

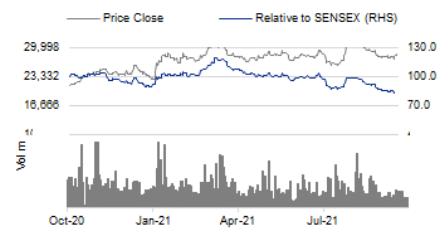
## India

**HOLD** (previously REDUCE)

Consensus ratings*: Buy 16 Hold 18 Sell 11	
Current price:	Rs28,635
Target price: ▲	Rs28,045
Previous target:	Rs25,799
Up/downside:	-2.1%
InCred Research / Consensus:	-1.1%
Reuters:	SHCM.NS
Bloomberg:	SRCM IN
Market cap:	US\$13,798m
	Rs1,033,181m
Average daily turnover:	US\$18.8m
	Rs1409.4m
Current shares o/s:	36.1m
Free float:	75.5%
*Source: Bloomberg	

**Key changes in this note**

- Net sales maintained for FY22F-23F.
- EBITDA cut by 1-3% for FY22F-23F.
- PAT raised by 4%-5% for FY22F-23F.
- Introduce FY24F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.5)	3.6	32.1
Relative (%)	(3.4)	(8.1)	(11.8)

Major shareholders	% held
Promoter & Promoter Group	62.6
SBI Mutual Fund	2.3
Axis Mutual Fund	1.9

**Analyst(s)**

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# Shree Cement Ltd

## EBITDA beat on higher realisation

- 2QFY22 consolidated EBITDA stood at Rs9.2bn, down 10%/8% qoq/yoy and 14% above our estimate, led by higher-than-expected blended realisation.
- We cut FY22F/FY23F EBITDA by 1-3% due to a major rise in costs but raise FY22F-23F PAT by 4-5% factoring in lower depreciation & higher other income.
- We upgrade rating to Hold (from Reduce) with a higher TP of Rs28,045/share.

**Volume performance in line; realisation beat on higher power sales**

SRCM's 2Q cement, including clinker, volumes dipped 3% yoy and 8% qoq to 6.32mt (in line with our estimate). Volumes were mainly hit by seasonality as East India market was impacted by heavy rains. Blended realisation grew 7% yoy/1% qoq and was 2% above our estimate, which we believe could be due to a higher share from power segment. Channel checks reveal that post 2Q (in Oct 2021), cement prices rose across regions (Rs 15-20/bag in North and East India). Recently, SRCM announced a 6.5mtpa cement grinding capacity (7.5-8mtpa clinker) expansion across East and North India, and it aims to increase current capacity to 80mtpa by 2030F. We foresee the ongoing grinding unit capacity at Pune getting commercialized by 3QFY22-end and brownfield clinker expansion at Chhattisgarh by FY23F. We factor in FY22F/FY23F volume growth of 13%/11%, respectively.

**Better realisation and cost performance drive EBITDA/t beat in 2Q**

Blended EBITDA/t beat our estimate by 13% and stood at Rs1,458 (down only 5% yoy and 2% qoq), mainly on account of better realisation and cost control where total costs/t rose 13% yoy and only 2% qoq to Rs3,883. EBITDA/t was buoyed by (a) higher realisation, (b) a 31% yoy and 12% qoq decline in raw material costs/t led by inventory gains (negative Rs 994m vs. Rs in 2QFY21), and (c) a 8% qoq fall in freight costs/t (despite a sharp jump in diesel prices), mainly due to a reduction in lead distance and lower freight rates. But all this was broadly offset by higher power and fuel costs/t (up 37% yoy/10% qoq) and other expenses (up 24% yoy/9% qoq). SRCM is in the process of setting up a 106MW solar capacity by 2QFY23F. We expect cost inflation to continue to be in line with coal/pet coke prices going ahead. We thus trim FY22F EBITDA/t by 2%. We believe other industry players are catching up on cost rationalization and thereby improving cost efficiency.

**Upgrade our rating to HOLD**

SRCM currently trades at an EV/EBITDA of 23x/19.8x FY22F/FY23F, respectively. Operational performance remains strong, but we believe the rich valuation is unjustified and find better risk-reward ratio among peers. We upgrade our rating on the stock to Hold (from Reduce) as we roll forward and introduce FY24F estimates. We raise our EV/EBITDA-based TP to Rs28,045 (Rs25,799 earlier), set at 17x (unchanged) year-ending Sep 2023F. Downside risks: Any prolonged slowdown in demand, pricing pressure, delay in commissioning of capacity and a continuous rise in input costs. Upside risks: Better-than-expected demand recovery, pricing growth and better-than-expected cost control.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	128,684	134,763	156,854	179,007	202,342
Operating EBITDA (Rsm)	37,591	40,514	43,758	50,760	57,804
Net Profit (Rsm)	15,359	22,859	26,222	31,220	35,799
Core EPS (Rs)	425.7	633.6	726.8	865.3	992.2
Core EPS Growth	31.9%	48.8%	14.7%	19.1%	14.7%
FD Core P/E (x)	67.27	45.20	39.40	33.09	28.86
DPS (Rs)	110.0	60.0	68.8	81.9	94.0
Dividend Yield	0.38%	0.21%	0.29%	0.35%	0.40%
EV/EBITDA (x)	27.14	24.86	23.24	19.83	17.21
P/FCFE (x)	(68.51)	159.50	481.97	60.86	68.18
Net Gearing	(10.2%)	(17.3%)	(9.4%)	(13.1%)	(16.4%)
P/BV (x)	7.85	6.71	5.83	5.04	4.37
ROE	13.4%	16.0%	15.8%	16.3%	16.2%
% Change In Core EPS Estimates			(0.32%)	(0.30%)	(0.30%)
InCred Research/Consensus EPS (x)			0.88	0.91	0.96

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 29 OCT 2021

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## EBITDA beat on higher realisation

### 2QFY22 results review

#### Quick snapshot of SRCM's 2QFY22 results and long-term expansion plan ►

##### Key operational update:

- Shree Cement Ltd (SRCM) reported 2QFY22 consolidated revenues of Rs 33.7bn, down 7% qoq (up 4% yoy) and largely in line with our estimate of Rs 33bn.
- Sales volume (cement+clinker) stood at 6.32mtpa, down 3% yoy (down ~8% qoq) and broadly in line with our estimate.
- Realisation stood at Rs 5,338/t, up 7% yoy (flat qoq despite a sharp correction in cement prices) and 2% above our expectation.
- Consolidated EBITDA for the quarter was at Rs9.2bn vs. our expectation of Rs8.1bn, down 8% yoy and 10% qoq.
- EBITDA/t stood at Rs1,457 for the quarter vs. Rs1,495 in 1QFY22 and Rs 1,531 in 2QFY21 excluding other income, mainly on account of better realisation.
- Operating costs/t: Overall blended costs/t were higher by 2% qoq (lower vs. peers) and also 13% yoy on account of a) logistics costs/t declining by 8% qoq (up only 1% yoy at Rs1,130, b) energy costs/t up 37% yoy and 10% qoq to Rs1,150, c) raw material costs/t down 31% yoy and 12% qoq to Rs292 during the quarter, and d) employee costs/t rising 20% yoy, while other expenses increasing 24% yoy and 9% qoq.
- Reported PAT was up ~7% yoy at ~Rs5.6bn, while down 11% qoq. Other income was up by 49%/9% yoy/qoq, respectively, at Rs1.5bn.
- Cash and cash equivalents stood at Rs36.4bn as at Sep 2021-end vs. Rs 45bn as at Mar 2021-end.
- Cash flow from operations stood at Rs10.25bn during 1HFY22 vs. 20.5bn in 1HFY21.

##### Capacity expansion:

- The commissioning of a 3mtpa grinding unit in Pune is likely by Dec 2021F, while the new brownfield clinker project of 12,000tpd in Chhattisgarh is expected to be commissioned by Sep 2022F, as per the company.
- Recently, the company announced its medium-term expansion plan to reach 53mtpa capacity by FY24F.
  - a) SRCM will set up a 3mtpa unit at villages Digha and Parbatpur in Purulia district of West Bengal at a cost of Rs7.5bn, which would be commissioned by 4QFY23F, and the mode of financing is mainly by way of equity contribution from SRCM.
  - b) SRCM will set up an integrated cement plant of 3.5mtpa capacity along with a 3.8mtpa clinker facility at village Gothra, Nawalgarh tehsil, in Rajasthan at a cost of Rs35bn, which will be commissioned by 4QFY24F, and the mode of financing is through internal accruals and debt.
  - c) Also, SRCM is setting up solar power plants having capacity up to 106MW to meet captive power requirement at various locations at a capex of Rs5bn, which will be commissioned by 2QFY23F and financed through internal accruals.
- Aforesaid expansions will increase SRCM's capacity to 52.9mtpa from 43.4mtpa by FY24F (excluding 3mtpa Pune unit expansion).
- SRCM is in the process of setting up solar power capacity of 106MW by 2QFY23F.

**Figure 1: Consolidated quarterly performance**

Particulars (Rs m)	2QFY22	2QFY22F	1QFY22	2QFY21	% Change		
					2QFY22F	1QFY22	2QFY21
<b>Net Sales</b>	<b>33,734</b>	<b>32,947</b>	<b>36,348</b>	<b>32,499</b>	<b>2%</b>	<b>-7%</b>	<b>4%</b>
Raw materials consumed	1,846	2,668	2,275	2,763	-31%	-19%	-33%
Freight and Forwarding Expense	7,141	7,905	8,382	7,297	-10%	-15%	-2%
Power and Fuel	7,268	6,824	7,128	5,474	7%	2%	33%
Employee Cost	2,295	2,189	2,396	1,978	5%	-4%	16%
Other Expenses	5,975	5,271	5,939	4,990	13%	1%	20%
<b>Total Expenditures</b>	<b>24,524</b>	<b>24,856</b>	<b>26,119</b>	<b>22,502</b>	<b>-1%</b>	<b>-6%</b>	<b>9%</b>
<b>EBITDA</b>	<b>9,210</b>	<b>8,091</b>	<b>10,230</b>	<b>9,997</b>	<b>14%</b>	<b>-10%</b>	<b>-8%</b>
Depreciation	2,903	2,727	2,735	3,097	6%	6%	-6%
<b>EBIT</b>	<b>6,306</b>	<b>5,365</b>	<b>7,494</b>	<b>6,900</b>	<b>18%</b>	<b>-16%</b>	<b>-9%</b>
Interest	556	531	545	639	5%	2%	-13%
Other Income	1,536	1,409	1,411	1,034	9%	9%	49%
<b>PBT</b>	<b>7,287</b>	<b>6,243</b>	<b>8,361</b>	<b>7,295</b>	<b>17%</b>	<b>-13%</b>	<b>0%</b>
Tax	1,647	1,623	2,052	2,016	1%	-20%	-18%
<b>PAT before MI &amp; Associates</b>	<b>5,639</b>	<b>4,620</b>	<b>6,309</b>	<b>5,279</b>	<b>22%</b>	<b>-11%</b>	<b>7%</b>
Minority Interest	11	9	10	9	19%	12%	23%
Profit from Assoc.	0	0	0	0			
<b>Recurring PAT</b>	<b>5,628</b>	<b>4,610</b>	<b>6,299</b>	<b>5,270</b>	<b>22%</b>	<b>-11%</b>	<b>7%</b>
Extraordinaries	0	0	0	0			
<b>Reported PAT</b>	<b>5,628</b>	<b>4,610</b>	<b>6,299</b>	<b>5,270</b>	<b>22%</b>	<b>-11%</b>	<b>7%</b>
EPS (Rs)	156.0	127.8	174.6	146.1	22%	-11%	7%
Gross Margin	52%	47%	51%	52%	462 bps	74 bp	-38 bp
EBITDA Margin	27.3%	24.6%	28.1%	30.8%	274 bps	-84 bp	-346 bp
EBIT Margin	19%	16%	21%	21%	241 bps	-192 bp	-254 bp
PBT Margin	22%	19%	23%	22%	265 bps	-140 bp	-85 bp
PAT Margin	17%	14%	17%	16%	269 bps	-65 bp	47 bp
Tax Rate	23%	26%	25%	28%	-340 bps	-194 bp	-504 bp
Cost items as % of Sales							
RM	5%	8%	6%	9%	-263 bps	-79 bp	-303 bp
Freight costs	21%	24%	23%	22%	-282 bps	-189 bp	-129 bp
P&F costs	22%	21%	20%	17%	83 bps	193 bp	470 bp

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

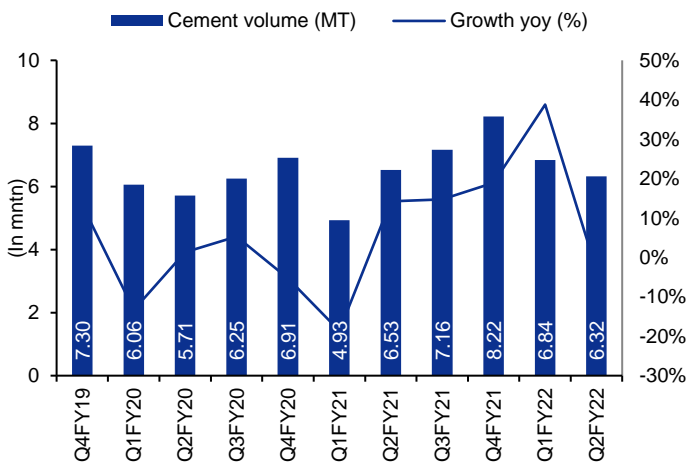
**Figure 2: 2QFY22 results: Per tonne analysis**

Per tonne analysis	2QFY22	2QFY22F	1QFY22	2QFY21	% Change		
					2QFY22F	1QFY22	2QFY21
Sales volume (Cement + Clinker)	6.32	6.27	6.84	6.53	1%	-8%	-3%
Realization	5,341	5,253	5,312	4,978	2%	1%	7%
EBITDA/t	1,458	1,290	1,495	1,531	13%	-2%	-5%
RM cost/t	292	425	332	423	-31%	-12%	-31%
P&F costs/t	1,151	1,088	1,042	839	6%	10%	37%
Freight costs/t	1,131	1,260	1,225	1,118	-10%	-8%	1%
Employee costs/t	363	349	350	303	4%	4%	20%
Other exps/t	946	840	868	764	13%	9%	24%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

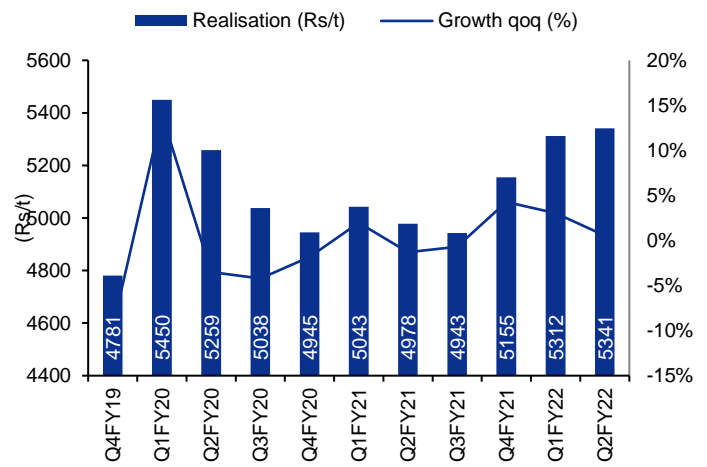
### Key charts ▶

**Figure 3: Cement sales volume, including clinker, declined 8% qoq (-3% yoy)**



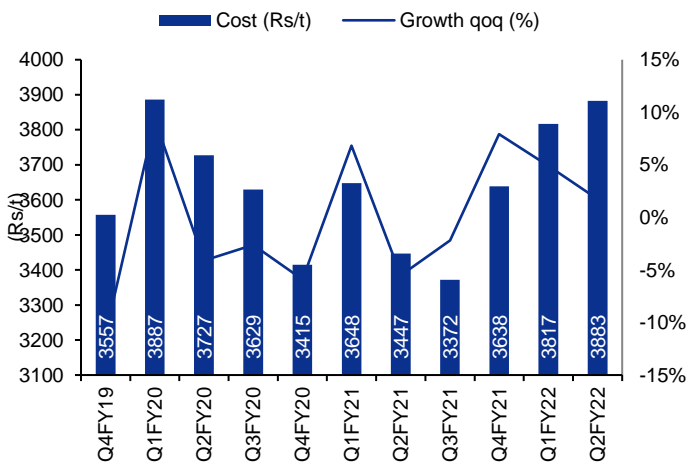
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Blended realisation improved 7% yoy and 1% qoq**



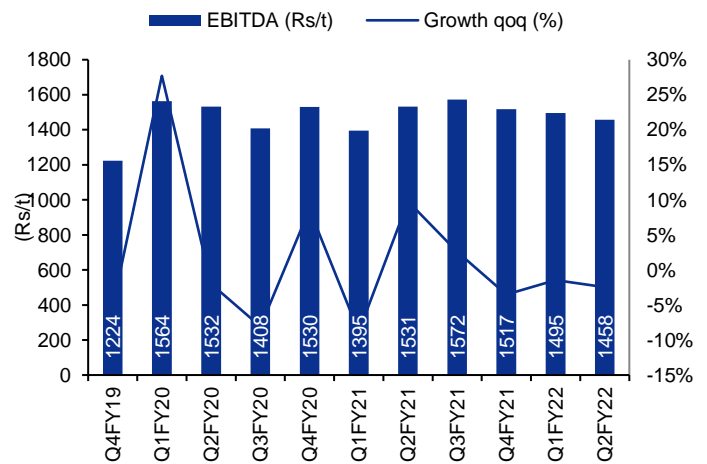
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Total operating costs/t were up by 2% qoq and 13% yoy**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Unit EBITDA fell 5% yoy and 2% qoq, due to higher costs**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: Revised earnings estimates**

Rs m	New		Old		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Sales	1,56,854	1,79,007	157589	179193	0%	0%
EBITDA	43,758	50,760	45134	51405	-3%	-1%
PAT	26,222	31,220	25146	29617	4%	5%
EPS (Rs)	726.8	865.3	697	821	4%	5%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 8: Our estimates change vs. Bloomberg consensus estimates**

Rs m	Incred		Consensus		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Sales	1,56,854	1,79,007	1,59,668	1,82,923	-2%	-2%
EBITDA	43,758	50,760	45,022	52,462	-3%	-3%
PAT	26,222	31,220	26,700	31,436	-2%	-1%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 9: Key assumptions**

	FY20A	FY21A	FY22F	FY23F	FY24F
<b>Volume (mtpa)</b>	25	27	30	34	37
yoy	-4%	8%	13%	11%	10%
<b>Realisation (per tonne)</b>	5163	5021	5176	5327	5454
yoy	14%	-3%	3%	3%	2%
<b>Cost (per tonne)</b>	3655	3511	3732	3816	3896
yoy	-3%	-4%	6%	2%	2%
<b>EBITDA (per tonne)</b>	1508	1509	1444	1510	1558
yoy	40%	0%	-4%	5%	3%
<b>EBITDA (Rs m)</b>	37591	40514	43758	50760	57804
yoy	35%	8%	8%	16%	14%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 10: Our target price of Rs28,045 is based on 17x year-ending Sep 2023F EV/EBITDA**

Valuation	TP
Target EV/EBITDA multiple (x)	17
Target EV (Rs m)	8,62,000
Net debt (Rs m)	(71,667)
No. of shares (m)	36
UAE plant @ book value	20,000
Value per share	554
<b>Target price per share (Rs)</b>	<b>28,045</b>

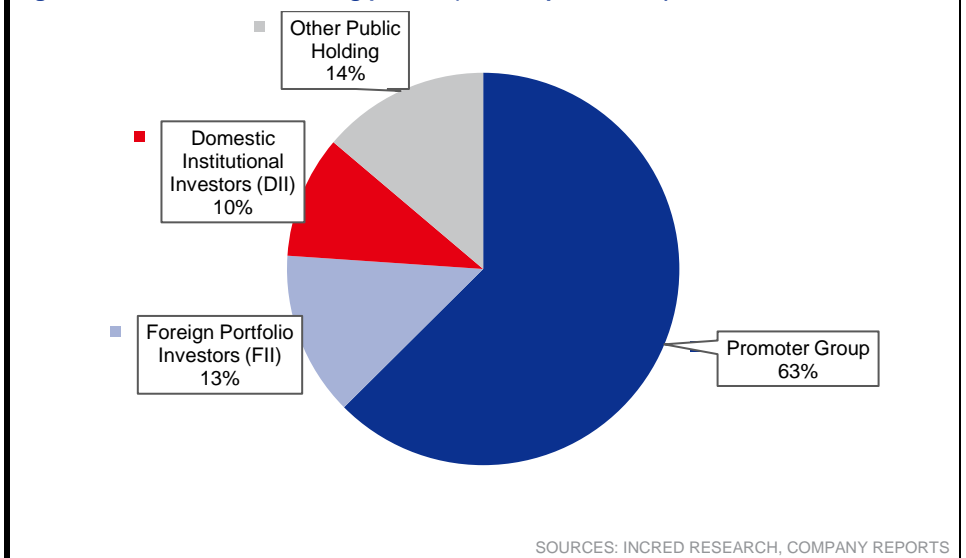
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 11: Cement sector peer comparison**

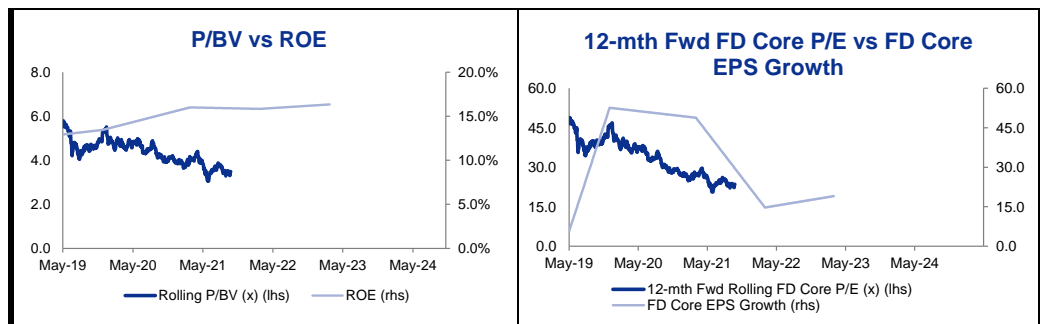
Company	Bloomberg Ticker	Closing Price (LC)	Target Price (LC)	% Upside	Rating	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)		EV/t (US\$)	
							FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
UltraTech Cement	UTCEM IN	7,636	8,387	10%	ADD	29,398	17.0	14.6	4.5	4.0	15.0	16.1	31.6	26.3	261.8	217.4
ACC	ACC IN	2,333	2,408	3%	HOLD	5,844	10.5	8.9	2.7	2.4	14.3	14.5	19.7	17.5	138.0	115.1
Ambuja Cements	ACEM IN	405	425	5%	ADD	10,720	18.9	16.4	3.3	3.0	11.4	11.8	30.4	26.8	154.7	151.6
Shree Cement	SRCM IN	28,635	28,045	-2%	REDUCE	13,780	23.3	19.9	5.8	5.0	15.8	16.3	39.4	33.1	290.0	269.8
Ramco	TRCL IN	1,067	1,159	9%	ADD	3,360	15.8	13.2	3.9	3.4	15.5	16.1	26.9	22.5	190.9	183.6
JK Cement	JKCE IN	3,316	2,918	-12%	HOLD	3,417	15.4	13.6	5.5	4.6	22.3	22.2	27.0	22.6	221.1	222.5
Birla Corp	BCORP IN	1,528	1,357	-11%	ADD	1,570	10.8	8.8	2.0	1.8	10.3	11.7	19.8	15.9	108.3	97.9
Heidelberg	HEIM IN	239	282	18%	ADD	722	9.3	7.6	3.2	2.8	19.6	21.2	17.4	14.2	109.6	104.5
Dalmia Bharat	DALBHARA IN	2,012	2,366	18%	ADD	5,022	13.1	11.3	2.9	2.6	9.3	10.5	32.1	25.8	156.7	156.0
JK Lakshmi	JKLC IN	615	740	20%	ADD	965	8.0	7.1	2.9	2.5	21.4	20.7	14.9	12.9	76.8	74.7
Orient Cement	ORCMNT IN	163	199	22%	ADD	445	5.6	5.6	2.1	2.1	20.1	19.2	11.2	9.9	55.5	61.8
Prism Johnson	PRSMJ IN	119	158	33%	ADD	800	8.9	7.3	4.3	3.5	19.1	21.6	23.9	17.9	139.9	121.1
Mean							13.1	11.2	3.6	3.1	16.2	16.8	24.5	20.5	158.6	148.0
Median							11.9	10.1	3.3	2.9	15.7	16.2	25.4	20.2	147.3	136.4
Minimum							5.6	5.6	2.0	1.8	9.3	10.5	11.2	9.9	55.5	61.8
Maximum							23.3	19.9	5.8	5.0	22.3	22.2	39.4	33.1	290.0	269.8

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 29 OCT 2021

**Figure 12: SRCM's shareholding pattern (as at Sep 2021-end)**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>128,684</b>	<b>134,763</b>	<b>156,854</b>	<b>179,007</b>	<b>202,342</b>
<b>Gross Profit</b>	<b>128,684</b>	<b>134,763</b>	<b>156,854</b>	<b>179,007</b>	<b>202,342</b>
<b>Operating EBITDA</b>	<b>37,591</b>	<b>40,514</b>	<b>43,758</b>	<b>50,760</b>	<b>57,804</b>
Depreciation And Amortisation	(18,078)	(12,623)	(12,497)	(13,497)	(15,117)
<b>Operating EBIT</b>	<b>19,513</b>	<b>27,890</b>	<b>31,261</b>	<b>37,263</b>	<b>42,688</b>
Financial Income/(Expense)	(2,914)	(2,513)	(2,211)	(2,079)	(1,954)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,744	4,663	5,503	5,943	6,418
<b>Profit Before Tax (pre-EI)</b>	<b>19,343</b>	<b>30,041</b>	<b>34,552</b>	<b>41,128</b>	<b>47,152</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>19,343</b>	<b>30,041</b>	<b>34,552</b>	<b>41,128</b>	<b>47,152</b>
Taxation	(3,902)	(7,145)	(8,292)	(9,871)	(11,317)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>15,441</b>	<b>22,896</b>	<b>26,259</b>	<b>31,257</b>	<b>35,836</b>
Minority Interests	(82)	(37)	(37)	(37)	(37)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>15,359</b>	<b>22,859</b>	<b>26,222</b>	<b>31,220</b>	<b>35,799</b>
Recurring Net Profit	15,359	22,859	26,222	31,220	35,799
<b>Fully Diluted Recurring Net Profit</b>	<b>15,359</b>	<b>22,859</b>	<b>26,222</b>	<b>31,220</b>	<b>35,799</b>

**Cash Flow**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>37,591</b>	<b>40,514</b>	<b>43,758</b>	<b>50,760</b>	<b>57,804</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(10,977)	(10,102)	(11,199)	(4,900)	(3,919)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	2,744	4,663	5,503	5,943	6,418
Other Operating Cashflow	17,190	17,121	9,121	6,121	3,121
Net Interest (Paid)/Received	(2,914)	(2,513)	(2,211)	(2,079)	(1,954)
Tax Paid	(3,902)	(7,145)	(8,292)	(9,871)	(11,317)
<b>Cashflow From Operations</b>	<b>39,732</b>	<b>42,538</b>	<b>36,678</b>	<b>45,975</b>	<b>50,154</b>
Capex	(13,830)	(2,387)	(20,000)	(21,000)	(25,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(42,158)	(24,063)	(14,535)	(5,000)	(5,500)
<b>Cash Flow From Investing</b>	<b>(55,987)</b>	<b>(26,450)</b>	<b>(34,535)</b>	<b>(26,000)</b>	<b>(31,000)</b>
Debt Raised/(repaid)	1,175	(9,610)		(3,000)	(4,000)
Proceeds From Issue Of Shares	23,812	(65)	(74)	(74)	(74)
Shares Repurchased					
Dividends Paid	(6,284)	(2,165)	(3,005)	(3,578)	(4,102)
Preferred Dividends					
Other Financing Cashflow	(2,893)	(486)	(9,083)	(6,083)	(3,083)
<b>Cash Flow From Financing</b>	<b>15,811</b>	<b>(12,326)</b>	<b>(12,163)</b>	<b>(12,735)</b>	<b>(11,260)</b>
Total Cash Generated	(445)	3,761	(10,019)	7,240	7,894
<b>Free Cashflow To Equity</b>	<b>(15,080)</b>	<b>6,478</b>	<b>2,144</b>	<b>16,975</b>	<b>15,154</b>
<b>Free Cashflow To Firm</b>	<b>(13,341)</b>	<b>18,600</b>	<b>4,355</b>	<b>22,054</b>	<b>21,108</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Total Cash And Equivalents	37,005	45,098	35,079	42,319	50,213
Total Debtors	10,805	6,859	8,595	11,280	13,859
Inventories	17,135	17,157	21,057	24,521	27,718
Total Other Current Assets	13,994	12,759	14,117	17,185	19,425
<b>Total Current Assets</b>	<b>78,938</b>	<b>81,873</b>	<b>78,848</b>	<b>95,305</b>	<b>111,215</b>
Fixed Assets	61,630	62,163	66,165	73,168	83,052
Total Investments	32,713	46,990	54,990	55,990	56,990
Intangible Assets	11,967	9,965	16,500	20,500	25,000
Total Other Non-Current Assets	14,193	14,140	17,640	18,140	18,640
<b>Total Non-current Assets</b>	<b>120,503</b>	<b>133,258</b>	<b>155,296</b>	<b>167,799</b>	<b>183,682</b>
Short-term Debt	7,102	5,087	6,087	5,087	4,087
Current Portion of Long-Term Debt					
Total Creditors	6,577	8,830	7,325	8,763	9,826
Other Current Liabilities	20,401	23,091	20,391	23,271	26,304
<b>Total Current Liabilities</b>	<b>34,079</b>	<b>37,008</b>	<b>33,803</b>	<b>37,120</b>	<b>40,218</b>
Total Long-term Debt	16,387	13,316	12,316	10,316	7,316
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	16,593	10,322	10,322	10,322	10,322
<b>Total Non-current Liabilities</b>	<b>32,980</b>	<b>23,638</b>	<b>22,638</b>	<b>20,638</b>	<b>17,638</b>
Total Provisions					
<b>Total Liabilities</b>	<b>67,059</b>	<b>60,646</b>	<b>56,441</b>	<b>57,758</b>	<b>57,856</b>
Shareholders Equity	131,694	153,974	177,192	204,834	236,530
Minority Interests	688	512	512	512	512
<b>Total Equity</b>	<b>132,382</b>	<b>154,486</b>	<b>177,703</b>	<b>205,345</b>	<b>237,042</b>

<b>Key Ratios</b>					
	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Revenue Growth	2.5%	4.7%	16.4%	14.1%	13.0%
Operating EBITDA Growth	34.6%	7.8%	8.0%	16.0%	13.9%
Operating EBITDA Margin	29.2%	30.1%	27.9%	28.4%	28.6%
Net Cash Per Share (Rs)	374.61	739.90	462.22	746.02	1,075.68
BVPS (Rs)	3,650.06	4,267.57	4,911.07	5,677.21	6,555.72
Gross Interest Cover	6.70	11.10	14.14	17.93	21.85
Effective Tax Rate	20.2%	23.8%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	25.8%	9.5%	11.5%	11.5%	11.5%
Accounts Receivables Days	29.84	23.92	17.98	20.26	22.67
Inventory Days	50.83	46.44	44.46	46.47	47.12
Accounts Payables Days	23.96	29.83	26.07	22.89	23.47
ROIC (%)	19.0%	30.6%	26.9%	28.1%	28.2%
ROCE (%)	13.9%	17.0%	16.9%	17.9%	18.2%
Return On Average Assets	10.4%	12.3%	12.7%	13.4%	13.5%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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#### Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2020, Anti-Corruption 2020

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Very Good, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Very Good, n/a, **DELTA** - Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, n/a, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – Excellent, Declared, **JMT** – Very Good, Declared, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – n/a, n/a, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – n/a, n/a, **OR** – n/a, n/a, **ORI** – Excellent, Certified, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RBF** – Good, n/a, **RS** – Excellent, n/a, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – n/a, n/a, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – n/a, n/a, **SHR** – Very Good, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Declared, **SPRC** – Excellent, Certified, **SSP** - Good, Declared, **STEC** – n/a, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, n/a, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, n/a, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2020 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 30, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

### Recommendation Framework

#### Stock Ratings

Definition:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

#### Sector Ratings

Definition:

<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
<b>Underweight</b>	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.