg. of Rs342mn p.a., while 55% was converted to FCF at Rs4.2bn. The avg. net debt/equity stood at 0.1x with avg. RoE/RoCE at 18.7%/18.5% over FY14-23. Distribution of FCF as dividend was healthy at an aggregate of 96.2% over FY14-23 as capex requirement was minimal. The leadership in the luggage space has been well rewarded by the market with a return of 23% CAGR over the decade.

22 September 2023

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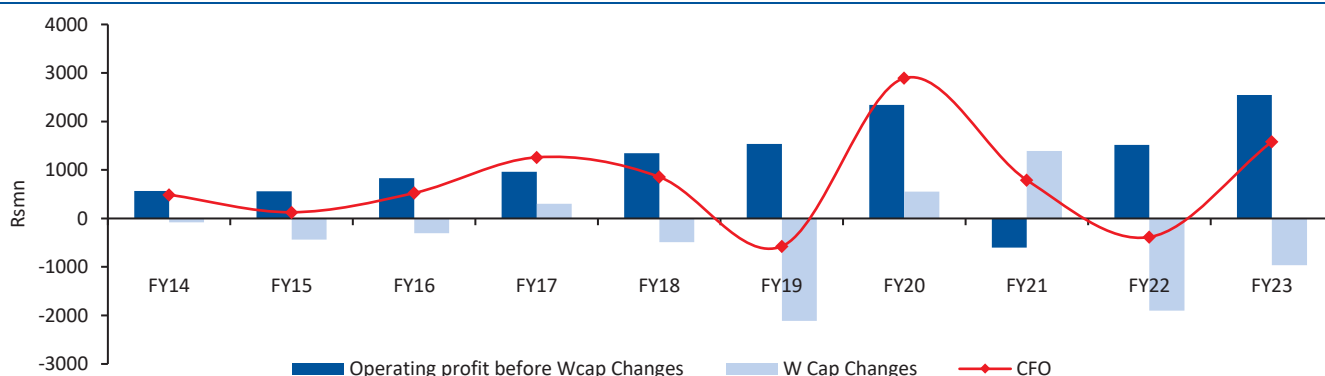
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Market data

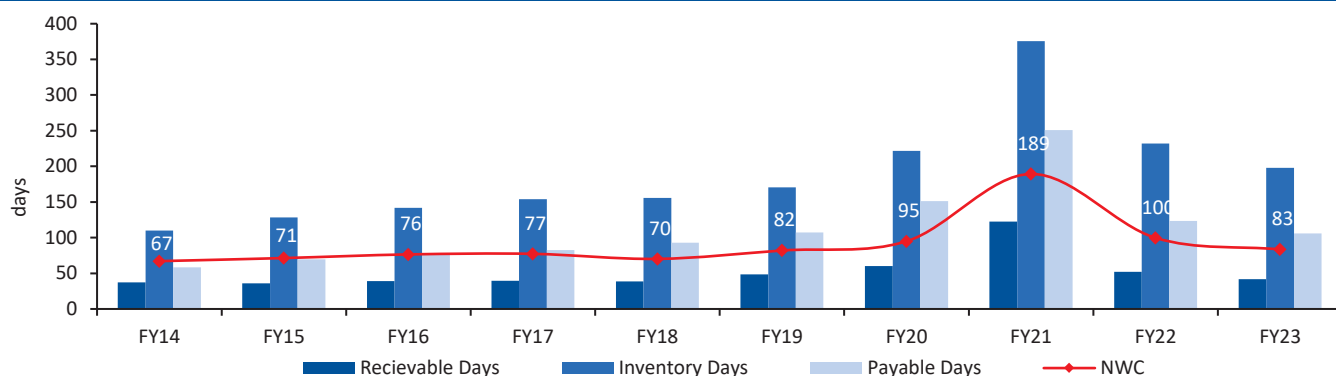
Current price:	Rs680
Bloomberg:	VIP IN
52-week H/L:	Rs765/549
Market cap:	Rs96.5bn
Free float:	47.7%
Avg. daily vol. 3mth:	953746
Source: Bloomberg	

Exhibit 833: Cash flow from operations grew 3x over the decade



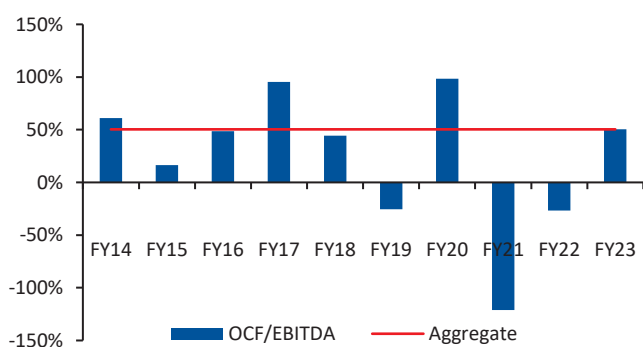
Source: Company, Centrum Broking

Exhibit 834: Stable working capital days except for the impact during Covid pandemic



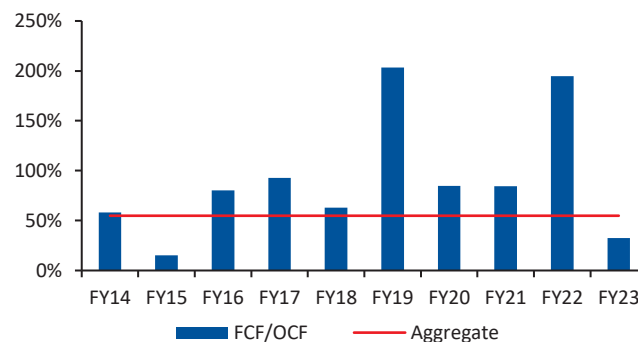
Source: Company, Centrum Broking

Exhibit 835: EBITDA to OCF conversion of 50% over 10 years



Source: Company, Centrum Broking

Exhibit 836: Healthy 55% OCF to FCF conversion over 10 years



Source: Company, Centrum Broking

Exhibit 837: Negligible leverage over the decade; Return ratios remain healthy

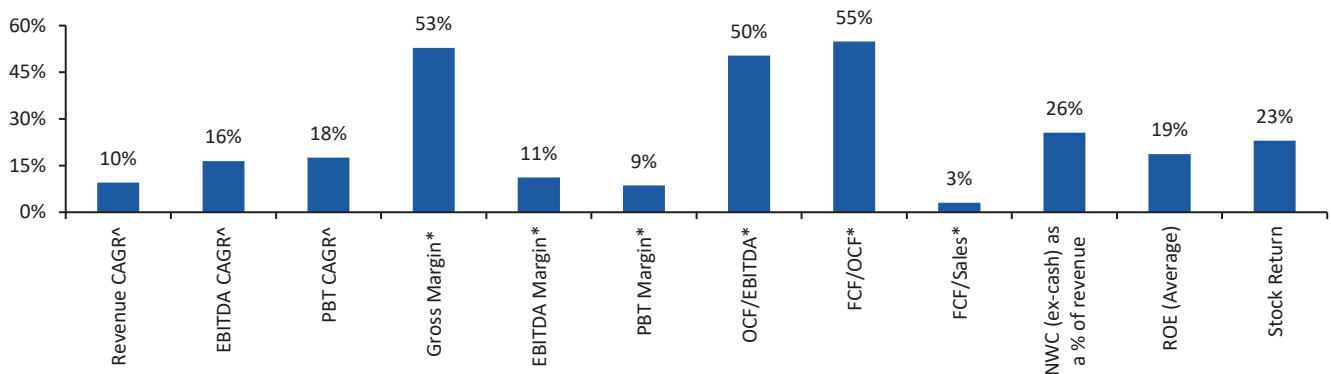
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.0	0.1	0.0	(0.0)	(0.0)	0.1	0.0	0.1	0.2	0.2	0.1
Net Debt/EBITDA	0.1	0.3	0.1	(0.1)	(0.1)	0.3	0.1	(1.0)	0.7	0.5	0.1
RoCE pre-tax	27.2%	20.9%	27.0%	32.2%	42.3%	37.4%	33.6%	(14.4)%	16.4%	34.2%	25.7%
RoCE	19.6%	14.8%	18.9%	21.9%	28.3%	25.3%	27.3%	(11.3)%	12.7%	27.6%	18.5%
RoIC (pre-tax)	21.9%	19.3%	26.9%	34.1%	50.0%	39.8%	33.4%	(27.8)%	14.0%	34.7%	24.6%
RoE	21.2%	15.7%	19.9%	22.1%	28.3%	27.1%	26.9%	(17.3)%	12.4%	30.7%	18.7%

Source: Company, Centrum Broking

Exhibit 838: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.72	0.71	0.70	0.68	0.67	0.68	0.81	0.78	0.78	0.81	0.73
Revenue/average total assets	3.21	3.25	3.39	3.16	3.11	3.05	2.27	0.74	1.53	2.31	2.60
Average total assets/Average NW	1.11	1.09	1.07	1.03	1.01	1.09	1.27	1.49	1.56	1.50	1.22
PBT/EBITDA	0.99	0.85	0.88	0.95	0.98	0.96	0.67	1.91	0.60	0.73	0.95
EBITDA/Revenue	0.08	0.07	0.09	0.11	0.14	0.13	0.17	(0.11)	0.11	0.15	0.09
RoE	21.2%	15.7%	19.9%	22.1%	28.3%	27.1%	26.9%	(17.3)%	12.4%	30.7%	18.7%

Source: Company, Centrum Broking

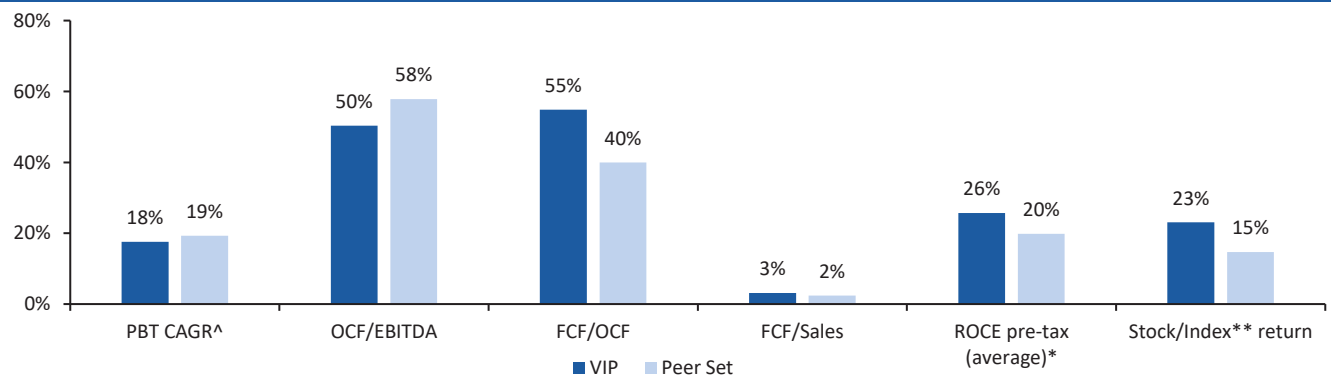
Exhibit 839: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 840: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	285	19	422	1,170	539	(1,167)	2450	669	(749)	515
FCF yield	3%	0%	3%	6%	1%	NA	4%	2%	NA	1%
Dividend + Buyback (b)	245	280	270	366	437	541	861	4	355	638
Distribution of FCF (b/a)	86%	1449%	64%	31%	81%	NA	35%	1%	NA	124%
Cash & equivalents*/Capital employed	3.7%	2.3%	2.2%	2.7%	5.3%	2.5%	1.6%	13.8%	3.1%	4.8%

Source: Company, Centrum Broking *including liquid investments

Exhibit 841: VIP vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	6,186	12,895	20,823	23,322	26,820
Operating Expense	3,662	6,450	10,188	11,428	13,008
Employee cost	1,376	1,887	2,356	2,733	3,143
Others	1,801	3,114	5,141	5,551	6,303
EBITDA	(653)	1,444	3,138	3,610	4,366
Depreciation & Amortisation	779	700	737	834	921
EBIT	(1,432)	744	2,401	2,776	3,445
Interest expenses	298	246	285	285	285
Other income	484	364	171	163	188
PBT	(1,246)	862	2,287	2,655	3,348
Taxes	(271)	192	442	641	844
Effective tax rate (%)	21.8	22.3	19.3	24.1	25.2
PAT	(975)	669	1,845	2,014	2,505
Minority/Associates	0	0	0	0	0
Recurring PAT	(975)	669	1,845	2,014	2,505
Extraordinary items	0	0	(322)	258	0
Reported PAT	(975)	669	1,523	2,272	2,505
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(63.9)	108.5	61.5	12.0	15.0
EBITDA	nm	nm	117.3	15.1	20.9
Adj. EPS	nm	nm	175.7	9.1	24.4
Margins (%)					
Gross	40.8	50.0	51.1	51.0	51.5
EBITDA	(10.6)	11.2	15.1	15.5	16.3
EBIT	(23.2)	5.8	11.5	11.9	12.8
Adjusted PAT	(15.8)	5.4	6.7	9.7	9.3
Returns (%)					
ROE	(17.3)	12.4	30.7	28.7	30.2
ROCE	(11.3)	12.7	27.6	26.0	28.3
ROIC	(18.2)	7.5	21.3	21.5	25.6
Turnover (days)					
Gross block turnover ratio (x)	3.6	6.6	8.3	5.8	6.0
Debtors	123	52	42	41	39
Inventory	375	232	198	188	174
Creditors	251	123	106	102	99
Net working capital	153	126	89	76	71
Solvency (x)					
Net debt-equity	0.1	0.2	0.2	0.1	0.0
Interest coverage ratio	(2.2)	5.9	11.0	12.7	15.3
Net debt/EBITDA	(1.0)	0.7	0.5	0.2	(0.1)
Per share (Rs)					
Adjusted EPS	(6.9)	4.7	13.1	14.3	17.7
BVPS	36.6	39.6	45.4	54.0	63.6
CEPS	(1.4)	9.7	18.3	20.2	24.2
DPS	0.0	2.5	4.5	6.7	7.4
Dividend payout (%)	nm	52.8	41.8	41.8	41.8
Valuation (x)					
P/E	nm	143.5	52.1	47.7	38.4
P/BV	18.6	17.2	15.0	12.6	10.7
EV/EBITDA	(148.2)	67.2	31.1	26.8	21.9
Dividend yield (%)	0.0	0.4	0.7	1.0	1.1

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	283	283	283	283	283
Reserves & surplus	4,889	5,314	6,134	7,348	8,698
Shareholders fund	5,172	5,597	6,417	7,632	8,982
Minority Interest	0	0	0	0	0
Total debt	1,537	1,227	1,810	1,310	1,310
Non Current Liabilities	1,748	1,528	1,471	1,601	1,730
Def tax liab. (net)	10	9	5	5	5
Total liabilities	8,467	8,361	9,702	10,547	12,027
Gross block	1,733	1,950	2,495	3,995	4,495
Less: acc. Depreciation	(784)	(970)	(1,012)	(1,333)	(1,696)
Net block	949	980	1,483	2,661	2,799
Capital WIP	20	71	147	147	147
Net fixed assets	994	1,071	1,651	2,829	2,967
Non Current Assets	2,572	2,229	2,383	2,150	1,873
Investments	1,400	407	225	225	225
Inventories	3,017	5,184	5,871	5,887	6,523
Sundry debtors	1,485	2,185	2,554	2,654	3,052
Cash & Cash Equivalents	905	207	365	517	1,744
Loans & advances	0	0	0	0	0
Other current assets	577	1,020	1,105	1,105	1,105
Trade payables	1,540	2,824	3,087	3,315	3,773
Other current liab.	854	1,001	1,251	1,392	1,574
Provisions	88	117	114	114	114
Net current assets	3,501	4,654	5,444	5,342	6,963
Total assets	8,467	8,361	9,702	10,547	12,027
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(1,246)	862	1,965	2,913	3,348
Depreciation & Amortisation	779	700	737	834	921
Net Interest	29	31	202	122	97
Net Change – WC	1,389	(1,901)	(962)	213	(435)
Direct taxes	(29)	(86)	(519)	(641)	(844)
Net cash from operations	851	(237)	1,749	3,440	3,088
Capital expenditure	(122)	(365)	(1,069)	(2,013)	(1,059)
Acquisitions, net	0	0	0	0	0
Investments	(1,639)	1,688	204	0	0
Others	310	138	21	396	466
Net cash from investing	(1,451)	1,461	(845)	(1,617)	(593)
FCF	(600)	1,224	904	1,823	2,495
Issue of share capital	0	0	0	(107)	(107)
Increase/(decrease) in debt	1,215	(310)	583	(500)	0
Dividend paid	(4)	(355)	(638)	(950)	(1,048)
Interest paid	(61)	(147)	(164)	(285)	(285)
Others	(415)	(443)	(527)	171	171
Net cash from financing	735	(1,255)	(746)	(1,671)	(1,268)
Net change in Cash	136	(31)	158	152	1,227

Source: Company, Centrum Broking

V-Mart Retail (VMART)

VMART has reported revenue/EBITDA CAGR of 20.5%/21.3% over FY14-23. Being non-essential category, Covid disruptions derailed growth resulting in rising inventory days to 129, from 84 days impacting return ratios. Operating profits have been healthy and have consistently expanded with the scale of operations. Over FY14-23, cumulative profit before WC has been Rs14.1bn (tax paid: Rs1.9bn) and cash flow from operating activities has been Rs7bn. Aggregate, OCF/FCF conversion at (6.1)% till FY23 and OCF/EBITDA has been 52.3%. Cumulative capex at Rs7.5bn and FCF stood at negative. VMART incurred major capex of Rs9.1bn for acquisition of Unlimited & Limeroad and new warehouse. While performance weakened in last 4 years, stock price return was at CAGR 34%.

22 September 2023

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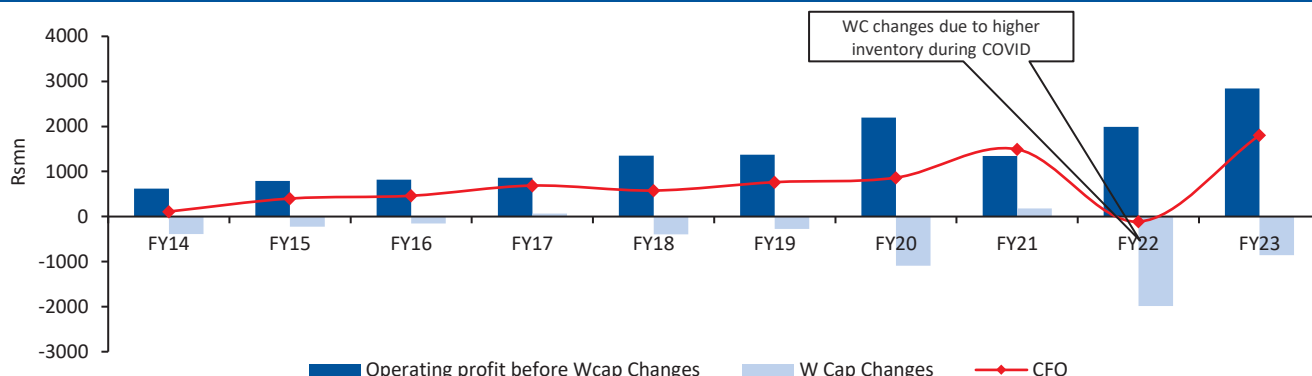
institutional Research

Market data

Current price:	Rs2,099
Bloomberg:	VMART IN
52-week H/L:	Rs3,175/1,948
Market cap:	Rs41.5bn
Free float:	45%
Avg. daily vol. 3mth:	30463

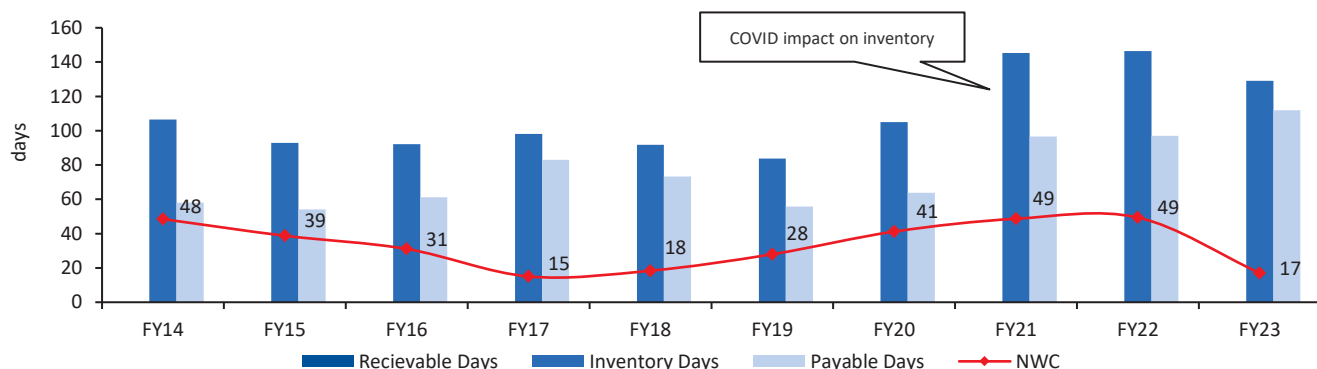
Source: Bloomberg

Exhibit 842: Generated positive cash flow from operations for last 10 years (Covid impact on sales in FY21/FY22)



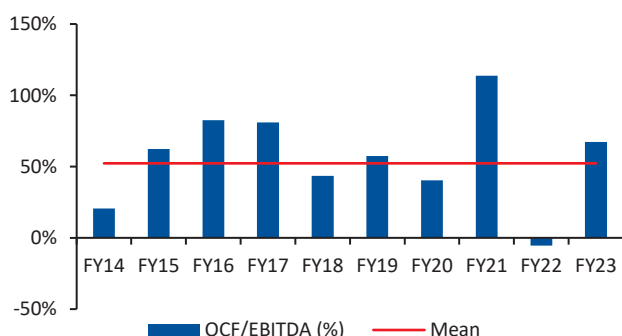
Source: Company, Centrum Broking

Exhibit 843: Working capital cycle by-and-large remained steady, inventory days moved up from 106 days to 129 days



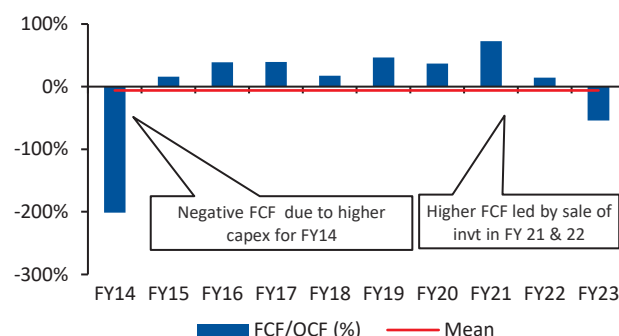
Source: Company, Centrum Broking

Exhibit 844: EBITDA to OCF conversion of 52.3% over 10 years



Source: Company, Centrum Broking

Exhibit 845: OCF to FCF conversion over 10 years



Source: Company, Centrum Broking, FY22: Higher FCF & Negative CFO

Exhibit 846: Leverage has been consistently low; Return ratios improved till FY19

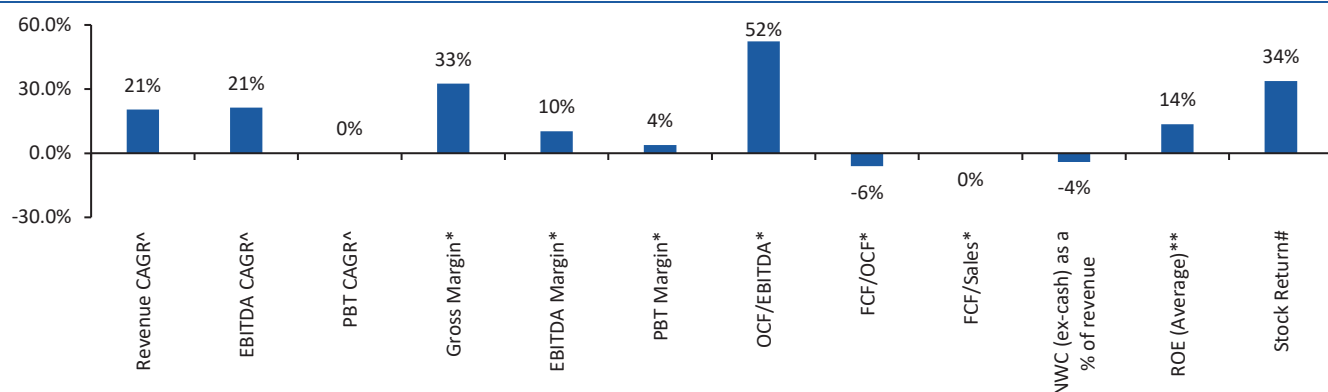
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.1	0.0	(0.1)	(0.1)	(0.2)	1.1	0.3	0.9	1.5	0.4
Net Debt/EBITDA	0.4	0.2	0.1	(0.4)	(0.4)	(0.5)	2.4	1.7	3.7	5.5	1.3
RoCE pre-tax	19.8%	24.6%	16.1%	21.2%	30.8%	25.0%	12.2%	2.0%	4.2%	2.4%	15.8%
RoCE	13.2%	16.9%	10.3%	13.9%	21.3%	16.3%	8.7%	1.3%	4.7%	2.2%	10.9%
RoIC (pre-tax)	23.8%	27.5%	18.6%	27.9%	36.3%	30.9%	12.4%	2.7%	4.6%	2.5%	18.7%
RoE	15.8%	20.9%	12.1%	17.5%	25.2%	18.9%	11.4%	NM	1.4%	(0.9%)	13.6%

Source: Company, Centrum Broking

Exhibit 847: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	0.69	0.64	0.66	0.69	0.65	0.71	0.64	1.12	0.60	0.71
Revenue/average total assets	2.87	3.14	3.18	3.45	3.66	3.69	2.37	0.90	1.05	1.24	2.56
Average total assets/Average NW	1.26	1.22	1.17	1.16	1.08	1.03	1.62	1.86	1.89	2.33	1.46
PBT/EBITDA	0.70	0.89	0.66	0.79	0.85	0.82	0.33	(0.07)	0.05	(0.05)	0.50
EBITDA/Revenue	0.09	0.09	0.08	0.08	0.11	0.09	0.13	0.12	0.12	0.11	0.10
RoE	15.8%	20.9%	12.1%	17.5%	25.2%	18.9%	11.4%	NM	1.4%	(0.9%)	13.6%

Source: Company, Centrum Broking

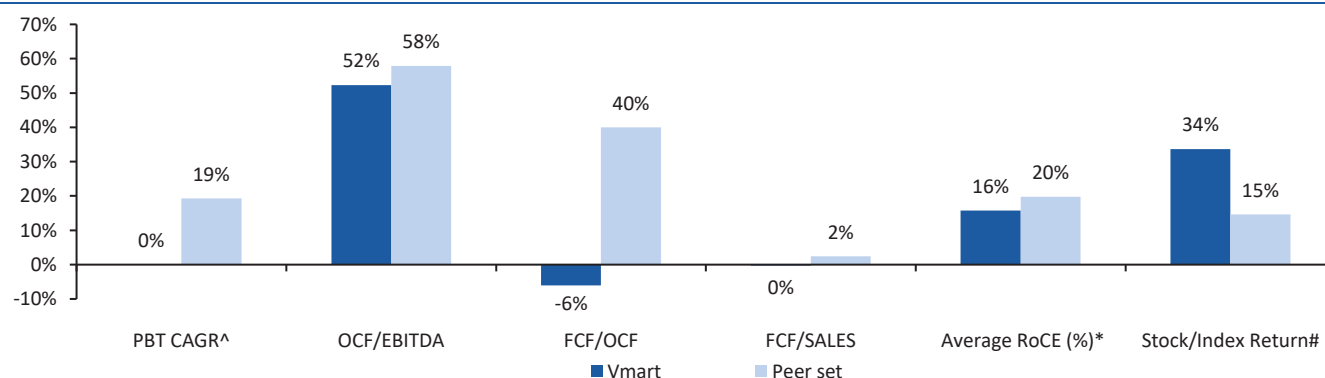
Exhibit 848: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 849: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(222)	64	200	272	99	357	317	1,083	(1,624)	(976)
FCF yield	NA	1%	2%	3%	0%	1%	1%	3%	NA	NA
Dividend + Buyback (b)	18	27	27	0	0	31	31	0	0	0
Distribution of FCF (b/a)	NA	42%	14%	0%	0%	9%	10%	0%	0%	0%
Cash & equivalents*/Capital employed	1.1%	1.4%	1.6%	0.9%	5.5%	4.6%	0.5%	2.0%	2.0%	0.9%

Source: Company, Centrum Broking *including liquid investments

Exhibit 850: VMART vs. Peer set (steady state performance resulted in stock price performance)

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	10,739	16,662	24,648	28,475	33,868
Operating Expense	7,776	12,003	15,971	21,156	25,055
Employee cost	1,169	1,796	2,555	2,586	3,032
Others	498	820	3,433	1,281	1,355
EBITDA	1,312	2,043	2,689	3,452	4,426
Depreciation & Amortisation	1,030	1,307	1,800	1,957	2,075
EBIT	282	736	889	1,495	2,351
Interest expenses	589	772	1,169	1,250	1,322
Other income	210	140	150	162	165
PBT	(97)	104	(130)	407	1,194
Taxes	(35)	(12)	(52)	102	298
Effective tax rate (%)	35.8	12.0	39.7	25.0	25.0
PAT	(62)	116	(78)	305	895
Minority/Associates	0	6	0	0	0
Recurring PAT	(62)	111	(78)	305	895
Extraordinary items	0	0	0	0	0
Reported PAT	(62)	111	(78)	305	895
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(35.4)	55.1	47.9	15.5	18.9
EBITDA	(38.6)	55.7	31.6	28.4	28.2
Adj. EPS	nm	nm	nm	nm	193.4
Margins (%)					
Gross	32.8	34.5	35.2	34.7	34.8
EBITDA	12.2	12.3	10.9	12.1	13.1
EBIT	2.6	4.4	3.6	5.3	6.9
Adjusted PAT	(0.6)	0.7	(0.3)	1.1	2.6
Returns (%)					
ROE	(1.0)	1.3	(0.9)	3.5	9.7
ROCE	2.7	4.9	3.2	5.7	8.3
ROIC	1.8	4.9	2.8	5.2	8.2
Turnover (days)					
Gross block turnover ratio (x)	3.8	3.9	3.1	2.7	2.7
Debtors	0	0	0	0	0
Inventory	229	183	176	177	166
Creditors	98	81	89	104	103
Net working capital	223	123	76	71	74
Solvency (x)					
Net debt-equity	0.3	0.9	1.5	1.4	1.2
Interest coverage ratio	2.2	2.6	2.3	2.8	3.3
Net debt/EBITDA	1.7	3.7	4.8	3.6	2.7
Per share (Rs)					
Adjusted EPS	(3.1)	5.6	(4.0)	15.4	45.3
BVPS	418.8	430.2	429.4	443.7	485.8
CEPS	49.1	71.8	87.1	114.4	150.2
DPS	0.0	0.8	0.0	1.1	3.2
Dividend payout (%)	nm	13.4	nm	7.0	7.0
Valuation (x)					
P/E	nm	374.8	nm	136.1	46.4
P/BV	5.0	4.9	4.9	4.7	4.3
EV/EBITDA	30.7	22.3	19.0	14.6	11.3
Dividend yield (%)	0.0	0.0	0.0	0.1	0.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	197	197	198	198	198
Reserves & surplus	8,055	8,299	8,292	8,576	9,409
Shareholders fund	8,252	8,496	8,490	8,774	9,606
Minority Interest	0	0	0	0	0
Total debt	5,678	9,022	13,317	13,224	13,917
Non Current Liabilities	73	109	176	176	176
Def tax liab. (net)	0	0	0	0	0
Total liabilities	14,004	17,627	21,983	22,174	23,700
Gross block	2,835	4,248	7,969	10,473	12,749
Less: acc. Depreciation	(1,050)	(1,421)	(4,157)	(5,204)	(6,479)
Net block	1,785	2,827	3,812	5,269	6,270
Capital WIP	22	64	1,092	1,092	1,092
Net fixed assets	6,987	11,173	15,547	15,347	15,537
Non Current Assets	170	414	770	770	770
Investments	36	38	0	0	0
Inventories	4,283	6,682	8,706	9,362	10,671
Sundry debtors	0	0	0	0	0
Cash & Cash Equivalents	3,428	1,561	287	825	1,919
Loans & advances	5	5	4	4	4
Other current assets	1,102	735	1,580	1,580	1,580
Trade payables	1,917	2,906	4,883	5,686	6,752
Other current liab.	224	346	530	530	530
Provisions	121	116	29	29	29
Net current assets	6,558	5,615	5,135	5,526	6,862
Total assets	14,004	17,627	21,983	22,174	23,700
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	316	684	1,047	1,495	2,351
Depreciation & Amortisation	1,030	1,307	1,800	1,957	2,075
Net Interest	0	0	0	0	0
Net Change – WC	182	(1,985)	(857)	147	(243)
Direct taxes	(35)	(118)	(182)	(102)	(298)
Net cash from operations	1,493	(113)	1,808	3,497	3,885
Capital expenditure	1,981	6,404	(2,779)	(2,505)	(2,275)
Acquisitions, net	0	0	0	0	0
Investments	(6,179)	(5,221)	1,188	0	0
Others	11	54	0	162	165
Net cash from investing	(4,188)	1,237	(1,591)	(2,343)	(2,110)
FCF	(2,695)	1,124	217	1,154	1,774
Issue of share capital	3,713	76	35	0	0
Increase/(decrease) in debt	(11)	0	1,478	0	0
Dividend paid	0	0	(15)	(21)	(63)
Interest paid	(589)	(772)	(42)	(50)	(50)
Others	(244)	(349)	(1,830)	(601)	(637)
Net cash from financing	2,869	(1,045)	(374)	(673)	(750)
Net change in Cash	174	80	(157)	481	1,025

Source: Company, Centrum Broking

Westlife Foodworld (WESTLIFE)

WFL posted revenue CAGR of 12.8% over FY14-23, though EBITDA grew faster at 21.2%. Operating profits remained robust and consistently expanded over the decade on the back of store expansion and scale. Over FY14-23, cumulative profit before WC was Rs14bn (tax paid: Rs300mn) and OCF was Rs13.2bn. For FY23, OCF/FCF conversion was at 3.2% and OCF/EBITDA stood at 111.1%. Cumulative capex was Rs12.8bn and FCF at Rs366mn. Working capital cycle has improved significantly over 10 years with payable days at 60+ days. We note pace of store expansion for WFL was well-calibrated (173 stores) and it expects addition of 40-45 stores each in next 3 years. The Burger category saw strong consumer traction driving SSSG, despite weak RoE it saw stock price return of CAGR 38%.

22 September 2023

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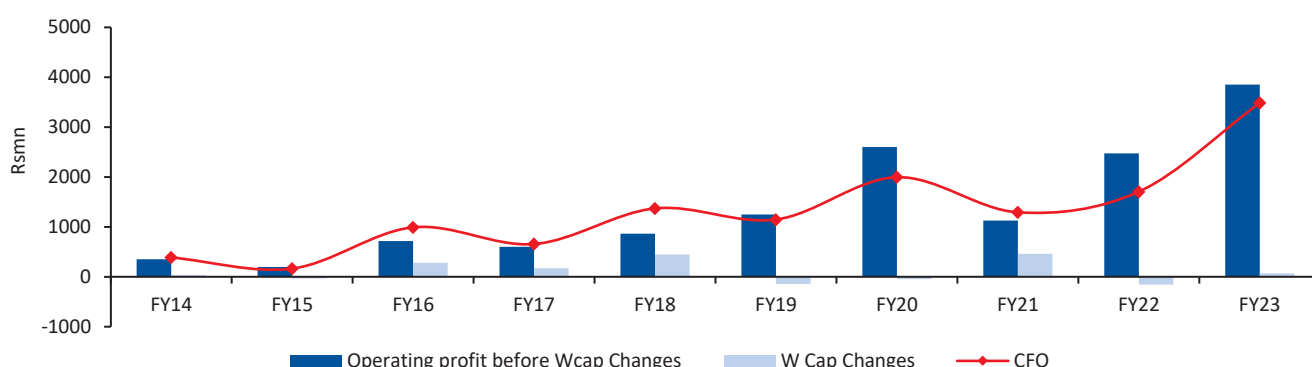
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Market data

Current price:	Rs980
Bloomberg:	WESTLIFE IN
52-week H/L:	Rs1,025/632
Market cap:	Rs152.8bn
Free float:	37.5%
Avg. daily vol. 3mth:	177960

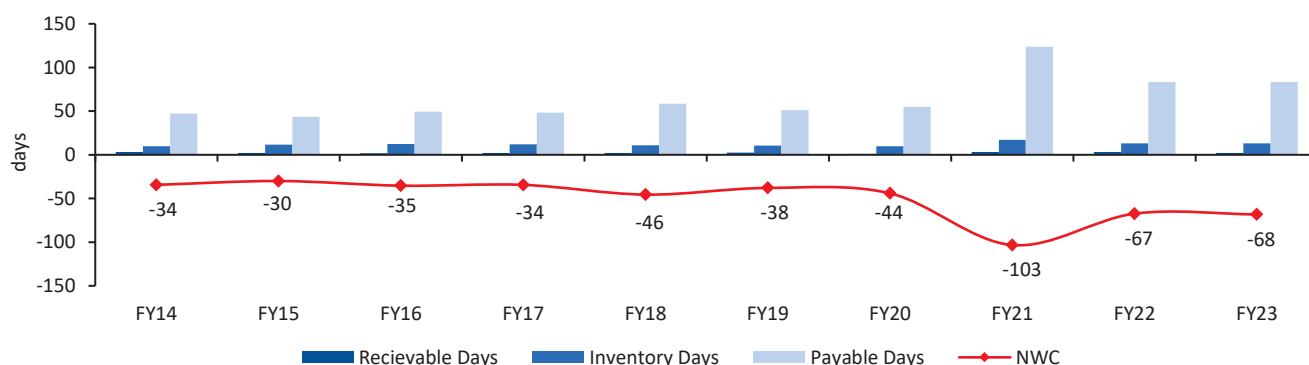
Source: Bloomberg

Exhibit 851: Consistent positive cash flow from operations



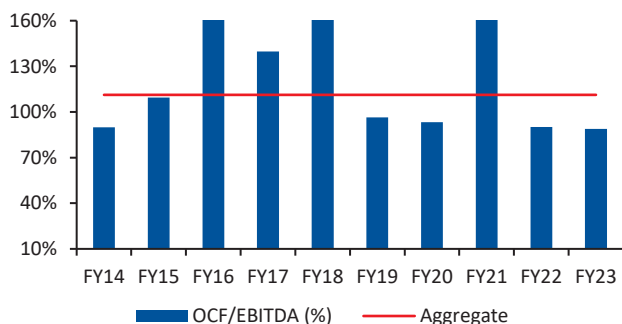
Source: Company, Centrum Broking

Exhibit 852: Working capital cycle remained healthy led by efficient supply chain and rising payable days (FY23: 83 days)



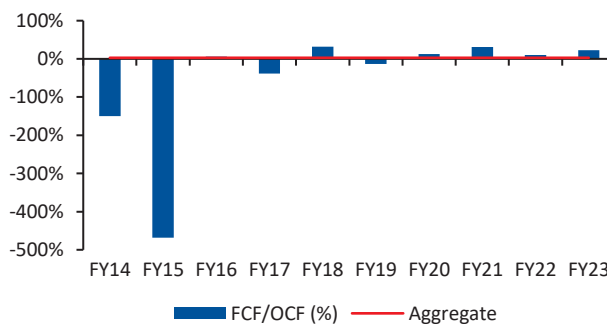
Source: Company, Centrum Broking

Exhibit 853: EBITDA to OCF conversion of 111.1% over 10 years



Source: Company, Centrum Broking

Exhibit 854: OCF to FCF conversion weak over 10 years



Source: Company, Centrum Broking, Note -mean from FY16

Exhibit 855: Leverage has been consistently low; Return ratios have been increasing

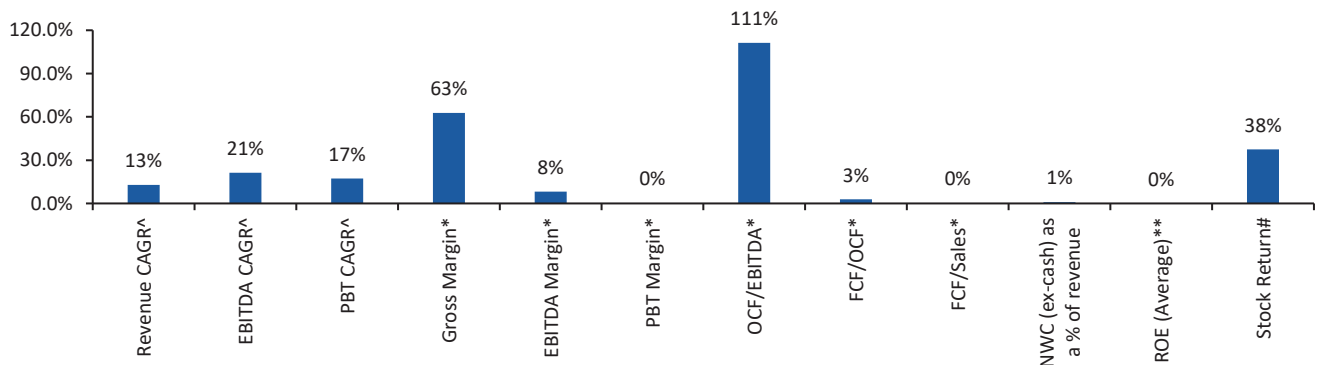
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.2	0.3	0.3	0.3	0.4	1.7	2.0	2.2	2.1	1.0
Net Debt/EBITDA	1.2	8.4	3.3	3.9	2.2	1.9	4.5	20.4	5.5	3.0	5.4
RoCE pre-tax	0.7%	(3.6%)	(1.0%)	0.6%	4.8%	5.6%	6.3%	(3.1%)	5.2%	14.9%	3.0%
RoCE	0.6%	(2.9%)	(0.8%)	0.5%	3.9%	4.5%	5.0%	(2.5%)	4.1%	11.9%	2.4%
RoIC (pre-tax)	(0.1%)	(6.9%)	(2.8%)	(3.0%)	1.8%	4.1%	5.4%	(6.1%)	3.5%	14.2%	1.0%
RoE	0.2%	(5.3%)	(3.8%)	(2.3%)	2.4%	4.2%	0.9%	(19.5%)	(0.3%)	24.2%	0.1%

Source: Company, Centrum Broking

Exhibit 856: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY13-22 avg
PAT/PBT	1.46	1.00	1.01	1.00	1.00	0.63	0.67	0.78	0.76	0.77	0.91
Revenue/average total assets	1.17	1.01	1.03	1.08	1.25	1.44	1.12	0.58	0.92	1.18	1.08
Average total assets/Average NW	1.31	1.38	1.50	1.61	1.69	1.74	2.38	3.23	3.62	3.74	2.22
PBT/EBITDA	0.02	(1.92)	(0.48)	(0.26)	0.17	0.32	0.04	(2.82)	(0.01)	0.41	(0.45)
EBITDA/Revenue	0.06	0.02	0.05	0.05	0.07	0.08	0.14	0.05	0.12	0.17	0.08
RoE	0.2%	(5.3%)	(3.8%)	(2.3%)	2.4%	4.2%	0.9%	(19.5%)	(0.3%)	24.2%	0.1%

Source: Company, Centrum Broking

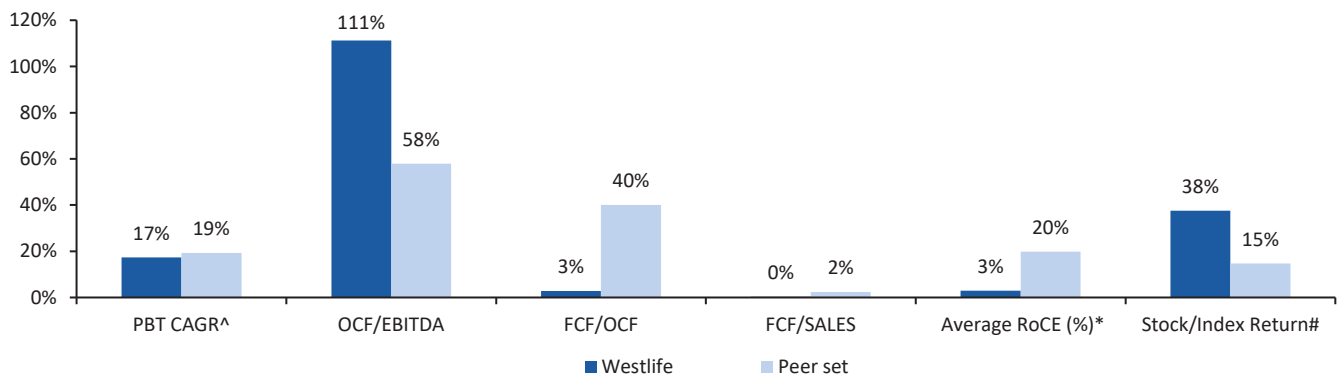
Exhibit 857: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate, Note: Stock return benchmark = Nifty Midcap

Exhibit 858: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(579)	(775)	58	(251)	441	(148)	257	398	172	794
FCF yield	NA	NA	0%	NA	1%	0%	0%	1%	0%	1%
Dividend + Buyback (b)	0	0	0	0	0	0	0	0	0	517
Distribution of FCF (b/a)	0%	0%	0%	0%	0%	0%	0%	0%	0%	65%
Cash & equivalents*/Capital employed	1.9%	1.1%	1.0%	1.0%	1.5%	1.1%	0.4%	1.6%	3.5%	3.7%

Source: Company, Centrum Broking *including liquid investments

Exhibit 859: Westlife vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: relevant benchmark index = Nifty Midcap Index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	9,753	15,561	22,594	27,095	33,019
Operating Expense	5,634	9,687	15,463	12,720	15,298
Employee cost	1,782	2,095	2,034	3,266	4,002
Others	1,971	2,087	1,354	6,473	8,029
EBITDA	469	1,892	3,925	4,988	6,302
Depreciation & Amortisation	1,396	1,364	1,522	1,603	1,674
EBIT	(927)	528	2,403	3,386	4,628
Interest expenses	845	826	928	930	987
Other income	447	282	147	55	67
PBT	(1,325)	(17)	1,622	2,511	3,708
Taxes	(293)	(4)	379	628	927
Effective tax rate (%)	22.1	24.1	23.3	25.0	25.0
PAT	(1,032)	(13)	1,244	1,883	2,781
Minority/Associates	0	0	0	0	0
Recurring PAT	(1,032)	(13)	1,244	1,883	2,781
Extraordinary items	42	0	(128)	0	0
Reported PAT	(990)	(13)	1,116	1,883	2,781
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(36.6)	59.6	45.2	19.9	21.9
EBITDA	(78.1)	303.2	107.5	27.1	26.3
Adj. EPS	nm	(98.8)	nm	51.4	47.7
Margins (%)					
Gross	65.3	66.3	70.4	71.1	71.8
EBITDA	4.8	12.0	17.2	18.2	18.7
EBIT	(9.4)	3.3	10.5	12.3	13.8
Adjusted PAT	(10.5)	(0.1)	4.9	6.9	8.3
Returns (%)					
ROE	(19.5)	(0.3)	24.2	28.6	31.9
ROCE	(2.5)	4.1	11.9	14.1	17.2
ROIC	(4.9)	2.8	11.4	14.2	19.0
Turnover (days)					
Gross block turnover ratio (x)	0.6	0.9	1.1	1.1	1.3
Debtors	3	3	2	2	2
Inventory	46	34	34	38	40
Creditors	164	120	96	100	107
Net working capital	(47)	(24)	(21)	(7)	20
Solvency (x)					
Net debt-equity	2.0	2.2	2.1	1.4	0.8
Interest coverage ratio	0.6	2.3	4.2	5.4	6.4
Net debt/EBITDA	20.4	5.5	3.0	2.0	1.3
Per share (Rs)					
Adjusted EPS	(6.8)	(0.1)	8.0	12.1	17.8
BVPS	31.9	29.6	36.3	48.1	63.8
CEPS	2.4	8.7	17.7	22.4	28.6
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	nm	nm	0.0	0.0	0.0
Valuation (x)					
P/E	nm	nm	122.6	81.0	54.8
P/BV	30.7	33.0	26.9	20.3	15.3
EV/EBITDA	344.8	85.9	41.8	32.5	25.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

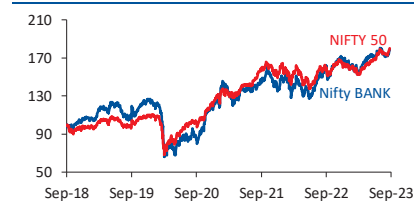
Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	302	312	312	312	312
Reserves & surplus	4,510	4,309	5,347	7,195	9,632
Shareholders fund	4,811	4,621	5,659	7,507	9,944
Minority Interest	0	0	0	0	0
Total debt	9,680	10,546	12,030	11,341	12,187
Non Current Liabilities	237	193	329	339	349
Def tax liab. (net)	(510)	(520)	0	0	0
Total liabilities	14,218	14,839	18,018	19,186	22,480
Gross block	15,996	17,272	20,986	23,585	26,204
Less: acc. Depreciation	(3,153)	(3,649)	(5,171)	(6,774)	(8,448)
Net block	12,843	13,623	15,815	16,811	17,756
Capital WIP	256	355	567	377	388
Net fixed assets	13,099	13,978	16,796	17,188	18,144
Non Current Assets	397	361	1,198	1,228	1,259
Investments	1,985	1,504	1,299	1,299	1,299
Inventories	465	559	714	978	1,198
Sundry debtors	88	133	107	165	212
Cash & Cash Equivalents	109	232	284	1,154	3,962
Loans & advances	507	546	81	858	916
Other current assets	75	142	510	247	302
Trade payables	1,851	1,722	1,877	2,611	3,195
Other current liab.	552	760	964	1,162	1,424
Provisions	104	134	130	157	192
Net current assets	(1,263)	(1,004)	(1,275)	(529)	1,778
Total assets	14,218	14,839	18,018	19,186	22,480
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	(1,325)	(17)	1,495	2,511	3,708
Depreciation & Amortisation	1,396	1,364	1,522	1,603	1,674
Net Interest	845	826	928	930	987
Net Change – WC	461	(154)	70	838	497
Direct taxes	293	4	(439)	(628)	(927)
Net cash from operations	1,839	2,323	3,613	3,623	6,540
Capital expenditure	(895)	(1,534)	(2,691)	(1,995)	(2,630)
Acquisitions, net	0	0	0	0	0
Investments	(409)	480	234	0	0
Others	(588)	(617)	0	0	0
Net cash from investing	(1,891)	(1,670)	(2,456)	(1,995)	(2,630)
FCF	(53)	652	1,156	1,629	3,910
Issue of share capital	32	(178)	0	214	0
Increase/(decrease) in debt	315	(142)	(838)	207	228
Dividend paid	0	0	0	(250)	(343)
Interest paid	(845)	(826)	(143)	(930)	(987)
Others	0	0	0	0	0
Net cash from financing	(498)	(1,146)	(981)	(759)	(1,102)
Net change in Cash	(551)	(493)	176	870	2,807

Source: Company, Centrum Broking

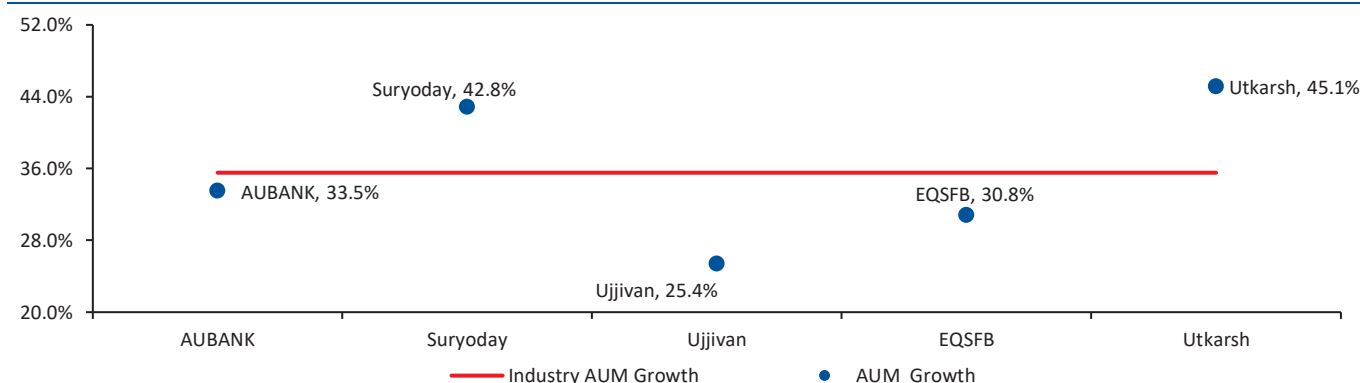
Small Finance Bank

SFBs have shown remarkable AUM growth, with a CAGR exceeding 30% from FY18 to FY23, primarily due to their small operational base and expanded offerings. SFBs maintain higher NIMs compared to larger peers, benefiting from their clientele and the granular nature of their loan portfolios. However, their operational costs are high, driven by branch expansion and investments in IT infrastructure. SFBs have also prioritized building deposits, offering competitive rates to establish a granular liability base. Asset quality varies, with AUBANK demonstrating the best performance, while peers like EQSFB, Ujjivan, and Suryoday faced stress during demonetization and the COVID-19 pandemic. AUBANK stands out with an impressive RoA of 1.7% over FY18-23, surpassing its peers.

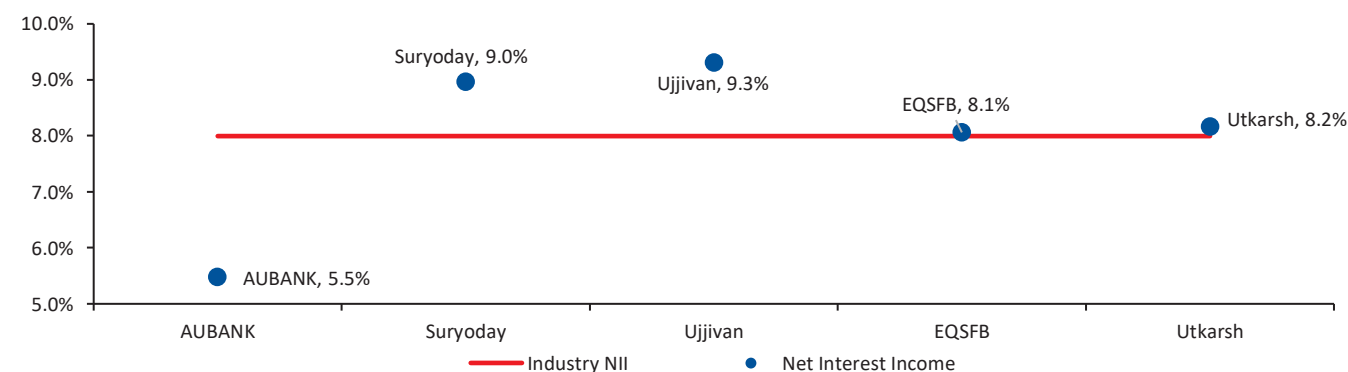
Nifty 50 vs Nifty Bank



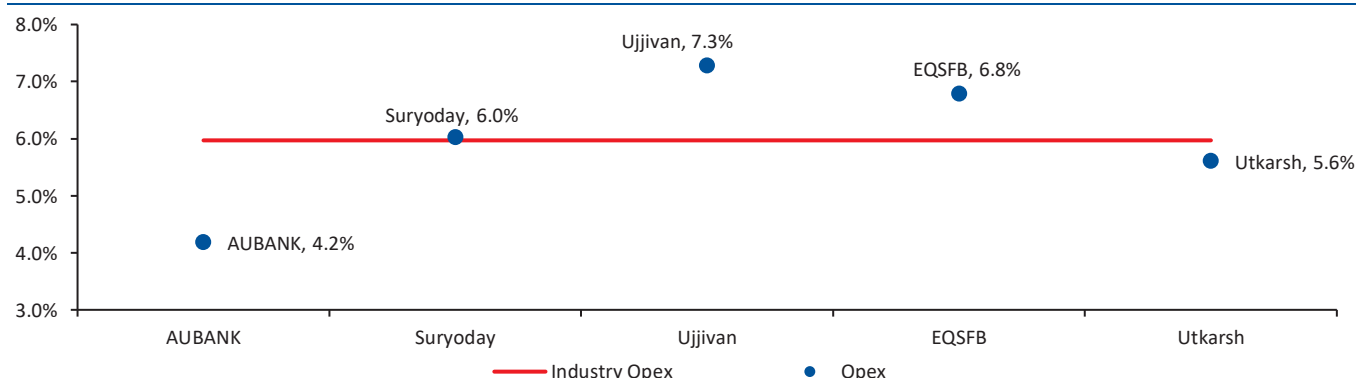
Source: Bloomberg

Exhibit 860: AUM Growth VS Industry Growth


Source: Company, Centrum Broking

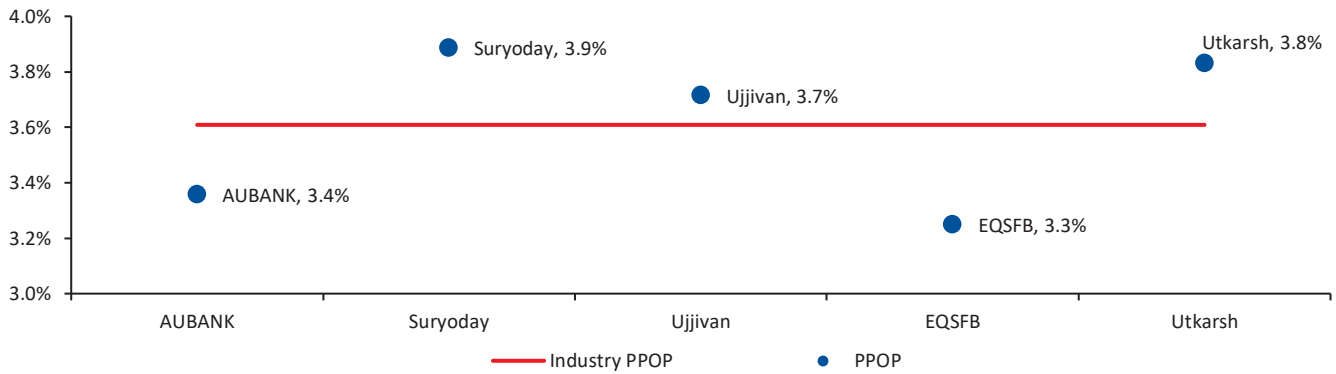
Exhibit 861: SFBs enjoy high NIMs thanks to its unbanked and underserved client base


Source: Company, Centrum Broking

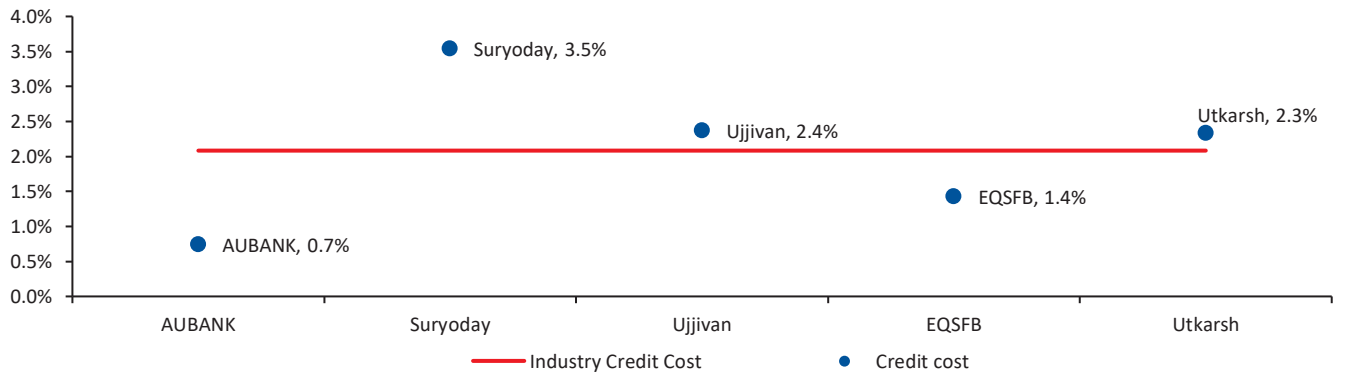
Exhibit 862: AUBANK has been one of the most efficient in terms of Opex


Source: Company, Centrum Broking

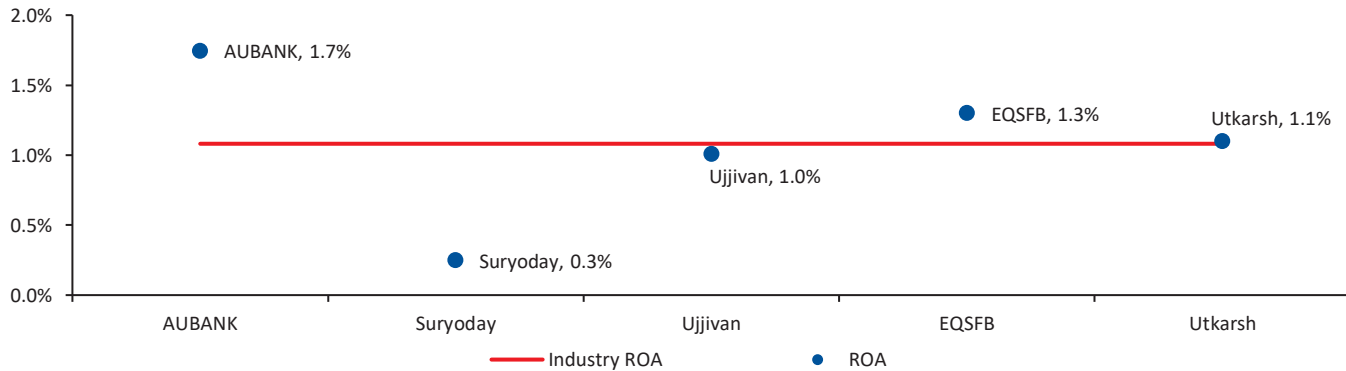
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 863: Suryoday and Ujjivan PPOP is higher thanks to higher exposure to MFI segment

Source: Company, Centrum Broking

Exhibit 864: Macro headwinds have impacted asset quality of all SFBs except AUBANK

Source: Company, Centrum broking

Exhibit 865: ROA Performance of AUSFB Better than Industry Average

Source: Company, Centrum Broking

Exhibit 866: Key performance metrics (FY18-23)

	Stock return (%)*	NII Avg.(%)	OPEX Avg(%)	PPOP Avg(%)	Credit Cost Avg(%)	ROA Avg(%)	AUM Avg(%)
AUBANK	16.5%	5.5%	4.2%	3.4%	0.7%	1.7%	33.5%
Suryoday	(62.6%)	9.0%	6.0%	3.9%	3.5%	0.3%	42.8%
Ujjivan	(27.3%)	9.3%	7.3%	3.7%	2.4%	1.0%	25.4%
EQSFB	14.6%	8.1%	6.8%	3.3%	1.4%	1.3%	30.8%

Source: Company, Centrum Broking; *CAGR

AU Small Finance Bank (AUBANK)

Over the past decade, AUBANK has consistently achieved impressive growth in its AUM, averaging a remarkable +32% growth rate. AUBANK offers one of the best TD and SA rates in the industry which has helped it to grow its deposits (avg. +59% growth over last five years) and impressive CASA ratio at 38% strengthening its liability franchise. Pertinently, after conversion to bank, AUBANK has witnessed consistent negative ALM profile. The composition of AUBANK's asset book has also evolved, with the VF and SBLs segments accounting for 63% of its AUM in FY23 vs. 85% in FY18.

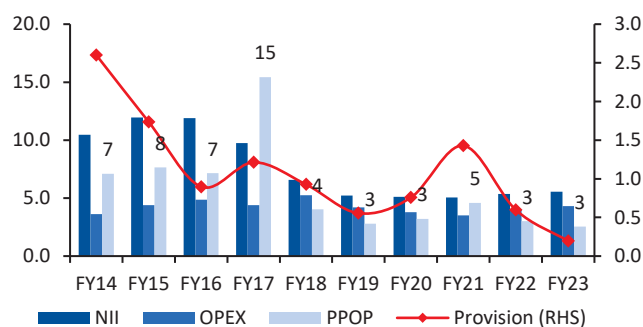
Market data

Current price:	Rs729
Bloomberg:	AUBANK IN
52-week H/L:	Rs795/548
Market cap:	Rs487bn
Free float:	57.4%
Avg. daily vol. 3mth:	1656404

Source: Bloomberg

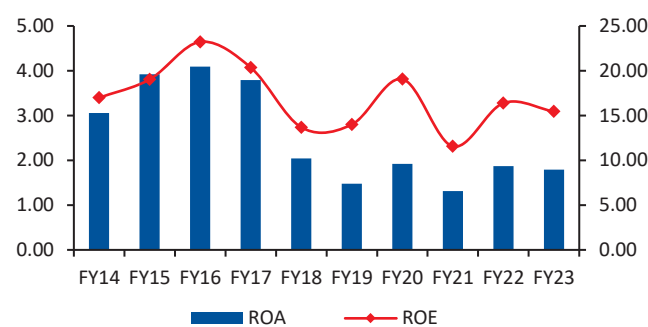
Operating metrics saw an improving trend: Opex is a key monitorable, especially in case of NBFCs, which require a higher customer interface. Operating leverage and asset sweating over FY14-17 led to stability in opex to assets ratio ~4%. However, after conversion to a bank, opex surged to 5.3% in FY18 due to branch conversion and IT spends. Over FY19-23, opex has been well controlled from ~4%. NIM was 7-7.5%+ over FY14-17; however, due to SLR requirements post conversion to a bank and lower loan growth led by demonetization, NIM declined in FY18-19. AUBANK has high share (66%) of fixed rate loan book which impacts margins in rising interest rates scenario. Cost to asset ratio currently at ~4% of assets and for FY24 is expected to be similar. The CTI was 63% in FY23 as the Bank will continue to invest in the digital franchise, expanding its distribution and branch franchise, investing in brand building, thereby keeping opex ratios elevated.

Exhibit 867: Dupont Analysis (to avg. assets)



Source: Company, Centrum Broking

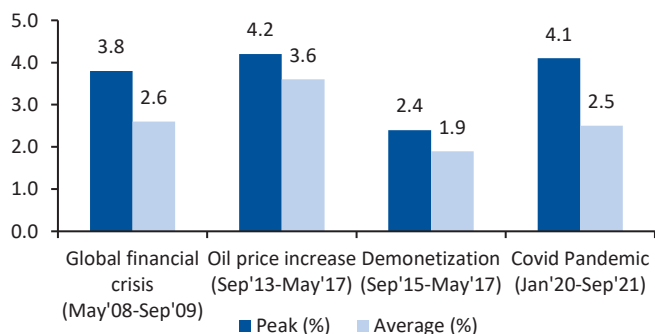
Exhibit 868: Return ratios (%)



Source: Company, Centrum Broking

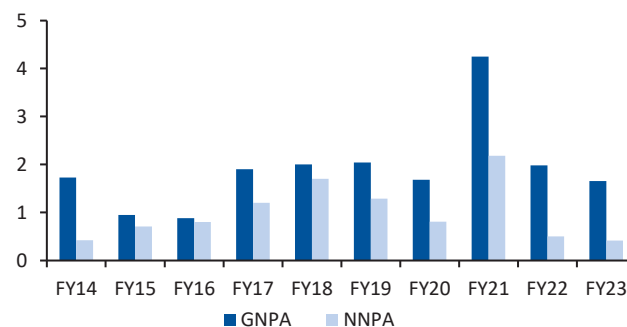
Pristine asset quality: AUBANK's 90+ DPD outstanding book has remained consistently controlled across distress events over the last 10 years, including GFC, oil price hikes, demonetization, and COVID-19 pandemic. Moreover, AUBANK has demonstrated an impressive average yield of around 13% for its portfolio during the period from FY18 to FY23. In addition to the remarkable yields, the bank has consistently managed to lower its CoF from 7.3% in FY18 to 5.6% in FY23. The combination of impressive yields and lower CoF has been instrumental in driving AUBANK's consistent delivery of strong RoAA and RoAE. Over the period from FY18 to FY23, AUBANK has maintained an average RoAA of 1.7% and an average RoAE of +15%.

Exhibit 869: DPDs for major events across cycles



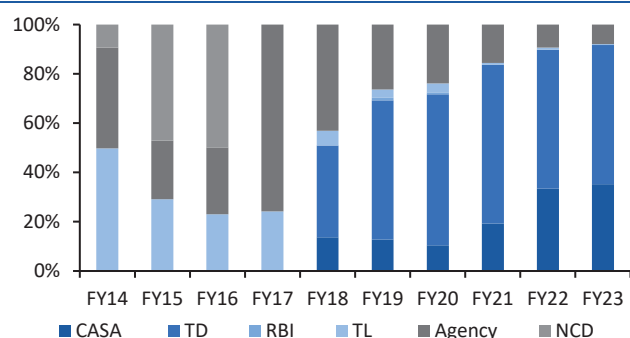
Source: Company, Centrum Broking

Exhibit 870: GNPA spiked to 4.2 by FY21, fell to 1.6% in FY23

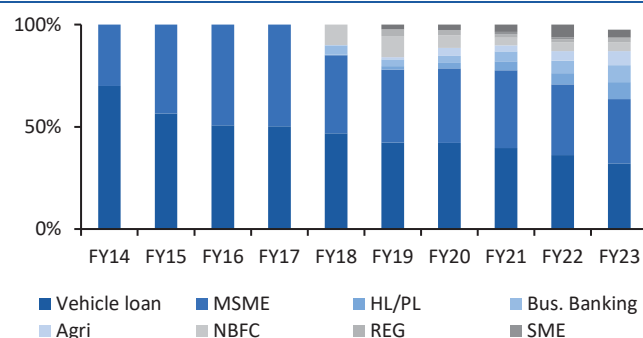


Source: Company, Centrum Broking

Strong liability franchise with secured portfolio: Originally an Auto-NBFC, AUBANK relied predominantly on borrowings prior to FY18. After conversion to a bank, it began to focus on deposit accretion and building up its liability franchise. Deposit build-up in terms of RTD and CASA was slow initially, contributing 27% to total deposits in FY18. Further, FY19 saw good traction on CASA+RTD, which contributed 39% to total deposits. Over FY20-23, CASA consistently increased from 9% to 38.4%, while RTD reduced from 46.8% to 30.3%. Historically, VF (Vehicle Finance) and SBL (Small business loans) have been AUBANK's forte with share of 85% in FY18. However, AUBANK has worked on diversification of its loan portfolio by new product and service offerings. This has resulted in share of vehicle and small business loan to reduce to 63% in FY23.

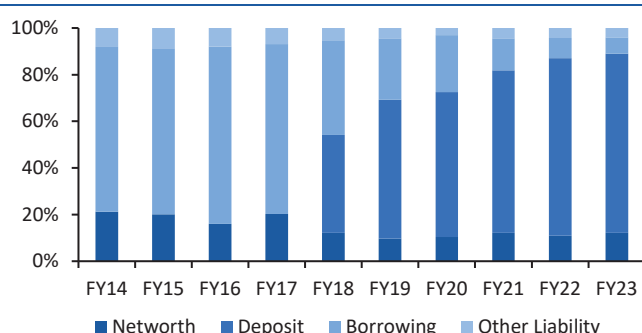
Exhibit 871: Bulk deposits form decent share of total deposits

Source: Company, Centrum Broking

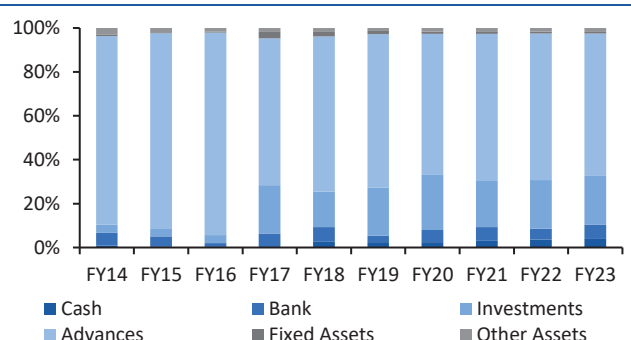
Exhibit 872: VF and SBL form lion share

Source: Company, Centrum Broking

Common size Balance sheet analysis: Initially an NBFC, AUBANK mainly relied on external borrowings as a source of funding; its share in Balance sheet was 70-80% over FY14-17. Post conversion into SFB, deposits started gaining traction. Over FY18-23, the share of deposits as a % of Balance sheet rose from 42.1% to 76.9% while that of borrowings declined from 40.6% to 7%. On capital front, AUBANK is comfortably placed with avg. CRAR over FY18-23 of 21.4% much above the regulatory requirements of 15%. Post FY16, share of advances fell drastically from 92% to 65% in FY23 to accommodate SLR requirements. Investment share rose post FY16 from 4% to 22.2% in FY23.

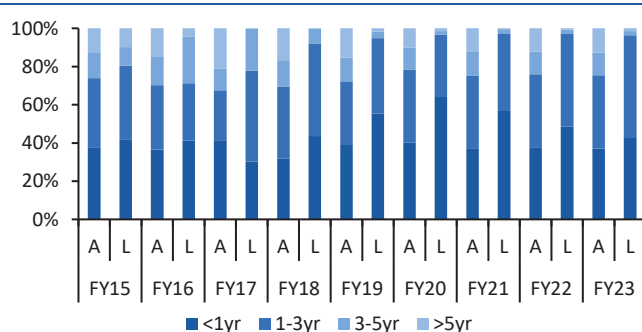
Exhibit 873: Deposit share increasing since FY19

Source: Company, Centrum Broking

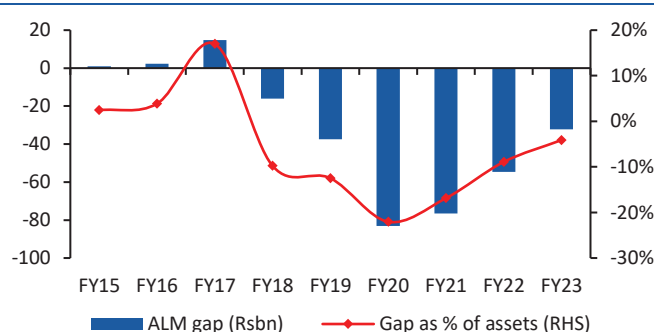
Exhibit 874: SLR needs led to lower loan share post FY16

Source: Company, Centrum Broking

ALM profile more balanced post SFB conversion: As an Auto-NBFC, company maintained positive ALM profile to comfortably cover short term liabilities. However, after conversion to bank, AUBANK has witnessed consistent negative ALM profile. AUBANK has brought about substantial changes in its ALM strategies and loan portfolio composition. While the diversification of the loan portfolio enhances stability and risk management, the negative AL gap requires attention to maintain liquidity. By implementing prudent liquidity and risk management practices and aligning liability structures with the evolving loan portfolio, the bank has navigated these changes while upholding financial stability and growth.

Exhibit 875: As secured share rose, asset tenure increased

Source: Company, Centrum Broking

Exhibit 876: ALM mismatch (<1 year bucket)

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest earned	49,501	59,217	82,054	1,06,989	1,29,702
Interest expended	25,846	26,876	37,801	54,728	65,732
Net Interest Income	23,654	32,341	44,253	52,260	63,970
Other income	14,209	9,937	10,345	15,043	20,099
Total Income	37,864	42,278	54,597	67,303	84,069
Operating Expenses	16,429	24,128	34,403	41,284	49,997
Employees	9,802	13,789	17,930	20,895	25,283
Others	6,627	10,339	16,472	20,389	24,714
PPoP	21,435	18,150	20,195	26,019	34,072
Provisions	6,695	3,610	1,549	2,828	3,983
Profit before tax	14,741	14,540	18,646	23,191	30,089
Taxes	2,878	3,242	4,367	5,844	7,582
Net Profit	11,862	11,298	14,279	17,347	22,506

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Loans	28.2	33.2	26.7	27.0	28.0
Deposits	37.5	46.2	31.9	22.9	26.5
RWA growth	24.3	30.2	33.2	22.5	30.3
NII	23.9	36.7	36.8	18.1	22.4
Other income	101.2	(30.1)	4.1	45.4	33.6
Opex	15.9	46.9	42.6	20.0	21.1
PPoP	79.0	(15.3)	11.3	28.8	31.0
Provisions	136.3	(46.1)	(57.1)	82.6	40.8
Net profit	48.7	(4.8)	26.4	21.5	29.7
Profitability (%)					
Yield on assets	10.4	10.0	10.8	11.5	11.5
Cost of funds	6.5	5.3	5.6	6.5	6.3
NIM	4.9	5.5	5.8	5.6	5.7
Other income / Total inc.	37.5	23.5	18.9	22.4	23.9
Other inc. / avg assets	3.0	1.6	1.3	1.5	1.6
Cost/Income	43.4	57.1	63.0	61.3	59.5
Employee	25.9	32.6	32.8	31.0	30.1
Other	17.5	24.5	30.2	30.3	29.4
Opex/ Avg assets	3.5	4.0	4.3	4.2	4.0
Provisioning cost	2.2	0.9	0.3	0.4	0.5
Tax rate	19.5	22.3	23.4	25.2	25.2
RoE	22.3	16.4	15.4	14.7	16.4
RoA	2.5	1.9	1.8	1.7	1.8
RoRWA	4.7	3.5	3.4	3.2	3.3
Du-pont (%)					
Interest income	10.6	9.8	10.3	10.8	10.5
Interest expenses	5.5	4.5	4.7	5.5	5.3
NII	5.0	5.4	5.6	5.3	5.2
Other income	3.0	1.6	1.3	1.5	1.6
Total income	8.1	7.0	6.9	6.8	6.8
Operating expenses	3.5	4.0	4.3	4.2	4.0
Employee	2.1	2.3	2.3	2.1	2.0
Other	1.4	1.7	2.1	2.1	2.0
PPoP	4.6	3.0	2.5	2.6	2.8
Provisions	1.4	0.6	0.2	0.3	0.3
PBT	3.1	2.4	2.3	2.3	2.4
Tax	0.6	0.5	0.5	0.6	0.6
RoA	2.5	1.9	1.8	1.7	1.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Share capital	4,153	3,562	7,108	7,108	7,108
Reserves & surplus	58,599	71,578	1,02,666	1,19,345	1,41,185
Deposits	3,59,793	5,25,846	6,93,650	8,52,820	10,79,205
Borrowings	70,297	59,908	62,987	67,627	1,02,843
Other Liabilities	23,071	29,884	35,751	37,871	57,592
Total liabilities	5,15,913	6,90,778	9,02,161	10,84,771	13,87,934
Cash balances with RBI	15,693	24,684	35,471	68,226	86,336
Balances with banks	32,120	34,601	58,781	8,528	16,188
Investments	1,08,154	1,53,065	2,00,720	2,38,790	3,02,177
Advances	3,46,089	4,60,953	5,84,215	7,41,954	9,49,701
Fixed Assets	4,824	6,226	7,401	8,512	9,788
Other Assets	9,033	11,250	15,573	18,762	23,743
Total assets	5,15,913	6,90,778	9,02,161	10,84,771	13,87,934

Ratios					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Balance Sheet (%)					
Loans / Deposits	96.2	87.7	84.2	87.0	88.0
Investments / Deposits	30.1	29.1	28.9	28.0	28.0
CASA	23.0	37.3	38.4	40.0	41.0
Assets/equity (x)	8.2	9.2	8.2	8.6	9.4
RWA / Total assets	54.2	52.7	53.8	54.8	55.8
Capital ratios (%)					
CET-1	21.5	19.7	21.8	20.6	18.6
Tier-1	21.5	19.7	21.8	20.6	18.6
Tier-2	1.8	1.3	1.8	1.5	1.1
CRAR	23.4	21.0	23.6	22.1	19.8
Asset quality ratios (%)					
GNPA (Rs mn)	15,028	9,244	9,813	11,452	13,327
NNPA (Rs mn)	7,555	2,719	2,862	3,400	4,025
GNPA	4.3	2.0	1.7	1.5	1.4
NNPA	2.2	0.5	0.4	0.5	0.4
PCR	49.7	75.0	75.0	70.3	69.8
Slippage	3.8	3.4	2.3	2.0	2.0
NNPA / Equity	12.0	3.6	2.6	2.7	2.7
Per share					
EPS	38.0	35.9	21.4	26.0	33.8
BVPS	201.0	238.6	164.6	189.7	222.4
ABVPS	173.5	228.7	159.7	183.9	215.7
Valuation (x)					
P/E	19.2	20.3	34.0	28.0	21.6
P/BV	3.6	3.1	4.4	3.8	3.3
P/ABV	4.2	3.2	4.6	4.0	3.4

Source: Company, Centrum Broking

Equitas Small Finance Bank (EQSFB)

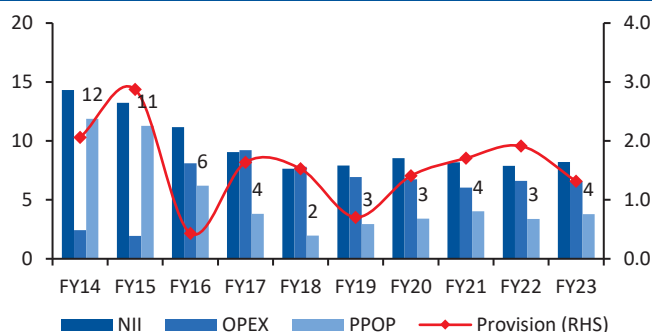
EQSFB has laid a strong foundation since obtaining its SFB license. The bank has been successful in establishing a granular liability franchise, with a significant share of CASA (42%) and retail TDs (35%) as on FY23. Furthermore, EQSFB has achieved notable success in diversifying its loan portfolio by reducing its unsecured lending from 35% in FY18 to 18% in FY23, distinguishing itself from other MFI companies that have transitioned into SFBs. EQSFB is primarily operational (~80%) in segments such as SBL, VF and MFI, which are currently experiencing favorable market conditions. EQSFB has consistently witnessed ALM negative profile post conversion to bank in all buckets <5 year exposing it to interest rate risk.

Market data

Current price:	Rs85
Bloomberg:	EQUITASB IN
52-week H/L:	Rs101/46
Market cap:	Rs94.8bn
Free float:	85.5%
Avg. daily vol. 3mth:	6397430
Source: Bloomberg	

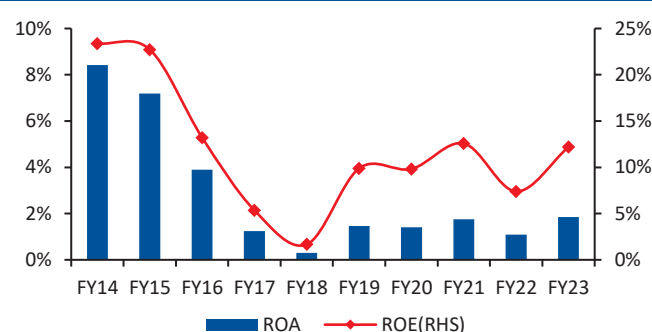
Operating metrics saw an improving trend: EQSFB has enjoyed premium NIMs (9-10%) historically, primarily due to its client profile and granular lending. Notably, this impressive NIMs are maintained even after reducing its exposure to unsecured lending from >50% in FY17 to <20% in FY23. Opex is a key monitorable, especially in businesses which require a higher customer interface. EQSFB has struggled to reduce its opex to asset ratio (avg. ~7% over FY18-23) in comparison to its peers. Resultantly, it has one of the highest CTI ratio in the industry (avg. ~68%). Moreover, it has also witnessed higher credit cost (avg. ~1.4% of assets) leading to poor RoAA (avg. ~1.3%) and RoE (avg. ~9%) over FY18-23.

Exhibit 877: Du pont analysis (to avg. assets)



Source: Company, Centrum Broking

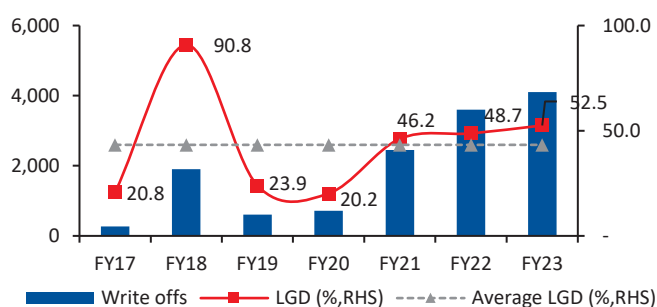
Exhibit 878: Return ratios marred in demon and Covid years



Source: Company, Centrum Broking

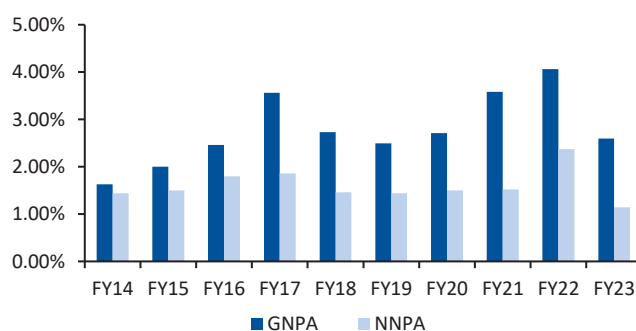
High write offs due to macro headwinds since conversion to Bank: Given the nature of client profile of EQSFB it is highly exposed to systemic event risks. The bank has witnessed major stress in FY17 due to demonetization, with GNPA spiking from 2.5% in FY16 to 3.6% in FY17. Similarly, due to Covid the bank has witnessed elevated GNPA levels (4.1% in FY22). Resultantly, the company has taken huge write offs (Rs13.3bn) in its history as a bank leading to high LGD numbers in comparison to AUBANK. We have calculated LGDs as write off percentage to average GNPA levels during the year which highlights the pain faced by EQSFB over the years.

Exhibit 879: Higher write offs led to elevated credit cost



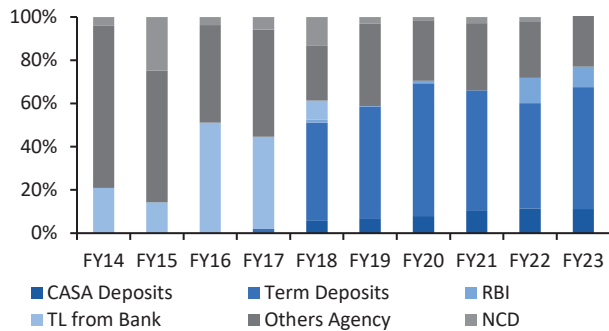
Source: Company, Centrum Broking

Exhibit 880: EQSFB has struggled to maintain asset quality

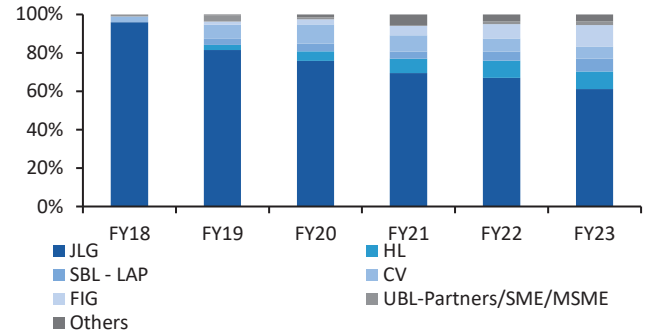


Source: Company, Centrum Broking

Deposits gaining traction albeit with a slow start; secured loan share rising: As in the case with other SFBs, Suryoday has witnessed good traction on deposits front thanks to higher interest rates offering and DICGC Act. Over FY20-23, CASA consistently increased from 11.4% to 17.1%, while RTD+CASA increased to 86% as on FY23. On the loan mix side, Suryoday had a 100% unsecured portfolio over FY14-16, being MFI loans. The secured portfolio started meaningfully contributing since FY18 (18.6%). This share has risen to ~35% in FY23.

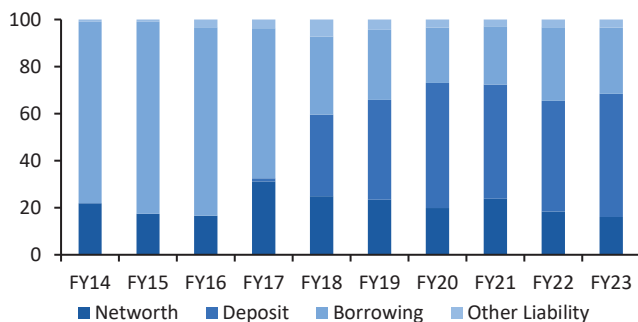
Exhibit 881: Deposit build-up

Source: Company, Centrum Broking

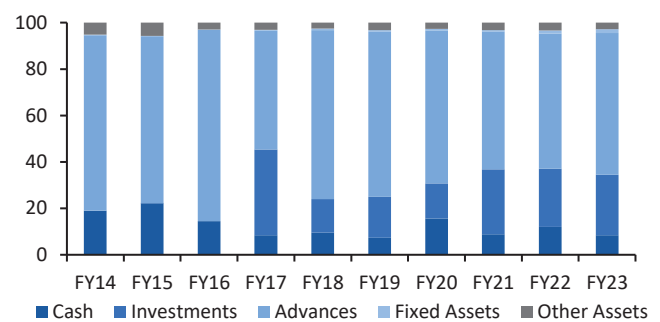
Exhibit 882: Over FY18-23 secured pool rose from 19% to 35%

Source: Company, Centrum Broking

Common size Balance sheet analysis: Over FY18-23, the share of deposits as a percentage of Balance sheet rose from 35% to 52% while that of borrowings declined from 64% (FY17) to 28%. On capital front, Suryoday is comfortably placed with avg. CRAR over FY18-23 of 37.8% much above the regulatory requirements of 15%. On assets, the share of advances has largely been ~70% over FY14-20. Post FY20, share of advances fell to 61% in FY23, due to SLR requirements

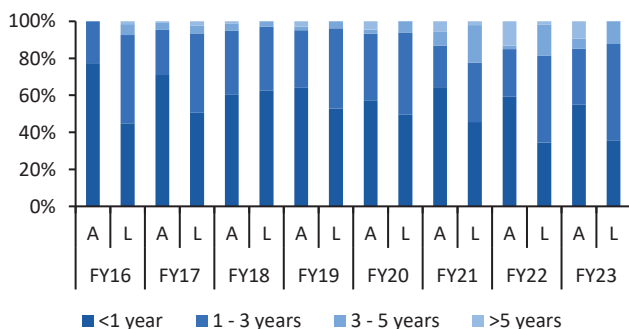
Exhibit 883: Deposit share increasing since FY19

Source: Company, Centrum Broking

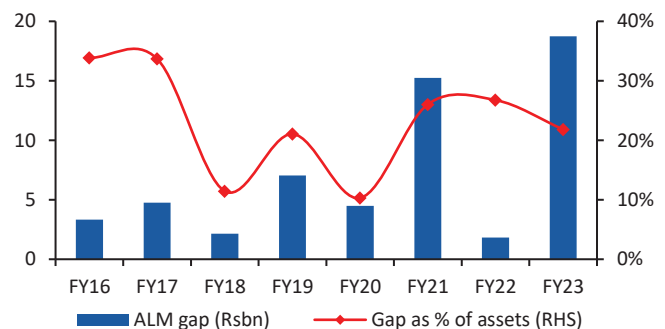
Exhibit 884: Share of investments increased with deposits

Source: Company, Centrum Broking

ALM profile has been positive: Suryoday's ALM profile has mostly remained in positive territory in the <3-year bucket, since MFI loans are generally of shorter term. After bank conversion, share of longer maturity assets and liabilities increased, since share of secured assets/G-Secs on the asset side and share of RTD in deposits increased. In terms of maturity profile, bulk of the assets and liabilities are concentrated in the less than 3-year bucket.

Exhibit 885: As secured share rose, asset tenure increased

Source: Company, Centrum Broking

Exhibit 886: ALM mismatch (<1-year bucket)

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest earned	31,963	34,614	41,619	54,531	68,017
Interest expended	13,965	14,211	16,172	22,234	28,181
Net Interest Income	17,999	20,403	25,447	32,297	39,835
Other income	4,181	5,376	6,696	8,451	10,676
Total Income	22,179	25,778	32,143	40,749	50,511
Operating Expenses	13,294	17,041	20,383	25,727	30,809
Employees	7,914	8,982	10,967	14,947	18,908
Others	5,380	8,059	9,416	10,780	11,901
PPoP	8,885	8,737	11,760	15,021	19,702
Provisions	3,753	4,940	4,074	4,210	4,829
Profit before tax	5,132	3,797	7,686	10,812	14,873
Taxes	1,270	974	1,952	2,725	3,748
Net Profit	3,861	2,823	5,734	8,087	11,125

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Loans	22.7	15.0	33.2	25.0	27.0
Deposits	51.9	15.6	33.9	27.1	23.3
RWA growth	25.9	18.4	23.7	27.2	25.8
NII	20.2	13.4	24.7	26.9	23.3
Other income	48.1	28.6	24.6	26.2	26.3
Opex	12.7	28.2	19.6	26.2	19.8
PPoP	48.2	(1.7)	34.6	27.7	31.2
Provisions	52.1	31.6	(17.5)	3.3	14.7
Net profit	57.3	(26.9)	103.1	41.0	37.6
Profitability (%)					
Yield on assets	16.2	14.8	13.9	14.0	13.8
Cost of funds	7.7	6.7	6.5	6.7	6.6
NIM	9.1	8.7	8.5	8.3	8.1
Other income / Total inc.	18.8	20.9	20.8	20.7	21.1
Other inc. / avg assets	1.9	2.1	2.2	2.1	2.1
Cost/Income	59.9	66.1	63.4	63.1	61.0
Employee	35.7	34.8	34.1	36.7	37.4
Other	24.3	31.3	29.3	26.5	23.6
Opex/ Avg assets	6.0	6.6	6.6	6.4	6.0
Provisioning cost	2.5	2.7	1.8	1.5	1.3
Tax rate	24.8	25.6	25.4	25.2	25.2
RoE	12.6	7.4	12.2	14.7	17.5
RoA	1.8	1.1	1.9	2.0	2.2
RoRWA	3.2	1.9	3.2	3.6	3.9
Du-pont (%)					
Interest income	14.5	13.4	13.4	13.6	13.4
Interest expenses	6.3	5.5	5.2	5.6	5.5
NII	8.2	7.9	8.2	8.1	7.8
Other income	1.9	2.1	2.2	2.1	2.1
Total income	10.1	10.0	10.4	10.2	9.9
Operating expenses	6.0	6.6	6.6	6.4	6.0
Employee	3.6	3.5	3.5	3.7	3.7
Other	2.4	3.1	3.0	2.7	2.3
PPOP	4.0	3.4	3.8	3.8	3.9
Provisions	1.7	1.9	1.3	1.1	0.9
PBT	2.3	1.5	2.5	2.7	2.9
Tax	0.6	0.4	0.6	0.7	0.7
RoA	1.8	1.1	1.9	2.0	2.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Share capital	11,393	12,520	11,106	11,106	11,106
Reserves & surplus	22,570	29,941	40,474	47,450	57,465
Deposits	1,63,920	1,89,508	2,53,806	3,22,482	3,97,623
Borrowings	41,653	26,164	29,738	53,923	78,029
Other Liabilities	7,548	11,385	14,459	16,177	23,409
Total liabilities	2,47,085	2,69,519	3,49,581	4,51,138	5,67,632
Cash balances with RBI	5,148	9,570	11,739	14,916	18,391
Balances with banks	28,639	11,755	703	17,018	20,983
Investments	37,052	44,498	66,646	80,620	99,406
Advances	1,68,482	1,93,742	2,57,986	3,22,482	4,09,552
Fixed Assets	1,851	2,004	3,791	4,170	4,587
Other Assets	5,914	7,949	8,716	11,932	14,712
Total assets	2,47,085	2,69,519	3,49,581	4,51,138	5,67,632

Ratios					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Balance Sheet (%)					
Loans / Deposits	102.8	102.2	101.6	100.0	103.0
Investments / Deposits	22.6	23.5	26.3	25.0	25.0
CASA	34.2	52.0	42.3	40.0	42.5
Assets/equity (x)	7.3	6.3	6.8	7.7	8.3
RWA / Total assets	54.9	59.6	56.8	56.0	56.0
Capital ratios (%)					
CET-1	23.2	24.5	23.1	20.9	19.8
Tier-1	23.2	24.5	23.1	20.9	19.8
Tier-2	0.9	0.6	0.7	0.6	0.5
CRAR	24.2	25.2	23.8	21.5	20.2
Asset quality ratios (%)					
GNPA (Rs mn)	6,428	8,372	7,240	9,180	11,666
NNPA (Rs mn)	2,662	4,795	3,120	3,914	4,971
GNPA	3.7	4.2	2.8	2.9	2.9
NNPA	1.6	2.5	1.2	1.2	1.2
PCR	57.6	41.6	56.1	57.4	57.4
Slippage	3.5	7.2	4.5	3.0	3.0
NNPA / Equity	7.8	11.3	6.0	6.7	7.2
Per share					
EPS	3.4	2.3	5.2	7.3	10.0
BVPS	29.8	33.9	46.4	52.7	61.7
ABVPS	27.5	30.1	43.6	49.2	57.3
Valuation (x)					
P/E	25.0	37.5	16.4	11.6	8.5
P/BV	2.8	2.5	1.8	1.6	1.4
P/ABV	3.1	2.8	1.9	1.7	1.5

Source: Company, Centrum Broking

Suryoday Small Finance Bank (SURYODAY)

Post conversion to an SFB in FY17, Suryoday (predominantly MFI player with JLG-lending model), has slowly diversified into secured lending - CV loans, affordable housing loans, SBL and FIG loans, i.e., ~35% as on FY23. On the liabilities side, Suryoday has seen decent performance with 47% CAGR in deposits over FY18-23 reducing the share of borrowings in balance sheet from 64% to 28% over the same period. Suryoday has consistently witnessed ALM positive profile in <3-year bucket given short term nature of advances. In terms of maturity profile, bulk of the assets and liabilities are concentrated in the <3-year bucket.

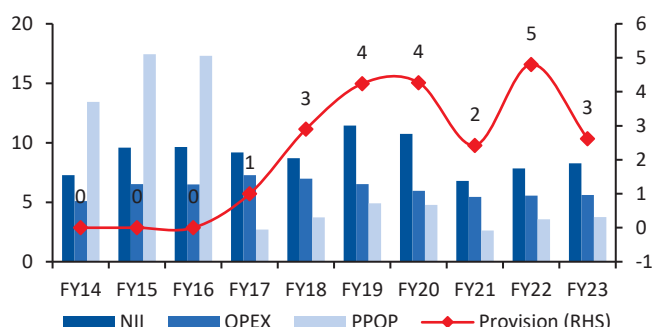
Market data

Current price:	Rs164
Bloomberg:	SURYODAY IN
52-week H/L:	Rs195/90
Market cap:	Rs17.4bn
Free float:	51.9%
Avg. daily vol. 3mth:	750085

Source: Bloomberg

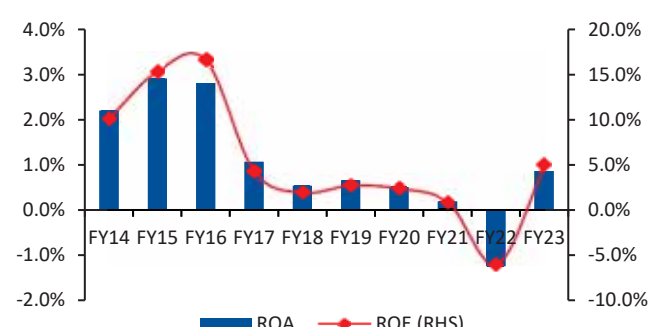
Operating metrics highlight obstacles faced by the bank over last decade: Given high exposure to unsecured lending Suryoday has enjoyed healthy NIM ~10% for major part of the last decade (FY14-20). However, due to higher credit cost led by Covid-19, NIM declined post FY20 to 7.2% in FY21 and averaged 8.8% over FY22-23. Opex is a key monitorable, especially in case of NBFC-MFI, which requires a higher customer interface. Resultantly, Suryoday has witnessed >6% opex to average assets over FY14-20. However, in recent years they have been able to witness some improvement in this area (avg. 5.5% in FY20-23) despite the IT spend done by the bank during the period to improve the credit underwriting and better data analytics. Over the last decade bank has been impacted to due credit losses (avg. 2.2% over FY14-23). Unsurprisingly, this is reflected in the poor RoAA (avg. 0.5%) of the bank during the same period.

Exhibit 887: Du-pont analysis (avg. assets)



Source: Company, Centrum Broking

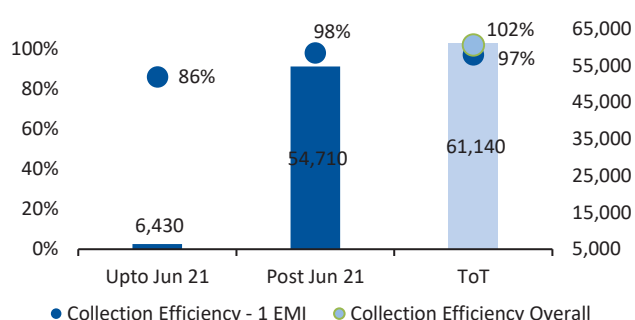
Exhibit 888: Return ratios (%)



Source: Company, Centrum Broking

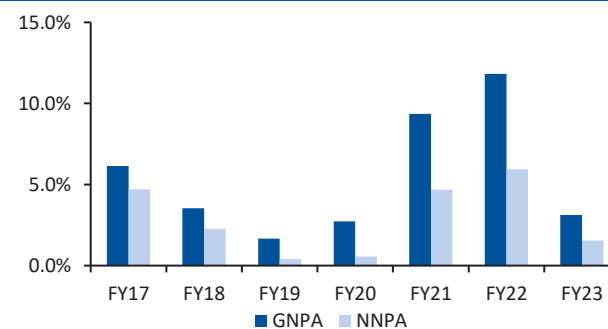
Major overhaul in asset quality in recent times: Suryoday faced worst Covid-related asset quality pain as GNPA rose to 11.8% in FY22 – thanks to high exposure to Maharashtra state which saw high delinquencies in MFI segment. However, with aggressive write offs, lower slippages in book built post June 2021 and sale of bad loans to ARC, GNPA level has fallen to 3.1% as on FY23. One EMI adjusted Collection efficiency (CE) improved from ~86% in June 2021 to 97% in FY23. Further, as on FY23 the restructured pool stands at Rs1bn (~2% of gross advances).

Exhibit 889: Collection efficiency as on FY23



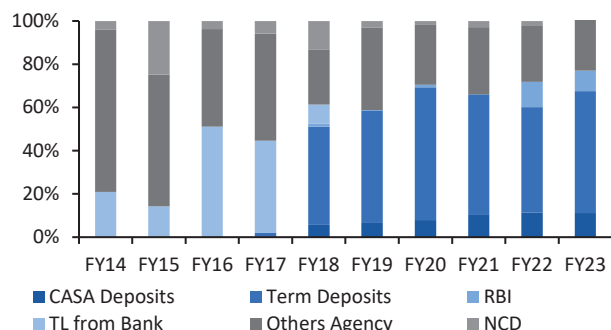
Source: Company, Centrum Broking

Exhibit 890: Post June 2021 book has performed well

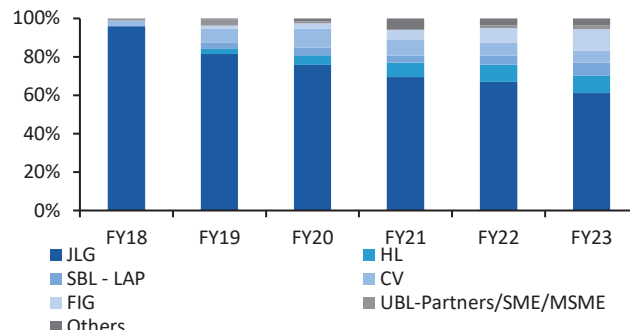


Source: Company, Centrum Broking

Deposits gaining traction albeit with a slow start; secured loan share rising: As in the case with other SFBs, Suryoday has witnessed good traction on deposits front thanks to higher interest rates offering and DICGC Act. Over FY20-23, CASA consistently increased from 11.4% to 17.1%, while RTD+CASA increased to 86% as on FY23. On the loan mix side, Suryoday had a 100% unsecured portfolio over FY14-16, being MFI loans. The secured portfolio started meaningfully contributing since FY18 (18.6%). This share has risen to ~35% in FY23.

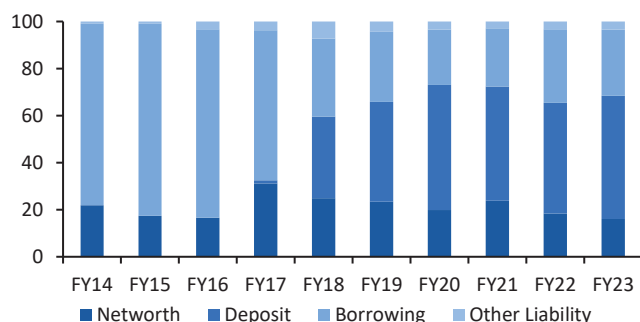
Exhibit 891: Deposit build-up

Source: Company, Centrum Broking

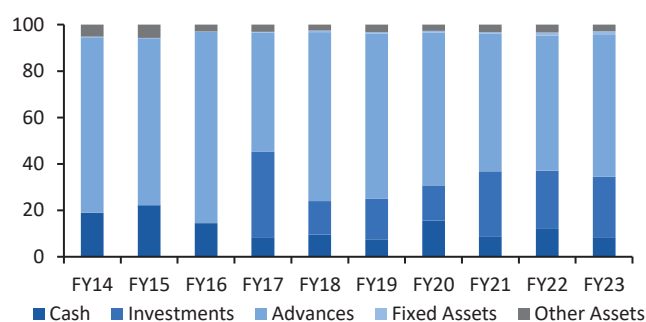
Exhibit 892: Over FY18-23 secured pool rose from 19% to 35%

Source: Company, Centrum Broking

Common size Balance sheet analysis: Over FY18-23, the share of deposits as a percentage of Balance sheet rose from 35% to 52% while that of borrowings declined from 64% (FY17) to 28%. On capital front, Suryoday is comfortably placed with avg. CRAR over FY18-23 of 37.8% much above the regulatory requirements of 15%. On assets, the share of advances has largely been ~70% over FY14-20. Post FY20, share of advances fell to 61% in FY23, due to SLR requirements

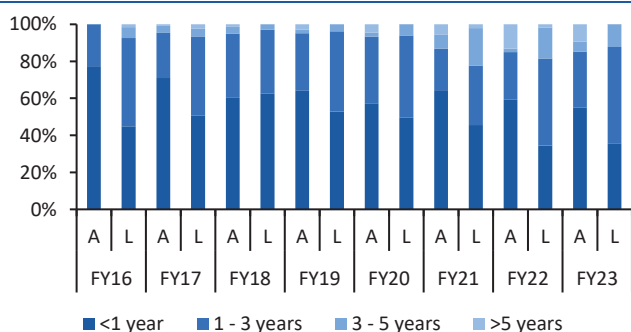
Exhibit 893: Deposit share increasing since FY19

Source: Company, Centrum Broking

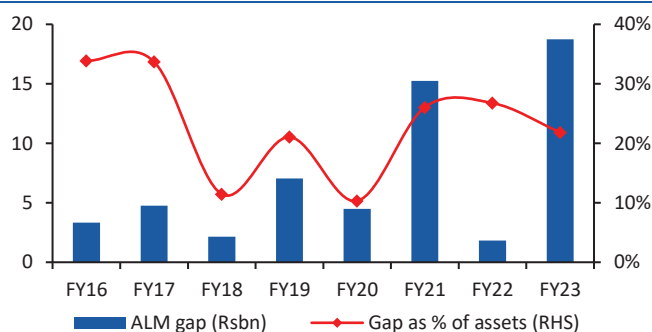
Exhibit 894: Share of investments increased with deposits

Source: Company, Centrum Broking

ALM profile has been positive: Suryoday's ALM profile has mostly remained in positive territory in the <3-year bucket, since MFI loans are generally of shorter term. After bank conversion, share of longer maturity assets and liabilities increased, since share of secured assets/G-Secs on the asset side and share of RTD in deposits increased. In terms of maturity profile, bulk of the assets and liabilities are concentrated in the less than 3-year bucket.

Exhibit 895: As secured share rose, asset tenure increased

Source: Company, Centrum Broking

Exhibit 896: ALM mismatch (<1-year bucket)

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest earned	7,761	9,418	11,837	15,925	19,418
Interest expended	3,657	3,574	4,371	6,066	7,119
Net Interest Income	4,105	5,845	7,466	9,859	12,299
Other income	764	936	974	1,392	1,689
Total Income	4,869	6,780	8,440	11,250	13,987
Operating Expenses	3,286	4,131	5,065	6,547	8,481
Employees	1,858	2,282	2,424	3,134	4,157
Others	1,428	1,849	2,642	3,413	4,324
PPoP	1,583	2,649	3,375	4,703	5,507
Provisions	1,464	3,579	2,366	1,369	1,670
Profit before tax	119	(930)	1,009	3,335	3,837
Taxes	0	0	232	839	966
Net Profit	119	(930)	777	2,495	2,871

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Loans	12.8	19.3	26.6	31.4	24.4
Deposits	14.3	18.2	34.2	33.0	36.2
RWA growth	0.0	29.3	27.0	22.0	23.0
NII	(16.3)	42.4	27.7	32.1	24.8
Other income	0.0	22.5	4.1	42.8	21.4
Opex	20.8	25.7	22.6	29.2	29.5
PPoP	(27.5)	67.4	27.4	39.4	17.1
Provisions	(24.9)	144.5	(33.9)	(42.1)	22.0
Net profit	(49.5)	nm	nm	221.1	15.1
Profitability (%)					
Yield on assets	18.1	19.8	20.4	21.8	21.1
Cost of funds	8.0	7.0	6.1	7.1	6.9
NIM	7.2	8.4	9.2	10.4	10.7
Other income / Total inc.	15.7	13.8	11.5	12.4	12.1
Other inc. / avg assets	1.3	1.3	1.1	1.3	1.3
Cost/Income	67.5	60.9	60.0	58.2	60.6
Employee	38.2	33.7	28.7	27.9	29.7
Other	29.3	27.3	31.3	30.3	30.9
Opex/ Avg assets	5.4	5.5	5.6	6.2	6.6
Provisioning cost	3.9	8.2	4.4	2.0	1.9
Tax rate	0.0	0.0	23.0	25.2	25.2
RoE	0.9	(6.0)	5.0	14.5	14.4
RoA	0.2	(1.2)	0.9	2.4	2.2
RoRWA	0.7	(2.4)	1.6	4.1	3.8
Du-pont (%)					
Interest income	12.8	12.6	13.1	15.0	15.2
Interest expenses	6.1	4.8	4.8	5.7	5.6
NII	6.8	7.8	8.3	9.3	9.6
Other income	1.3	1.3	1.1	1.3	1.3
Total income	8.1	9.1	9.4	10.6	10.9
Operating expenses	5.4	5.5	5.6	6.2	6.6
Employee	3.1	3.1	2.7	3.0	3.2
Other	2.4	2.5	2.9	3.2	3.4
PPoP	2.6	3.6	3.7	4.4	4.3
Provisions	2.4	4.8	2.6	1.3	1.3
PBT	0.2	(1.3)	1.1	3.1	3.0
Tax	0.0	0.0	0.3	0.8	0.8
RoA	0.2	(1.2)	0.9	2.4	2.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Share capital	1,061	1,062	1,062	1,062	1,062
Reserves & surplus	14,908	13,990	14,786	17,476	20,347
Deposits	32,557	38,498	51,667	68,706	93,596
Borrowings	16,666	25,513	27,654	21,662	21,008
Other Liabilities	1,928	2,739	3,444	4,812	6,482
Total liabilities	67,120	81,802	98,612	1,13,718	1,42,495
Cash balances with RBI	1,028	1,595	7,842	4,592	6,212
Balances with banks	4,938	8,182	489	538	591
Investments	18,737	20,577	25,702	23,054	29,347
Advances	39,828	47,509	60,151	79,012	98,276
Fixed Assets	432	1,152	1,645	1,974	2,369
Other Assets	2,157	2,787	2,784	4,549	5,700
Total assets	67,120	81,802	98,612	1,13,718	1,42,495

Ratios					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Balance Sheet (%)					
Loans / Deposits	122.3	123.4	116.4	115.0	105.0
Investments / Deposits	57.6	53.4	49.7	33.6	31.4
CASA	15.4	18.8	17.1	20.4	20.2
Assets/equity (x)	4.2	5.4	6.2	6.1	6.7
RWA / Total assets	50.4	53.4	56.3	59.5	58.4
Capital ratios (%)					
CET-1	47.2	34.4	30.8	27.1	25.5
Tier-1	47.2	34.4	30.8	27.1	25.5
Tier-2	4.3	3.5	2.9	1.6	1.3
CRAR	51.5	37.9	33.7	28.7	26.8
Asset quality ratios (%)					
GNPA (Rs mn)	3,937	5,974	1,913	1,912	2,690
NNPA (Rs mn)	1,881	2,834	929	654	581
GNPA	9.4	11.8	3.1	2.4	2.7
NNPA	4.7	5.9	1.5	0.8	0.6
PCR	52.2	52.6	51.5	65.8	78.4
Slippage	9.5	10.6	8.3	1.9	1.8
NNPA / Equity	11.8	18.8	5.9	3.5	2.7
Per share					
EPS	1.1	(8.8)	7.3	23.5	27.0
BVPS	150.5	141.8	149.3	174.6	201.7
ABVPS	132.7	115.1	140.5	168.5	196.2
Valuation (x)					
P/E	146.8	nm	22.4	7.0	6.1
P/BV	1.1	1.2	1.1	0.9	0.8
P/ABV	1.2	1.4	1.2	1.0	0.8

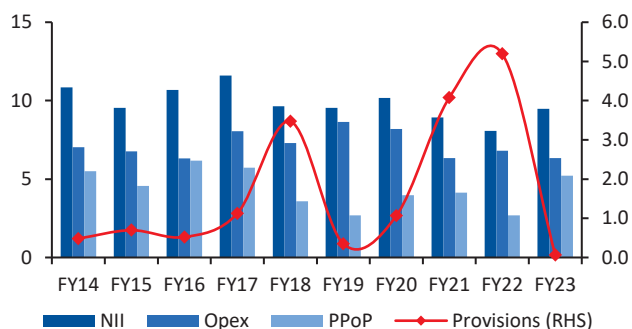
Source: Company, Centrum Broking

Ujjivan Small Finance Bank (UJJIVANS)

Ujjivan, originally an NBFC-MFI, faced three challenges over the last decade – deposit accretion after conversion to an SFB, reduction of unsecured loan share, and stress largely emanating from MFI. Build-up of RTD + CASA (37% in FY19 of total funding) was slow initially but gathered steam in the last two years and now accounts for more than 77% of its overall funding profile. The non-MFI portfolio increased from 2.4% in FY17 to 27% in FY23. However, since unsecured loans account for a large share of GLP, the bank saw a steep rise in delinquent pool in FY18 and FY21 as a fallout of demonetization and Covid-19, respectively, leading to a surge in provisions.

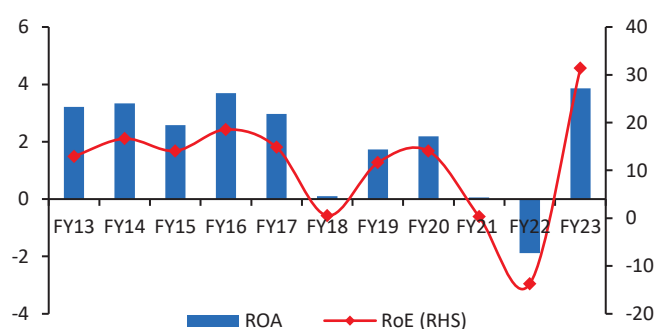
Operating metrics saw an improving trend: NIM were 10%+ over FY12-17; however, due to SLR requirements post conversion to a bank, NIM declined below 10%. Opex is a key monitorable, especially high exposure to MFI business, which require a higher customer interface. Operating leverage and asset sweating over FY12-16 led to improvement in opex to assets ratio from 11.2% to 6.3%. However, after conversion to a bank, opex surged to 8.6% in FY19 due to branch conversion and IT spends. Over FY19-23, opex has been well controlled from 8.6% to 6.3%. The CTI of 55% in FY23 is the lowest it has been in the last five years.

Exhibit 897: DuPont Analysis (to Avg. assets)



Source: Company, Centrum Broking

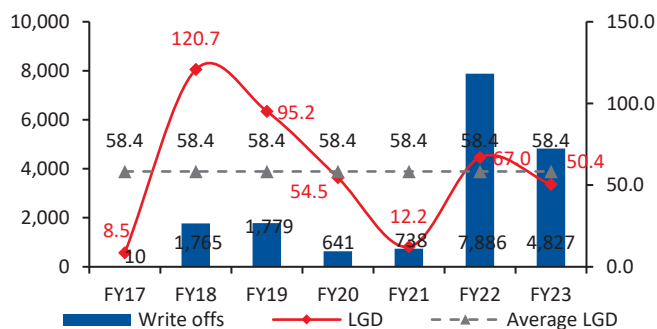
Exhibit 898: Return ratios (%)



Source: Company, Centrum Broking

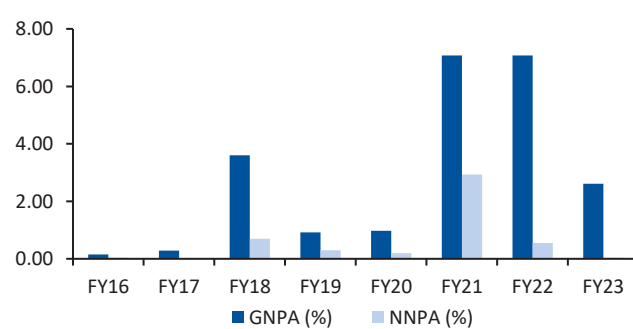
Recovery seen after few years of challenge: As with other MFI players, Ujjivan is exposed to systemic event risks which may affect marginal borrowers. The bank witnessed major stress in FY18 due to demonetization, with GNPA spiking from 0.3% in FY17 to 3.6% in FY18. The Covid-related asset quality pain was much greater in FY21-22 that saw GNPA rise to 7%, while net stress also spiked to 5.6% of average AUM. As for FY23, the restructured book tapered sharply and stood at 0.9% of GLP, against which the bank held a provision cover of ~100%.

Exhibit 899: Write offs as percentage of 2-year rolling book



Source: Company, Centrum Broking

Exhibit 900: GNPA spiked to 7% by FY21, fell to 2.6% in FY23

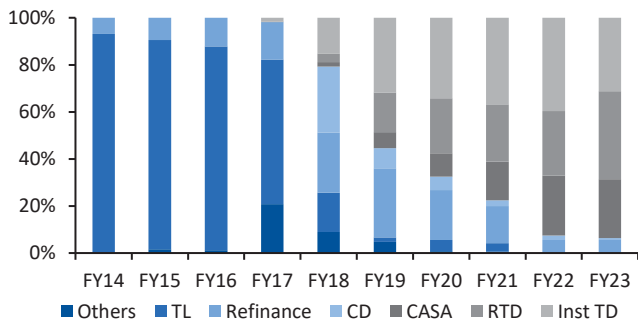


Source: Company, Centrum Broking

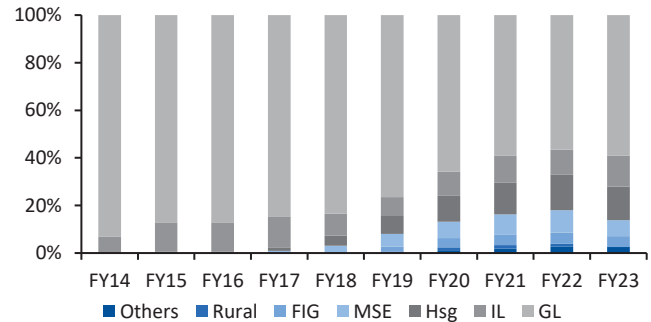
Market data

Current price:	Rs49
Bloomberg:	UJJIVANS IN
52-week H/L:	Rs53/21
Market cap:	Rs95.9bn
Free float:	26.3%
Avg. daily vol. 3mth:	17143600
Source: Bloomberg	

Deposits gaining traction albeit with a slow start; secured loan share rising: Originally an NBFC-MFI, Ujjivan relied predominantly on bank loans prior to FY18. After conversion to a bank, it began to focus on deposit accretion. Deposit build-up in terms of RTD and CASA was slow initially, contributing 11%/37% to total deposits in FY18/19. Build-up of RTD + CASA gathered steam in the last two years and now accounts for more than 77% of its overall funding profile. On the loan mix side, Ujjivan had a 100% unsecured portfolio over FY13-16. Although the secured portfolio originated in FY15, it started meaningfully contributing since FY18 (7.3%) and has risen to 27% in FY23.

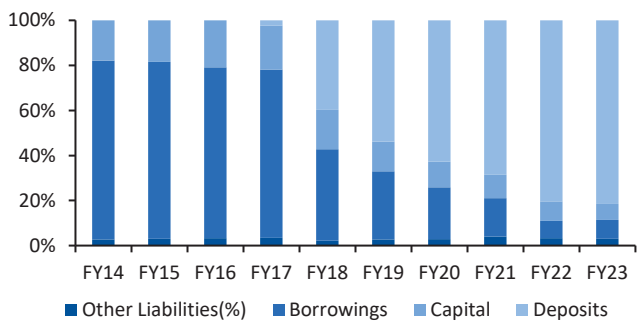
Exhibit 901: Deposit build-up

Source: Company, Centrum Broking

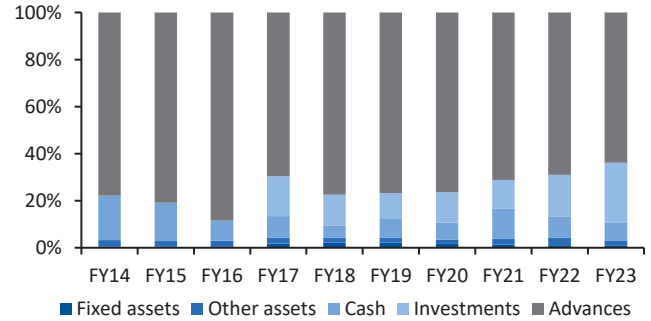
Exhibit 902: Over FY17-23 secured pool rose from 7% to 27%

Source: Company, Centrum Broking

Common size Balance sheet analysis: Over FY12-17, Ujjivan mainly relied on borrowings as a source of funding with share of 75-80% of its total Balance Sheet. SFB conversion led to increase in share of deposits post FY18. Over FY18-23, the share of deposits rose from 40% to 76.6% while that of borrowings declined from 41% to 8%. Within deposits, the share of RTD+CASA (granular deposits) improved over the same time frame. On assets, the share of loans has largely been 77-90% over FY12-20, barring FY17 that was characterized by systemic shocks. Post FY20, share of loans fell drastically from 76% to 64% in FY23 and due to SLR requirements as deposits grew (investment share rose from 10% in FY16 to 26% in FY23).

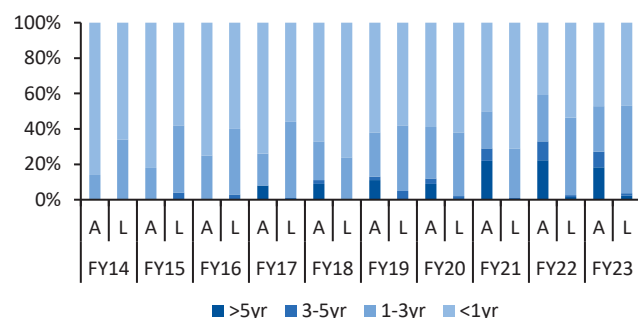
Exhibit 903: Deposit share increasing since FY19

Source: Company, Centrum Broking

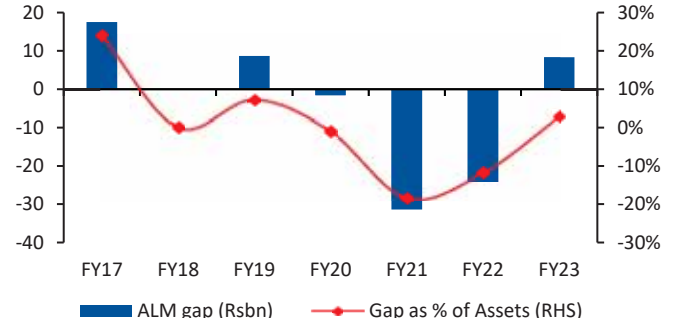
Exhibit 904: Growing deposits led to increase in investments

Source: Company, Centrum Broking

ALM profile more balanced post SFB conversion: Over FY14-17, Ujjivan's ALM profile suggested a positive difference in the >1-year bucket, since MFI loans are generally shorter term. After bank conversion, share of longer maturity assets - secured assets/G-Secs and liabilities - share of RTD in deposits have increased. This translated to a more balanced ALM profile post FY17, which decreased the interest rate risk for Ujjivan. However, the mismatch was witnessed again in FY21/FY22 with jump in deposit base for the bank. The ALM mismatch for >1-3 year bucket from FY18 to FY23 has mainly remained negative for same reasons. In terms of maturity profile, there has been a reduction in assets concentrated in the less than 1-year bucket primarily due to change in tenor for unsecured loans.

Exhibit 905: As secured share rose, asset tenure increased

Source: Company, Centrum Broking

Exhibit 906: ALM mismatch (<1 year bucket)

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Interest earned	28,079	28,145	41,650	53,694	66,984
Interest expended	10,775	10,392	14,671	20,852	26,463
Net Interest Income	17,304	17,753	26,979	32,842	40,521
Other income	3,024	3,132	5,892	6,898	8,522
Total Income	20,327	20,885	32,871	39,739	49,043
Operating Expenses	12,301	14,964	18,021	22,673	27,314
Employees	7,488	8,126	9,203	10,927	12,621
Others	4,813	6,838	8,818	11,746	14,693
PPoP	8,027	5,921	14,850	17,066	21,729
Provisions	7,905	11,417	178	2,159	4,397
Profit before tax	121	(5,496)	14,672	14,908	17,332
Taxes	19	(1,358)	3,673	3,752	4,362
Net Profit	102	(4,138)	10,999	11,155	12,969

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Loans	3.2	12.5	30.6	30.0	30.0
Deposits	21.8	39.3	39.6	27.5	33.1
RWA growth	6.0	12.8	27.0	12.8	12.8
NII	5.8	2.6	52.0	21.7	23.4
Other income	(6.2)	3.6	88.1	17.1	23.6
Opex	(6.7)	21.6	20.4	25.8	20.5
PPoP	25.6	(26.2)	150.8	14.9	27.3
Provisions	362.3	44.4	(98.4)	1,113.0	103.7
Net profit	(97.1)	nm	nm	1.4	16.3
Profitability (%)					
Yield on assets	16.0	13.6	15.8	16.1	16.0
Cost of funds	6.9	5.7	6.1	6.6	6.6
NIM	9.8	8.6	10.2	9.8	9.7
Other income / Total inc.	14.9	15.0	17.9	17.4	17.4
Other inc. / avg assets	1.6	1.4	2.1	1.9	1.8
Cost/Income	60.5	71.6	54.8	57.1	55.7
Employee	36.8	38.9	28.0	27.5	25.7
Other	23.7	32.7	26.8	29.6	30.0
Opex/ Avg assets	6.0	6.3	5.4	5.6	5.3
Provisioning cost	5.5	7.4	0.1	0.9	1.4
Tax rate	15.7	24.7	25.0	25.2	25.2
RoE	0.3	(13.7)	31.4	23.8	22.5
RoA	0.1	(1.9)	3.9	3.0	2.8
RoRWA	0.1	(3.4)	7.5	6.4	6.6
Du-pont (%)					
Interest income	14.5	12.8	14.6	14.6	14.5
Interest expenses	5.6	4.7	5.2	5.7	5.7
NII	8.9	8.1	9.5	8.9	8.8
Other income	1.6	1.4	2.1	1.9	1.8
Total income	10.5	9.5	11.5	10.8	10.6
Operating expenses	6.3	6.8	6.3	6.1	5.9
Employee	3.9	3.7	3.2	3.0	2.7
Other	2.5	3.1	3.1	3.2	3.2
PPoP	4.1	2.7	5.2	4.6	4.7
Provisions	4.1	5.2	0.1	0.6	1.0
PBT	0.1	(2.5)	5.2	4.0	3.8
Tax	0.0	(0.6)	1.3	1.0	0.9
RoA	0.1	(1.9)	3.9	3.0	2.8

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Share capital	19,720	19,705	22,059	22,060	22,060
Reserves & surplus	12,472	8,321	20,032	29,721	41,225
Deposits	1,31,358	1,82,922	2,55,377	3,25,607	4,33,488
Borrowings	32,473	17,636	26,415	20,251	17,828
Other Liabilities	7,786	7,461	9,286	7,088	4,992
Total liabilities	2,03,809	2,36,045	3,33,169	4,04,726	5,19,592
Cash balances with RBI	17,115	16,822	23,053	24,420	30,344
Balances with banks	8,660	4,859	1,783	2,605	4,335
Investments	25,165	41,529	85,103	87,914	1,08,372
Advances	1,44,940	1,63,032	2,12,897	2,76,766	3,59,795
Fixed Assets	2,807	2,494	2,829	3,253	3,741
Other Assets	5,118	7,309	7,504	9,768	13,005
Total assets	2,03,809	2,36,045	3,33,169	4,04,726	5,19,592

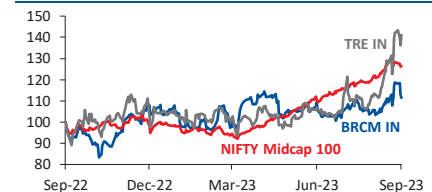
Ratios					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Balance Sheet (%)					
Loans / Deposits	110.3	89.1	83.4	85.0	83.0
Investments / Deposits	19.2	22.7	33.3	27.0	25.0
CASA	20.6	27.3	26.4	28.5	30.0
Assets/equity (x)	6.3	8.4	7.9	7.8	8.2
RWA / Total assets	56.0	54.6	49.1	45.6	40.0
Capital ratios (%)					
CET-1	25.1	17.7	22.7	25.4	28.0
Tier-1	25.1	17.7	22.7	25.4	28.0
Tier-2	1.4	1.3	3.1	1.7	10.8
CRAR	26.4	19.0	25.8	27.0	38.9
Asset quality ratios (%)					
GNPA (Rs mn)	10,706	12,841	6,304	6,353	8,346
NNPA (Rs mn)	4,246	996	90	775	2,014
GNPA	7.1	7.1	2.6	2.0	2.0
NNPA	2.9	0.5	0.0	0.2	0.5
PCR	60.3	92.2	98.6	87.8	75.9
Slippage	7.1	12.5	1.7	1.8	1.8
NNPA / Equity	13.2	3.6	0.2	1.5	3.2
Per share					
EPS	0.1	(2.4)	5.6	5.7	6.6
BVPS	18.6	16.2	21.5	26.5	32.4
ABVPS	16.2	15.6	21.5	26.1	31.3
Valuation (x)					
P/E	826.8	nm	8.7	8.6	7.4
P/BV	2.6	3.0	2.3	1.8	1.5
P/ABV	3.0	3.1	2.3	1.9	1.6

Source: Company, Centrum Broking

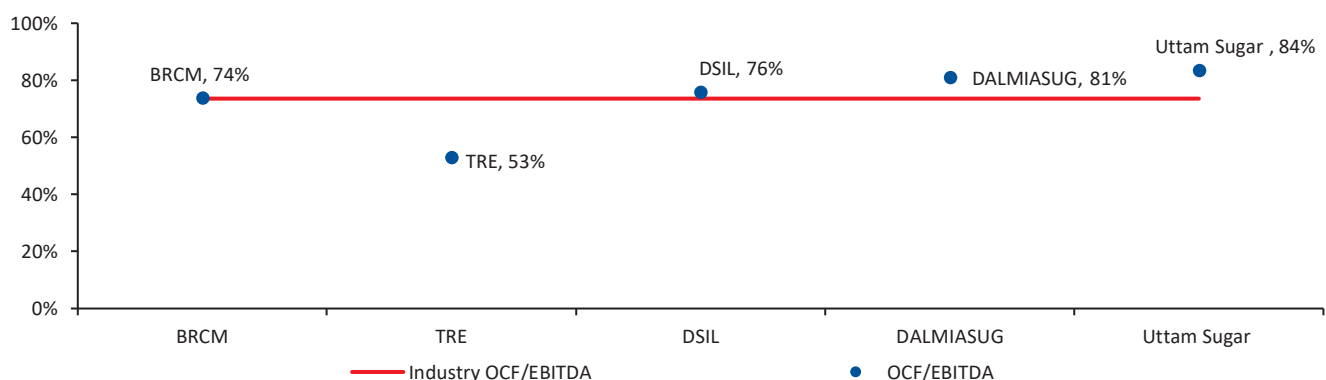
Sugar sector

Cash flow analysis of Indian Sugar sector for last ten years highlights three major points (1) given the inherent nature of the industry (financial year end being the peak of crushing season) companies would have higher working capital cycle leading to poor show on EBITDA to OCF conversion (outperformers – Uttam Sugar/Dalmia Sugar); (2) post FY19/20 (since implementation of reforms for the sector) there has been reduction in volatility in earnings and loss making years are thing of past; and (3) consistent decline in leverage position of the companies from historical highs of >1.5-2x to more comfortable position of ~0.5 for most companies in FY23.

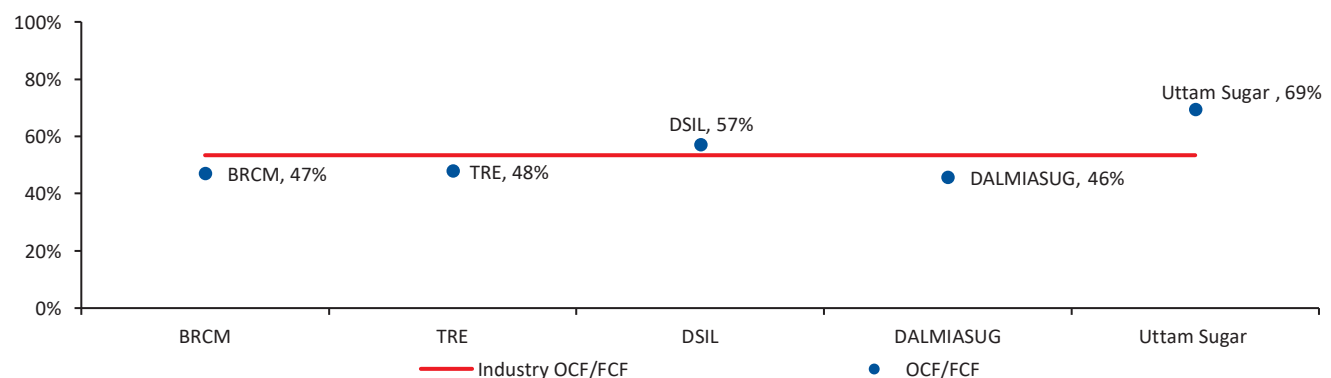
Nifty Midcap100 Vs BRCM Vs TRE



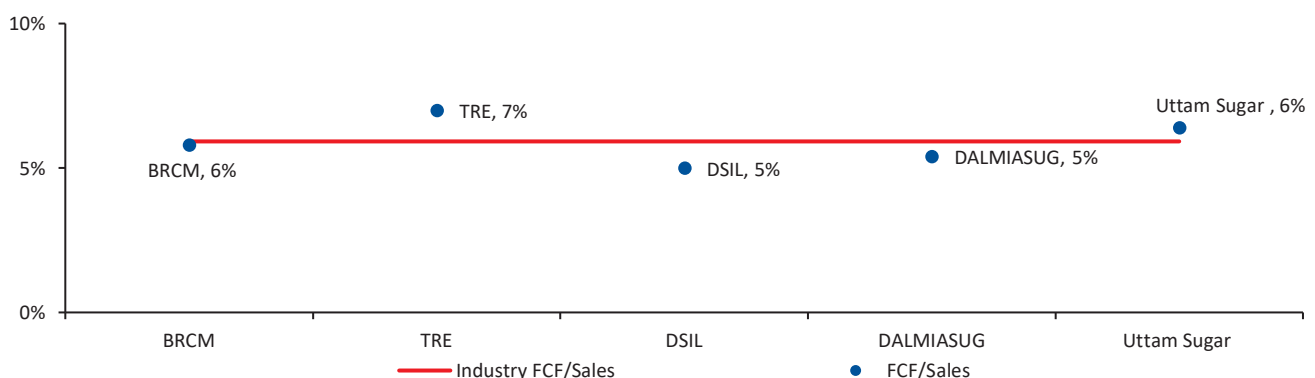
Source: Bloomberg

Exhibit 907: EBITDA to OCF conversion is improving for most companies in recent years with reducing inventory levels


Source: Company, Centrum Broking

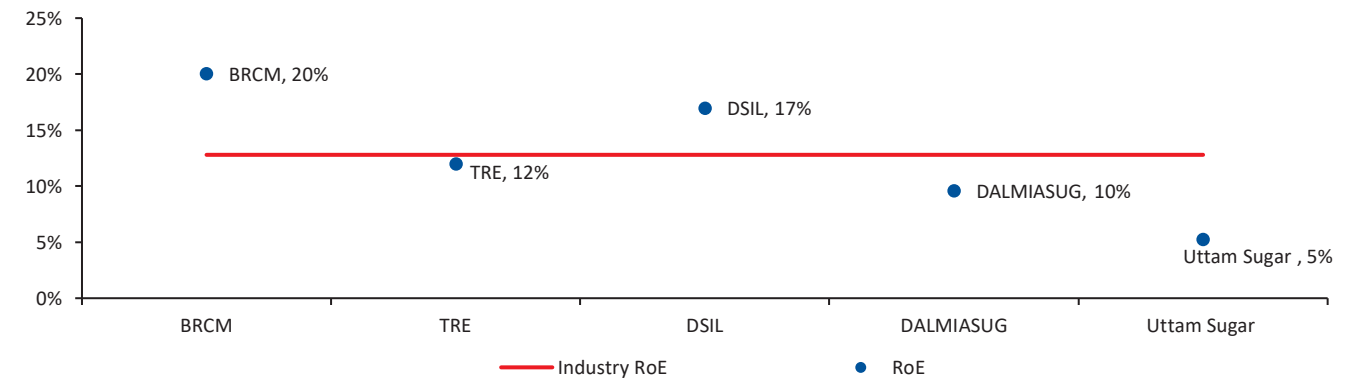
Exhibit 908: OCF to FCF conversion remains strong for Uttam Sugar as compared to diversified players


Source: Company, Centrum Broking

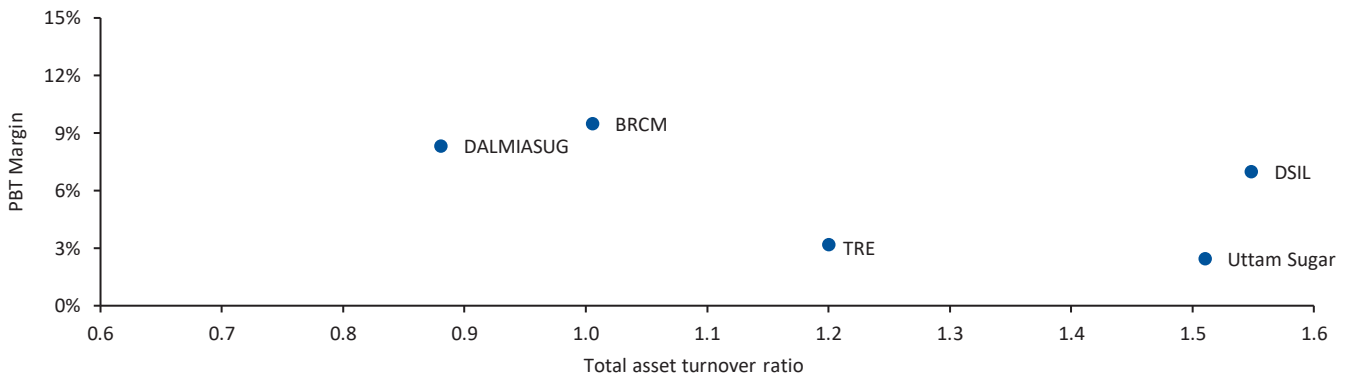
Exhibit 909: Sales to FCF conversion show an improving trend for industry participants as business dynamics improve


Source: Company, Centrum Broking

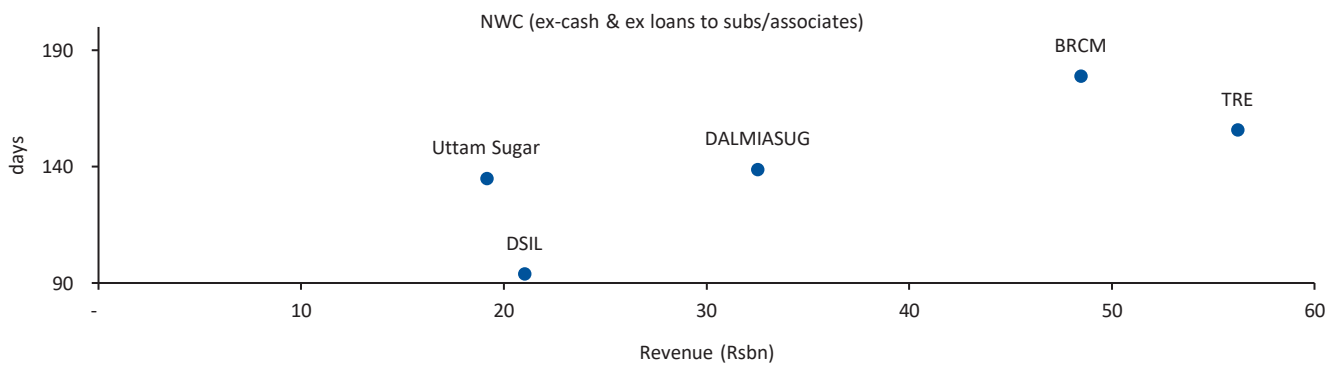
Please see Appendix for analyst certifications and all other important disclosures.

Exhibit 910: BRCM and DSIL fare well on RoE front; losses suffered during bad years affect the return ratios of industry

Source: Company, Centrum Broking

Exhibit 911: Given seasonality of the business industry asset turn is on the lower side

Source: Company, Centrum broking

Exhibit 912: Working capital has been stretched for diversified (TRE) and bigger companies (BRCM)

Source: Company, Centrum Broking

Exhibit 913: Key performance metrics for 10 years ended FY23

	BRCM	TRE	DSIL	DALMIASUG	Uttam Sugar
Revenue CAGR (%)^	6	6	12	13	11
EBITDA CAGR (%)^	8	21	9	13	8
PBT CAGR (%)^	28	NA	NA	34	30
Gross margin (%)	27	28	22	33	25
EBITDA margin (%)	14	10	12	15	11
PBT margin (%)	11	11	7	10	4
Net Debt/Equity (x)	0.8	1.4	2.3	0.9	3.7
Net Debt/EBITDA (x)	3.5	5.1	4.2	3.7	5.0
OCF/EBITDA (%)	74	53	76	81	84
FCF/OCF (%)	47	48	57	46	69
FCF/Sales (%)	20	7	5	5	6
NWC (ex-cash & ex loans to subs/associates) – days	179	161	94	139	135
RoE (%)	20	12	17	10	5
Stock return (%)^	22	32	39	36	28

Source: Company, Centrum Broking; ^: FY13-23 CAGR

Balrampur Chini (BRCM)

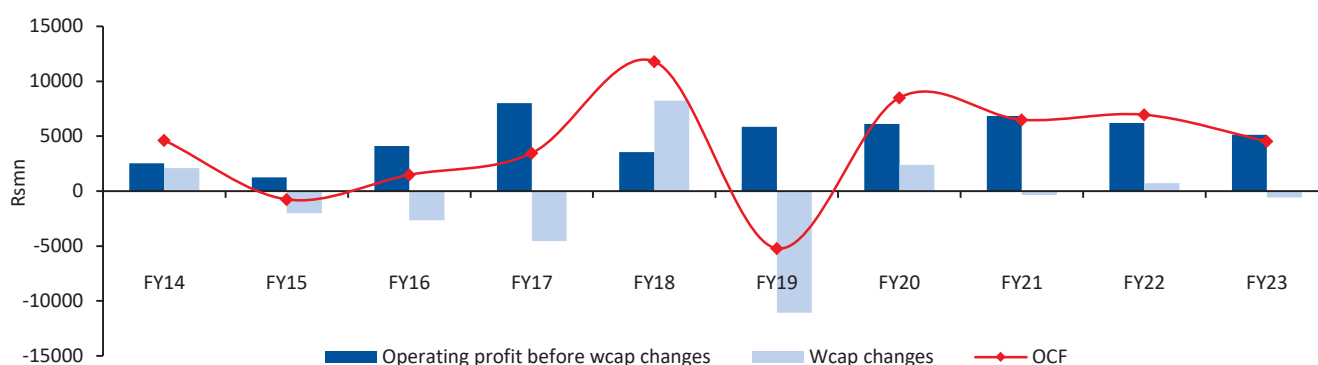
BRCM posted revenue/PBT CAGR of 5.7%/28.3% over FY14-23. Given financial year end coincides with peak of crushing season there has not been any material change on NWC cycle. However, with healthy rise in operating profit, BRCM's aggregate OCF was Rs41.8bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 74%. Over FY14-23, 52% of the total OCF was spent on capex at an avg. of Rs2,167mn p.a., while 47% was converted to FCF at Rs19.6bn. Avg. net debt/equity ratio at 0.8x resulted in avg. RoE/RoCE at 19.7%/12.4% over FY14-23. Distribution of FCF as dividend/buyback is robust at an aggregate of 116% over FY14-23. The stock has generated CAGR return of 23% over FY14-23.

Market data

Current price:	Rs439
Bloomberg:	BRCM IN
52-week H/L:	Rs450/307
Market cap:	Rs88.6bn
Free float:	54.2%
Avg. daily vol. 3mth:	2256479

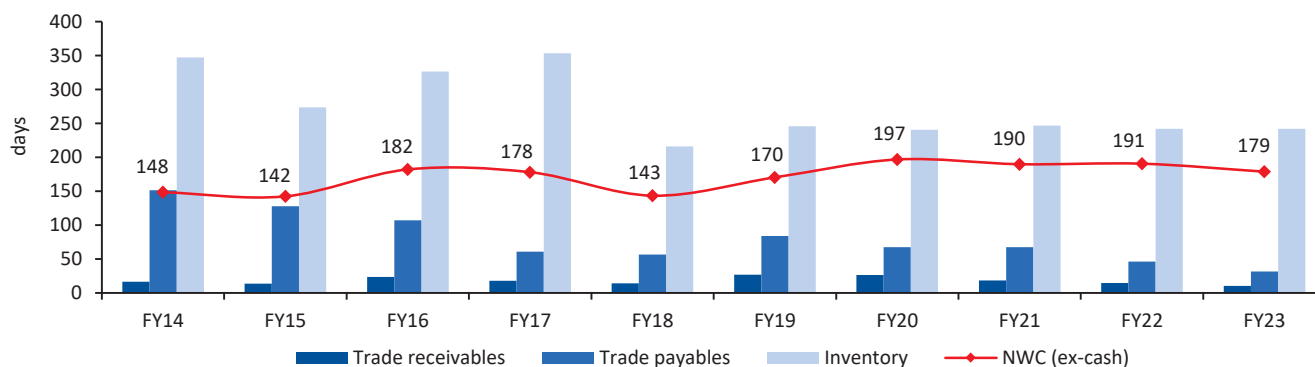
Source: Bloomberg

Exhibit 914: BRCM has been very efficient in generating OCF (+ve in 8 out of 10 years) despite being in high inventory industry



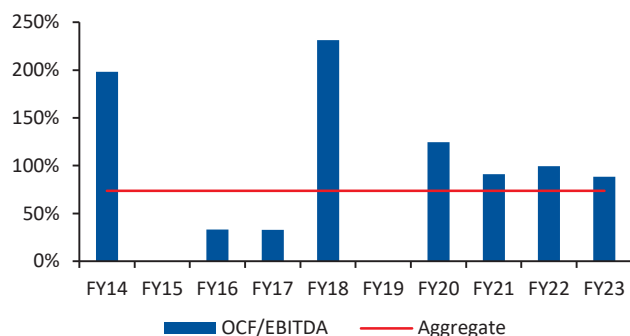
Source: Company, Centrum Broking

Exhibit 915: High working capital cycle due to inherent nature of the industry



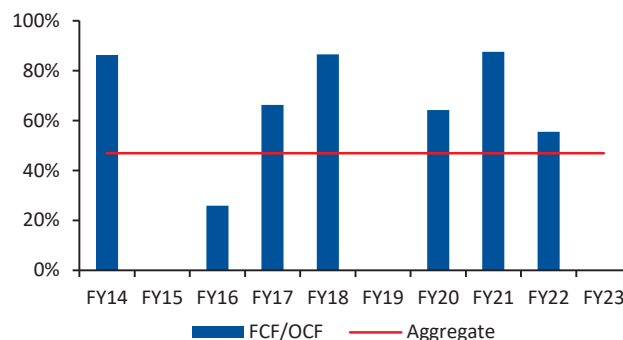
Source: Company, Centrum Broking

Exhibit 916: EBITDA to OCF conversion of 74% over 10 years



Source: Company, Centrum Broking;

Exhibit 917: OCF to FCF conversion of 47% over 10 years



Source: Company, Centrum Broking

Exhibit 918: Leverage has been consistently low; Cross cycle decent return ratios

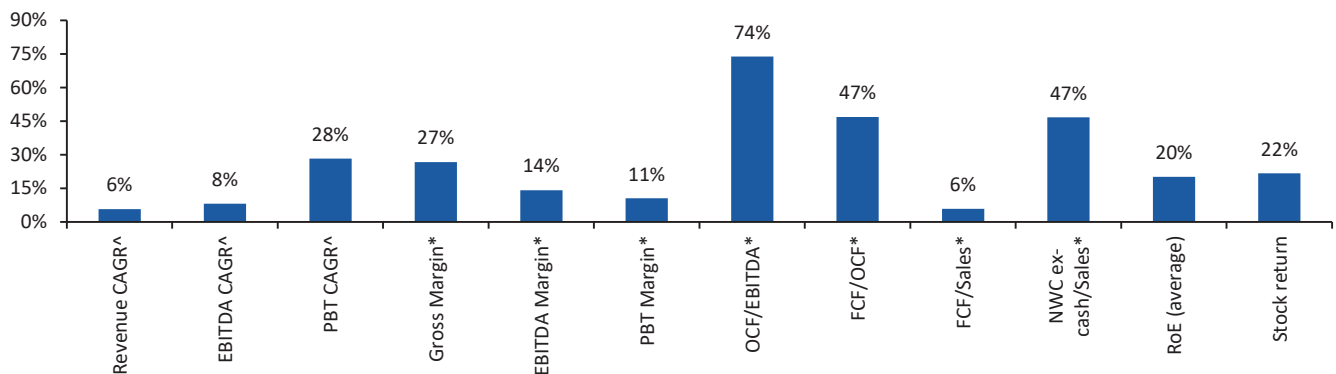
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.0	1.4	1.2	1.1	0.5	0.8	0.6	0.4	0.4	0.6	0.8
Net Debt/EBITDA	5.2	11.2	3.4	1.6	1.7	2.4	2.0	1.6	1.7	3.6	3.5
RoCE pre-tax	5.6%	1.3%	14.0%	32.4%	15.5%	20.2%	16.4%	16.6%	16.0%	10.2%	14.8%
RoCE	4.1%	1.0%	13.7%	27.4%	11.0%	19.4%	15.0%	13.0%	12.4%	7.0%	12.4%
RoIC pre-tax	4.3%	0.7%	11.3%	28.9%	12.7%	16.4%	13.5%	13.7%	13.0%	8.0%	12.3%
RoE	1.9%	(4.1%)	26.2%	55.4%	17.6%	30.5%	22.9%	19.1%	17.3%	10.0%	19.7%

Source: Company, Centrum Broking

Exhibit 919: DuPont Analysis – Going ahead as assets sweat we believe improved asset turn would lead to higher RoE

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.72	0.72	0.95	0.85	0.74	0.97	0.93	0.81	0.79	0.72	0.82
Revenue/Average Total Assets	0.79	0.94	0.86	1.01	1.25	1.13	1.06	1.05	1.04	0.95	1.01
Average Total Assets/Average NW	2.66	2.72	2.77	2.59	2.21	2.03	1.98	1.81	1.73	1.73	2.22
PBT/EBITDA	0.14	(0.49)	0.32	0.87	0.77	0.86	0.82	0.83	0.84	0.77	0.57
EBITDA/Revenue	0.09	0.05	0.16	0.29	0.12	0.16	0.14	0.15	0.14	0.11	0.14
RoE (%)	1.9%	(4.1%)	26.2%	55.4%	17.6%	30.5%	22.9%	19.1%	17.3%	10.0%	19.7%

Source: Company, Centrum Broking

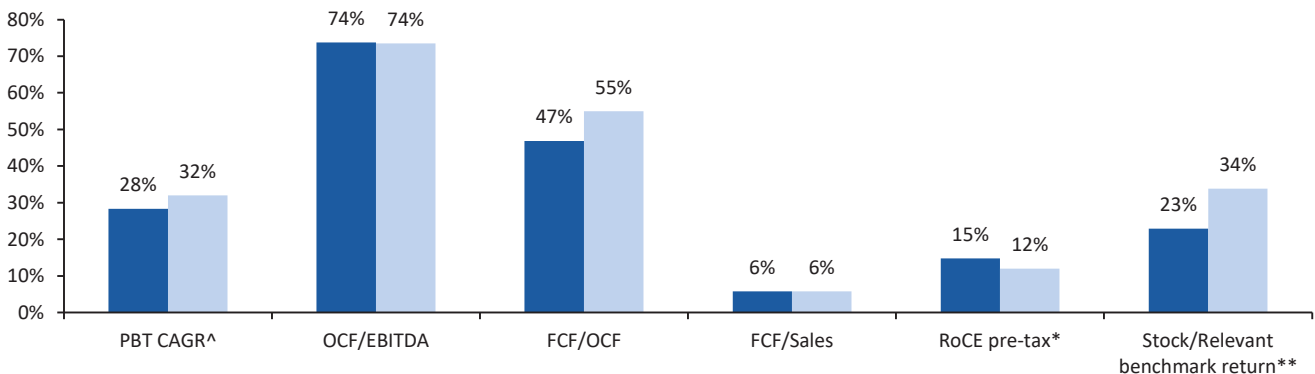
Exhibit 920: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate

Exhibit 921: Table highlights BRCM rewarding its shareholders despite the growth capex of ~Rs11bn over FY17-23

Rs (mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	2,819	(1,984)	(721)	1,644	9,664	(7,217)	4,808	5,253	3,549	(4,468)
FCF yield	26%	NA	NA	5%	27%	NA	14%	17%	5%	NA
Dividend + Buyback (b)	490	0	0	2,607	1,578	571	2,043	2,325	2,662	1,959
Distribution of FCF (b/a)	17%	NA	NA	159%	16%	NA	42%	44%	75%	NA
Cash & equivalents*/Capital employed	5.6%	3.0%	0.3%	0.1%	0.3%	0.1%	0.1%	0.1%	0.1%	0.2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 922: BRCM vs. Peer set

Source: Company, Centrum Broking; *: FY13-22 average; ^: FY12-22 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	48,116	48,460	46,659	54,456	59,082
Operating Expense	40,988	41,463	41,538	45,632	50,690
Employee cost	2,816	3,078	3,638	4,002	4,402
Others	735	740	653	0	0
EBITDA	7,128	6,997	5,120	8,824	8,391
Depreciation & Amortisation	1,119	1,139	1,295	1,425	1,567
EBIT	6,009	5,858	3,825	7,400	6,824
Interest expenses	393	309	486	945	802
Other income	279	330	628	691	794
PBT	5,895	5,880	3,967	7,145	6,817
Taxes	1,294	1,341	1,241	2,144	1,704
Effective tax rate (%)	21.9	22.8	31.3	30.0	25.0
PAT	4,602	4,539	2,725	5,002	5,112
Minority/Associates	196	119	116	128	141
Recurring PAT	4,798	4,658	2,842	5,130	5,253
Extraordinary items	0	(12)	0	0	0
Reported PAT	4,798	4,646	2,842	5,130	5,253
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	1.5	0.7	(3.7)	16.7	8.5
EBITDA	4.5	(1.8)	(26.8)	72.3	(4.9)
Adj. EPS	(3.2)	(0.1)	(38.3)	80.5	2.4
Margins (%)					
Gross	28.2	28.7	26.9	31.2	29.5
EBITDA	14.8	14.4	11.0	16.2	14.2
EBIT	12.5	12.1	8.2	13.6	11.6
Adjusted PAT	10.0	9.6	6.1	9.4	8.9
Returns (%)					
ROE	19.1	17.3	10.0	17.1	16.4
ROCE	13.0	12.4	7.0	12.2	12.5
ROIC	10.7	9.8	5.4	11.2	10.7
Turnover (days)					
Gross block turnover ratio (x)	2.2	2.1	1.4	1.5	1.6
Debtors	18	14	10	8	7
Inventory	247	242	242	215	192
Creditors	67	46	32	33	34
Net working capital	190	191	179	126	110
Solvency (x)					
Net debt-equity	0.4	0.4	0.6	0.4	0.4
Interest coverage ratio	18.1	22.7	10.5	9.3	10.5
Net debt/EBITDA	1.6	1.7	3.6	1.6	1.6
Per share (Rs)					
Adjusted EPS	22.8	22.8	14.1	25.4	26.0
BVPS	124.7	135.7	143.5	153.3	163.7
CEPS	28.2	28.4	20.5	32.5	33.8
DPS	2.5	2.5	2.5	15.0	15.0
Dividend payout (%)	10.9	11.0	17.7	59.0	57.6
Valuation (x)					
P/E	19.2	19.3	31.2	17.3	16.9
P/BV	3.5	3.2	3.1	2.9	2.7
EV/EBITDA	1.6	1.7	3.7	1.6	1.6
Dividend yield (%)	0.6	0.6	0.6	3.4	3.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	210	204	202	202	202
Reserves & surplus	25,981	27,493	28,754	30,729	32,815
Shareholders fund	26,191	27,697	28,956	30,931	33,017
Minority Interest	0	0	0	0	0
Total debt	11,346	12,107	18,796	14,087	13,710
Non Current Liabilities	5,897	5,712	108	108	108
Def tax liab. (net)	640	755	1,282	1,282	1,282
Total liabilities	44,075	46,271	49,141	46,408	48,117
Gross block	21,997	23,486	34,430	36,330	37,830
Less: acc. Depreciation	(6,011)	(7,149)	(8,444)	(9,869)	(11,436)
Net block	15,986	16,336	25,986	26,461	26,394
Capital WIP	145	2,043	243	343	343
Net fixed assets	16,131	18,379	26,229	26,804	26,737
Non Current Assets	19	935	266	266	266
Investments	2,492	1,726	2,013	2,013	2,013
Inventories	23,785	22,005	23,187	20,922	22,903
Sundry debtors	2,455	1,367	1,248	1,108	1,124
Cash & Cash Equivalents	28	33	119	328	411
Loans & advances	6,081	5,709	0	0	0
Other current assets	1,094	360	1,223	611	611
Trade payables	5,964	2,778	3,160	3,693	3,997
Other current liab.	1,990	1,396	1,910	1,878	1,878
Provisions	54	67	74	74	74
Net current assets	25,434	25,232	20,633	17,325	19,100
Total assets	44,075	46,271	49,141	46,408	48,117
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	5,896	5,868	3,967	7,145	6,817
Depreciation & Amortisation	1,119	1,139	1,295	1,425	1,567
Net Interest	390	309	486	945	802
Net Change – WC	340	732	(583)	2,905	(1,693)
Direct taxes	(526)	(1,341)	(678)	(2,144)	(1,704)
Net cash from operations	7,169	6,946	4,529	10,277	5,788
Capital expenditure	(978)	(3,387)	(8,561)	(2,000)	(1,500)
Acquisitions, net	0	0	0	0	0
Investments	162	766	(147)	613	0
Others	4	(472)	120	0	0
Net cash from investing	(811)	(3,094)	(8,588)	(1,387)	(1,500)
FCF	6,358	3,853	(4,059)	8,890	4,288
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(2,507)	(371)	6,638	(4,709)	(377)
Dividend paid	(525)	(510)	(508)	(3,026)	(3,026)
Interest paid	(425)	(304)	(409)	(945)	(802)
Others	(2,232)	(2,693)	(1,662)	0	0
Net cash from financing	(5,689)	(3,878)	4,058	(8,680)	(4,205)
Net change in Cash	669	(25)	(1)	209	83

Source: Company, Centrum Broking

Triveni Engineering Inds (TRE)

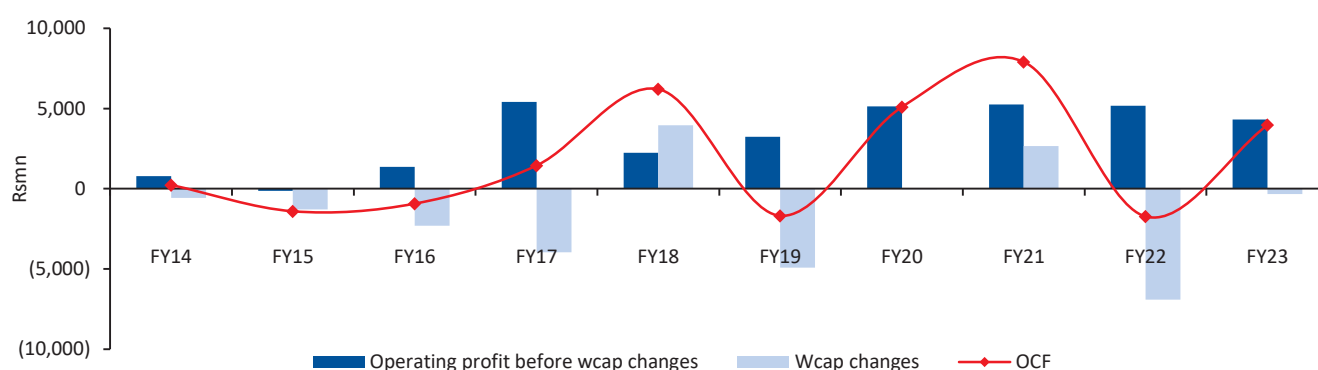
TRE posted revenue/PBT CAGR of 5.9%/10.7% over FY14-23. Given financial year end coincides with peak of crushing season there has not been any material change on NWC cycle. TRE's aggregate OCF was Rs19.1bn over FY14-23, with a sluggish EBITDA to OCF conversion rate of 53%. Over FY14-23, 62% of the total OCF was spent on capex at an avg. of Rs1,180mn p.a., while 48% was converted to FCF at Rs9.2bn. Avg. net debt/equity ratio at 1.4x resulted in avg. RoE/RoCE at 12.4%/8.6% over FY14-23. Distribution of FCF as dividend is poor at an aggregate of 20% over FY14-23. The stock has generated CAGR return of 32% over FY14-23.

Market data

Current price:	Rs388
Bloomberg:	TRE IN
52-week H/L:	Rs398/240
Market cap:	Rs84.9bn
Free float:	34.5%
Avg. daily vol. 3mth:	1350316

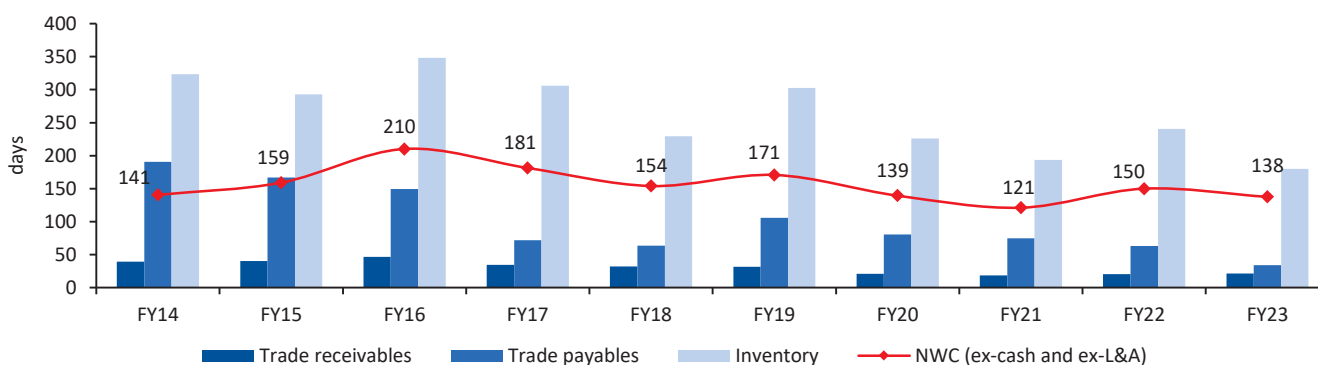
Source: Bloomberg

Exhibit 923: TRE's OCF has been plagued by higher working needs for sugar and water business



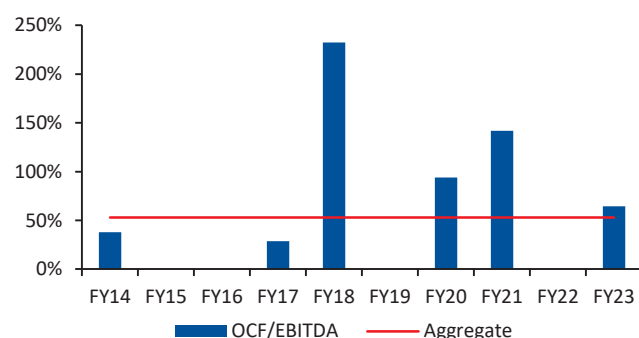
Source: Company, Centrum Broking

Exhibit 924: Higher inventory days has been the major drag on working capital cycle



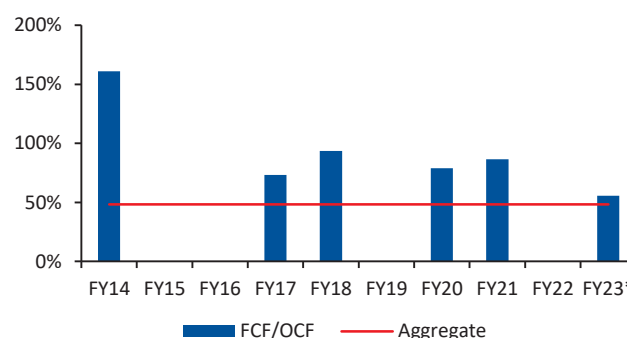
Source: Company, Centrum Broking

Exhibit 925: EBITDA to OCF conversion is poor at 53%



Source: Company, Centrum Broking; Note- OCF in year FY15/16/19/22 is negative hence excluded from depiction, however in aggregate calculations the same are considered

Exhibit 926: OCF to FCF conversion also poor at 48%



Source: Company, Centrum Broking; * calculation excludes the one time proceeds from sale of investment of Rs15.9bn

Exhibit 927: High leverage leading to higher interest outflow has impacted margins and return ratios

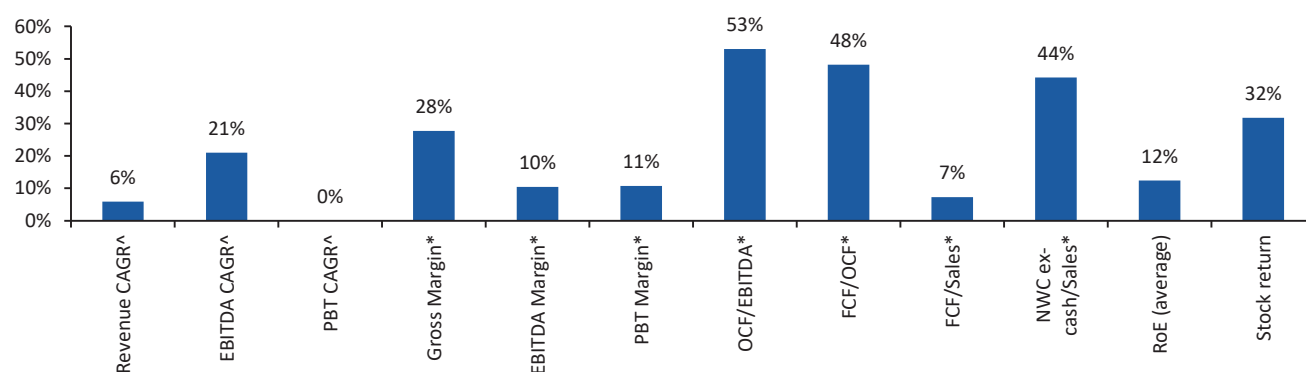
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg.
Net Debt/Equity	1.3	2.2	2.9	2.1	1.3	1.5	1.1	0.6	0.8	0.3	1.4
Net Debt/EBITDA	18.4	n.a	0.2	3.4	4.6	5.5	2.8	1.7	2.4	1.4	4.5
RoCE pre-tax	(0.3%)	(2.3%)	3.8%	20.4%	10.0%	12.6%	17.7%	18.9%	19.1%	17.1%	11.7%
RoCE	(0.3%)	(2.1%)	3.8%	17.6%	6.7%	10.0%	13.1%	12.1%	13.6%	11.7%	8.6%
RoIC (pre-tax)	(0.9%)	(2.8%)	2.5%	17.4%	9.5%	8.6%	15.9%	17.9%	15.1%	14.3%	9.7%
RoE	(14.4%)	(20.3%)	(5.0%)	44.4%	11.3%	18.8%	27.0%	20.3%	24.8%	17.1%	12.4%

Source: Company, Centrum Broking

Exhibit 928: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.95	0.90	1.06	1.13	0.67	0.79	0.74	0.64	0.72	0.69	0.83
Revenue/average total assets	0.98	0.94	0.80	1.06	1.31	1.17	1.44	1.56	1.29	1.48	1.20
Average total assets/Average NW	2.57	2.95	3.84	3.74	2.89	2.58	2.49	2.08	1.92	1.66	2.67
PBT/EBITDA	(2.08)	na	na	0.55	0.56	0.81	0.78	0.82	0.81	0.89	0.39
EBITDA/Revenue	0.03	na	0.06	0.18	0.08	0.10	0.12	0.12	0.15	0.11	0.10
RoE	(14.4%)	(20.3%)	(5.0%)	44.4%	11.3%	18.8%	27.0%	20.3%	24.8%	17.1%	6.4%

Source: Company, Centrum Broking

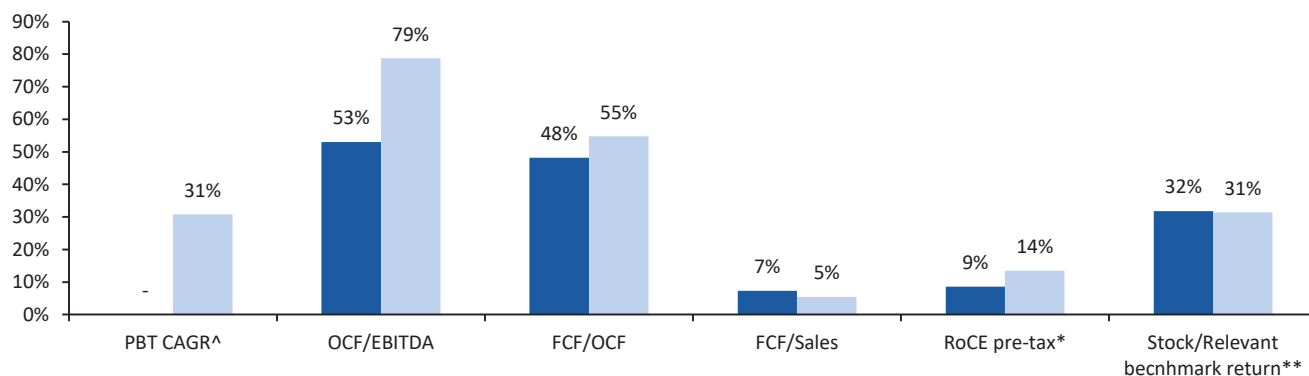
Exhibit 929: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate

Exhibit 930: Poor cash generation has impacted TRE's ability to reward shareholders

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23*
FCF (a)	373	(1,734)	(1,216)	1,058	5,800	(3,834)	4,031	6,829	(4,301)	2,207
FCF yield	10%	NA	NA	7%	28%	NA	25%	43%	NA	4%
Dividend + Buyback (b)	-	-	-	-	26	64	1,164	1,067	786	876
Distribution of FCF (b/a)	0%	NA	NA	0%	0%	NA	29%	16%	NA	40%
Cash & equivalents/Capital employed	0.7%	0.3%	0.2%	0.3%	0.3%	0.7%	1.1%	0.5%	0.8%	2.2%

Source: Company, Centrum Broking *calculation excludes the one time proceeds from sale of investment of Rs15.9bn and resultant buyback of Rs8bn

Exhibit 931: TRE vs. Peer set

Source: Company, Centrum Broking; *: FY13-22 average; ^: FY12-22 CAGR; **: relevant benchmark index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	46,742	42,909	56,168	54,572	60,095
Operating Expense	41,164	36,565	50,009	47,717	50,989
Employee cost	2,708	3,027	3,483	3,602	3,005
Others	1,040	954	1,249	1,214	1,337
EBITDA	5,578	6,344	6,159	6,855	9,106
Depreciation & Amortisation	791	807	935	1,275	1,546
EBIT	4,787	5,537	5,224	5,580	7,560
Interest expenses	516	545	567	456	519
Other income	308	222	804	400	400
PBT	4,579	5,213	5,461	5,524	7,441
Taxes	1,652	1,497	1,718	1,388	1,869
Effective tax rate (%)	36.1	28.7	31.5	25.1	25.1
PAT	2,927	3,716	3,743	4,136	5,572
Minority/Associates	12	591	163	0	0
Recurring PAT	2,939	4,308	3,906	4,136	5,572
Extraordinary items	7	(67)	14,012	0	0
Reported PAT	2,946	4,241	17,918	4,136	5,572
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	5.4	(8.2)	30.9	(2.8)	10.1
EBITDA	2.8	13.7	(2.9)	11.3	32.8
Adj. EPS	(10.0)	46.6	0.1	5.9	34.7
Margins (%)					
Gross	26.5	33.4	27.2	29.5	29.5
EBITDA	11.9	14.8	11.0	12.6	15.2
EBIT	10.2	12.9	9.3	10.2	12.6
Adjusted PAT	6.3	10.0	7.0	7.6	9.3
Returns (%)					
ROE	20.3	24.8	17.1	14.6	17.3
ROCE	12.1	13.6	11.7	12.0	14.0
ROIC	10.9	10.7	9.8	9.8	11.9
Turnover (days)					
Gross block turnover ratio (x)	3.2	2.8	2.8	2.1	2.0
Debtors	19	20	21	32	37
Inventory	194	241	180	191	183
Creditors	75	63	34	42	38
Net working capital	121	150	138	147	147
Solvency (x)					
Net debt-equity	0.6	0.8	0.3	0.4	0.3
Interest coverage ratio	10.8	11.6	10.9	15.0	17.5
Net debt/EBITDA	1.7	2.4	1.4	1.6	1.3
Per share (Rs)					
Adjusted EPS	12.2	17.8	17.8	18.9	25.5
BVPS	64.3	79.1	121.8	136.7	158.1
CEPS	15.4	21.2	22.1	24.7	32.5
DPS	1.8	3.3	4.0	4.0	4.0
Dividend payout (%)	14.4	18.5	4.9	21.2	15.7
Valuation (x)					
P/E	31.9	21.8	21.7	20.5	15.2
P/BV	6.0	4.9	3.2	2.8	2.5
EV/EBITDA	4.6	10.1	15.2	14.0	10.6
Dividend yield (%)	0.5	0.8	1.0	1.0	1.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	242	242	219	219	219
Reserves & surplus	15,315	18,887	26,434	29,694	34,391
Shareholders fund	15,557	19,129	26,653	29,913	34,609
Minority Interest	0	0	0	0	0
Total debt	9,772	15,695	9,236	8,994	11,775
Non Current Liabilities	204	851	339	339	339
Def tax liab. (net)	1,338	1,354	1,084	1,084	1,084
Total liabilities	26,872	37,030	37,311	40,330	47,807
Gross block	14,396	15,308	20,160	26,210	30,010
Less: acc. Depreciation	(3,721)	(4,529)	(5,463)	(6,739)	(8,285)
Net block	10,675	10,779	14,697	19,472	21,726
Capital WIP	222	2,565	283	0	0
Net fixed assets	10,897	13,344	14,980	19,472	21,726
Non Current Assets	75	437	276	276	276
Investments	1,578	1,870	0	0	0
Inventories	17,337	20,369	19,965	20,361	22,071
Sundry debtors	2,084	2,668	3,920	5,568	6,501
Cash & Cash Equivalents	126	279	796	(2,172)	108
Loans & advances	2,244	1,816	1,871	1,818	2,001
Other current assets	1,855	2,191	2,734	3,034	2,827
Trade payables	6,358	3,508	4,147	4,743	4,063
Other current liab.	1,886	1,619	2,418	2,617	2,976
Provisions	1,082	818	665	665	665
Net current assets	14,321	21,378	22,055	20,582	25,805
Total assets	26,872	37,030	37,311	40,330	47,807
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	4,598	5,146	19,636	5,524	7,441
Depreciation & Amortisation	791	807	935	1,275	1,546
Net Interest	459	521	26	456	519
Net Change – WC	(2,654)	(6,905)	(334)	(1,548)	(2,759)
Direct taxes	(628)	(1,518)	(2,115)	(1,388)	(1,869)
Net cash from operations	2,599	(1,734)	3,974	4,320	4,877
Capital expenditure	(869)	(2,902)	(2,355)	(5,767)	(3,800)
Acquisitions, net	0	0	0	0	0
Investments	(49)	165	15,903	53	(183)
Others	(161)	170	588	0	0
Net cash from investing	(1,079)	(2,567)	14,137	(5,714)	(3,983)
FCF	1,520	(4,301)	18,111	(1,394)	894
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(5,646)	5,694	(6,693)	(242)	2,781
Dividend paid	0	(725)	(484)	(876)	(876)
Interest paid	(515)	(547)	(575)	(456)	(519)
Others	(871)	33	(9,872)	0	0
Net cash from financing	(7,032)	4,454	(17,624)	(1,573)	1,386
Net change in Cash	(5,512)	153	487	(2,968)	2,280

Source: Company, Centrum Broking

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OTHER COMPANIES

AIA Engineering (AIAE)

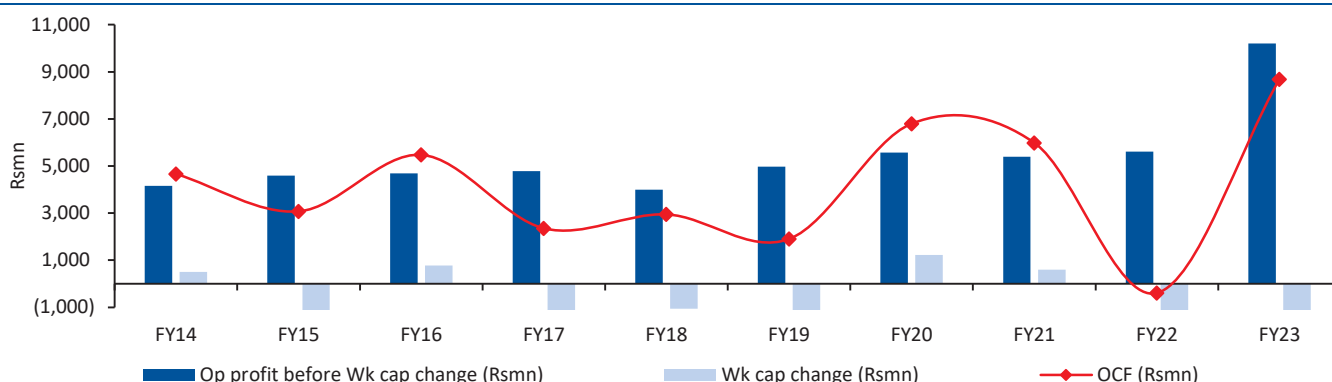
AIAE posted revenue/PBT CAGR of 10.9%/16.7% over FY13-23. Ex-cash NWC days are high at an average of 158 days over FY14-23 due to higher inventory (avg. 88 days) as the nature of the business requires keeping two months of finished goods stock near customer's site. Aggregate OCF generation was Rs41.4bn with healthy OCF/EBITDA conversion at 61%. Cumulative capex incurred over FY14-23 was at Rs14.9bn leading to FCF/OCF conversion of 64% with aggregate FCF of Rs26.6bn. AIAE has high net-cash position; which has affected its return ratios. Average RoE/RoCE is 18%/17.3% over FY14-23. Distribution of FCF as dividend is decent at 42% as an aggregate over FY14-23. The stock return is robust at 21.8% CAGR over FY14-23.

Market data

Current price:	Rs3,629
Bloomberg:	AIAE IN
52-week H/L:	Rs3,825/2,384
Market cap:	Rs342.3bn
Free float:	41.5%
Avg. daily vol. 3mth:	94331

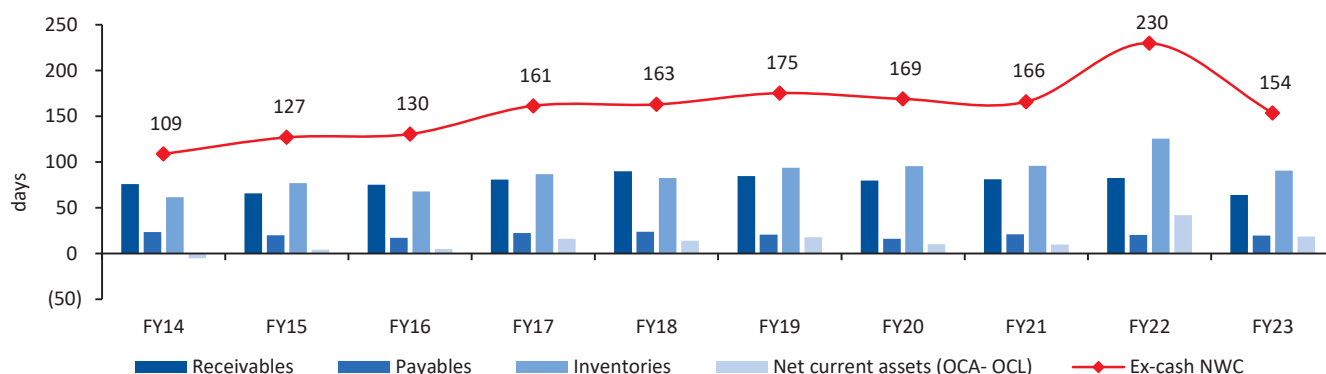
Source: Bloomberg

Exhibit 932: Operating profit before working capital change has increased at 15% CAGR over the past 10 years



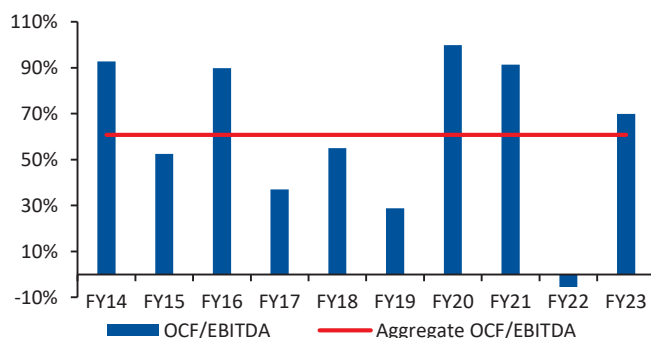
Source: Company, Centrum Broking

Exhibit 933: Ex-cash NWC is higher at an avg. of 158 days over FY14-23 due to higher inventory



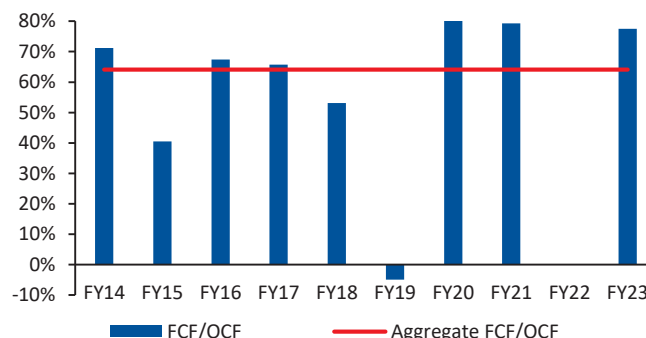
Source: Company, Centrum Broking

Exhibit 934: OCF/EBITDA conversion at 61% over 10 years



Source: Company, Centrum Broking.

Exhibit 935: FCF/OCF conversion at 64% over 10 years



Source: Company, Centrum Broking. FY22 is NA as both OCF & FCF are negative

Exhibit 936: Net-cash position; Rising cash is diluting return ratios

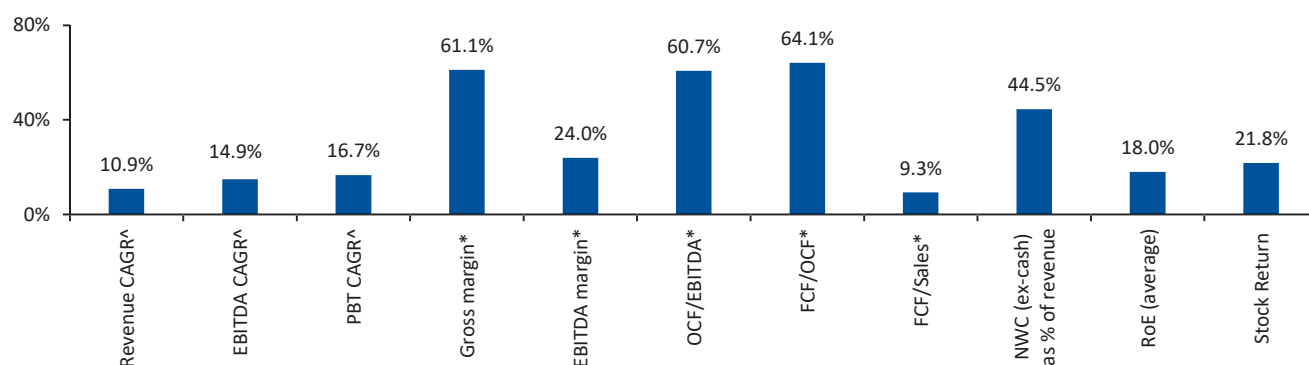
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.1)	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)	(0.1)	(0.1)	(0.1)
Net Debt/EBITDA	(0.26)	(0.21)	0.04	(0.21)	(0.26)	(0.13)	(0.09)	(1.85)	(0.70)	(0.25)	(0.4)
RoCE pre-tax	29.1%	30.0%	27.9%	25.0%	19.8%	20.7%	19.4%	17.8%	17.1%	25.2%	23.2%
RoCE	21.1%	21.7%	19.9%	17.3%	15.0%	15.2%	16.0%	13.8%	13.5%	19.6%	17.3%
RoIC (pre-tax)	42.2%	42.6%	39.7%	36.9%	27.5%	28.5%	25.7%	25.1%	23.1%	36.2%	32.8%
RoE	22.6%	22.5%	20.7%	18.1%	15.5%	15.7%	16.4%	14.2%	13.8%	20.2%	18.0%

Source: Company, Centrum Broking

Exhibit 937: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.73	0.73	0.71	0.69	0.76	0.74	0.82	0.78	0.79	0.78	0.75
Revenue/average total assets	1.20	1.08	0.89	0.83	0.80	0.88	0.78	0.69	0.77	0.89	0.88
Average total assets/Average NW	1.09	1.06	1.07	1.08	1.07	1.07	1.06	1.05	1.03	1.06	1.06
PBT/EBITDA	0.98	1.02	1.05	1.04	1.09	1.05	1.06	1.11	1.08	1.10	1.06
EBITDA/Revenue	0.24	0.27	0.29	0.28	0.22	0.21	0.23	0.23	0.20	0.25	0.24
RoE	22.6%	22.5%	20.7%	18.1%	15.5%	15.7%	16.4%	14.2%	13.8%	20.2%	18.0%

Source: Company, Centrum Broking

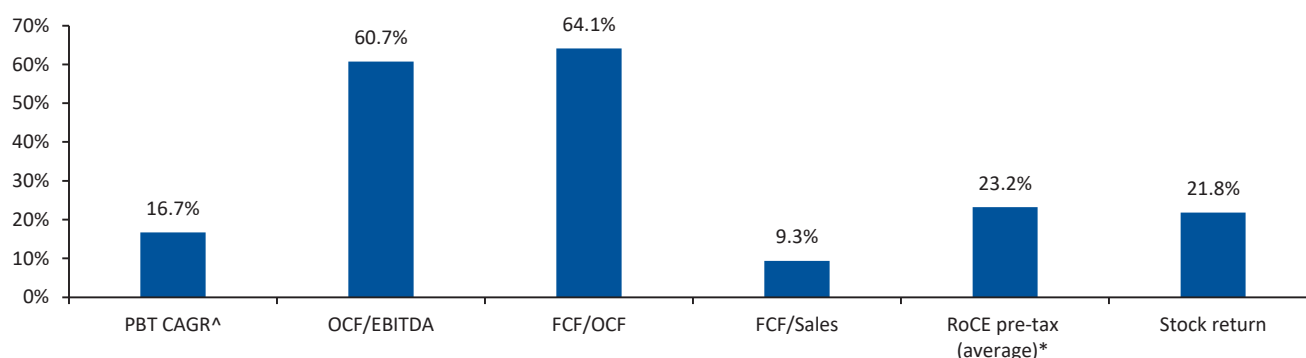
Exhibit 938: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 939: Effective FCF utilization – Distribution of FCF as dividend is decent at 42%

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	3,317	1,245	3,688	1,545	1,564	(92)	5,473	4,743	(1,650)	6,729
FCF yield	8.9%	1.4%	4.1%	1.4%	1.1%	(0.1%)	3.4%	2.8%	(0.9%)	2.9%
Dividend + Buyback (b)	565	755	1,698	755	755	849	2,547	849	849	1,509
Distribution of FCF (b/a)	17.0%	60.6%	46.0%	48.9%	48.2%	NA	46.5%	17.9%	(51.4%)	22.4%
Cash & equivalents/Capital employed	12%	9%	5%	9%	8%	6%	4%	32%	11%	13%

Source: Company, Centrum Broking

Exhibit 940: AIAE – Key performance metrics

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	28,815	35,665	49,088	53,649	57,789
Operating Expense	11,426	14,711	20,658	22,532	23,982
Employee cost	1,335	1,394	1,519	1,717	1,849
Others	9,501	12,351	14,504	16,631	18,030
EBITDA	6,552	7,209	12,406	12,768	13,927
Depreciation & Amortisation	935	921	930	977	1,128
EBIT	5,617	6,288	11,476	11,791	12,799
Interest expenses	43	39	201	277	186
Other income	1,722	1,563	2,345	2,253	2,427
PBT	7,296	7,813	13,620	13,768	15,040
Taxes	1,639	1,617	3,055	3,167	3,309
Effective tax rate (%)	22.5	20.7	22.4	23.0	22.0
PAT	5,657	6,196	10,565	10,601	11,731
Minority/Associates	4	1	(6)	(10)	(12)
Recurring PAT	5,661	6,197	10,559	10,591	11,719
Extraordinary items	0	0	0	0	0
Reported PAT	5,661	6,197	10,559	10,591	11,719
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(3.3)	23.8	37.6	9.3	7.7
EBITDA	(3.7)	10.0	72.1	2.9	9.1
Adj. EPS	(4.1)	9.5	70.4	0.3	10.7
Margins (%)					
Gross	60.3	58.8	57.9	58.0	58.5
EBITDA	22.7	20.2	25.3	23.8	24.1
EBIT	19.5	17.6	23.4	22.0	22.1
Adjusted PAT	19.6	17.4	21.5	19.7	20.3
Returns (%)					
ROE	14.2	13.8	20.2	17.3	16.7
ROCE	13.8	13.5	19.6	16.7	16.5
ROIC	19.5	18.3	28.1	27.3	27.3
Turnover (days)					
Gross block turnover ratio (x)	2.3	2.7	3.0	2.8	2.7
Debtors	82	74	62	63	66
Inventory	245	246	216	204	201
Creditors	48	45	40	44	43
Net working capital	334	241	207	212	249
Solvency (x)					
Net debt-equity	(0.3)	(0.1)	(0.1)	(0.1)	(0.2)
Interest coverage ratio	152.6	187.2	61.7	46.1	74.9
Net debt/EBITDA	(1.8)	(0.7)	(0.2)	(0.6)	(1.0)
Per share (Rs)					
Adjusted EPS	60.0	65.7	112.0	112.3	124.2
BVPS	450.0	504.1	603.4	693.7	792.9
CEPS	69.9	75.5	121.8	122.6	136.2
DPS	9.0	9.0	16.0	22.0	25.0
Dividend payout (%)	15.0	13.7	14.3	19.6	20.1
Valuation (x)					
P/E	60.4	55.2	32.4	32.3	29.2
P/BV	8.1	7.2	6.0	5.2	4.6
EV/EBITDA	50.4	46.8	27.3	26.2	23.5
Dividend yield (%)	0.2	0.2	0.4	0.6	0.7

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	189	189	189	189	189
Reserves & surplus	42,255	47,361	56,725	65,241	74,602
Shareholders fund	42,443	47,550	56,913	65,429	74,790
Minority Interest	88	85	89	89	89
Total debt	1,845	28	4,960	1,960	1,760
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	468	387	391	391	391
Total liabilities	44,844	48,050	62,354	67,870	77,031
Gross block	12,528	13,213	16,267	19,267	21,767
Less: acc. Depreciation	(4,643)	(5,540)	(6,470)	(7,447)	(8,576)
Net block	7,885	7,673	9,796	11,819	13,191
Capital WIP	1,609	2,102	1,074	1,200	700
Net fixed assets	9,724	10,002	11,102	13,219	14,091
Non Current Assets	667	3,925	804	912	982
Investments	8,086	10,554	22,543	22,543	22,543
Inventories	7,548	12,260	12,180	12,964	13,470
Sundry debtors	6,410	8,056	8,609	9,848	11,083
Cash & Cash Equivalents	13,954	5,061	8,060	9,660	16,251
Loans & advances	20	19	1,266	1,234	1,445
Other current assets	1,171	1,376	1,741	1,985	2,023
Trade payables	1,658	1,967	2,614	2,778	2,891
Other current liab.	849	1,026	1,125	1,180	1,387
Provisions	229	210	212	536	578
Net current assets	26,367	23,569	27,905	31,195	39,414
Total assets	44,844	48,050	62,354	67,870	77,031
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	7,296	7,813	13,620	13,768	15,040
Depreciation & Amortisation	935	921	930	977	1,128
Net Interest	43	39	201	277	186
Net Change – WC	709	(9,352)	1,783	(1,799)	(1,698)
Direct taxes	(1,838)	(1,698)	(3,051)	(3,167)	(3,309)
Net cash from operations	7,149	(2,277)	13,478	10,046	11,335
Capital expenditure	(1,439)	(1,200)	(2,030)	(3,095)	(2,000)
Acquisitions, net	0	0	0	0	0
Investments	6,099	(2,468)	(11,989)	0	0
Others	0	0	0	0	0
Net cash from investing	4,660	(3,668)	(14,019)	(3,095)	(2,000)
FCF	11,809	(5,945)	(541)	6,952	9,335
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	875	(1,816)	4,932	(3,000)	(200)
Dividend paid	(849)	(849)	(1,509)	(2,075)	(2,358)
Interest paid	(43)	(39)	(201)	(277)	(186)
Others	614	(245)	318	0	0
Net cash from financing	597	(2,949)	3,540	(5,352)	(2,744)
Net change in Cash	12,406	(8,894)	2,999	1,600	6,591

Source: Company, Centrum Broking

CCL Products (CCL)

CCL posted revenue/PBT CAGR of 12%/15% over FY14-23. The ex-cash NWC has deteriorated post pandemic from an average of 115 days (FY14-20) to 157 days (FY21-23) largely due to increase in inventory levels. With modest 12% CAGR growth in EBITDA, CCL's aggregate OCF was Rs13bn (FY14-23). EBITDA to OCF conversion stood at 51%. Over FY14-23, 107% of the total OCF was spent on capex at an avg. of Rs1.4bn p.a., leading to negative FCF conversion at Rs1bn. Net debt/equity has risen to 0.6x over FY17-23 led by increase in capex intensity. Avg. RoE/RoCE stood at 21%/15.4%. Despite negative FCF, CCL distributed a healthy Rs4.2bn dividend over FY14-23. Market has rewarded the investors (CAGR: 34%) on account of improving growth rate.

22 September 2023

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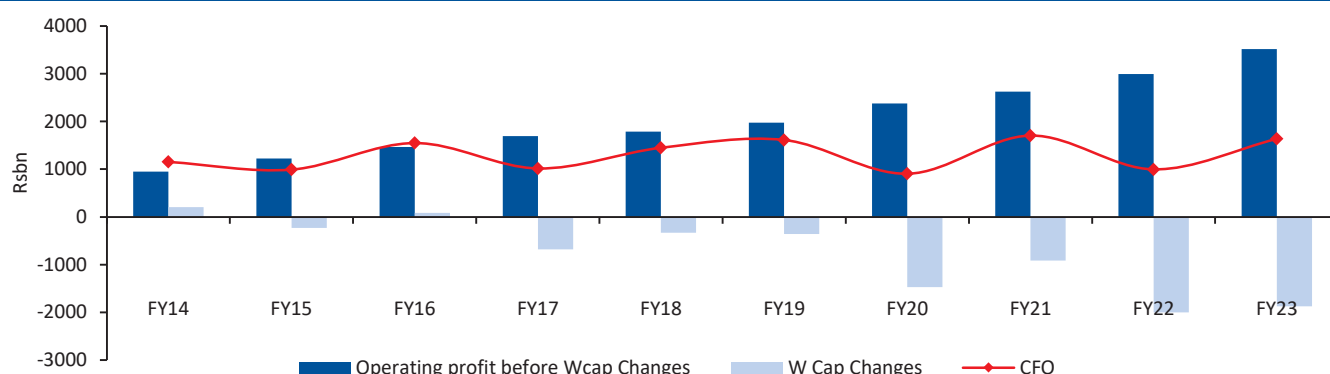
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Institutional Research

Market data

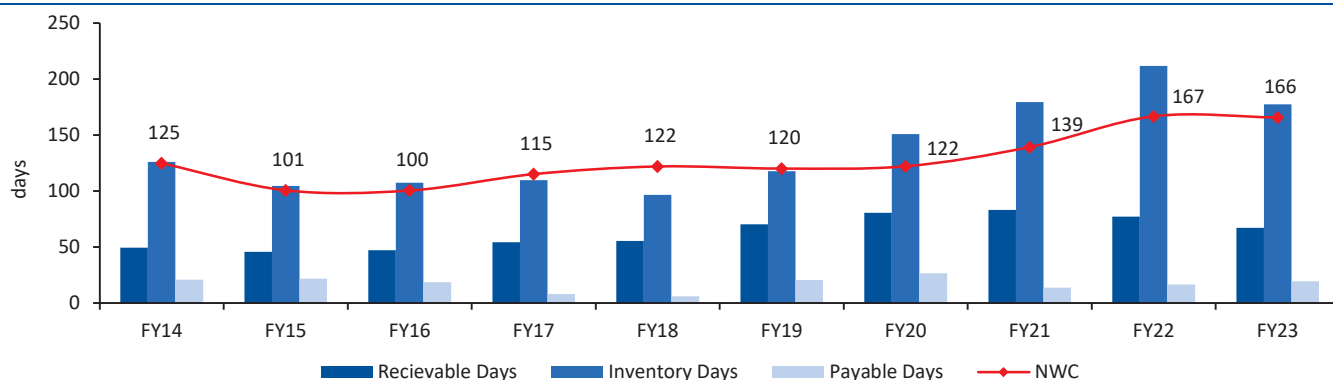
Current price:	Rs655
Bloomberg:	CCLP IN
52-week H/L:	Rs750/471
Market cap:	Rs87.2bn
Free float:	52.2%
Avg. daily vol. 3mth:	242551
Source: Bloomberg	

Exhibit 941: Steady cash flow from operations over last 10 years



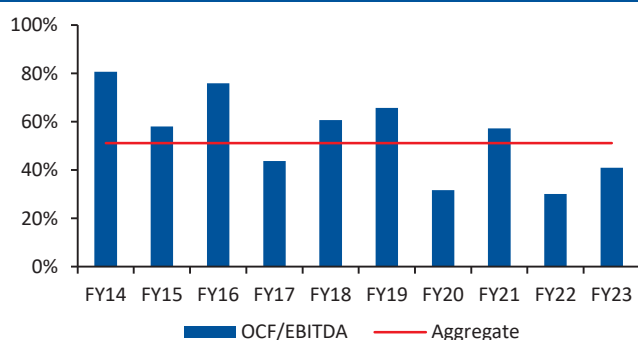
Source: Company, Centrum Broking

Exhibit 942: High inventory days led to >100 working capital days, rose further from FY21 due to Covid pandemic



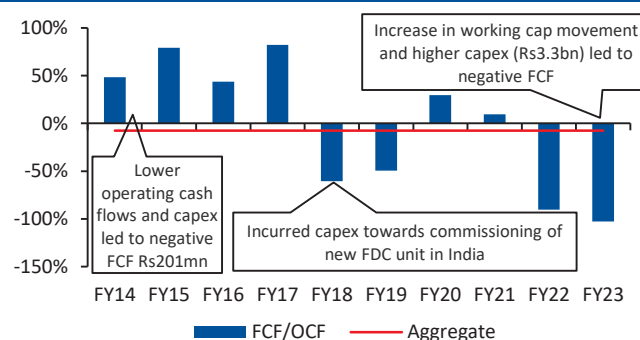
Source: Company, Centrum Broking

Exhibit 943: EBITDA to OCF conversion of 51% over 10 years



Source: Company, Centrum Broking

Exhibit 944: OCF to FCF conversion over 10 years



Source: Company, Centrum Broking

Exhibit 945: Leverage reduced meaningfully over the decade; Return ratios have been steady

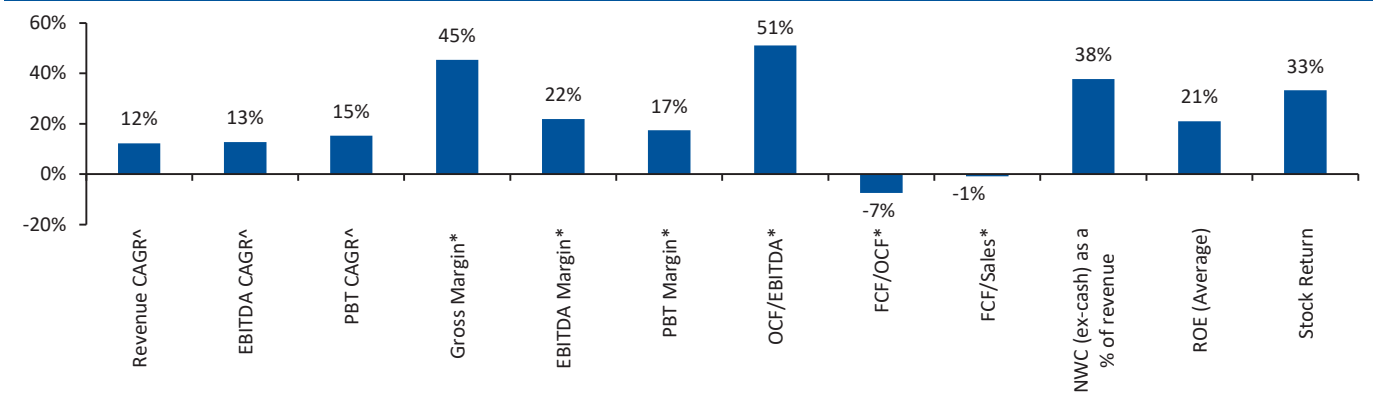
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.7	0.5	0.3	0.1	0.4	0.3	0.4	0.3	0.5	0.6	0.4
Net Debt/EBITDA	1.8	1.2	0.7	0.4	1.1	1.1	1.2	1.2	1.8	2.1	1.3
RoCE pre-tax	19.0%	22.8%	26.8%	28.8%	23.8%	19.3%	19.2%	17.5%	16.0%	15.8%	20.9%
RoCE	12.3%	16.0%	19.6%	20.5%	17.5%	14.3%	14.1%	13.6%	12.5%	13.9%	15.4%
RoIC (pre-tax)	19.3%	23.4%	27.6%	29.4%	24.2%	20.3%	19.9%	18.3%	16.6%	16.2%	21.5%
RoE	20.4%	24.3%	26.1%	23.8%	22.0%	19.8%	18.8%	18.1%	17.5%	19.7%	21.0%

Source: Company, Centrum Broking

Exhibit 946: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.65	0.70	0.73	0.71	0.73	0.74	0.74	0.78	0.78	0.88	0.74
Revenue/average total assets	1.13	1.31	1.36	1.33	1.22	0.92	0.87	0.83	0.82	0.93	1.07
Average total assets/Average NW	2.01	1.73	1.47	1.30	1.38	1.50	1.48	1.48	1.53	1.63	1.55
PBT/EBITDA	0.70	0.78	0.81	0.81	0.84	0.85	0.79	0.79	0.79	0.76	0.79
EBITDA/Revenue	0.20	0.19	0.22	0.24	0.21	0.23	0.25	0.24	0.23	0.19	0.22
RoE	20.4%	24.3%	26.1%	23.8%	22.0%	19.8%	18.8%	18.1%	17.5%	19.7%	21.0%

Source: Company, Centrum Broking

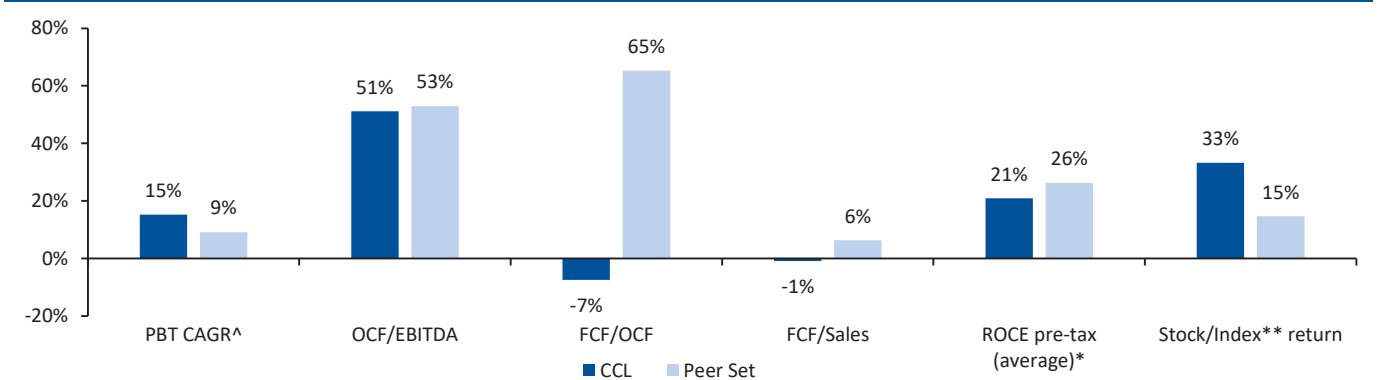
Exhibit 947: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate

Exhibit 948: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	573	801	681	821	(1,016)	(132)	22	182	(918)	(1,682)
FCF yield	13%	5%	3%	2%	NA	NA	0%	1%	NA	NA
Dividend + Buyback (b)	67	160	399	133	333	565	898	266	665	665
Distribution of FCF (b/a)	12%	20%	59%	16%	NA	NA	4041%	146%	NA	NA
Cash & equivalents*/Capital employed	5.6%	4.1%	2.8%	2.4%	5.0%	8.6%	3.1%	8.4%	3.1%	3.9%

Source: Company, Centrum Broking *including liquid investments

Exhibit 949: CCL vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	12,428	14,620	20,712	25,854	29,566
Operating Expense	5,902	7,229	11,296	14,194	15,992
Employee cost	795	977	1,135	1,418	1,645
Others	2,750	3,104	4,283	4,989	5,670
EBITDA	2,981	3,311	3,999	5,253	6,259
Depreciation & Amortisation	494	575	637	1,022	1,174
EBIT	2,487	2,736	3,361	4,232	5,085
Interest expenses	170	164	344	662	875
Other income	34	41	33	0	0
PBT	2,351	2,613	3,050	3,569	4,210
Taxes	525	570	361	629	683
Effective tax rate (%)	22.3	21.8	11.8	17.6	16.2
PAT	1,826	2,044	2,689	2,941	3,527
Minority/Associates	0	0	0	0	0
Recurring PAT	1,826	2,044	2,689	2,941	3,527
Extraordinary items	0	0	0	0	0
Reported PAT	1,826	2,044	2,689	2,941	3,527
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	9.1	17.6	41.7	24.8	14.4
EBITDA	4.3	11.1	20.8	31.4	19.1
Adj. EPS	10.0	11.9	31.6	9.4	19.9
Margins (%)					
Gross	52.5	50.6	45.5	45.1	45.9
EBITDA	24.0	22.6	19.3	20.3	21.2
EBIT	20.0	18.7	16.2	16.4	17.2
Adjusted PAT	14.7	14.0	13.0	11.4	11.9
Returns (%)					
ROE	18.1	17.5	19.7	18.3	18.7
ROCE	13.6	12.5	13.9	12.9	12.7
ROIC	13.7	11.1	12.4	13.7	15.1
Turnover (days)					
Gross block turnover ratio (x)	1.2	1.3	1.3	1.4	1.4
Debtors	83	77	67	70	70
Inventory	179	212	177	158	153
Creditors	14	17	19	15	11
Net working capital	180	224	198	224	260
Solvency (x)					
Net debt-equity	0.3	0.5	0.6	0.4	0.3
Interest coverage ratio	17.6	20.2	11.6	7.9	7.2
Net debt/EBITDA	1.2	1.8	2.1	1.4	1.1
Per share (Rs)					
Adjusted EPS	13.7	15.4	20.2	22.1	26.5
BVPS	81.7	94.0	111.4	129.9	153.4
CEPS	17.4	19.7	25.0	29.8	35.3
DPS	2.0	5.0	5.0	3.0	3.0
Dividend payout (%)	14.6	32.5	24.7	13.6	11.3
Valuation (x)					
P/E	47.7	42.6	32.4	29.6	24.7
P/BV	8.0	7.0	5.9	5.0	4.3
EV/EBITDA	30.4	28.1	23.9	18.0	15.0
Dividend yield (%)	0.3	0.8	0.8	0.5	0.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	266	266	266	266	266
Reserves & surplus	10,606	12,241	14,556	17,014	20,142
Shareholders fund	10,872	12,507	14,822	17,280	20,408
Minority Interest	0	0	0	0	0
Total debt	4,746	6,508	9,161	12,911	16,261
Non Current Liabilities	8	9	10	11	11
Def tax liab. (net)	490	726	727	734	734
Total liabilities	16,116	19,750	24,720	30,936	37,413
Gross block	9,961	11,417	15,959	18,959	21,459
Less: acc. Depreciation	(1,977)	(2,637)	(3,423)	(4,445)	(5,619)
Net block	7,984	8,780	12,537	14,515	15,841
Capital WIP	1,489	1,600	540	509	529
Net fixed assets	9,481	10,389	13,087	15,035	16,381
Non Current Assets	499	407	420	0	0
Investments	0	0	0	0	0
Inventories	3,197	5,191	5,783	6,516	6,891
Sundry debtors	2,986	3,196	4,414	5,456	5,884
Cash & Cash Equivalents	1,204	537	834	5,413	9,275
Loans & advances	0	0	0	0	0
Other current assets	525	989	1,441	47	719
Trade payables	198	457	738	439	493
Other current liab.	1,558	493	445	457	522
Provisions	18	9	76	635	722
Net current assets	6,137	8,954	11,213	15,901	21,033
Total assets	16,116	19,750	24,720	30,936	37,413
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	2,348	2,613	3,050	3,569	4,210
Depreciation & Amortisation	494	575	637	1,022	1,174
Net Interest	0	164	344	662	875
Net Change – WC	(915)	(1,998)	(1,876)	(109)	(1,270)
Direct taxes	(259)	(390)	(350)	(629)	(683)
Net cash from operations	1,708	1,163	1,983	4,515	4,306
Capital expenditure	(1,546)	(1,899)	(3,323)	(2,969)	(2,520)
Acquisitions, net	0	0	0	0	0
Investments	19	0	0	0	0
Others	1	(17)	1	420	0
Net cash from investing	(1,526)	(1,917)	(3,321)	(2,548)	(2,520)
FCF	182	(754)	(1,338)	1,967	1,786
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	902	916	2,653	3,750	3,350
Dividend paid	(266)	(665)	(665)	(399)	(399)
Interest paid	0	(164)	(344)	(662)	(875)
Others	9	0	(8)	(19)	0
Net cash from financing	645	87	1,636	2,670	2,076
Net change in Cash	827	(667)	298	4,637	3,862

Source: Company, Centrum Broking

KEC International (KECI)

KECI posted revenue/PBT CAGR of 9.5%/0.9% over FY13-23. Ex-cash NWC days are high at an average of 100 days over FY14-23 due to high receivables position (avg. 169 days). Aggregate OCF generation was Rs38.4bn with a moderate OCF/EBITDA conversion at 44%. Cumulative capex incurred over FY14-23 was at Rs13.9bn leading to FCF/OCF conversion of 64%, with aggregate FCF of Rs24.5bn. With a net-debt/equity of 1.1x over FY14-23, KECI is reasonably leveraged. Return ratios are lower with an average RoE/RoCE of 14.8%/12.1% over FY14-23. Distribution of FCF as dividend is moderate at an aggregate of 26.7% over FY14-23. The stock return is healthy at 21.9% CAGR over FY14-23.

22 September 2023

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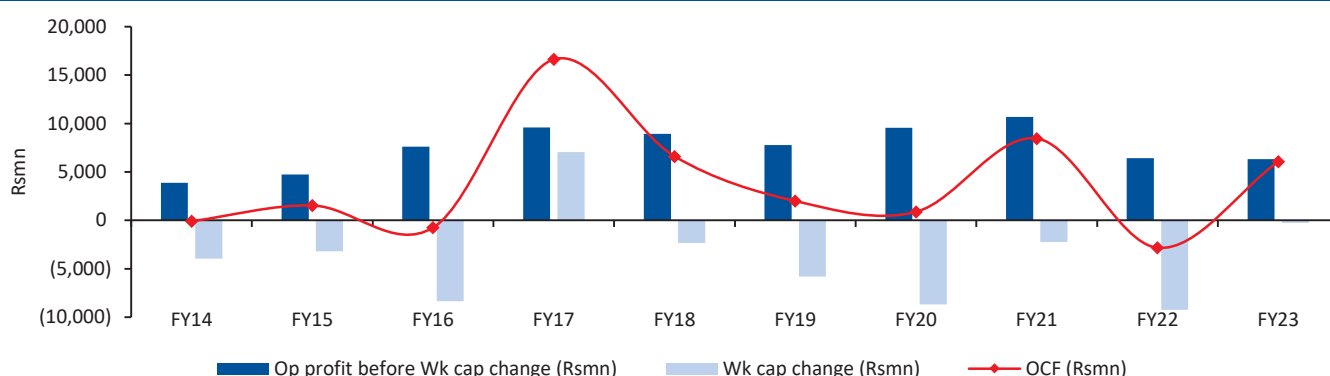
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Market data

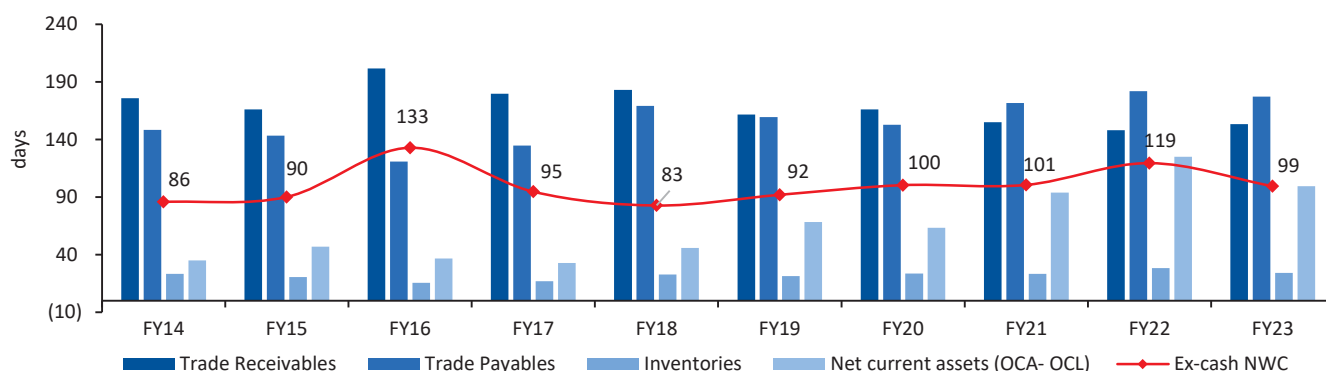
Current price:	Rs668
Bloomberg:	KECI IN
52-week H/L:	Rs748/405
Market cap:	Rs171.7bn
Free float:	58%
Avg. daily vol. 3mth:	763684
Source:	Bloomberg

Exhibit 950: NWC deployment in 9 out of 10 years; Operating profit before NWC change grew 8% CAGR over FY13-23



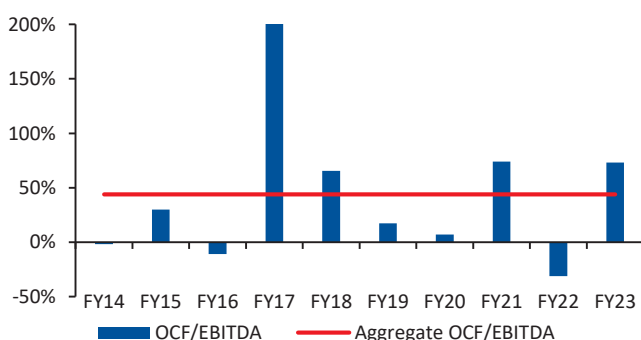
Source: Company, Centrum Broking

Exhibit 951: Ex-cash NWC is higher at an avg. of 100 days over FY14-23 due to higher receivables position



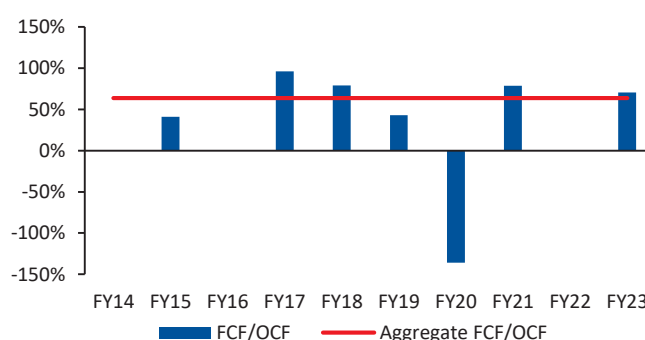
Source: Company, Centrum Broking

Exhibit 952: OCF/EBITDA conversion at 44% over 10 years



Source: Company, Centrum Broking.

Exhibit 953: FCF/OCF conversion at 64% over 10 years



Source: Company, Centrum Broking.

Exhibit 954: Net-debt/equity ratio at 1.1x over FY14-23; Return ratios are lower

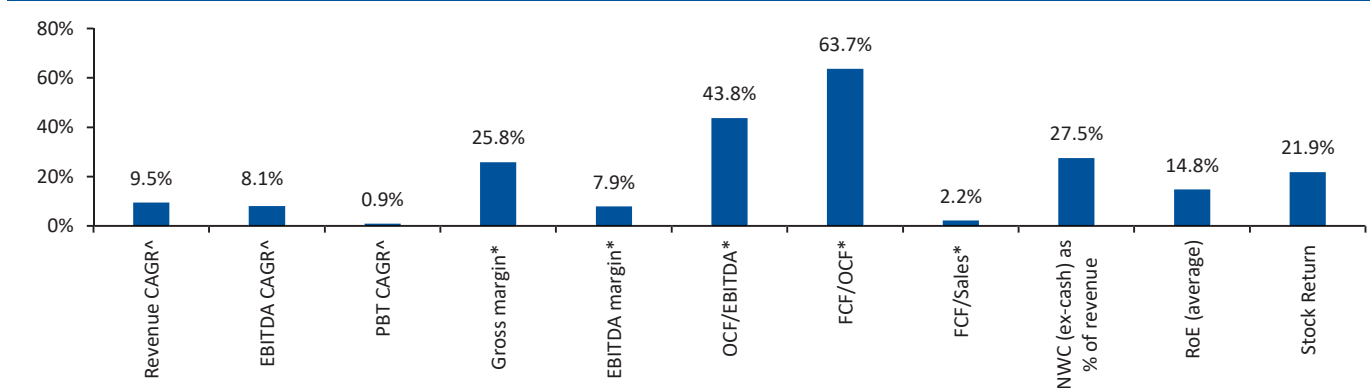
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.7	1.5	2.3	1.1	0.7	0.6	0.7	0.5	0.7	0.8	1.1
Net Debt/EBITDA	4.0	3.9	4.2	2.2	1.4	1.2	1.5	1.5	2.9	3.4	2.6
RoCE pre-tax	14.2%	12.7%	14.6%	18.1%	25.4%	27.2%	24.4%	20.1%	12.9%	10.4%	18.0%
RoCE	7.0%	7.1%	7.4%	11.9%	16.9%	17.8%	17.5%	14.7%	10.9%	9.4%	12.1%
RoIC (pre-tax)	14.5%	13.1%	14.9%	18.5%	27.1%	28.7%	25.5%	20.4%	13.3%	10.4%	18.6%
RoE	7.3%	5.6%	11.3%	21.2%	25.6%	21.9%	21.6%	18.0%	10.8%	4.8%	14.8%

Source: Company, Centrum Broking

Exhibit 955: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.49	0.56	0.51	0.66	0.67	0.65	0.72	0.73	0.85	1.09	0.69
Revenue/average total assets	2.52	2.43	2.13	2.11	2.70	2.75	2.61	2.57	2.37	2.67	2.49
Average total assets/Average NW	2.68	2.76	3.05	2.83	2.08	1.80	1.75	1.65	1.66	1.75	2.20
PBT/EBITDA	0.35	0.25	0.42	0.57	0.68	0.65	0.64	0.66	0.49	0.19	0.49
EBITDA/Revenue	0.06	0.06	0.08	0.10	0.10	0.10	0.10	0.09	0.07	0.05	0.08
RoE	7.3%	5.6%	11.3%	21.2%	25.6%	21.9%	21.6%	18.0%	10.8%	4.8%	14.8%

Source: Company, Centrum Broking

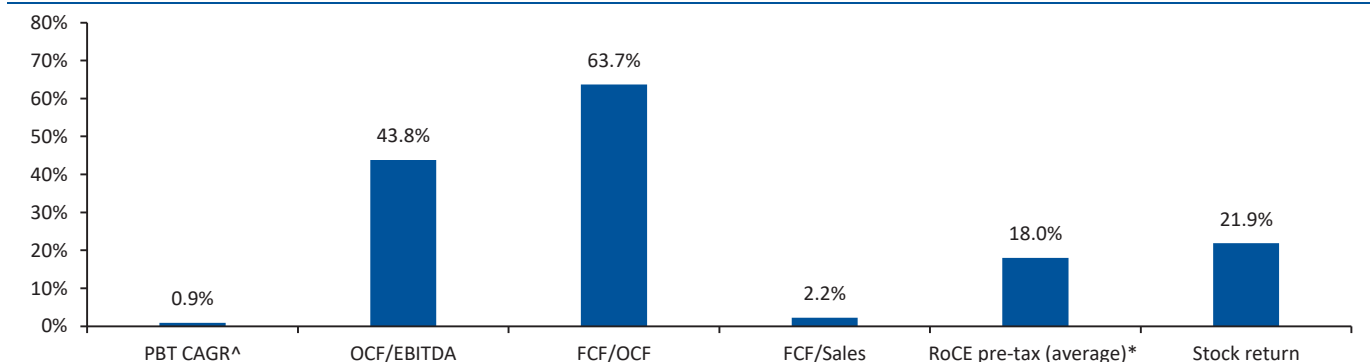
Exhibit 956: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 957: Effective FCF utilization – Distribution of FCF as dividend is moderate at an aggregate of 26.7% over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(1,698)	625	(1,913)	15,930	5,222	853	(1,190)	6,645	(4,269)	4,284
FCF yield	(15%)	2%	(6%)	44%	7%	1%	(2%)	8%	(4%)	4%
Dividend + Buyback (b)	180	272	309	494	743	837	874	1,028	1,028	771
Distribution of FCF (b/a)	(10.6%)	43.6%	(16.1%)	3.1%	14.2%	98.1%	(73.5%)	15.5%	(24.1%)	18.0%
Cash & equivalents/Capital employed	4.3%	5.9%	2.0%	5.8%	6.4%	6.7%	3.4%	4.7%	4.0%	4.9%

Source: Company, Centrum Broking

Exhibit 958: KECI – Key performance metrics

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	1,31,142	1,37,423	1,72,817	2,01,977	2,35,469
Operating Expense	96,076	1,04,582	1,36,208	1,54,288	1,76,647
Employee cost	11,151	12,587	13,562	14,946	16,718
Others	12,503	11,219	14,749	18,178	20,721
EBITDA	11,412	9,035	8,297	14,565	21,382
Depreciation & Amortisation	1,525	1,579	1,615	1,682	1,743
EBIT	9,887	7,456	6,683	12,883	19,639
Interest expenses	2,627	3,160	5,386	6,059	5,887
Other income	299	134	313	242	353
PBT	7,559	4,431	1,610	7,066	14,106
Taxes	2,032	674	(151)	1,778	3,550
Effective tax rate (%)	26.9	15.2	9.3	25.2	25.2
PAT	5,527	3,757	1,760	5,287	10,555
Minority/Associates	0	0	0	0	0
Recurring PAT	5,527	3,757	1,760	5,287	10,555
Extraordinary items	0	(436)	0	0	0
Reported PAT	5,527	3,321	1,760	5,287	10,555
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	9.6	4.8	25.8	16.9	16.6
EBITDA	(7.5)	(20.8)	(8.2)	75.5	46.8
Adj. EPS	(2.3)	(32.0)	(53.1)	200.4	99.6
Margins (%)					
Gross	56.5	56.7	59.1	59.6	60.0
EBITDA	8.7	6.6	4.8	7.2	9.1
EBIT	7.5	5.4	3.9	6.4	8.3
Adjusted PAT	4.2	2.4	1.0	2.6	4.5
Returns (%)					
ROE	18.0	10.8	4.8	13.3	23.0
ROCE	14.7	10.9	9.4	13.6	18.9
ROIC	14.9	11.2	9.4	14.0	19.4
Turnover (days)					
Gross block turnover ratio (x)	6.9	6.4	7.3	7.6	8.0
Debtors	153	148	135	143	145
Inventory	52	59	57	55	55
Creditors	358	399	393	398	388
Net working capital	93	115	95	86	84
Solvency (x)					
Net debt-equity	0.5	0.7	0.8	0.7	0.6
Interest coverage ratio	4.3	2.9	1.5	2.4	3.6
Net debt/EBITDA	1.5	2.9	3.4	2.0	1.4
Per share (Rs)					
Adjusted EPS	21.5	14.6	6.8	20.6	41.1
BVPS	130.7	140.8	146.7	162.3	194.3
CEPS	27.4	20.8	13.1	27.1	47.8
DPS	4.0	4.0	3.0	5.0	9.0
Dividend payout (%)	18.6	31.0	43.8	24.3	21.9
Valuation (x)					
P/E	31.1	45.7	97.5	32.5	16.3
P/BV	5.1	4.7	4.6	4.1	3.4
EV/EBITDA	16.5	21.9	24.1	13.8	9.5
Dividend yield (%)	0.6	0.6	0.4	0.7	1.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	514	514	514	514	514
Reserves & surplus	33,083	35,685	37,200	41,202	49,443
Shareholders fund	33,597	36,199	37,714	41,716	49,958
Minority Interest	0	0	0	0	0
Total debt	19,253	28,627	31,945	32,945	33,945
Def tax liab. (net)	(68)	(1,703)	(3,201)	(3,201)	(3,201)
Total liabilities	52,782	63,123	66,458	71,460	80,701
Gross block	18,954	21,594	23,594	26,608	29,608
Less: acc. Depreciation	(7,796)	(9,161)	(10,776)	(12,458)	(14,200)
Net block	11,158	12,433	12,818	14,151	15,408
Capital WIP	179	25	115	100	100
Intangibles	2,817	2,944	3,010	3,010	3,010
Net fixed assets	14,154	15,401	15,943	17,261	18,518
Non Current Assets	5,365	4,301	5,621	6,665	7,770
Investments	11	126	0	0	0
Inventories	8,422	10,665	11,372	13,104	15,487
Sundry debtors	55,668	55,738	72,554	85,771	1,01,284
Cash & Cash Equivalents	2,492	2,619	3,442	3,518	3,378
Loans & advances	0	0	0	0	0
Other current assets	53,738	72,426	74,482	80,791	89,478
Trade payables	61,703	68,473	83,883	93,841	1,06,472
Other current liab.	24,539	28,665	31,886	40,395	47,094
Provisions	825	1,015	1,186	1,414	1,648
Net current assets	33,252	43,295	44,894	47,533	54,412
Total assets	52,782	63,123	66,458	71,460	80,701
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	7,559	4,431	1,610	7,066	14,106
Depreciation & Amortisation	1,525	1,579	1,615	1,682	1,743
Net Interest	2,627	3,160	5,386	6,059	5,887
Net Change – WC	(3,224)	(8,851)	(2,097)	(3,607)	(8,124)
Direct taxes	(2,032)	(674)	151	(1,778)	(3,550)
Net cash from operations	6,456	(355)	6,664	9,421	10,060
Capital expenditure	(1,610)	(2,699)	(2,090)	(3,000)	(3,000)
Acquisitions, net	0	0	0	0	0
Investments	214	(116)	126	0	0
Others	0	0	0	0	0
Net cash from investing	(1,396)	(2,815)	(1,964)	(3,000)	(3,000)
FCF	5,060	(3,170)	4,700	6,421	7,060
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(1,365)	9,374	3,317	1,000	1,000
Dividend paid	(1,028)	(1,028)	(771)	(1,285)	(2,314)
Interest paid	(2,627)	(3,160)	(5,386)	(6,059)	(5,887)
Others	1,410	(253)	459	0	0
Net cash from financing	(3,610)	4,933	(2,381)	(6,345)	(7,201)
Net change in Cash	1,450	1,763	2,320	76	(140)

Source: Company, Centrum Broking

LA Opala RG (LOG)

LOG posted revenue/PBT CAGR of 8%/14% over FY14-23. The ex-cash NWC has seen a meaningful increase from average 127 days over FY14-16 to 377 days over FY17-23 largely on account rise in current investments. With consistent rise in operating profit, LOG's aggregate OCF was Rs6.9bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 71%. Over FY14-23, 41% of the total OCF was spent on capex at an avg. of Rs284mn p.a., while 59% was converted to FCF at Rs4.1bn. High cash levels have kept RoE/RoCE at 19.5%/18.9% over FY14-23. Distribution of FCF as dividend stood at an aggregate of 37.9% over FY14-23. Taking all these factors in account, the stock generated a strong annual return of 35% over FY14-23.

22 September 2023

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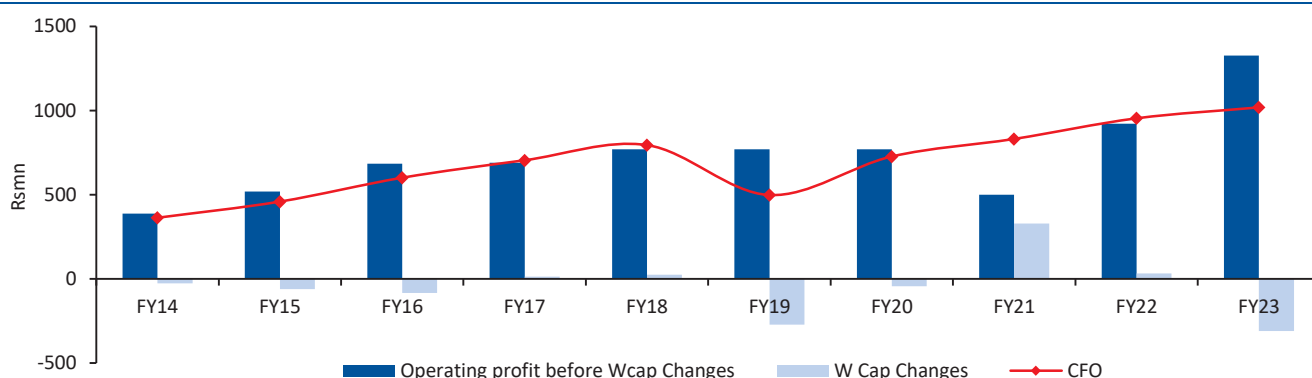
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Institutional Research

Market data

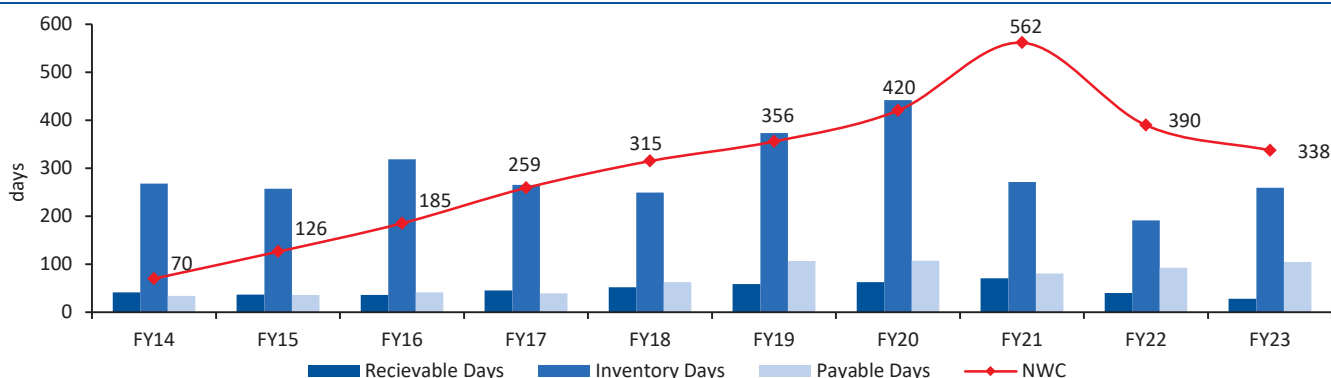
Current price:	Rs423
Bloomberg:	LOG IN
52-week H/L:	Rs480/326
Market cap:	Rs46.9bn
Free float:	32.8%
Avg. daily vol. 3mth:	188976
Source: Bloomberg	

Exhibit 959: Gradual increase in cash flow from operations, growing 3x in 10 years



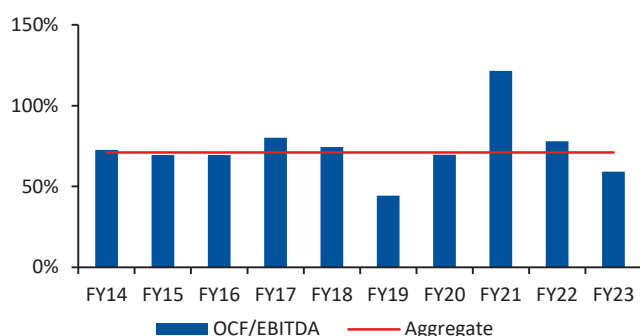
Source: Company, Centrum Broking

Exhibit 960: High WC days cycle only on account of low raw material cost



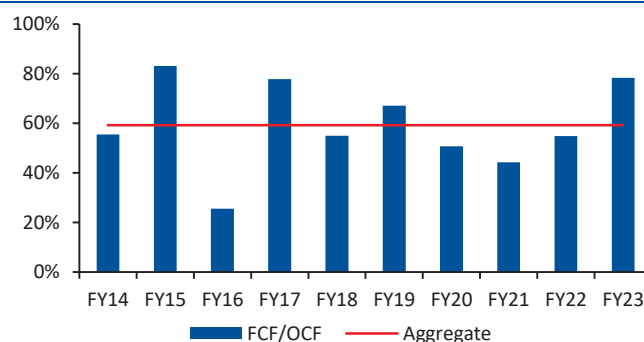
Source: Company, Centrum Broking

Exhibit 961: EBITDA to OCF conversion of 71% over 10 years



Source: Company, Centrum Broking

Exhibit 962: OCF to FCF conversion of 54% over 10 years



Source: Company, Centrum Broking

Exhibit 963: Negligible leverage requirement; Return ratios healthy, appear deflated since FY17 due to change in accounting

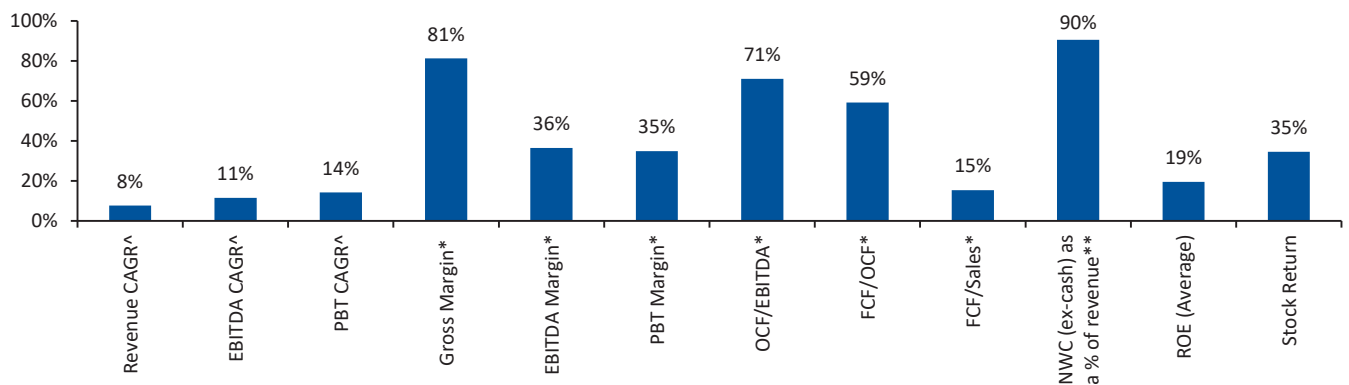
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt/EBITDA	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
RoCE pre-tax	42.0%	37.1%	36.6%	25.9%	22.6%	21.8%	19.5%	10.6%	18.0%	22.3%	25.6%
RoCE	30.8%	27.8%	27.6%	18.8%	15.7%	14.4%	15.7%	8.2%	13.7%	16.7%	18.9%
RoIC (pre-tax)	43.0%	37.7%	36.0%	29.0%	29.6%	25.6%	20.4%	11.6%	20.4%	24.8%	27.8%
RoE	34.9%	29.5%	28.1%	18.7%	15.7%	14.3%	15.7%	8.2%	13.4%	16.2%	19.5%

Source: Company, Centrum Broking

Exhibit 964: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.73	0.75	0.75	0.72	0.70	0.66	0.81	0.77	0.76	0.75	0.74
Revenue/average total assets	1.55	1.37	1.10	0.65	0.51	0.50	0.47	0.33	0.43	0.56	0.75
Average total assets/Average NW	1.33	1.15	1.08	1.08	1.08	1.07	1.06	1.05	1.06	1.07	1.10
PBT/EBITDA	0.82	0.84	0.90	0.98	0.99	1.00	1.00	0.94	1.01	0.96	0.94
EBITDA/Revenue	0.28	0.30	0.35	0.37	0.41	0.40	0.39	0.32	0.38	0.38	0.36
RoE	34.9%	29.5%	28.1%	18.7%	15.7%	14.3%	15.7%	8.2%	13.4%	16.2%	19.5%

Source: Company, Centrum Broking; Note: RoE appears deflated from FY17 onwards due to change in accounting standards

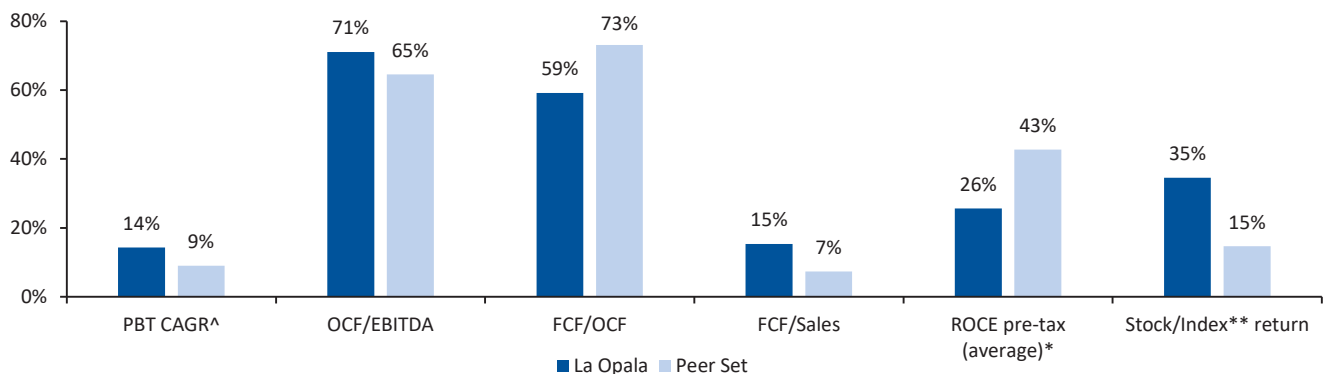
Exhibit 965: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY12-22 CAGR; *: aggregate; **:NWC includes liquid investments

Exhibit 966: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	201	381	153	548	437	334	368	368	523	797
FCF yield	4%	2%	1%	2%	1%	1%	2%	2%	2%	2%
Dividend + Buyback (b)	43	62	86	119	134	147	321	-	333	311
Distribution of FCF (b/a)	21%	16%	57%	22%	31%	44%	87%	0%	64%	39%
Cash & equivalents*/Capital employed	8.7%	0.3%	0.4%	0.5%	0.6%	0.7%	0.7%	0.7%	0.6%	0.6%

Source: Company, Centrum Broking *including liquid investments

Exhibit 967: La Opala vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index; Note: ROCE data for TTK Prestige taken FY15 onwards

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	2,113	3,227	4,523	5,062	5,871
Operating Expense	570	632	790	861	969
Employee cost	401	531	695	820	943
Others	458	841	1,317	1,417	1,644
EBITDA	684	1,223	1,722	1,964	2,315
Depreciation & Amortisation	122	137	218	231	247
EBIT	562	1,086	1,504	1,733	2,068
Interest expenses	3	41	75	75	75
Other income	81	192	218	253	294
PBT	640	1,237	1,647	1,911	2,287
Taxes	144	291	417	480	574
Effective tax rate (%)	22.5	23.6	25.3	25.1	25.1
PAT	496	945	1,230	1,431	1,712
Minority/Associates	0	0	0	0	0
Recurring PAT	496	945	1,230	1,431	1,712
Extraordinary items	0	(72)	0	0	0
Reported PAT	496	874	1,230	1,431	1,712
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(21.8)	52.7	40.2	11.9	16.0
EBITDA	(34.6)	78.8	40.8	14.1	17.9
Adj. EPS	(41.2)	90.7	30.1	14.3	19.6
Margins (%)					
Gross	73.0	80.4	82.5	83.0	83.5
EBITDA	32.4	37.9	38.1	38.8	39.4
EBIT	26.6	33.7	33.3	34.2	35.2
Adjusted PAT	23.5	27.1	27.2	28.3	29.2
Returns (%)					
ROE	8.2	13.4	16.2	17.1	17.7
ROCE	8.2	13.7	16.7	17.6	18.2
ROIC	6.9	10.6	13.5	15.8	18.4
Turnover (days)					
Gross block turnover ratio (x)	1.0	1.4	1.3	1.4	1.5
Debtors	71	40	28	33	37
Inventory	272	191	259	286	236
Creditors	80	93	105	108	99
Net working capital	569	417	385	429	453
Solvency (x)					
Net debt-equity	0.0	0.0	0.0	(0.1)	(0.2)
Interest coverage ratio	269.6	30.0	23.0	26.2	30.9
Net debt/EBITDA	0.0	0.1	0.0	(0.6)	(1.1)
Per share (Rs)					
Adjusted EPS	4.5	8.5	11.1	12.7	15.2
BVPS	60.0	66.7	69.8	79.3	92.2
CEPS	5.6	9.7	13.0	14.7	17.3
DPS	0.0	3.0	5.0	1.9	2.3
Dividend payout (%)	0.0	38.1	45.1	15.0	15.0
Valuation (x)					
P/E	94.7	49.6	38.2	33.4	27.9
P/BV	7.0	6.3	6.1	5.3	4.6
EV/EBITDA	68.6	38.5	27.3	23.3	19.2
Dividend yield (%)	0.0	0.7	1.2	0.4	0.5

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	222	222	222	222	222
Reserves & surplus	6,436	7,183	7,527	8,743	10,199
Shareholders fund	6,658	7,405	7,749	8,965	10,421
Minority Interest	0	0	0	0	0
Total debt	11	140	122	39	39
Non Current Liabilities	23	23	32	32	32
Def tax liab. (net)	271	308	472	472	472
Total liabilities	6,962	7,876	8,376	9,509	10,964
Gross block	2,153	2,309	3,479	3,629	3,979
Less: acc. Depreciation	(1,121)	(1,227)	(1,415)	(1,646)	(1,893)
Net block	1,032	1,082	2,064	1,983	2,086
Capital WIP	806	1,084	3	0	0
Net fixed assets	1,838	2,166	2,067	1,983	2,086
Non Current Assets	215	183	178	212	239
Investments	1,614	1,845	1,360	1,360	1,360
Inventories	297	366	757	589	663
Sundry debtors	378	324	362	555	643
Cash & Cash Equivalents	43	44	45	1,288	2,549
Loans & advances	0	0	0	0	0
Other current assets	3,031	3,536	4,200	4,200	4,200
Trade payables	130	191	262	248	279
Other current liab.	299	381	316	416	483
Provisions	26	16	16	15	15
Net current assets	3,295	3,682	4,772	5,953	7,280
Total assets	6,962	7,876	8,376	9,509	10,964
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	640	1,165	1,647	1,911	2,287
Depreciation & Amortisation	122	137	218	231	247
Net Interest	3	41	75	75	75
Net Change – WC	330	32	(309)	27	(92)
Direct taxes	(191)	(276)	(328)	(480)	(574)
Net cash from operations	833	994	1,093	1,511	1,649
Capital expenditure	(463)	(431)	(221)	(147)	(350)
Acquisitions, net	0	0	0	0	0
Investments	(343)	(339)	(473)	0	0
Others	19	20	5	253	294
Net cash from investing	(786)	(750)	(689)	106	(56)
FCF	46	244	404	1,616	1,593
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	(38)	129	(18)	(83)	0
Dividend paid	0	(333)	(311)	(215)	(257)
Interest paid	(2)	(41)	(75)	(75)	(75)
Others	0	0	0	0	0
Net cash from financing	(41)	(245)	(404)	(373)	(332)
Net change in Cash	5	(1)	0	1,244	1,261

Source: Company, Centrum Broking

Mold-tek Packaging (MTPL)

MTPL posted revenue/PBT CAGR of 13%/25% over FY14-23. The ex-cash NWC stood at an average of 80 days over FY14-23. OCF growth remained lumpy over FY17-22 due to fluctuations in WC cycle. Despite that, MTPL's aggregate OCF was Rs4.2bn over FY14-23, with an EBITDA to OCF conversion rate of 57%. Over FY14-23, 114% of the total OCF was spent on capex at an avg. of Rs477mn p.a. leading to no FCF conversion in aggregate. Despite weak FCF, D/E declined to 0.1x on account of multiple equity dilution (QIP in FY15/22/23). MTPL managed to distribute an aggregate dividend of Rs1.3bn despite negative FCF of (Rs0.6bn) over FY14-23. Market has favoured MTPL's growth, generating an impressive CAGR of 43%.

22 September 2023

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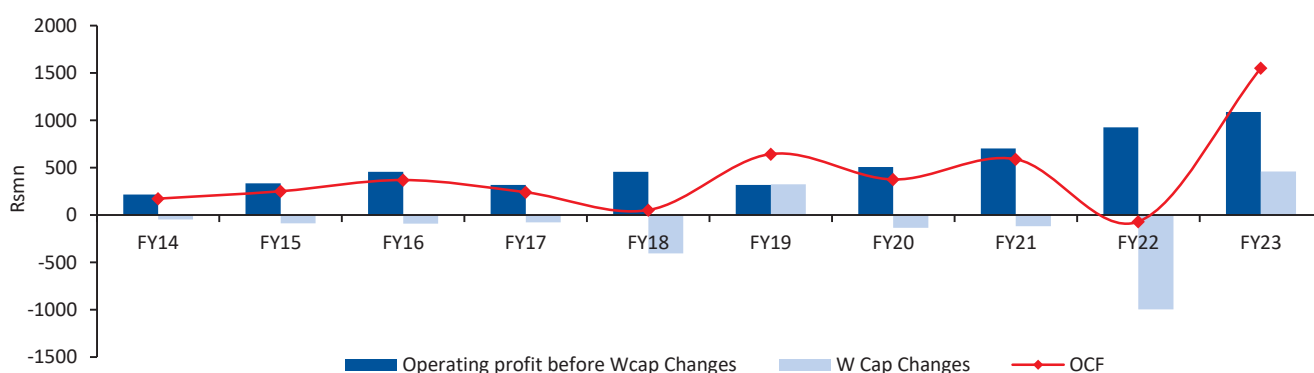
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Market data

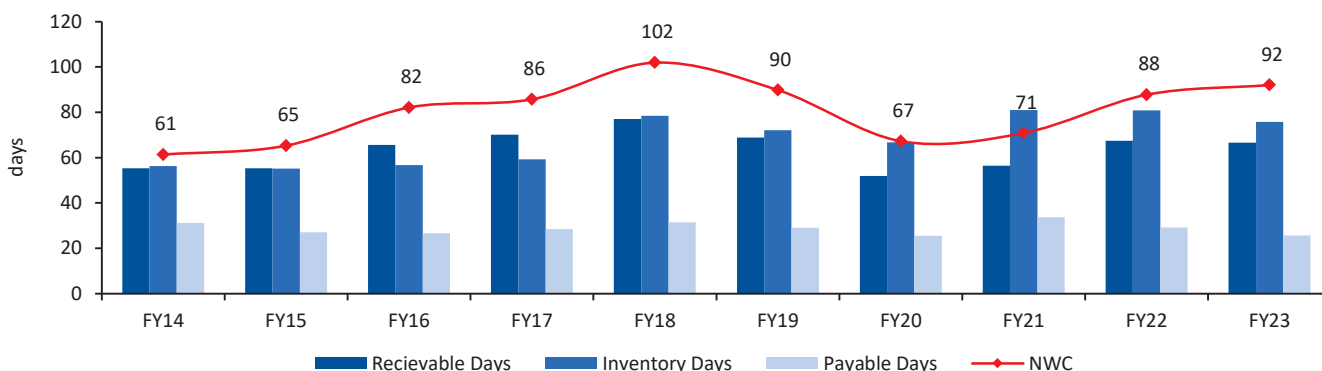
Current price:	Rs934
Bloomberg:	MTEP IN
52-week H/L:	Rs1,123/811
Market cap:	Rs31bn
Free float:	55.8%
Avg. daily vol. 3mth:	56478
Source: Bloomberg	

Exhibit 968: Increasing cash flow from operations with a 9x growth over the last 10 years



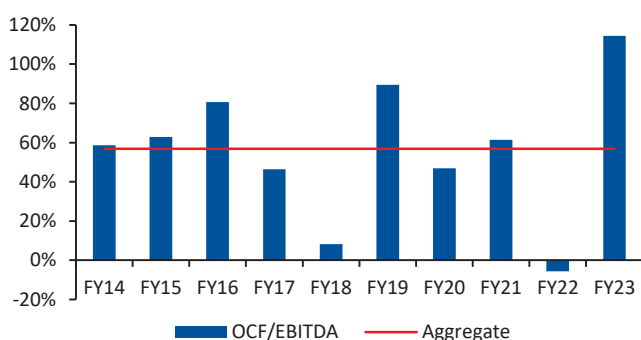
Source: Company, Centrum Broking

Exhibit 969: Receivable and inventory days stay high leading to average of 80 working capital days cycle over the last 10 years



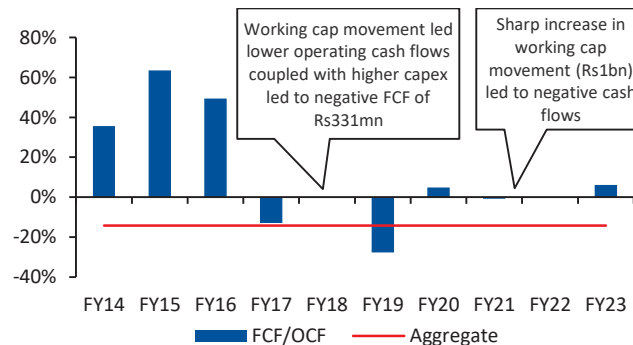
Source: Company, Centrum Broking

Exhibit 970: EBITDA to OCF conversion of 57% over 10 years



Source: Company, Centrum Broking

Exhibit 971: OCF to FCF conversion over 10 years



Source: Company, Centrum Broking

Exhibit 972: Leverage on a swing over FY14-23, well within control by FY23; Return ratios steady throughout

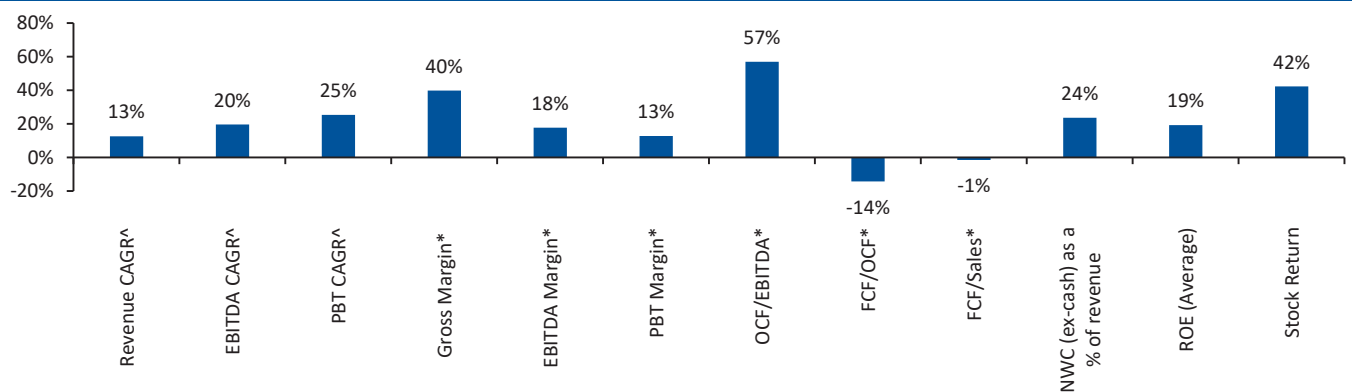
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	1.2	0.1	0.2	0.2	0.4	0.5	0.5	0.4	0.1	0.1	0.4
Net Debt/EBITDA	2.2	0.3	0.5	0.7	1.2	1.2	1.3	1.0	0.2	0.3	0.9
RoCE pre-tax	19.8%	26.2%	26.7%	25.0%	23.2%	21.7%	21.3%	22.8%	22.4%	19.3%	22.8%
RoCE	13.3%	17.4%	17.6%	16.3%	15.1%	15.0%	16.8%	17.2%	16.5%	15.1%	16.0%
RoIC (pre-tax)	20.0%	26.4%	27.0%	26.0%	25.1%	22.5%	21.6%	23.3%	23.2%	20.7%	23.6%
RoE	19.4%	20.0%	19.9%	18.9%	18.8%	19.2%	21.2%	21.7%	17.9%	15.8%	19.3%

Source: Company, Centrum Broking

Exhibit 973: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.67	0.67	0.66	0.65	0.65	0.69	0.79	0.75	0.74	0.78	0.71
Revenue/average total assets	2.11	2.19	1.85	1.65	1.42	1.39	1.43	1.39	1.42	1.27	1.61
Average total assets/Average NW	2.38	1.55	1.22	1.28	1.42	1.53	1.58	1.52	1.25	1.13	1.49
PBT/EBITDA	0.50	0.63	0.81	0.79	0.77	0.72	0.65	0.68	0.72	0.76	0.70
EBITDA/Revenue	0.12	0.14	0.17	0.17	0.19	0.18	0.18	0.20	0.19	0.19	0.17
RoE	19.4%	20.0%	19.9%	18.9%	18.8%	19.2%	21.2%	21.7%	17.9%	15.8%	19.3%

Source: Company, Centrum Broking

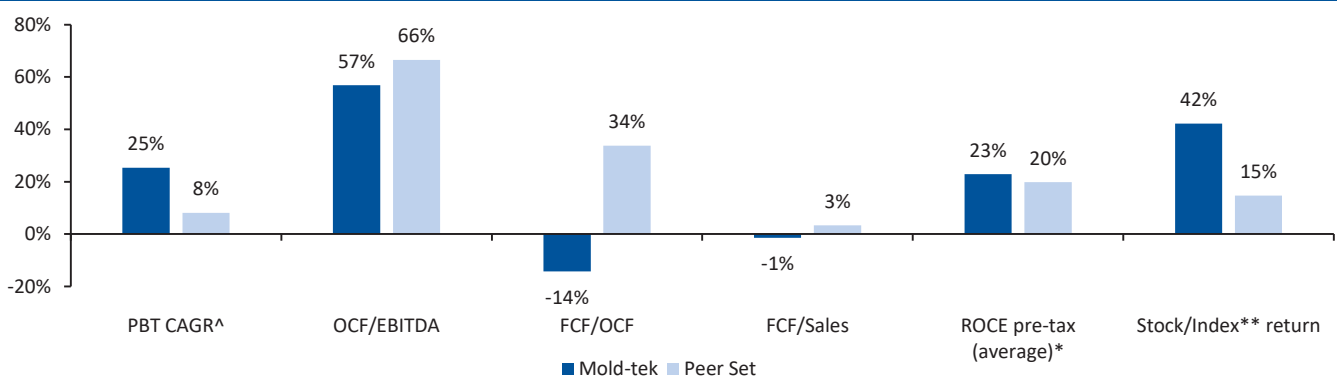
Exhibit 974: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 975: Effective FCF utilization

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	62	160	182	(31)	(331)	(178)	18	(5)	(570)	96
FCF yield	15%	9%	6%	NA	NA	NA	0%	NA	NA	0%
Dividend + Buyback (b)	40	67	108	108	53	134	301	84	113	260
Distribution of FCF (b/a)	64%	42%	59%	NA	NA	NA	1638%	NA	NA	271%
Cash & equivalents*/Capital employed	0.5%	0.8%	0.5%	0.5%	0.4%	0.3%	0.3%	0.4%	3.8%	1.2%

Source: Company, Centrum Broking *including liquid investments

Exhibit 976: Mold-tek vs. Peer set

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR; **: NIFTY Midcap 100 index; Note: Huhtamaki FY22 data not considered

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	4,789	6,315	7,299	8,300	9,727
Operating Expense	2,724	3,766	4,360	4,870	5,644
Employee cost	327	387	436	523	628
Others	779	955	1,149	1,328	1,556
EBITDA	960	1,207	1,354	1,580	1,899
Depreciation & Amortisation	215	264	302	401	456
EBIT	745	943	1,052	1,179	1,443
Interest expenses	99	93	39	39	39
Other income	6	16	14	14	14
PBT	651	865	1,027	1,154	1,418
Taxes	160	229	223	250	308
Effective tax rate (%)	24.5	26.4	21.7	21.7	21.7
PAT	492	637	804	904	1,111
Minority/Associates	0	0	0	0	0
Recurring PAT	492	637	804	904	1,111
Extraordinary items	(11)	0	0	0	0
Reported PAT	481	637	804	904	1,111
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	9.5	31.9	15.6	13.7	17.2
EBITDA	19.9	25.8	12.2	16.6	20.2
Adj. EPS	17.4	23.3	13.0	12.3	22.9
Margins (%)					
Gross	43.1	40.4	40.3	41.3	42.0
EBITDA	20.0	19.1	18.6	19.0	19.5
EBIT	15.5	14.9	14.4	14.2	14.8
Adjusted PAT	10.3	10.1	11.0	10.9	11.4
Returns (%)					
ROE	21.7	17.9	15.8	15.3	16.8
ROCE	17.2	16.5	15.1	14.1	15.0
ROIC	16.4	13.8	13.2	12.6	15.1
Turnover (days)					
Gross block turnover ratio (x)	1.5	1.8	1.5	1.3	1.5
Debtors	56	67	67	60	60
Inventory	81	81	76	72	75
Creditors	34	29	26	25	23
Net working capital	80	125	87	88	110
Solvency (x)					
Net debt-equity	0.4	0.1	0.1	0.1	0.0
Interest coverage ratio	9.6	12.9	35.0	40.8	49.0
Net debt/EBITDA	1.0	0.2	0.3	0.5	0.1
Per share (Rs)					
Adjusted EPS	17.4	21.5	24.2	27.2	33.5
BVPS	90.6	154.0	168.4	187.6	211.1
CEPS	25.0	30.4	33.4	39.3	47.2
DPS	7.0	8.0	6.0	6.7	8.3
Dividend payout (%)	41.1	37.3	24.7	24.7	24.7
Valuation (x)					
P/E	53.1	43.1	38.1	33.9	27.6
P/BV	10.2	6.0	5.5	4.9	4.4
EV/EBITDA	27.7	21.4	19.2	16.7	13.6
Dividend yield (%)	0.8	0.9	0.6	0.7	0.9

Source: Company, Centrum Broking

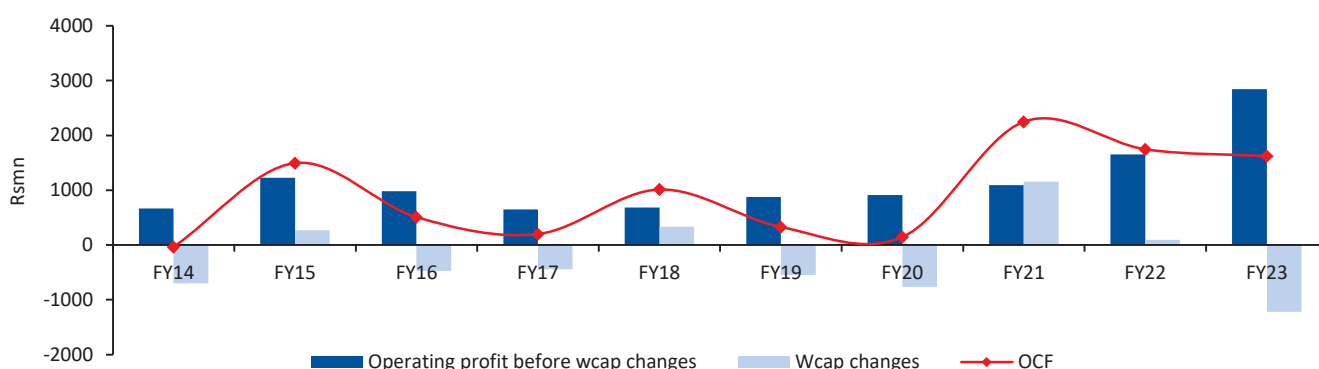
Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	140	156	166	166	166
Reserves & surplus	2,419	4,415	5,421	6,056	6,837
Shareholders fund	2,558	4,571	5,587	6,222	7,003
Minority Interest	0	0	0	0	0
Total debt	989	440	473	973	973
Non Current Liabilities	35	41	40	40	40
Def tax liab. (net)	120	147	210	210	210
Total liabilities	3,703	5,199	6,309	7,444	8,225
Gross block	3,105	3,584	4,971	6,257	6,557
Less: acc. Depreciation	(754)	(1,012)	(1,314)	(1,723)	(2,179)
Net block	2,351	2,573	3,657	4,533	4,377
Capital WIP	115	148	167	167	167
Net fixed assets	2,473	2,727	3,851	4,727	4,571
Non Current Assets	97	135	196	196	196
Investments	86	171	517	517	517
Inventories	708	959	852	1,067	1,237
Sundry debtors	901	1,430	1,234	1,478	1,732
Cash & Cash Equivalents	12	163	64	127	723
Loans & advances	6	6	7	8	10
Other current assets	80	149	235	235	235
Trade payables	322	281	333	334	387
Other current liab.	329	250	300	564	596
Provisions	9	11	15	15	15
Net current assets	1,047	2,165	1,745	2,003	2,940
Total assets	3,703	5,199	6,309	7,444	8,225
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	641	865	1,027	1,154	1,418
Depreciation & Amortisation	219	269	309	401	456
Net Interest	99	93	39	39	39
Net Change – WC	(116)	(996)	461	(196)	(341)
Direct taxes	(150)	(199)	(241)	(250)	(308)
Net cash from operations	685	25	1,590	1,133	1,251
Capital expenditure	(595)	(500)	(1,455)	(1,250)	(300)
Acquisitions, net	0	0	0	0	0
Investments	0	0	0	0	0
Others	7	(48)	(29)	14	14
Net cash from investing	(587)	(548)	(1,483)	(1,236)	(286)
FCF	97	(523)	106	(103)	964
Issue of share capital	1	1,411	168	0	0
Increase/(decrease) in debt	82	(642)	32	500	0
Dividend paid	(84)	(113)	(260)	(224)	(275)
Interest paid	(95)	(95)	(39)	(39)	(39)
Others	0	0	0	(72)	(55)
Net cash from financing	(96)	561	(99)	166	(368)
Net change in Cash	1	38	8	63	596

Source: Company, Centrum Broking

Praj Industries (PRJ)

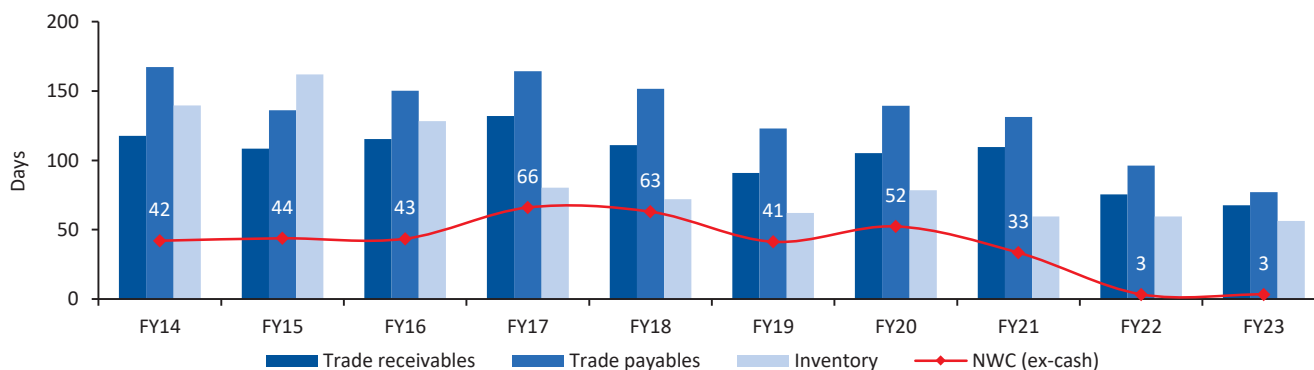
Praj posted Revenue/PBT CAGR of 14.4%/13.4% over FY14-23. The ex-cash NWC has seen a meaningful reduction from average 50 days over FY14-19 to 23 days over FY20-23, largely due to reducing receivables. With healthy rise in operating profit, Praj's aggregate OCF was Rs9.3bn over FY14-23, with a healthy EBITDA to OCF conversion rate of 80%. Over FY14-23, 20% of the total OCF was spent on capex at an avg. of Rs20mn p.a., while 50% was converted to FCF at Rs4.7bn. Praj has always been net cash company. Resultantly, avg. RoIC (pre-tax) stands at 20.9% over FY14-23. Distribution of FCF as dividend is healthy at an aggregate of 95% over FY14-23. Over the same period the stock has generate a CAGR return of 23%.

Exhibit 977: Consistent positive OCF generation has been the focus of PRJ



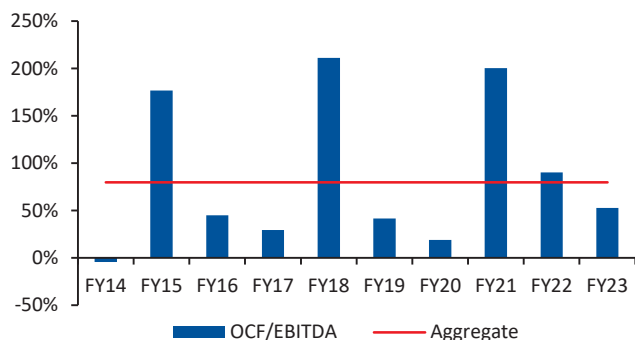
Source: Company, Centrum Broking

Exhibit 978: PRJ has been able to cherry pick projects/clients and procure interest free advances leading to low NWC days



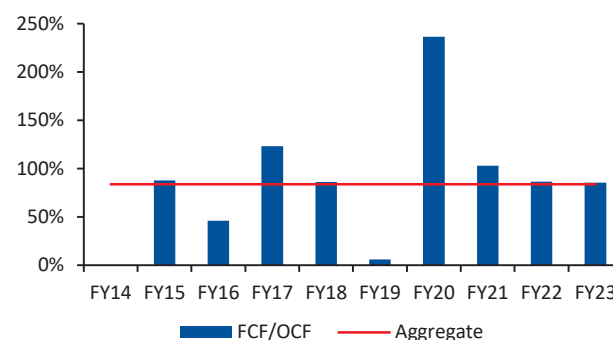
Source: Company, Centrum Broking

Exhibit 979: EBITDA to OCF conversion of 80% over 10 years



Source: Company, Centrum Broking;

Exhibit 980: OCF to FCF conversion of 84% over 10 years



Source: Company, Centrum Broking

Market data

Current price:	Rs581
Bloomberg:	PRJ IN
52-week H/L:	Rs610/299
Market cap:	Rs106.8bn
Free float:	63.7%
Avg. daily vol. 3mth:	2229570
Source: Bloomberg	

Exhibit 981: Net cash company with signs of improving return ratios

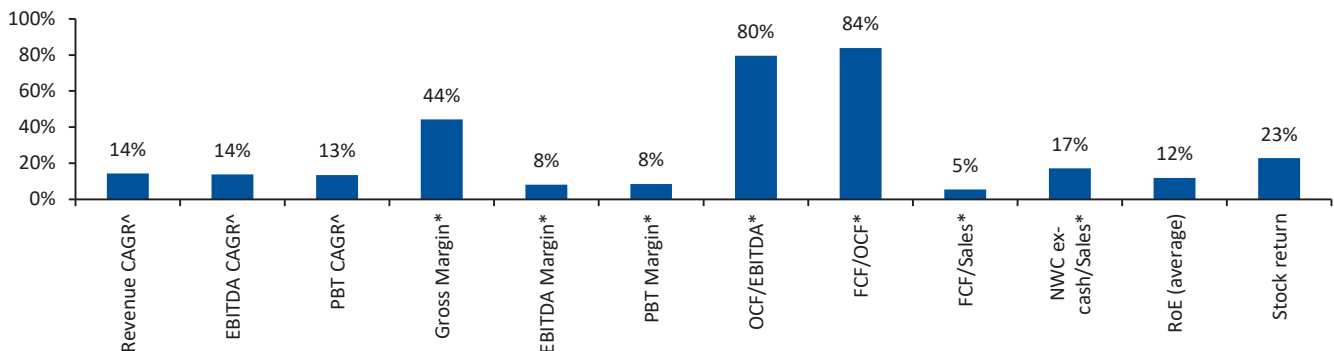
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	(0.2)	(0.4)	(0.3)	(0.3)	(0.4)	(0.3)	(0.2)	(0.5)	(0.6)	(0.6)	(0.4)
Net Debt/EBITDA	(1.5)	(2.7)	(1.6)	(3.0)	(5.5)	(3.2)	(2.2)	(3.8)	(2.9)	(2.0)	(2.8)
RoCE pre-tax	12.5%	13.8%	16.3%	10.0%	7.5%	12.1%	11.9%	15.3%	23.9%	31.8%	15.5%
RoCE	9.2%	12.5%	12.8%	6.6%	5.6%	9.4%	10.1%	10.9%	17.5%	23.9%	11.8%
RoIC pre-tax	12.5%	10.5%	20.6%	9.6%	5.0%	12.0%	10.9%	19.6%	45.4%	63.1%	20.9%
RoE	9.5%	12.7%	12.9%	6.5%	5.5%	9.3%	9.6%	10.7%	17.5%	24.1%	11.8%

Source: Company, Centrum Broking

Exhibit 982: DuPont Analysis – Improving asset turn ratio major force behind increase in RoEs

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.71	0.88	0.78	0.66	0.74	0.78	0.85	0.72	0.73	0.75	0.8
Revenue/Average Total Assets	1.13	1.22	1.34	1.18	1.15	1.39	1.36	1.51	2.28	2.78	1.5
Average Total Assets/Average NW	1.52	1.38	1.20	1.14	1.11	1.11	1.11	1.14	1.19	1.27	1.2
PBT/EBITDA	0.97	1.02	0.92	0.98	1.10	1.11	1.07	1.01	1.06	1.04	1.0
EBITDA/Revenue	0.08	0.08	0.11	0.07	0.05	0.07	0.07	0.09	0.08	0.09	0.1
RoE (%)	9.5%	12.7%	12.9%	6.5%	5.5%	9.3%	9.6%	10.7%	17.5%	24.1%	11.8%

Source: Company, Centrum Broking

Exhibit 983: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate

Exhibit 984: Consistent FCF generating and dividend paying company

Rs (mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF* (a)	(470)	1,315	234	248	873	19	348	2,321	1,508	1,383
FCF yield	na	8.5%	1.6%	0.8%	2.4%	0.1%	1.0%	7.3%	2.0%	1.9%
Dividend + Buyback (b)	394	287	288	291	384	296	495	396	771	827
Distribution of FCF* (b/a)	na	22%	123%	117%	44%	1546%	142%	17%	51%	60%
Cash & equivalents*/Capital employed	16.0%	32.3%	26.6%	26.3%	33.5%	30.6%	21.8%	45.4%	49.9%	42.2%

Source: Company, Centrum Broking *including liquid investments

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	13,047	23,333	35,280	43,761	46,589
Operating Expense	11,923	21,395	32,202	39,692	42,373
Employee cost	1,722	2,176	2,576	3,063	3,261
Others	2,302	3,910	6,434	7,527	7,990
EBITDA	1,123	1,938	3,078	4,070	4,216
Depreciation & Amortisation	221	226	302	343	389
EBIT	902	1,712	2,776	3,727	3,827
Interest expenses	29	25	46	50	50
Other income	257	362	458	504	579
PBT	1,131	2,049	3,187	4,181	4,356
Taxes	320	546	789	1,035	1,079
Effective tax rate (%)	28.3	26.7	24.8	24.8	24.8
PAT	811	1,502	2,398	3,146	3,278
Minority/Associates	0	0	0	0	0
Recurring PAT	811	1,502	2,398	3,146	3,278
Extraordinary items	0	0	0	0	0
Reported PAT	811	1,502	2,398	3,146	3,278
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	18.4	78.8	51.2	24.0	6.5
EBITDA	43.9	72.5	58.8	32.2	3.6
Adj. EPS	15.0	84.9	59.6	31.2	4.2
Margins (%)					
Gross	43.6	37.7	37.6	37.3	37.0
EBITDA	8.6	8.3	8.7	9.3	9.0
EBIT	6.9	7.3	7.9	8.5	8.2
Adjusted PAT	6.2	6.4	6.8	7.2	7.0
Returns (%)					
ROE	10.7	17.5	24.1	26.6	23.5
ROCE	10.9	17.5	23.9	26.3	23.3
ROIC	14.1	33.3	47.5	43.6	34.5
Turnover (days)					
Gross block turnover ratio (x)	2.3	3.9	5.5	5.7	5.6
Debtors	110	75	68	81	98
Inventory	60	59	56	55	65
Creditors	131	96	77	74	86
Net working capital	33	3	3	13	23
Solvency (x)					
Net debt-equity	(0.5)	(0.6)	(0.6)	(0.4)	(0.4)
Interest coverage ratio	39.3	77.2	66.5	81.4	84.3
Net debt/EBITDA	(3.8)	(2.9)	(2.0)	(1.3)	(1.5)
Per share (Rs)					
Adjusted EPS	4.4	8.2	13.1	17.1	17.8
BVPS	43.8	49.9	58.7	70.0	81.9
CEPS	5.6	9.4	14.7	19.0	20.0
DPS	2.2	4.2	4.5	5.5	6.0
Dividend payout (%)	48.8	51.3	34.5	32.1	33.6
Valuation (x)					
P/E	131.4	71.1	44.5	34.0	32.6
P/BV	13.3	11.7	9.9	8.3	7.1
EV/EBITDA	24.5	35.3	32.8	25.0	23.9
Dividend yield (%)	0.4	0.7	0.8	0.9	1.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	366	367	367	367	367
Reserves & surplus	7,652	8,790	10,413	12,496	14,672
Shareholders fund	8,018	9,157	10,781	12,864	15,039
Minority Interest	7	7	1	1	1
Total debt	0	0	0	0	0
Non Current Liabilities	113	148	269	269	269
Def tax liab. (net)	(104)	0	0	0	0
Total liabilities	8,034	9,312	11,050	13,134	15,309
Gross block	5,603	5,991	6,465	7,665	8,365
Less: acc. Depreciation	(2,904)	(3,130)	(3,433)	(3,776)	(4,165)
Net block	2,699	2,861	3,032	3,889	4,200
Capital WIP	6	21	69	69	69
Net fixed assets	2,705	2,882	3,101	3,958	4,268
Non Current Assets	89	124	161	161	161
Investments	535	791	1,105	1,160	1,218
Inventories	1,289	3,450	3,336	4,872	5,570
Sundry debtors	4,534	5,118	7,948	11,369	13,614
Cash & Cash Equivalents	4,275	5,529	6,033	5,298	6,464
Loans & advances	954	922	0	0	0
Other current assets	1,454	3,311	4,503	4,872	5,570
Trade payables	3,416	4,248	5,050	6,097	7,779
Other current liab.	3,960	8,058	9,187	11,561	12,878
Provisions	424	510	899	899	899
Net current assets	4,705	5,515	6,684	7,855	9,662
Total assets	8,034	9,312	11,050	13,134	15,309
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,131	2,049	3,187	4,181	4,356
Depreciation & Amortisation	221	226	302	343	389
Net Interest	50	68	(41)	50	50
Net Change – WC	1,159	93	(1,222)	(1,906)	(640)
Direct taxes	(149)	(450)	(625)	(1,035)	(1,079)
Net cash from operations	2,251	1,747	1,621	1,633	3,077
Capital expenditure	(85)	(185)	(353)	(1,200)	(700)
Acquisitions, net	0	0	0	0	0
Investments	(1,628)	(1,170)	(491)	862	(1,158)
Others	70	87	0	0	0
Net cash from investing	(1,643)	(1,268)	(844)	(338)	(1,858)
FCF	608	479	777	1,294	1,219
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	0	0	0	0	0
Dividend paid	(4)	(397)	(771)	(1,010)	(1,102)
Interest paid	(22)	(19)	(42)	(50)	(50)
Others	(37)	(27)	(121)	(52)	0
Net cash from financing	(63)	(444)	(934)	(1,112)	(1,152)
Net change in Cash	545	36	(157)	182	66

Source: Company, Centrum Broking

Solar Industries India (SOIL)

SOIL posted revenue/PBT CAGR of 20%/21% over FY13-23. Ex-cash NWC days have reduced from an average of 119 over FY14-18 to 93 over FY19-23. OCF grew at 20% CAGR over the past 10 years, leading to aggregate OCF generation of Rs29.7bn, with an EBITDA to OCF conversion of 60%. As explosives is a high capital intensive industry, the total capex outlay over FY14-23 is high at Rs23.4bn leading to lower OCF to FCF conversion at 21%, with aggregate FCF of Rs6.3bn. Leverage has remained stable with net-debt/equity of 0.4x. Return ratios are decent with average RoE/RoCE at 22.9%/17.6% over FY14-23. Distribution of FCF as dividend is high at 88% as an aggregate over FY14-23. The stock return is strong at 33.8% CAGR over FY14-23.

22 September 2023

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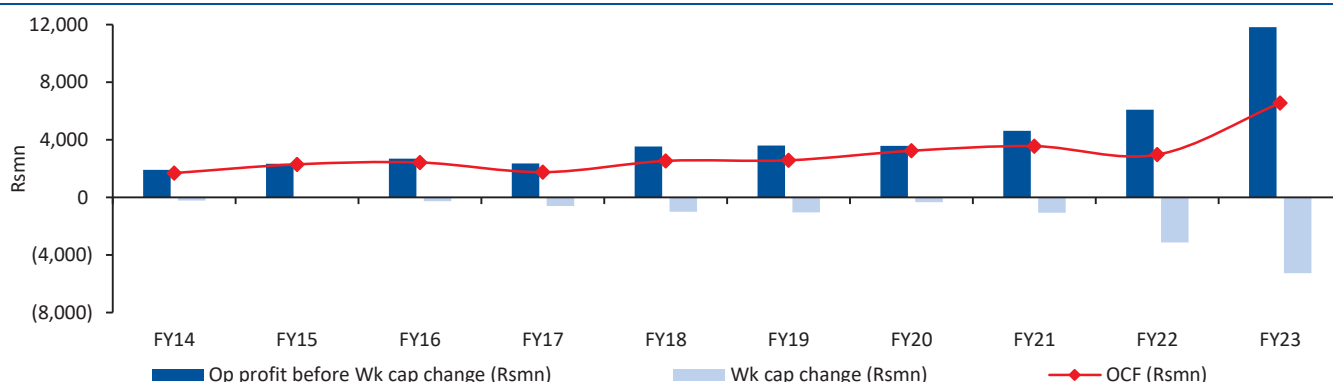
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institutional Research

Market data

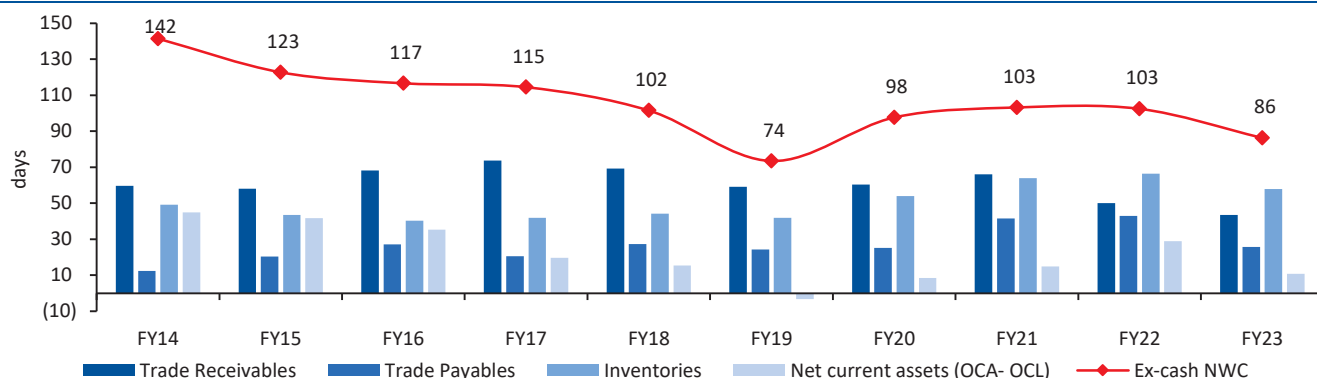
Current price:	Rs4,613
Bloomberg:	SOIL IN
52-week H/L:	Rs4,999/3,413
Market cap:	Rs417.5bn
Free float:	26.9%
Avg. daily vol. 3mth:	73194
Source: Bloomberg	

Exhibit 985: Operating profit and OCF has been on a constant rising trend, OCF has grown at 20% CAGR over FY13-23



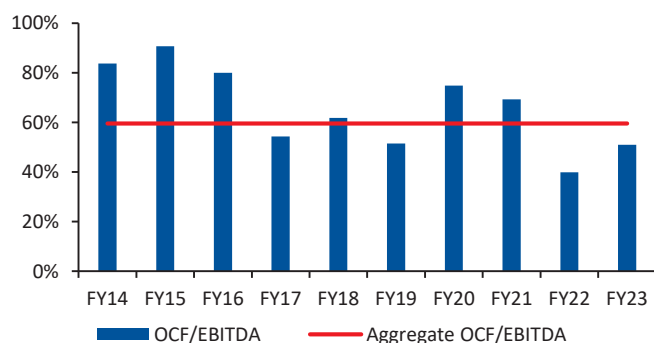
Source: Company, Centrum Broking

Exhibit 986: Ex-cash NWC reduced from an average of 119 days over FY14-18 to 93 days over FY19-23



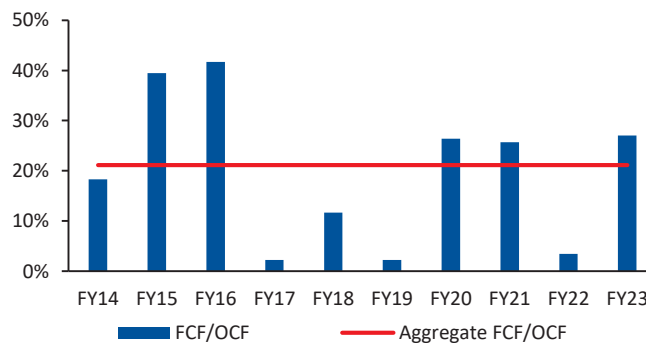
Source: Company, Centrum Broking

Exhibit 987: OCF/EBITDA conversion at 60% over 10 years



Source: Company, Centrum Broking.

Exhibit 988: FCF/OCF conversion at 21% over 10 years



Source: Company, Centrum Broking.

Exhibit 989: Leverage is stable at 0.4x; return ratios are decent

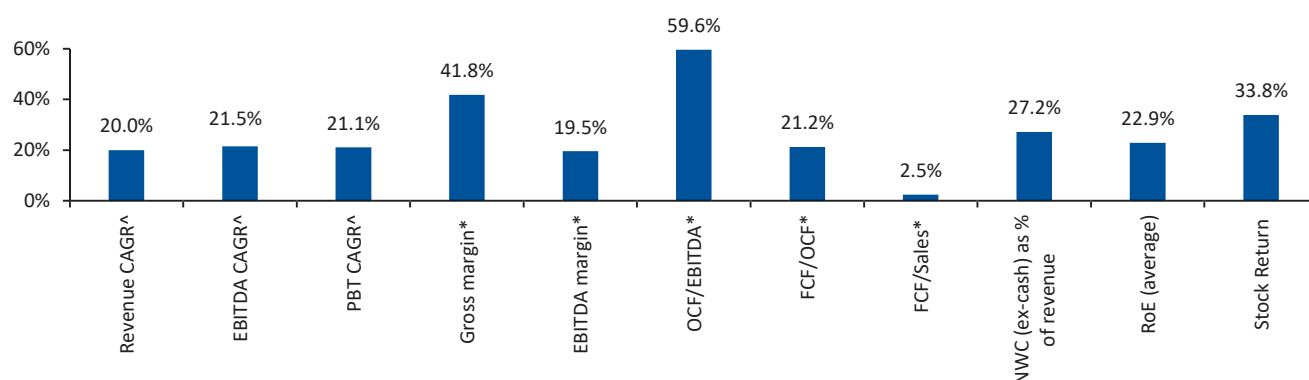
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.4
Net Debt/EBITDA	1.5	1.1	1.0	1.1	0.9	0.7	1.1	1.2	1.0	0.7	1.0
RoCE pre-tax	18.3%	20.5%	24.8%	23.2%	25.4%	27.7%	20.6%	19.8%	24.8%	35.1%	24.0%
RoCE	14.6%	16.1%	16.6%	16.6%	17.5%	19.2%	17.1%	14.4%	18.6%	25.8%	17.6%
RoIC (pre-tax)	20.1%	22.2%	25.3%	23.7%	26.2%	28.6%	19.7%	20.2%	25.5%	36.7%	24.8%
RoE	20.8%	22.5%	21.2%	21.5%	21.9%	23.1%	20.4%	18.7%	25.3%	33.5%	22.9%

Source: Company, Centrum Broking

Exhibit 990: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.74	0.74	0.62	0.69	0.65	0.66	0.80	0.70	0.73	0.69	0.70
Revenue/average total assets	1.05	1.16	1.19	1.16	1.23	1.41	1.14	1.10	1.46	2.01	1.29
Average total assets/Average NW	1.74	1.67	1.58	1.57	1.54	1.50	1.50	1.54	1.54	1.52	1.57
PBT/EBITDA	0.86	0.84	0.87	0.84	0.83	0.81	0.77	0.77	0.81	0.85	0.83
EBITDA/Revenue	0.18	0.19	0.21	0.20	0.21	0.20	0.19	0.20	0.19	0.19	0.20
RoE	20.8%	22.5%	21.2%	21.5%	21.9%	23.1%	20.4%	18.7%	25.3%	33.5%	22.9%

Source: Company, Centrum Broking

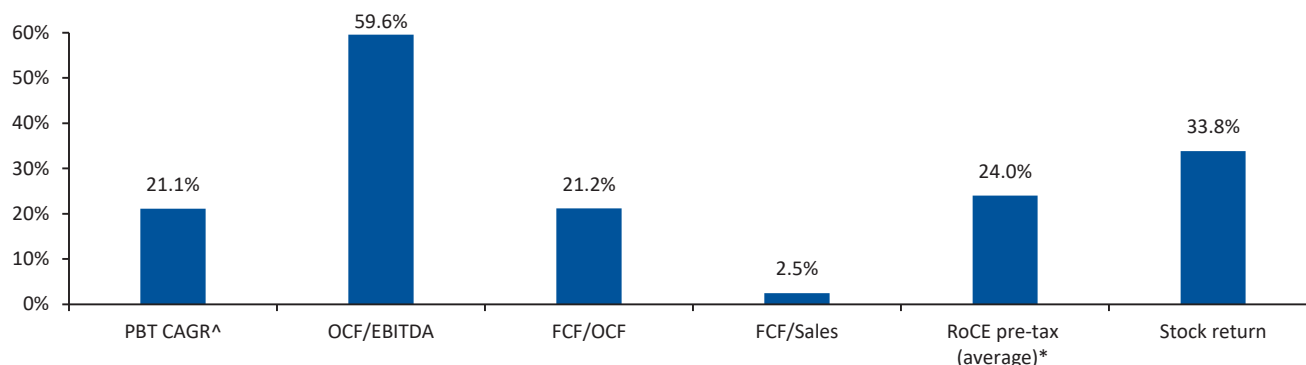
Exhibit 991: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 992: Effective FCF utilization – Distribution of FCF as dividend is high at an aggregate of 88% over FY14-23

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	311	910	1,014	40	297	59	858	917	104	1,774
FCF yield	2%	2%	2%	0%	0%	0%	1%	1%	0%	1%
Dividend + Buyback (b)	244	360	491	545	655	764	543	543	679	724
Distribution of FCF (b/a)	78.5%	39.6%	48.4%	1358.5%	220.2%	1303.1%	63.3%	59.2%	655.2%	40.8%
Cash & equivalents/Capital employed	12%	3%	3%	3%	4%	5%	6%	7%	3%	7%

Source: Company, Centrum Broking

Exhibit 993: SOIL – Key performance metrics

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	25,156	39,476	69,225	71,337	82,520
Operating Expense	13,468	23,273	43,424	40,876	47,119
Employee cost	2,306	2,896	3,527	4,138	4,951
Others	4,236	5,834	9,385	11,771	13,203
EBITDA	5,146	7,473	12,889	14,553	17,247
Depreciation & Amortisation	935	1,093	1,282	1,530	1,770
EBIT	4,211	6,380	11,607	13,023	15,477
Interest expenses	454	503	904	1,072	1,230
Other income	214	197	315	378	454
PBT	3,971	6,074	11,019	12,328	14,701
Taxes	1,090	1,520	2,904	3,103	3,700
Effective tax rate (%)	27.5	25.0	26.4	25.2	25.2
PAT	2,881	4,555	8,114	9,225	11,001
Minority/Associates	(117)	(142)	(543)	(432)	(367)
Recurring PAT	2,764	4,413	7,572	8,794	10,633
Extraordinary items	0	0	0	0	0
Reported PAT	2,764	4,413	7,572	8,794	10,633
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	12.4	56.9	75.4	3.1	15.7
EBITDA	18.5	45.2	72.5	12.9	18.5
Adj. EPS	3.3	59.7	71.6	16.1	20.9
Margins (%)					
Gross	46.5	41.0	37.3	42.7	42.9
EBITDA	20.5	18.9	18.6	20.4	20.9
EBIT	16.7	16.2	16.8	18.3	18.8
Adjusted PAT	11.0	11.2	10.9	12.3	12.9
Returns (%)					
ROE	18.7	25.3	33.5	29.4	27.7
ROCE	14.4	18.6	25.8	22.8	22.0
ROIC	14.7	19.1	27.0	24.7	24.1
Turnover (days)					
Gross block turnover ratio (x)	1.6	2.2	3.3	2.4	2.3
Debtors	60	46	36	46	48
Inventory	105	91	76	94	83
Creditors	60	59	40	46	46
Net working capital	107	88	80	95	103
Solvency (x)					
Net debt-equity	0.4	0.4	0.3	0.3	0.2
Interest coverage ratio	11.3	14.9	14.3	13.6	14.0
Net debt/EBITDA	1.2	1.0	0.7	0.6	0.5
Per share (Rs)					
Adjusted EPS	30.5	48.8	83.7	97.2	117.5
BVPS	174.5	211.5	288.4	373.6	475.1
CEPS	40.9	60.8	97.8	114.1	137.1
DPS	6.0	7.5	8.0	12.0	16.0
Dividend payout (%)	19.6	15.4	9.6	12.3	13.6
Valuation (x)					
P/E	151.1	94.7	55.2	47.5	39.3
P/BV	26.4	21.8	16.0	12.4	9.7
EV/EBITDA	82.3	56.9	33.1	29.3	24.8
Dividend yield (%)	0.1	0.2	0.2	0.3	0.3

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	181	181	181	181	181
Reserves & surplus	15,613	18,962	25,922	33,630	42,815
Shareholders fund	15,794	19,143	26,103	33,811	42,996
Minority Interest	627	1,006	1,404	1,404	1,404
Total debt	7,861	8,661	11,692	13,542	15,392
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	461	423	314	784	784
Total liabilities	24,744	29,233	39,514	49,541	60,577
Gross block	15,283	18,206	20,855	30,149	36,649
Less: acc. Depreciation	(3,119)	(4,042)	(4,715)	(6,245)	(8,015)
Net block	12,165	14,164	16,140	23,904	28,634
Capital WIP	2,824	2,211	2,794	1,000	1,000
Net fixed assets	15,804	16,976	19,549	25,518	30,248
Non Current Assets	1,524	2,526	3,740	4,566	6,106
Investments	10	182	985	985	985
Inventories	4,405	7,189	10,980	10,079	11,360
Sundry debtors	4,555	5,411	8,253	9,772	11,982
Cash & Cash Equivalents	1,812	988	2,601	4,592	5,939
Loans & advances	39	82	118	143	165
Other current assets	1,446	2,940	2,862	3,567	4,951
Trade payables	2,861	4,649	4,885	5,376	6,455
Other current liab.	1,873	2,287	4,521	4,138	4,539
Provisions	117	125	168	168	168
Net current assets	7,406	9,548	15,240	18,472	23,237
Total assets	24,744	29,233	39,514	49,541	60,577
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	3,971	6,074	11,019	12,328	14,701
Depreciation & Amortisation	935	1,093	1,282	1,530	1,770
Net Interest	454	503	904	1,072	1,230
Net Change – WC	(1,127)	(3,969)	(5,292)	(2,066)	(4,959)
Direct taxes	(1,162)	(1,558)	(3,013)	(2,633)	(3,700)
Net cash from operations	2,954	2,000	4,360	9,800	8,675
Capital expenditure	(2,927)	(2,479)	(3,841)	(7,500)	(6,500)
Acquisitions, net	0	0	0	0	0
Investments	14	(173)	(803)	0	0
Others	0	0	0	0	0
Net cash from investing	(2,914)	(2,652)	(4,644)	(7,500)	(6,500)
FCF	40	(652)	(284)	2,300	2,175
Issue of share capital	0	0	0	0	0
Increase/(decrease) in debt	1,760	800	3,031	1,850	1,850
Dividend paid	(543)	(679)	(724)	(1,086)	(1,448)
Interest paid	(454)	(503)	(904)	(1,072)	(1,230)
Others	(192)	209	494	0	0
Net cash from financing	571	(173)	1,898	(308)	(828)
Net change in Cash	611	(825)	1,613	1,992	1,347

Source: Company, Centrum Broking

Triveni Turbine (TRIV)

TRIV posted revenue/PBT CAGR of 6.6%/5% over FY13-23, as its growth is linked to industrial capex cycle. Ex-cash NWC days averaged 25 days over FY14-23 and has turned negative in the past three years due to reducing debtor days and rising customer advances. Aggregate OCF generation of Rs15.8bn translates to a strong EBITDA to OCF conversion rate of 101% due to negative NWC in past 3 years. Total capex outlay was lower at Rs3.3bn, leading to robust OCF/FCF conversion of 79% with aggregate FCF at Rs12.5bn. Return ratios are strong with average RoE/RoCE at 29.7%/29.2% over FY14-23. Distribution of FCF as dividend is decent at 43% as an aggregate over FY14-23. The stock return is healthy at 17% CAGR over FY14-23.

22 September 2023

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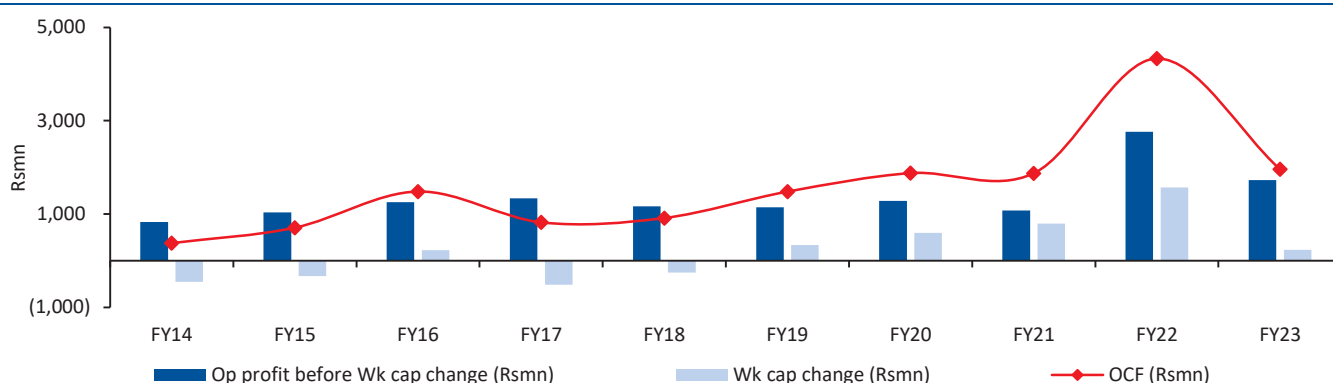
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institutional Research

Market data

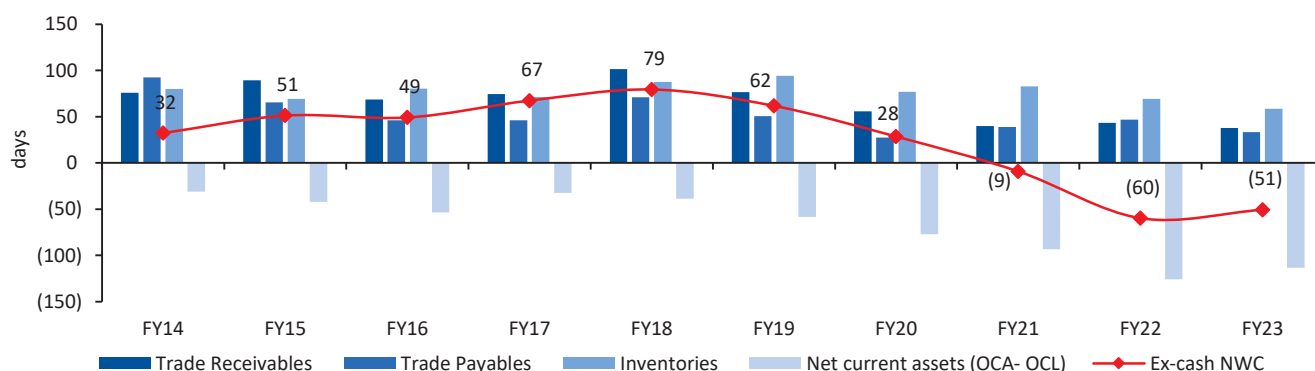
Current price:	Rs433
Bloomberg:	TRIV IN
52-week H/L:	Rs449/221
Market cap:	Rs137.5bn
Free float:	35.1%
Avg. daily vol. 3mth:	733854
Source: Bloomberg	

Exhibit 994: Operating profit has seen a steady rise



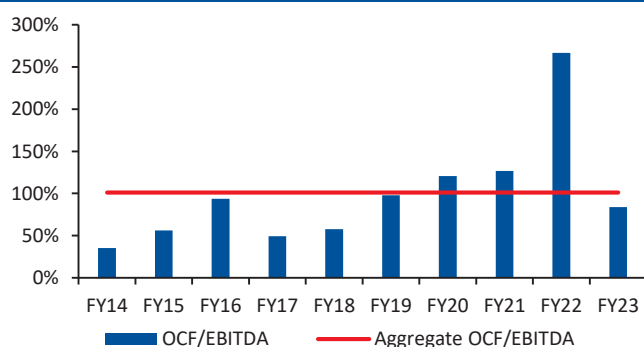
Source: Company, Centrum Broking

Exhibit 995: Ex-cash NWC averaged 25 days over FY14-23 and has turned negative in past three years



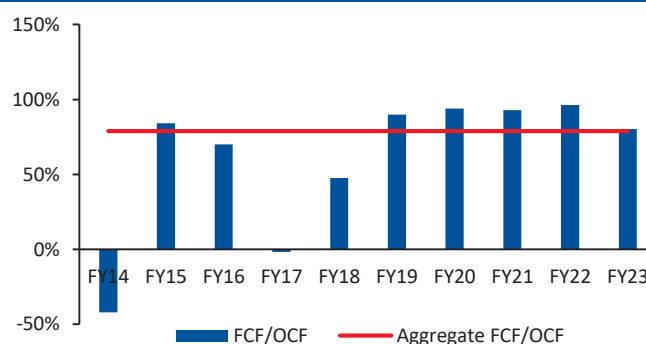
Source: Company, Centrum Broking

Exhibit 996: OCF/EBITDA conversion at 101% over 10 years



Source: Company, Centrum Broking.

Exhibit 997: FCF/OCF conversion at 79% over 10 years



Source: Company, Centrum Broking.

Exhibit 998: Net-cash position leading to nil leverage; Return ratios have stayed strong

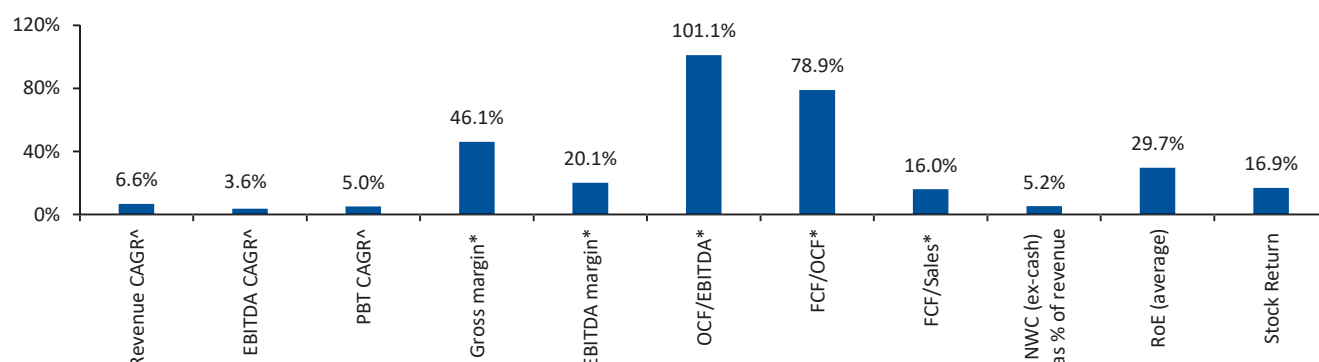
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 average
Net Debt/Equity	0.0	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.1)
Net Debt/EBITDA	0.1	(0.0)	(0.2)	(0.1)	(0.1)	(0.2)	(0.4)	(0.8)	(1.7)	(1.2)	(0.5)
RoCE pre-tax	61.2%	65.4%	61.0%	51.3%	34.3%	33.3%	31.1%	25.1%	23.0%	31.7%	41.7%
RoCE	41.3%	44.3%	40.9%	33.9%	23.1%	22.1%	23.9%	19.9%	18.3%	23.9%	29.2%
RoIC (pre-tax)	44.6%	37.7%	40.7%	32.4%	23.7%	21.6%	29.8%	37.8%	85.5%	209.7%	56.4%
RoE	42.1%	45.1%	42.2%	35.2%	22.4%	22.6%	25.3%	20.7%	17.6%	23.8%	29.7%

Source: Company, Centrum Broking

Exhibit 999: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY14-23 avg
PAT/PBT	0.68	0.68	0.69	0.69	0.66	0.69	0.83	0.83	0.77	0.75	0.73
Revenue/average total assets	2.90	2.82	2.57	2.06	1.72	1.85	1.66	1.19	1.13	1.53	1.94
Average total assets/Average NW	1.08	1.07	1.04	1.03	1.02	1.02	1.02	1.01	1.01	1.01	1.03
PBT/EBITDA	0.95	1.10	1.04	1.08	0.93	0.97	0.94	0.98	1.05	1.09	1.01
EBITDA/Revenue	0.21	0.20	0.22	0.22	0.21	0.18	0.19	0.21	0.19	0.19	0.20
RoE	42.1%	45.1%	42.2%	35.2%	22.4%	22.6%	25.3%	20.7%	17.6%	23.8%	29.7%

Source: Company, Centrum Broking

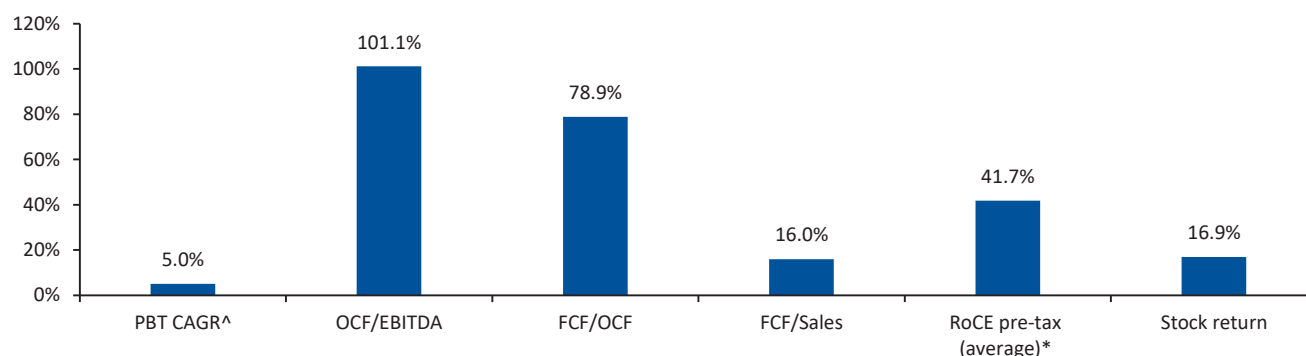
Exhibit 1000: Price movement vs. Financials

Source: Company, Centrum Broking; ^: FY13-23 CAGR; *: aggregate of FY14-23

Exhibit 1001: Effective FCF utilization – Distribution of FCF as dividend is decent at 43%

Rs mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
FCF (a)	(158)	593	1,038	(14)	435	1,329	1,762	1,738	4,177	1,571
FCF yield	(1%)	2%	3%	0%	1%	4%	6%	7%	8%	2%
Dividend + Buyback (b)	247	280	363	396	330	-	162	388	824	2,400
Distribution of FCF (b/a)	NA	47.3%	35.0%	NA	75.8%	0.0%	9.2%	22.3%	19.7%	152.7%
Cash & equivalents/Capital employed	0%	2%	10%	4%	3%	6%	13%	18%	32%	37%

Source: Company, Centrum Broking

Exhibit 1002: TRIV – Key performance metrics

Source: Company, Centrum Broking; *: FY14-23 average; ^: FY13-23 CAGR

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Revenues	7,026	8,522	12,476	16,840	19,762
Operating Expense	3,562	4,703	6,471	8,218	9,595
Employee cost	870	1,029	1,285	1,718	1,996
Others	1,118	1,164	2,381	3,503	3,893
EBITDA	1,476	1,627	2,338	3,402	4,278
Depreciation & Amortisation	202	203	199	208	222
EBIT	1,274	1,424	2,139	3,194	4,056
Interest expenses	11	10	10	14	15
Other income	191	295	426	505	593
PBT	1,454	1,709	2,555	3,685	4,635
Taxes	296	351	626	928	1,167
Effective tax rate (%)	20.4	20.5	24.5	25.2	25.2
PAT	1,157	1,358	1,929	2,758	3,468
Minority/Associates	53	(43)	(3)	(5)	(6)
Recurring PAT	1,210	1,315	1,925	2,753	3,462
Extraordinary items	(185)	1,387	0	0	0
Reported PAT	1,025	2,702	1,925	2,753	3,462
Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24E	FY25E
Growth (%)					
Revenue	(14.1)	21.3	46.4	35.0	17.3
EBITDA	(5.2)	10.2	43.7	45.5	25.7
Adj. EPS	(0.7)	8.7	48.9	43.0	25.8
Margins (%)					
Gross	49.3	44.8	48.1	51.2	51.4
EBITDA	21.0	19.1	18.7	20.2	21.6
EBIT	18.1	16.7	17.1	19.0	20.5
Adjusted PAT	17.2	15.4	15.4	16.3	17.5
Returns (%)					
ROE	20.7	17.6	23.8	32.4	33.0
ROCE	19.9	18.3	23.9	32.5	33.1
ROIC	37.8	68.0	158.3	350.1	1,373.8
Turnover (days)					
Gross block turnover ratio (x)	2.0	2.3	3.0	3.7	4.2
Debtors	53	38	34	34	38
Inventory	170	125	102	105	114
Creditors	70	71	63	59	64
Net working capital	51	57	33	62	93
Solvency (x)					
Net debt-equity	(0.2)	(0.3)	(0.4)	(0.6)	(0.7)
Interest coverage ratio	129.5	159.5	236.1	245.5	293.9
Net debt/EBITDA	(0.8)	(1.7)	(1.2)	(1.5)	(1.8)
Per share (Rs)					
Adjusted EPS	3.7	4.1	6.1	8.7	10.9
BVPS	19.7	26.5	23.9	29.6	36.5
CEPS	4.4	4.7	6.7	9.3	11.6
DPS	1.2	2.5	1.6	3.0	4.0
Dividend payout (%)	37.9	30.5	26.0	34.6	36.7
Valuation (x)					
P/E	120.6	110.9	74.5	52.1	41.4
P/BV	22.9	17.0	18.9	15.3	12.4
EV/EBITDA	96.4	86.5	60.1	40.6	31.7
Dividend yield (%)	0.3	0.6	0.3	0.7	0.9

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity share capital	323	323	318	318	318
Reserves & surplus	6,052	8,242	7,286	9,085	11,275
Shareholders fund	6,376	8,566	7,604	9,403	11,593
Minority Interest	0	8	10	0	0
Total debt	10	2	0	0	0
Non Current Liabilities	0	0	0	0	0
Def tax liab. (net)	51	35	44	44	44
Total liabilities	6,436	8,610	7,657	9,446	11,637
Gross block	3,582	3,765	4,188	4,492	4,742
Less: acc. Depreciation	(1,093)	(1,296)	(1,495)	(1,704)	(1,925)
Net block	2,489	2,469	2,693	2,788	2,817
Capital WIP	0	33	54	0	0
Net fixed assets	2,489	2,501	2,747	2,788	2,817
Non Current Assets	0	0	0	0	0
Investments	2,961	4,775	3,793	3,793	3,793
Inventories	1,596	1,617	2,000	2,713	3,286
Sundry debtors	771	1,015	1,293	1,846	2,274
Cash & Cash Equivalents	1,164	2,731	2,849	5,215	7,752
Loans & advances	0	0	0	0	0
Other current assets	437	709	716	1,010	1,186
Trade payables	745	1,091	1,143	1,508	1,840
Other current liab.	2,066	3,403	4,260	5,906	7,038
Provisions	171	245	339	505	593
Net current assets	987	1,333	1,117	2,865	5,027
Total assets	6,436	8,610	7,657	9,446	11,637
Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Profit Before Tax	1,454	1,709	2,555	3,685	4,635
Depreciation & Amortisation	202	203	199	208	222
Net Interest	11	10	10	14	15
Net Change – WC	816	1,220	335	618	375
Direct taxes	(317)	(367)	(617)	(928)	(1,167)
Net cash from operations	2,218	2,732	2,478	3,593	4,074
Capital expenditure	(153)	(215)	(445)	(250)	(250)
Acquisitions, net	0	0	0	0	0
Investments	(1,437)	(1,815)	982	0	0
Others	0	0	0	0	0
Net cash from investing	(1,590)	(2,030)	538	(250)	(250)
FCF	628	702	3,016	3,343	3,824
Issue of share capital	0	0	(5)	0	0
Increase/(decrease) in debt	0	(8)	(2)	0	0
Dividend paid	(388)	(824)	(500)	(954)	(1,272)
Interest paid	(11)	(10)	(10)	(14)	(15)
Others	252	1,707	(2,380)	(10)	0
Net cash from financing	(147)	865	(2,897)	(977)	(1,286)
Net change in Cash	481	1,567	119	2,366	2,537

Source: Company, Centrum Broking

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