Birla Corporation Ltd

Cement

BUY
Target Price
1500

Long Term Outlook Remains Positive; Retain BUY

Summary

- **Aims to reach the capacity of 25 MTPA:** The company is scaling up its cement production capacity to 25 mtpa from the existing 20 mtpa, considering the projected growth in the economy and cement consumption over the next two years.
- **Higher sales of premium cement**: The company delivered consistent sales growth and maintained its strong market share in the premium segment. Premium cement accounted for 53.70% of sales through the trade channel. Full-year sales of premium cement reached 6.86 Mn tons, marking the highest ever, up 11.52% YoY. The company's super premium brand, Rakshak, gained acceptance in Uttar Pradesh and Madhya Pradesh and was also launched in Maharashtra.
- **Cost optimization initiatives**: The company initiated an internal efficiency improvement and cost optimization initiative, Project Shikhar, which resulted in savings of Rs 41.48 per ton of production and gross savings of Rs 66 Cr for the full year. Project Shikhar remains ongoing and is expected to drive further efficiency improvements and cost savings.

Key Highlights

- **Improvement in Revenue/EBITDA/PAT**: The company's Revenue/EBITDA/PAT grew by 11%/86%/937% in FY24. This robust growth was driven by above-average demand and a 7% reduction in overall costs. Capacity utilization reached 88% during the year. Additionally, the company recorded its highest-ever volume of 17.64 mtpa, up 12% YoY, supported by the ramp-up of its Mukutban capacity.
- **Greenfield capacity at Mukutban (Maharashtra) ramping up well:** Ramping up Mukutban operations ahead of projections was a key achievement. By the end of the fiscal year, the plant's capacity utilization had stabilized at 68%, with dispatches reaching a steady state of 2.24 Lc tons per month. The company's lead brands have established a strong foothold in the core markets of the Vidarbha and Khandesh regions. With improved cost efficiencies, the footprint is steadily being extended to Mumbai.
- **Increasing use of Green energy:** The increase in the use of renewable power was substantial during the year. Green power accounted for 23.78% of total power consumed in FY24, compared to 21.53% in the previous year. The company is further increasing its consumption of renewable power, with green power accounting for 25.37% of total power in Q4FY24.

Key Competitive Strengths

a) High proportion of blended cement forming 85% of the total cement sales; b) Dominant player in the demand-accretive central region; c) Robust sales and distribution network; d) Expanding market reach, and e) Focus on the sale of high-margin premium cement.

Strategies Implemented

a) Ramped up Mukutban Greenfield unit; b) Increased use of green energy; c) Implementation of Project Unnati and Shiker for profitable growth & cost optimization; d) Leveraged technology for rapid stride in the digital transformation journey.

Growth Drivers

a) Housing for All; b) Real Estate Growth; c) The government's keen focus on infrastructure development including roads, highways, metros, airports, irrigation, and water projects; d) Proactive policy support by the government

Key focus areas going ahead

a) Optimize the performance of Mukutban Unit; b) Improve operational efficiencies through sustainable initiatives;c) Undertake digital transformation to achieve and augment operational excellence and d) Maintain financial prudence

Outlook & Recommendation: The company's overall performance in FY24 was impressive, driven by higher volumes sold, better capacity utilization, and lower operational costs. It aims to expand its capacity to 25 mtpa over the next two years to strengthen its position in its operating region. While headwinds related to cement prices are expected to persist, cement demand is anticipated to remain resilient due to increased government expenditure on infrastructure development, housing demand under PM Awas Yojna, and real estate growth. The company is well-positioned in the demand-accretive Central region, deriving around 50% of its sales from there, with the upcoming capacity set to further consolidate its position and increase market share. The stock is currently trading at 8x FY26E EV/EBITDA and EV/tonne of $72. **We maintain our BUY recommendation on the stock and value the company at 9x FY26E EV/EBITDA to arrive at a target price of Rs 1,500/ share. The TP implies an upside of 14% from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	FY24	FY25E	FY26E
Net Sales	9,663	9,363	10,492
EBITDA	1,438	1,131	1,523
Net Profit	421	231	517
EPS (Rs)	54.6	30.0	67.1
PER (x)	25	45	20
P/BV (x)	1.5	1.5	1.4
EV/EBITDA (x)	9	12	8
RoE (%)	6%	3%	7%

Source: Company, Axis Securities Research

(CMP as of 20th Sept 2024)

CMP (Rs)	1314
Upside/Downside (%)	14
High/Low (Rs)	1802/1137
Market cap (Cr)	10486
Avg. daily vol. (6m) Shrs.	154800
No. of shares (Cr)	7.7

Shareholding (%)

	Dec-23	Mar-24	Jun-24
Promoter	62.9	62.9	62.9
FIIs	6.5	6.8	6.0
MFs / UTI	13.9	13.2	13.9
Banks / FIs	0.0	0.0	0.0
Others	16.7	17.1	17.2

Financial & Valuations

Y/E Mar (RsCr)	FY24	FY25E	FY26E
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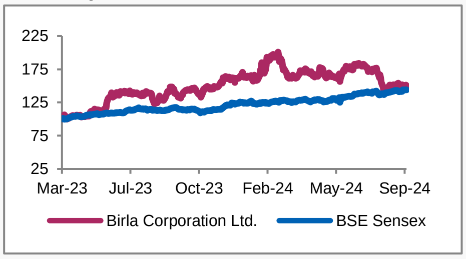
RoE (%)	6%	3%	7%

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	0	0
EBITDA	0	0
PAT	0	0

Relative performance



Source: Ace Equity

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Company Overview

Birla Corporation Limited, the flagship company of the M.P. Birla Group, was incorporated as Birla Jute Manufacturing Company Limited in 1919 and later evolved into a dominant cement player in India under the leadership of the Late Mr Madhav Prasad Birla. The company's core business is cement manufacturing, with a significant presence in the jute goods industry as well. Its cement division operates 11 plants across eight locations: Satna & Maihar (Madhya Pradesh), Raebareli & Kundanganj (Uttar Pradesh), Chanderia (Rajasthan), Butibori & Mukutban (Maharashtra), and Durgapur (West Bengal). The company produces various types of cement, including Ordinary Portland Cement (OPC) in 43 and 53 grades, Portland Pozzolana Cement (PPC), Fly ash-based PPC, Low Alkali Portland Cement, Portland Slag Cement (PSC), Low Heat Cement, and Sulphate Resistant Cement. Currently, the company's total cement manufacturing capacity stands at 20 mtpa.

FY24 – Operational & Financial Performance Round-up

The company reported robust revenue/ EBITDA/PAT growth with higher EBITDA margins driven by higher volume sold and lower cost. Higher sale of premium cement and increasing use of green energy positive for the company .

- **Financial Performance:** In FY24, the company's consolidated revenue grew by 11% to Rs 9,663 Cr from Rs 8,682 Cr in FY23. This growth was driven by stronger demand and higher sales volumes, supported by the ramp-up of new greenfield units. The company recorded consolidated EBITDA of Rs 1,438 Cr, up 86% YoY from Rs 772 Cr in FY23, attributed to higher volumes sold and lower operating costs, particularly a 27% reduction in energy costs on a per tonne basis. The company reported a consolidated net profit of Rs 421 Cr in FY24, marking a 937% YoY increase due to these factors.
- **Improvement in EBITDA margin & EBITDA/tonne:** The company's EBITDA margin improved to 15%, up from 9% YoY, and it reported a blended EBITDA/tonne of Rs 815, compared to Rs 491/tonne in FY23.
- **Blended realization/tonne declined:** The company reported a blended realization of Rs 5,478/tonne, down 1% from Rs 5,520/tonne in FY23, attributed to higher competitive intensity.
- **Healthy capacity utilisation**: The company's capacity utilisation in FY24 stood at 87%, including new units.
- **The share of premium cement sales increased:** The company demonstrated consistent performance in sales growth and maintained a strong market share in the premium segment. Premium cement accounted for 53.70% of sales through the trade channel. Full-year sales of premium cement reached 6.86 Mn tons, the highest ever, reflecting an 11.52% increase over the previous year. The company's super premium brand, Rakshak, has gained acceptance in Uttar Pradesh and Madhya Pradesh and has also been launched in Maharashtra.
- **Controlling operating costs:** The company has undertaken several initiatives to reduce operating costs, with a focus on minimizing fixed costs and discretionary expenses, including marketing and advertising. Additionally, the company rationalized its power and fuel costs, as well as financing costs, during the year. Projects Unnati and Shikhar are aimed at enhancing profitability and lowering operational costs.
- **Reduction in debt level:** The company's total borrowings at the end of March stood at Rs 3,769 Cr, compared to Rs 4,349 Cr a year earlier, reflecting a reduction of 13% YoY. The interest cost for the March quarter of FY24 was 7.91%.
- **Dividend of Rs 10/share:** The company declared a dividend of Rs 10 per share during the year, compared to Rs 2.5 in FY23, following higher costs that led to lower profitability in the previous year.
- **Greenfield unit Mukutban ramping up well:** Ramping up Mukutban operations ahead of projections was a key achievement. By the end of the fiscal year, the plant's capacity utilization stabilized at 68%, with dispatches reaching a steady state of 2.24 Lc tons per month. The company's lead brands have established a strong foothold in the core markets of the Vidarbha and Khandesh regions. With improved cost efficiencies, the footprint is steadily being extended to Mumbai.
- **Non-trade sale:** In line with its increasing focus on the non-trade segment, the company has strengthened its share of non-retail sales and continues to seek opportunities in rural areas,

infrastructure, and government projects. Initiatives such as Bharatmala, Pradhan Mantri Awas Yojana, and Urban Infrastructure remain key drivers in this segment.

- **Higher Green Power Consumption:** The company has significantly reduced its thermal power consumption in recent years by transitioning to renewable energy sources, including the Waste Heat Recovery System (WHRS) and solar energy. WHRS and solar energy accounted for 24% of total consumption during the year, up from 21% in FY23. The company is in the process of further increasing the share of renewables in its overall power mix by adding solar and WHRS capacity at its facilities.

Key Growth Drivers

Higher focus on infra development along with affordable housing and real estate development to keep Cement demand elevated and expected to grow at CAGR of 8%-9% over FY23-FY27E.

Urbanisation

India's working-age population (25-64 years) is projected to overtake China's between 2030 and 2035, becoming the largest working-age population in the world. By the end of FY25, an estimated 37% (541 million) of India's population will reside in urban areas. According to CRISIL, demand for housing is steadily growing in both urban and rural areas. This trend will accelerate urbanization and increase the demand for housing and related services, subsequently boosting the demand for cement.

Rural Housing

The government's announcement of an additional 2 Cr houses under the Pradhan Mantri Awas Yojana (Rural) over the next five years marks a significant step in addressing housing needs in rural areas. The allocation for Pradhan Mantri Awas Yojana (Rural) has seen a substantial increase of 70% from the FY24 revised estimate (RE) to Rs 54,500 Cr for FY25, reflecting the government's commitment to enhancing rural housing infrastructure. With 2.5 Cr houses completed over the past eight years, achieving 87% of the total target, the recent announcement of additional houses is expected to stimulate growth in the Indian infrastructure and cement sectors.

Urban Housing

The government plans to introduce a scheme to incentivize individuals residing in rented houses and unauthorized colonies to purchase or construct their own homes, thereby fostering urban housing demand. The allocation for Pradhan Mantri Awas Yojana (Urban) has been increased by 18% from the FY24 revised estimate (RE) to Rs 26,170 Cr for FY25, providing a substantial boost to urban housing initiatives.

Infrastructure push by the Government

The government has consistently invested in infrastructure to advance the country's development agenda, allocating Rs 11.11 tn in Budget 2024-25. The steady increase in capital spending is a positive indicator for cement consumption in the coming years. Additionally, initiatives such as the National Infrastructure Pipeline and PM Gati Shakti are expected to enhance construction activity in the country, thereby increasing demand for cement.

Key Strategies Moving Forward

Optimize the performance of the Mukutban Unit.

The Mukutban plant's capacity of 3.9 mtpa is now fully operational, and the company is working to optimize the plant's performance through various initiatives. Ramping up Mukutban operations ahead of projections was a key achievement. By the end of the fiscal year, the plant's capacity utilization had stabilized at 68%, with dispatches reaching a steady state of 2.24 Lc tons per month. The company's lead brands have established a strong foothold in the core markets of the Vidarbha and Khandesh regions. With improved cost efficiencies, the footprint is steadily being extended to Mumbai.

The company further aims to optimize the Mukutban unit . Various Strategies are adopted to further enhance market share in its operating region and to achieve profitable growth.

Increase operational efficiency through sustainable operation.

The continued pursuit of operational efficiencies at all levels to optimize total costs amid rising input prices will remain a key factor in the company’s profitability. The company has implemented plant-wise sustainable operations initiatives during the year and continues to expand its use of green energy through the construction of solar power plants and WHRS capacity. To promote renewable energy and generate energy through cleaner sources, the company has installed Solar Power Plants at its Integrated Cement Plants. Additionally, it is sourcing solar power for the Raebareli Plant in a group captive mode under a long-term Power Purchase Agreement (PPA).

Digital Initiatives

The company's focus on leveraging technology to enhance efficiency and competitiveness received further impetus during the year, with digitization initiatives implemented across various functions, including manufacturing, supply chain, sales, logistics, marketing, and HR management. Key initiatives included the adoption of a cloud-based CRM system, an Integrated Logistics Management System, an Influencer Program, Plant Maintenance enhancements, a transition to a Human Resource Management System (HRMS) with Darwin Box, and integrated business planning to improve safety and operational effectiveness.

Maintaining Financial Prudence

The company manages its excess funds efficiently by investing in highly rated debt securities, fixed deposits with banks and reputable financial institutions, and debt schemes of mutual funds, giving due consideration to key parameters of safety, liquidity, and returns. Additionally, loans are regularly monitored for opportunities to refinance, prepay, or restructure, aiming to reduce borrowing costs and mitigate foreign exchange rate risk.

Industry Outlook

According to projections, the Indian economy is expected to grow at 6.8% in FY25, slightly slower than the better-than-expected growth of 7.6% in FY24. It is anticipated that India's economy will continue to grow at a compounded annual rate of 6.7%, reaching the $7 Tn mark by 2031, which would make the country the world's third-largest economy.

Government spending on infrastructure has been a key driver of capital expenditure in the country over the past three years. The National Highways Authority of India spent a record Rs 2.07 Tn on highway construction in FY24, marking a 20% increase YoY. Overall capital expenditure is expected to grow at 9-11% annually over the next four years, with a healthy mix between industrial and infrastructure segments.

This outlook is positive for the cement industry; however, pricing will be a key challenge in the immediate future as additional capacity comes online and key players pursue volume growth at the expense of operating profit margins. In light of the projected growth in the economy and cement consumption, the company has begun the groundwork for its next phase of growth, aiming to scale up production capacity from 20 MT to 25 MT over the next two years.

Overall long term industry outlook remains positive driven by housing and infra development.by the Government. In the short-term demand is expected to moderate on the back of higher base of previous year and pricing will remain under pressure.

Risks & Mitigation

The company has identified major risks in areas such as raw materials and fuels, quality, market, safety, litigation, logistics, community relations, intellectual property, project execution, finance, human resources, fraud, environment, information technology, and regulatory compliance. It has developed measures to mitigate these risks. Below are some key risks along with their corresponding mitigation strategies:

The company is exposed to many risks and it takes appropriate measures to deal with these risks.

Commodity Price Risk: The company mainly imports coal, petroleum coke, gypsum and raw jute. It is exposed to commodity price risk arising from movements in the prices of these commodities. Such risks are monitored by tracking prices and managed by entering into fixed-price contracts when deemed necessary.

Government Incentive Risk: The government remains committed to pushing capital expenditure-led growth of the Indian economy. However, if inflation is not contained, it can play spoilsport, impacting the government's ability to borrow and inject cash into the economy.

Foreign Currency Risk: The company is exposed to foreign exchange risk on imports of raw materials and capital equipment and also borrows funds in foreign currencies for its operations. The company evaluates the impact of exchange rate fluctuations by assessing its exposure to foreign currency risk. Certain of the company's transactions provide a natural hedge as a portion of its assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk, the company adopts a policy of selective hedging based on management's assessment of the risk and uses derivatives when necessary to mitigate or eliminate the risk.

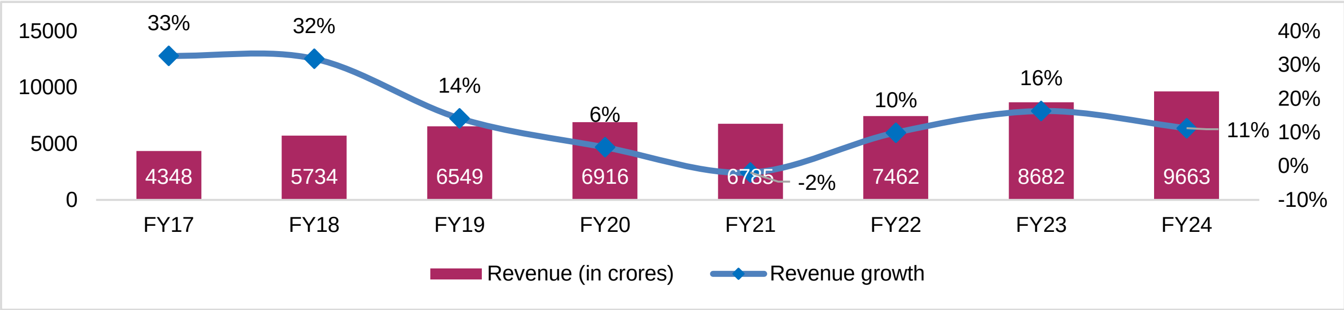
Demand and Price risk: Cement demand and realization are always critical for a cement company. A slowdown in demand along with a drop in prices can severely impact the company's performance. To mitigate the risk, the company has expanded its capacity to reduce regional concentration and increased sales of the premium product along with the launch of the new product to continue achieving higher prices.

Profitability Analysis (Rs Cr)

Particulars	FY23	FY24	Change	Comments/Analysis
Sales	8,682	9,662	11%	Revenue growth was driven by better volume off-take during the year and supported by new capacity ramp-up. The contribution of the cement and Jute business stood at 96% and 4%. We expect the company to grow its revenue at 7% CAGR over FY23-FY26E, driven by a volume CAGR of 9% over the same period.
Raw Materials/Others	5,573	5,808	4%	RM material/Others such as power/fuel and freight costs were higher owing to higher volume sold during the year.
Gross Profits	3.109	3,854	24%	The company's gross profit was higher owing to higher volume and lower costs particularly power/fuel costs during the year.
Operating Expenses	2,336	2,416	3%	Operating expenses were higher owing to an increase in staff costs and marketing expenses.
EBITDA	772	1438	86%	EBITDA was higher owing to lower operating costs and higher volume sold. Cost/tonne declined by 7% during the year. We estimate the company to report an EBITDA CAGR of 25% over FY23-FY26E, driven by a volume CAGR of 9% over the same period.
Depreciation	510	578	13%	Increase in depreciation owing to capitalization of new assets.
Other income	113	86	-23%	Reduced owing to lower income
EBIT	375	945	152%	Higher owing to better operating performance during the year on the back of higher volume sold and lower cost of cement production.
Interest	339	371	9%	The finance charge was higher owing to an increase in interest rate.
Tax	26	159	511%	Higher owing to higher profit during the year.
APAT	40	421	952%	Higher owing to the above-mentioned attributes. We expect the company to report a CAGR of 134% over FY23-FY26E.
EPS	5.2	55	952%	EPS is in line with APAT.
Volume	15.73	17.64	12%	Volume growth driven by better demand and Mukutban unit ramp-up. We expect the company to report a volume CAGR of 9% over FY23-FY26E.

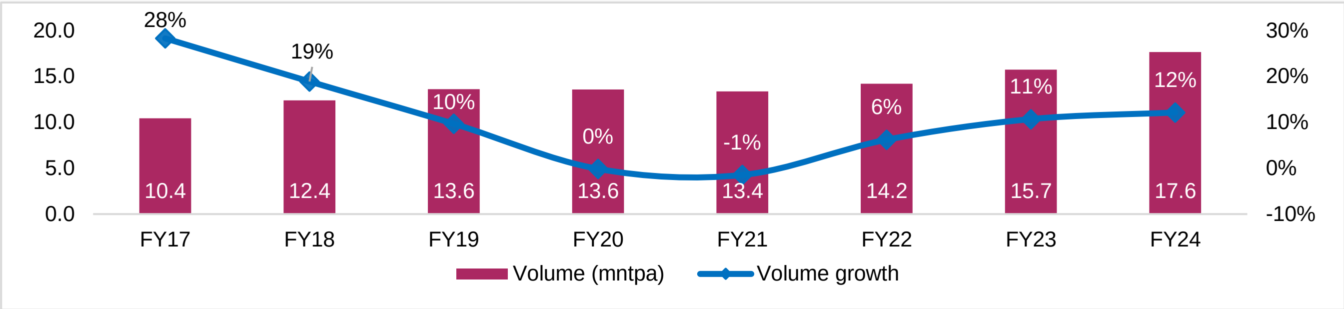
Source: Company; Axis Securities Research

Exhibit 1: Revenue & Growth Trend



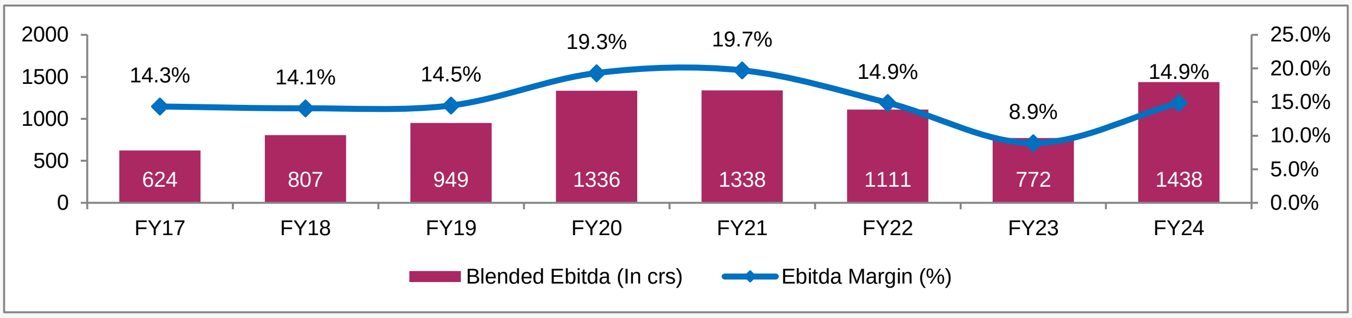
Source: Company, Axis Securities Research

Exhibit 2: Volume & growth trend



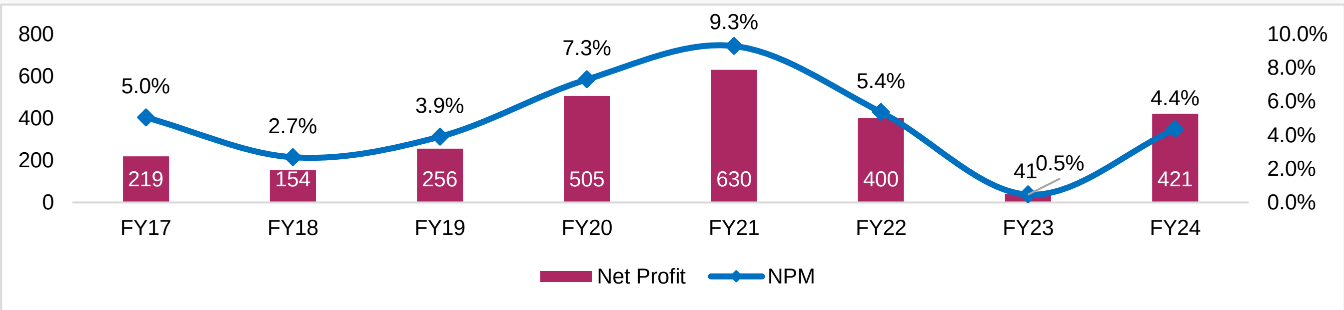
Source: Company, Axis Securities Research

Exhibit 3: Blended EBITDA and EBITDA margin



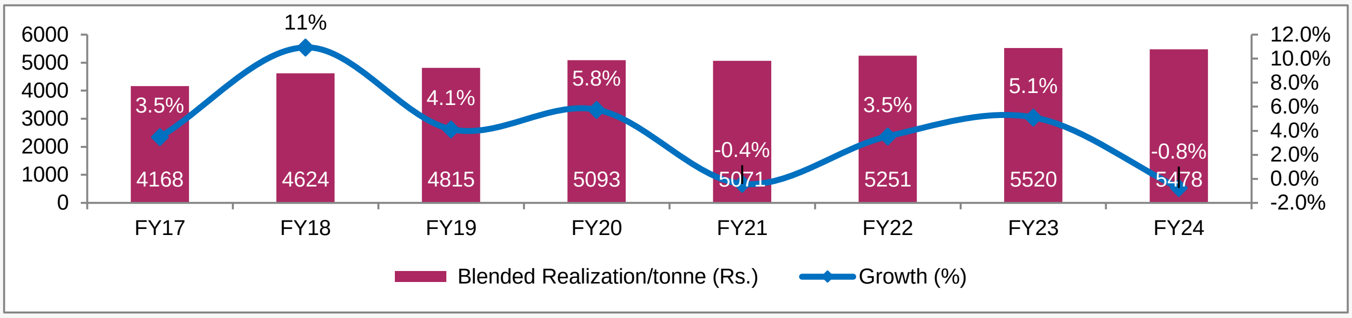
Source: Company, Axis Securities Research

Exhibit 4: Net profit & NPM trend



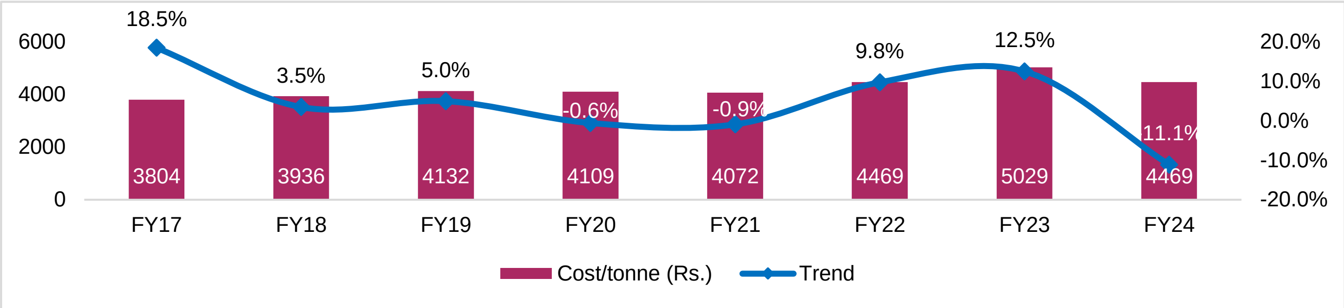
Source: Company, Axis Securities Research

Exhibit 5: Realization/Tonne and Growth Trend



Source: Company, Axis Securities Research

Exhibit 6: Cost/tonne & Trend



Source: Company, Axis Securities Research

Profitability Margins

Particulars	FY23	FY24	Change	Comments/Analysis
GPM	35.8%	39.9%	390bps	Lower operating costs positively impacted the GPM as input costs such as power & fuel, declined during the Year.
EBITDAM	8.9%	14.9%	600bps	EBITDA margins were higher due to lower operating costs and higher volume sold. Cost/tonne declined by 7%, led by lower Power & fuel costs which went down sharply by 27% during the year on a per tonne basis.
APATM	0.5%	4.4%	380bps	Improved on the back of the above attributes

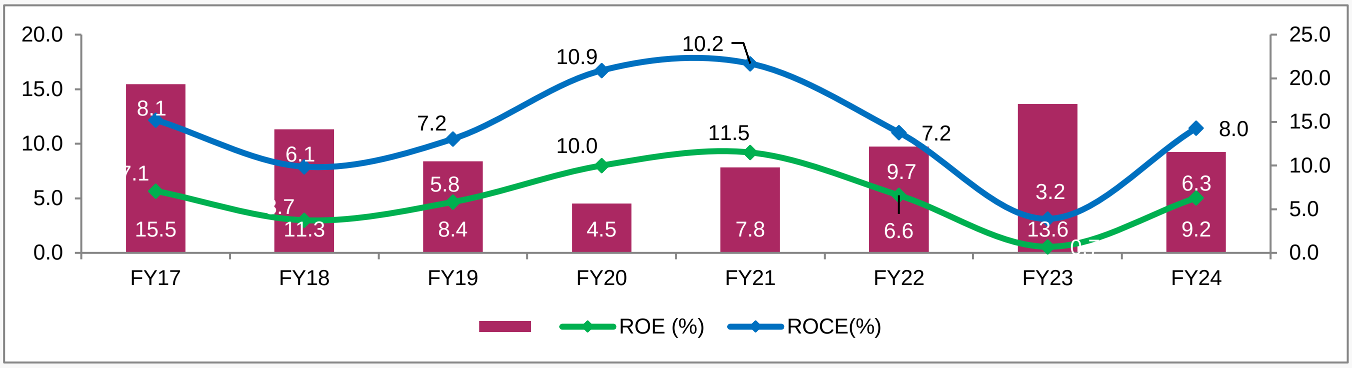
Source: Company; Axis Securities Research

Financial Ratios

Particulars	FY23	FY24	Change	Comments/Analysis
ROE	0.7%	6.3%	560bps	ROE improved due to higher profits during the year
ROCE	3%	8%	500bps	ROCE also improved as the EBIT margin increased
Asset Turn	0.6x	0.7x	20bps	Asset turnover increased owing to higher sales during the year.
Net Debt/Equity	0.61	0.5x	0.1x	Declined owing to better profitability and lower debt
EV/EBITDA	14x	10x	-4x	Lower owing to improved profitability

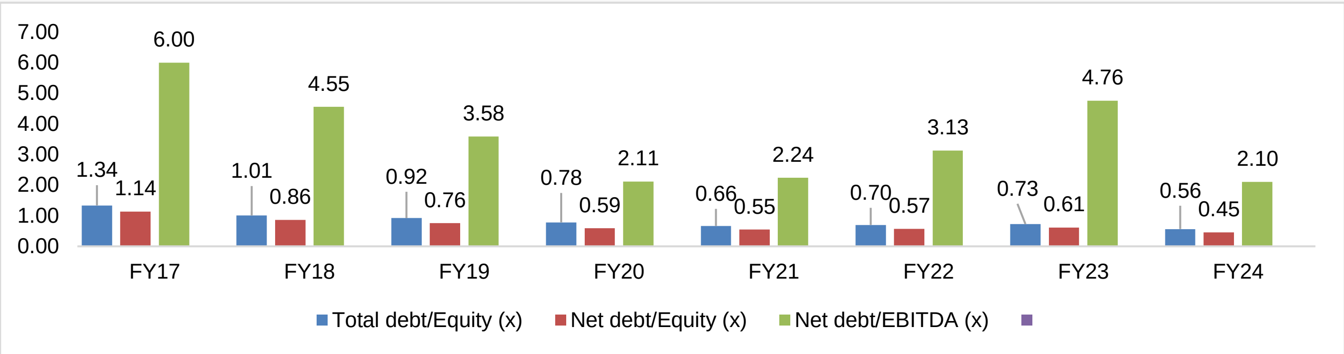
Source: Company; Axis Securities Research

Exhibit 7: EV/EBITDA, ROE& ROCE Trend



Source: Company, Axis Securities Research

Exhibit 8: Leverage Ratio



Source: Company, Axis Securities Research

Key Balance Sheet Takeaways

Working Capital Management

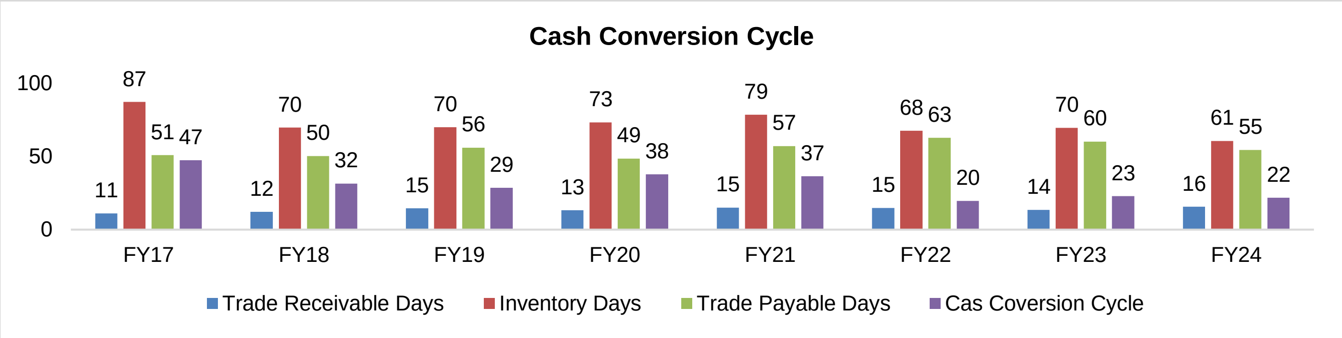
- The working capital intensity declined in FY24 as the cash conversion cycle improved to 22 days from 23 days in FY23. This was on account of lower inventory days. During the year, OCF to EBITDA conversion improved to 113% vs. 104% in FY24.
- From FY19-FY24, the company generated a total OCF of Rs 7,048 Cr and 59% of the total OCF (Rs 4,155 Cr) was utilized towards the company's Capex program, indicating a medium to high Capex intensity. While the CFO remained the major source of funding the company also raised debt to fund the capex. It generated an FCF of Rs 2,893 Cr during FY19-FY24. During FY19-FY24, the company incurred Rs 2,088 Cr towards interest expenses. It is worth noting that despite major Capex, the company generated FCF every year since 2013.

Cash Conversion Cycle

Particulars	FY23	FY24	Change	Comments/Analysis
Inventory Days	70	61	-9	Declined owing to better procurement during the year
Trade Receivables	14	16	2	Increased owing to higher credit period allowed
Trade Payables	60	55	5	Decreased owing to business conditions
Cash Conversion Cycle	23	22	1	Overall CCC declined during the year

Source: Company; Axis Securities Research

Exhibit 9: Cash Conversion Cycle

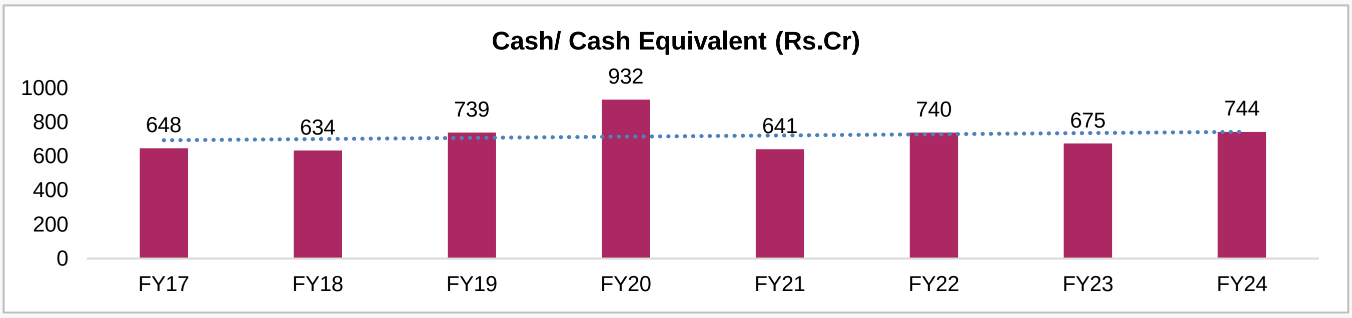


Source: Company, Axis Securities Research

Key Balance Sheet Takeaways (Cont...)

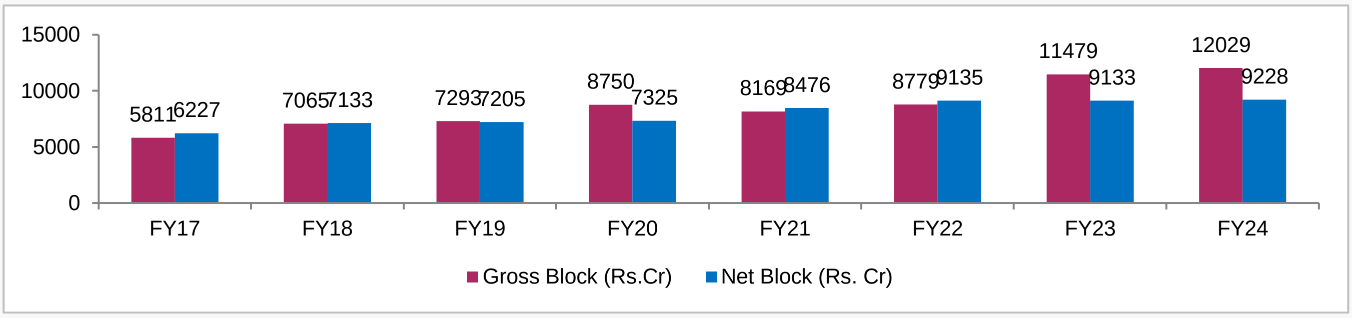
- **Debt Levels:** During the year, the company repaid long-term debt of Rs 635 Cr, reducing overall debt to Rs 3,770 Cr from Rs 4,350 Cr. The company's debt/equity ratio stood at 0.6x, down from 0.75x in FY23, while net debt/equity improved to 0.5x from 0.61x in FY23. Net Debt/EBITDA declined from 4.8x to 2.1x in FY24, driven by higher profitability and debt repayment.
- **Fixed capital formation:** Gross Fixed Capital Formation improved from Rs 11,479 Cr in FY23 to Rs 12,029 Cr in FY24, reflecting a 5% increase as the company incurred Capex on new grinding capacity and other projects during the year.
- **Capex plans:** The company has recently completed a major Capex and has not announced any significant new Capex plans as of now, aside from some Green energy initiative-related Capex.
- **Cash and liquidity position:** The company's cash & cash equivalent stood at Rs 744 Cr as of 31st March 2024 against Rs 675 Cr in FY23, an improvement of 10% owing to higher profitability during the year.

Exhibit 10: Cash & Cash Equivalent (Rs Cr)



Source: Company, Axis Securities Research

Exhibit 11: Gross & Net Block



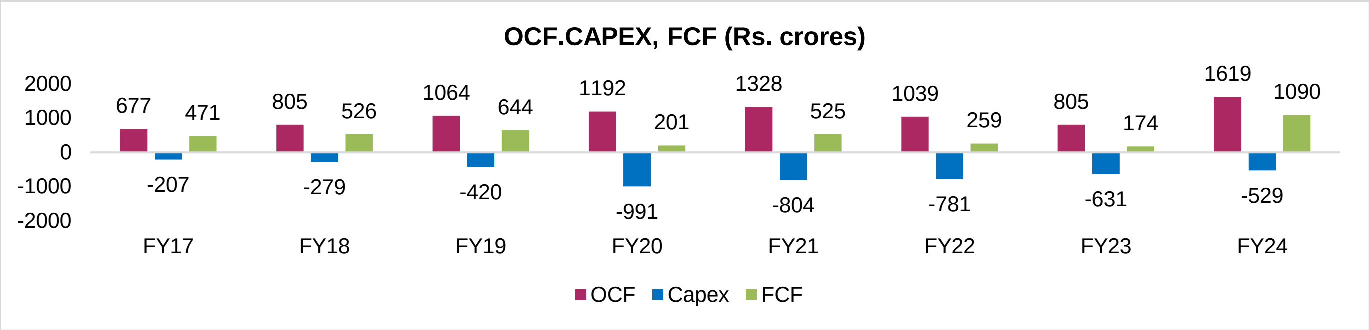
Source: Company, Axis Securities Research

Key Cash Flow Takeaways

Particulars (Rs Cr)	FY23	FY24	Change	Comments/Analysis
PBT	43	580	1245%	PBT was higher owing to better operating performance during the year.
Depreciation	510	578	13%	Depreciation increased due to the capitalization of new plants during the year.
Finance Cost	339	371	10%	Finance charges increased owing to higher interest costs
Working Capital Adjustments	280	202	-28%	Lower owing to better working capital management during the year
CFO	805	1619	98%	Higher profit and better working capital requirements resulted in a better CFO.
CFI	-365	-700	92%	Higher due to increased Capex and investment during the year.
CFF	-318	-969	204%	Increased owing to the repayment of long-term loan

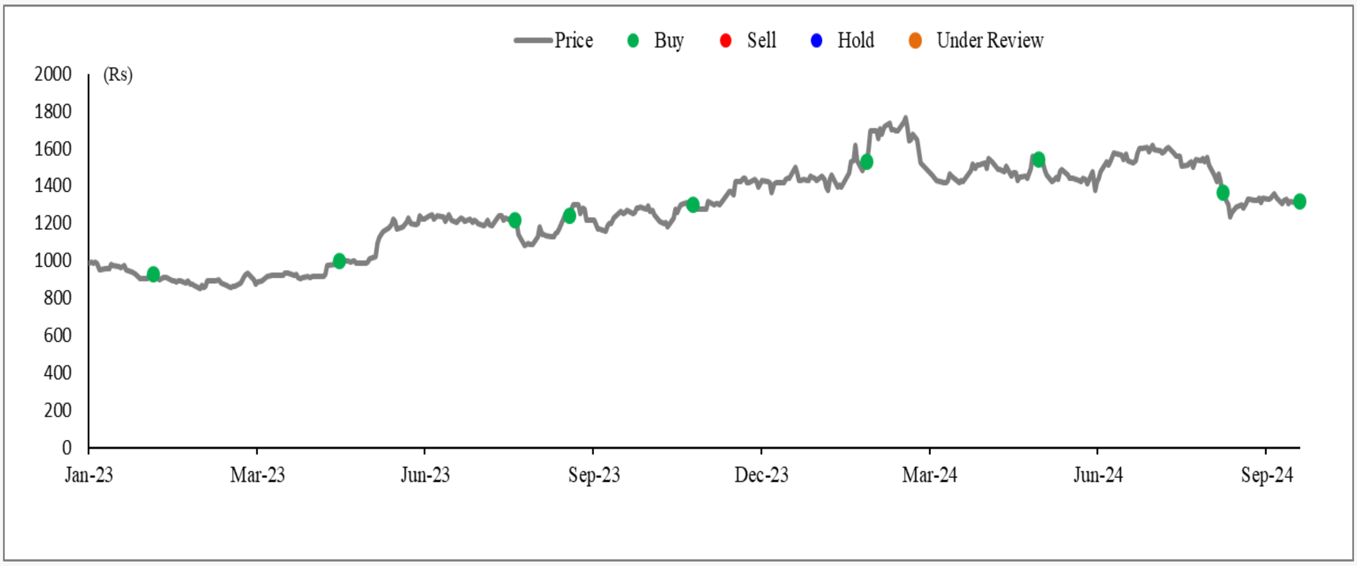
Source: Company; Axis Securities Research

Exhibit 12: OCF, Capex (in Cr)



Source: Company, Axis Securities Research

Birla Crop Price Chart and Recommendation History



Date	Reco	TP	Research
06-Feb-23	BUY	1,025	Result Update
11-May-23	BUY	1,305	Result Update
10-Aug-23	BUY	1,400	Result Update
07-Sep-23	BUY	1,400	AAA
10-Nov-23	BUY	1,440	Result Update
08-Feb-24	BUY	1,835	Result Update
07-May-24	BUY	1,800	Result Update
12-Aug-24	BUY	1,505	Result Update
23-Sep-24	BUY	1,500	AAA

Source: Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E
Net sales	**9663**	**9363**	**10492**
Other operating income	0	0	0
Total income	**9663**	**9363**	**10492**
Raw Material	1581	1436	1565
Power & Fuel	1947	1834	1981
Freight &Forwarding	2280	2424	2655
Employee benefit expenses	556	583	618
Other Expenses	1860	1954	2150
EBITDA	**1438**	**1131**	**1523**
Other income	86	102	105
PBIDT	**1523**	**1233**	**1628**
Depreciation	578	589	601
Interest & Fin Chg.	372	332	328
E/o income / (Expense)	-7	0	0
Pre-tax profit	**580**	**313**	**699**
Tax provision	159	81	182
(-) Minority Interests	0	0	0
Associates	0	0	0
Profit after Tax	**421**	**231**	**517**
Other Comprehensive Income	0	0	0
PAT after Comprehensive Income	**421**	**231**	**517**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25E	FY26E
Total assets	**14436**	**14573**	**15089**
Net Block	9228	9342	9370
CWIP	480	480	480
Investments	585	685	1085
Wkg. cap. (excl cash)	-1139	-1154	-1097
Cash / Bank balance	157	112	67
Misc. Assets	5125	5108	5184
Capital employed	**14436**	**14573**	**15089**
Equity capital	77.01	77.01	77.01
Reserves	6674	6828	7268
Minority Interests	0	0	0
Borrowings	3827	3827	3827
DefTax Liabilities	1104	1104	1104
Other Liabilities and Provisions	2754	2737	2813

Source: Company, Axis Securities Research

Cash flow Statement (Rs Cr)

Y/E March	FY24	FY25E	FY26E
Profit before tax	580	313	699
Depreciation	580	589	601
Interest Expenses	372	332	328
Non-operating/ EO item	0	-102	-105
Change in W/C	119	15	-57
Income Tax	-75	-81	-182
Operating Cash Flow	1576	1064	1284
Capital Expenditure	-529	-702	-629
Investments	0	0	0
Others	0	102	105
Investing Cash Flow	-318	-700	-925
Borrowings	-350	-332	-328
Interest Expenses	-19	-77	-77
Dividend paid	0	0	0
Others	-369	-409	-405
Financing Cash Flow	-369	-409	-405
Change in cash	206	157	112
Opening Cash	157	112	67
Closing Cash	580	313	699

Source: Company, Axis Securities Research

Ratio Analysis (%)

Y/E March	FY24	FY25E	FY26E
Sales growth	**11%**	**-3%**	**12%**
OPM	14.9%	12.1%	14.5%
Op. profit growth	86%	-21%	35%
COGS / Net sales	60%	61%	59%
Overheads/Net sales	25%	27%	26%
Depreciation / G. block	5%	5%	5%
Effective interest rate (%)	10%	9%	9%
Efficiency Ratios			
Total Asset Turnover (x)	0.67	0.64	0.70
Sales/Gross block (x)	0.80	0.74	0.79
Sales/Net block(x)	**1.05**	**1.00**	**1.12**
Working capital/Sales (x)	0.03	0.04	0.08
Valuation Ratios			
P/E (x)	24.6	45.4	20.3
P/BV (x)	1.53	1.50	1.41
EV/Ebitda (x)	**9**	**12**	**8**
EV/Sales (x)	1.37	1.41	1.23
EV/Tonne $ (x)	80	80	63
Return Ratios			
ROE (%)	6%	3%	7%
ROCE (%)	8	5	8
ROIC (%)	7	5	9
Leverage Ratios	0.56	0.55	0.52
Debt/Equity (x)	0.45	0.44	0.36
Net debt/ Equity (x)	2.10	2.63	1.72
Net debt/EBITDA (X)	2.5	1.9	3.1
Interest Coverage ratio (x)	2.5	1.9	3.1
Cash Flow Ratios			
OCF/Sales	17%	11%	12%
OCF/Ebitda	113%	94%	84%
OCF/Capital Employed	14%	9%	10%
FCF/Sales	11.3%	3.9%	6.2%
Payout ratio (Div/NP)			
AEPS (Rs.)	55	30	67
AEPS Growth	806	-46	123
CEPS (Rs.)	130	106	145
DPS (Rs.)	10	10	10

Source: Company, Axis Securities Research

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