

India

ADD (no change)

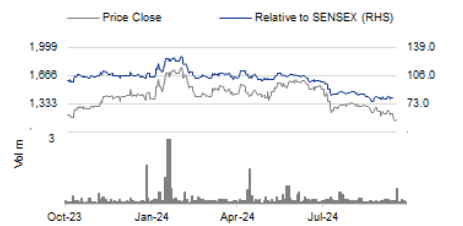
Consensus ratings*: Buy 15 Hold 4 Sell 1

Current price:	Rs1,152
Target price:	Rs1,490
Previous target:	Rs1,700
Up/downside:	29.3%
InCred Research / Consensus:	-6.7%
Reuters:	BRLC.BO
Bloomberg:	BCORP IN
Market cap:	US\$1,055m
	Rs88,714m
Average daily turnover:	US\$2.7m
	Rs231.1m
Current shares o/s:	77.0m
Free float:	36.1%

*Source: Bloomberg

Key changes in this note

- Cut EBITDA by 7-10% for FY26F-27F.
- Lower our target price or TP to Rs1,490.
- We value BCORP at 8.5x vs. 9x and roll forward TP to Mar 2026F from Sep 2025F.




Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(10.7)	(24.8)	(4.9)
Relative (%)	(5.0)	(24.8)	(23.9)

Major shareholders	% held
Promoter & Promoter Group	62.9
Nippon Life India Trustee Ltd	5.5
ICICI Prudential	2.5

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Birla Corporation Ltd

As expected, a weak performance

- 2Q consol. EBITDA stood at ~Rs1.8bn, down 39% yoy and 31% qoq (5% above our estimate). Volume fell by ~5% yoy while the realization was down ~3% qoq.
- Gives guidance of 7-8% volume growth in 2HFY25F and ~4% in FY25F (declined ~3% in 1H), with unit EBITDA improvement of Rs150-170/t in 2H.
- We cut EBITDA estimates by 7-10% for FY26F-27F to reflect weak 2Q and pressure on pricing. Retain ADD rating with a lower target price of Rs1,490.

Cautiously optimistic on demand and pricing recovery in 2HFY25F

Birla Corporation or BCORP's cement sales volume in 2QFY25 declined by ~5% yoy to 4mt (~0.5mt from Mukutban). The company remains cautiously optimistic about demand recovery in 2HFY25F and expects it to be gradual rather than significant. Delayed government projects and fund diversion are affecting state-level demand, as per BCORP. The company expects volume growth of 7-8% in 2HFY25F and 3-4% in FY25F. Blended realization was at Rs4,722/t, down ~3% qoq, where prices in the non-trade segment fell higher than expected due to the inflow of excess supply which affected its operational markets in Rajasthan, Uttar Pradesh, Madhya Pradesh and Bihar via price cuts, and also dragged the prices in trade channels as well. BCORP remains focused on the trade segment (contributes c.71%) and is avoiding markets with non-profitable prices. BCORP feels that prices have bottomed out and expects demand as well as pricing to stage a recovery by 4QFY25F.

Profitability dented; sees EBITDA improvement of Rs150-170/t in 2H

Total cost/t was up ~1% qoq at Rs4,472, where freight expenses rose by 1% yoy. Power & fuel costs declined by ~13% yoy to Rs1,025/t. Fixed costs increased by ~4% qoq and ~3% yoy to Rs1,480/t due to the rise in employee costs along with negative operating synergies. Fuel costs on a Kcal basis remained similar qoq and BCORP doesn't expect much decline for the next few quarters. The cement division's (reported) EBITDA/t fell to Rs461 (vs. Rs603/t in 1QFY25 and Rs683/t in 2QFY24). The company has saved Rs42/t in 2QFY25 through project Shikhar. It expects savings of Rs70/t through this project/other initiatives, leading to an improvement of Rs150-170 in EBITDA/t in 2HFY25F.

Expansion remains on track; slightly lowers FY25F capex guidance

BCORP's expansion remains on track and its Kundanganj grinding unit or GU of 1.4mtpa will be commissioned by 1QFY26F. The timeline for Prayagraj expansion will be shared once the groundwork begins. It has lowered capex guidance to <Rs7bn (Rs8bn earlier) for FY25F. BCORP expects net debt in FY25F to be ~Rs30bn amid its expansion projects.

Retain ADD rating with a lower TP of Rs1,490 on reasonable valuation

At CMP, BCORP trades at 8.5x and US\$67 on EV/EBITDA and EV/t, respectively, based on FY26F. We retain ADD rating on it as we roll forward to Mar 2026F lower target price of Rs1,490 (Rs1,700 earlier), set at EV/EBITDA of 8.5x (9x earlier). Downside risks: Weak demand & pricing, slower-than-expected ramp-up of Mukutuban unit, & a rise in input costs.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	86,823	96,562	91,419	100,214	110,661
Operating EBITDA (Rsm)	7,720	14,376	10,753	14,098	17,215
Net Profit (Rsm)	339	4,138	1,615	3,871	6,084
Core EPS (Rs)	4.4	53.7	21.0	50.3	79.0
Core EPS Growth	(92.1%)	1,122.4%	(61.0%)	139.7%	57.2%
FD Core P/E (x)	262.08	21.44	54.93	22.92	14.58
DPS (Rs)	2.5	10.0	3.4	9.0	14.2
Dividend Yield	0.26%	1.05%	0.35%	0.95%	1.49%
EV/EBITDA (x)	16.25	8.28	11.15	8.53	6.94
P/FCFE (x)	15.96	26.21	11.38	10.52	10.21
Net Gearing	61.4%	45.3%	45.9%	44.5%	40.5%
P/BV (x)	1.48	1.33	1.30	1.25	1.17
ROE	0.6%	6.5%	2.4%	5.6%	8.3%
% Change In Core EPS Estimates			(0.79%)	(0.62%)	(0.52%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2QFY25 results review and earnings-call takeaways ►

Update on operational performance:

- **Volume:** Cement sales volume stood at ~4mt, down ~5% yoy (~2% below the Incred estimate).
- **Realization/t:** It was at Rs4,772, down ~3% qoq (broadly in line). Reported realization (for the cement division only) was Rs4,697, down by ~9% yoy. **Prices remain impacted due to intense competition, as per management.**
- **Demand outlook:** BCORP remains cautiously optimistic about the recovery in 2HFY25F, contrasting with the more optimistic industry outlook of top players. The company expects a gradual recovery rather than a significant one.
- Expects its volume growth at 7-8% in 2HFY25F and 3-4% in FY25F.
- The upcoming Prayagraj Kumbh event in Jan 2025 may affect operations in the region.
- **Pricing and market dynamics:** Prices in non-trade channels have fallen more than expected in recent quarters as the supply has shifted towards this segment, leading to pricing cuts across Rajasthan, Uttar Pradesh, Madhya Pradesh, and Bihar. The company avoided pushing volume in those regions during the quarter, resulting in lower capacity utilization.
- BCORP believes that any improvement in non-trade prices would benefit the trade segment and the overall industry. Management continues to focus on sales in the trade segment, where it has a strong market position. Profitability is expected to improve once the demand returns to normal.
- BCORP expects both demand and prices to recover in 4QFY25F and doesn't foresee further price decline in coming months.
- Delayed government projects' fund allotment and fund diversions have impacted state-level projects, slowing regional infrastructure growth.
- No significant or consistent improvement in realization was observed so far in 3QFY25.

Margins & costs:

- **Overall blended cost/t** was up ~1% qoq at Rs4,472 as a) freight expenses declined by 6% qoq and were up 1% yoy at Rs1,249/t, b) power & fuel costs were up 2% qoq while posting a decline of 13% yoy to Rs1,025/t, and c) fixed costs increased by 4% qoq and 3% yoy to Rs1,480/t due to the rise in employee costs along with negative operating synergies. Renewable energy's share was at 25% in 2Q vs. 27% qoq and 23% yoy.
- **Consolidated EBITDA** declined by ~39% yoy and ~31% qoq to ~Rs1.8bn (vs. our expectation of ~Rs1.7bn); cement division's (reported) EBITDA/t stood at Rs461 during the quarter (vs. Rs603 in 1QFY25 and Rs683 in 2QFY24).
- **Profitability outlook:** BCORP expects an improvement of Rs150-170/t in EBITDA for 2HFY25F, mainly driven by cost-saving measures.
- **Cost savings** of Rs70/t are expected from Project Shikhar and other initiatives in 2HFY25F.
- **BCORP** reported a loss (after taxes) of ~Rs252m during the quarter vs. our expected loss of ~Rs285m.

Capacity expansion & utilization update:

- Capacity utilization dropped in central India, but Mukutban plant's utilization is expected to touch 60% (last year's level) once the demand stabilizes.
- Capacity utilization stood at 78% during the quarter vs. 91% qoq and 83% yoy.
- **Capex:** The company revised its capex guidance for FY25F to Rs7bn, down from Rs8bn earlier.

Other updates:

- **Net debt** stood at ~Rs32bn in Sep 2024 vs. ~Rs30.3bn in Sep 2023.
- **Cash flow from operations (CFO)** stood at Rs3.08bn in Sep 2024 vs Rs6.8bn in Sep 2023. **Capex** was ~Rs2.1bn in 1HFY25 vs. Rs3bn in 1HFY24.
- **Trade:non-trade** mix stood at 71%:29% vs 72%:28% yoy.
- Blended cement's share stood at 83% during the quarter vs. 84% qoq and 85% yoy, while premium cement's share was 62% vs. 59% qoq and 54% yoy of total trade channels.
- **Jute division:** This division continued to face challenges, leading to production cuts from a standard 77 days to 57 days during the quarter. Production declined to 6,592t from 8,738t last year. Revenue from exports fell 41% yoy to Rs120m. The jute division's reported cash loss stood at Rs20m vs. cash profit of ~Rs40m yoy.
- Work on Kundangunj Line 3, with a capacity of 1.4mtpa, is progressing as per schedule and is expected to be commissioned by 1QFY26F.
- **Mukutban unit:** The Mukutban unit continued to consolidate sales in its core markets & extend its footprint, and is also expected to drive profitability from its mid-west operations.
- Mukutban plant's incentives booked during 2QFY25 stood at Rs170m, and total incentives for the company expected at Rs1bn in FY25F. Once the Kudunganj plant becomes operational, the company expects its incentives to return to the FY24 level.
- **Mukutban operations:** Volume from the Mukutban plant stood at 0.5mt, down from 0.593mt qoq, with a lead distance of 425km during 2Q.
- Overall lead distance for the company remained stable at 350km qoq.
- **Receivable incentives:** BCORP has Rs4.5bn in receivable incentives from various states (excluding West Bengal, which accounts for Rs1.4bn).
- The Prayagraj project is in the pipeline, with the expected timeline to be shared once the groundwork begins.
- **Operational and strategic updates:** The Bikram coal mine is expected to be operational by 1QFY26F, having mining capacity of approximately 2,50,000t.
- BCORP does not expect any impact on its operations from acquisitions, like Orient Cement, as it doesn't operate in the Telangana market.
- Fuel costs are not expected to decline much going ahead.

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	2QFY25	2QFY25F	1QFY25	2QFY24	% Change		
					2QFY25F	1QFY25	2QFY24
Net Sales	19,526	20,070	21,904	22,858	-3%	-11%	-15%
Raw Materials Consumed	2,854	2,914	2,918	3,835	-2%	-2%	-26%
Freight and Forwarding Expenses	4,957	5,418	5,791	5,185	-9%	-14%	-4%
Power and Fuel Costs	4,068	4,021	4,398	4,946	1%	-8%	-18%
Employee Costs	1,406	1,485	1,475	1,424	-5%	-5%	-1%
Other Expenses	4,469	4,543	4,740	4,580	-2%	-6%	-2%
Total Expenditure	17,754	18,382	19,321	19,970	-3%	-8%	-11%
EBITDA	1,772	1,687	2,583	2,889	5%	-31%	-39%
Depreciation	1,450	1,466	1,455	1,435	-1%	0%	1%
EBIT	322	221	1,127	1,454	46%	-71%	-78%
Interest	851	874	858	954	-3%	-1%	-11%
Other Income	172	278	170	274	-38%	1%	-37%
PBT	-357	-375	440	771	5%		
Tax	-105	-90	114	188	-17%		
PAT before MI & Associates	-252	-285	326	584	12%		
Minority Interest (MI)	0	0	0	0			
Profit from Associates	0	0	0	0			
Recurring PAT	-252	-285	326	584	12%		
Extraordinary Items	0	0	0	3			
Reported PAT	-252	-285	326	584	12%		
EPS (Rs)	-3.3	-3.7	4.2	7.6	12%		
Gross Margin	39%	38%	40%	39%	72bp	-100bp	26bp
EBITDA Margin	9.1%	8.4%	11.8%	12.6%	67bp	-271bp	-356bp
EBIT Margin	2%	1%	5%	6%	55bp	-350bp	-471bp
PBT Margin	-2%	-2%	2%	3%	4bp	-384bp	-520bp
PAT Margin	-1%	-1%	1%	3%	13bp	-278bp	-384bp
Tax Rate	29%	24%	26%	24%	542bp	356bp	511bp
Cost Items as % of Sales							
RM Costs	15%	15%	13%	17%	9bp	129bp	-216bp
Freight Costs	25%	27%	26%	23%	-161bp	-105bp	271bp
P&F Costs	21%	20%	20%	22%	80bp	76bp	-81bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

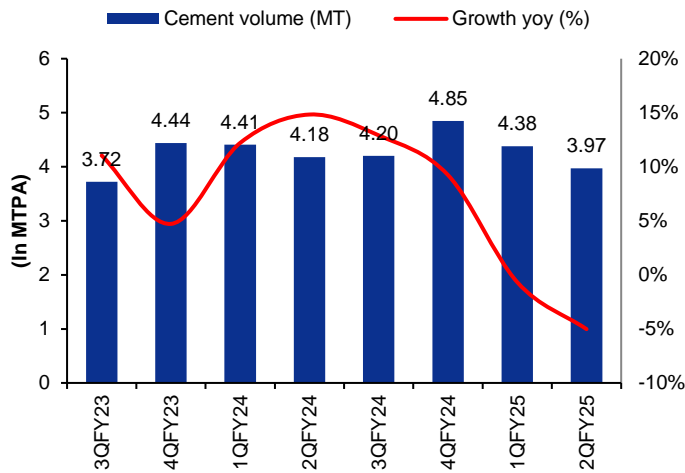
Figure 2: 2QFY25 results on per tonne analysis

Per tonne analysis	2QFY25	2QFY25F	1QFY25	2QFY24	% Change		
					2QFY25F	1QFY25	2QFY24
Sales volume (Cement + Clinker)	3.97	4.04	4.38	4.18	-1.7%	-9.4%	-5.0%
Realization	4,722	4,746	4,843	5,211	-0.5%	-2.5%	-9.4%
EBITDA/t	446	418	590	691	7%	-24%	-35%
RM Costs/t	719	722	666	917	0%	8%	-22%
P&F Costs/t	1,025	996	1,004	1,183	3%	2%	-13%
Freight Costs/t	1,249	1,342	1,322	1,240	-7%	-6%	1%
Employee Costs/t	354	368	337	341	-4%	5%	4%
Other Expenses/t	1,126	1,125	1,082	1,096	0%	4%	3%
Cost/t	4,472	4,552	4,411	4,777	-1.8%	1%	-6%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

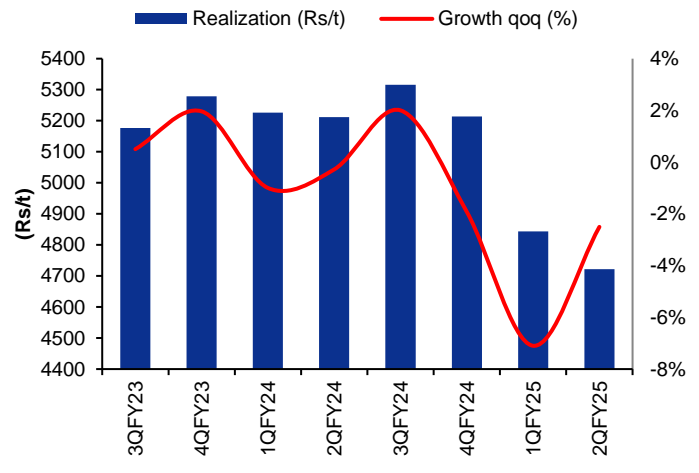
Key quarterly charts ➤

Figure 3: Cement sales volume declines by ~5% yoy to 3.97mt



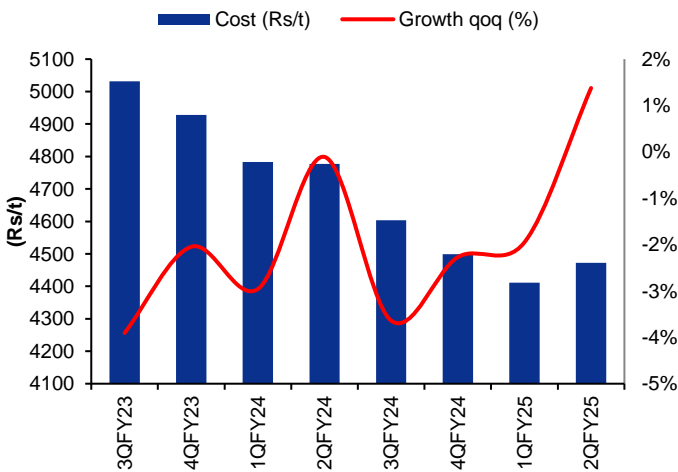
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Cement realization declines by 3% qoq in 2QFY25



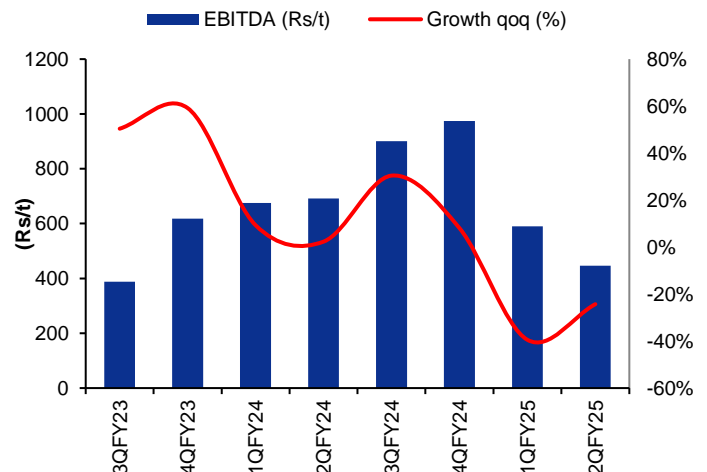
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Blended operating costs up by 1% qoq at Rs4,472



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Blended EBITDA/t declines by ~24% qoq to Rs446



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Segment-wise break up (consolidated)

Segment-wise revenue (Rs m)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Cement	18,750	19,259	23,437	23,047	21,783	22,326	25,285	21,214	18,747
Jute	1,240	904	1,190	1,021	1,076	796	1,258	691	784
Others	18	23	28	14	24	13	15	6	11
Total revenue	20,008	20,185	24,655	24,082	22,883	23,134	26,558	21,911	19,542
Segment-wise EBIT (Rs m)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Cement	-185	308	1,873	1,759	1,637	2,584	3,533	1,442	615
Jute	79	62	58	50	30	4	72	-52	-29
Others	-7	-5	-6	-7	-4	-6	-6	-6	-8
Total	-113	365	1,926	1,802	1,663	2,582	3,599	1,384	578

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Our revised earnings estimates

Rs. m	New			Old			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	91,419	1,00,214	1,10,661	94,653	1,03,360	112,450	-4%	-3%	-2%
EBITDA	10,753	14,098	17,215	12,237	15,490	18,336	-14%	-10%	-7%
PAT	1,615	3,871	6,084	2,298	4,578	7,028	-42%	-18%	-16%
EPS (Rs.)	21.0	50.3	79.0	30	60	92	-43%	-19%	-16%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: Changes in our estimates vs. Bloomberg consensus estimates

Rs m	Incred			Consensus			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	91,419	1,00,214	1,10,661	97,003	1,06,254	1,12,779	-6%	-6%	-2%
EBITDA	10,753	14,098	17,215	13,411	16,993	18,901	-20%	-17%	-9%
PAT	1,615	3,871	6,084	3,546	6,231	7,365	-54%	-38%	-17%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 10: Key assumptions

	FY23A	FY24	FY25F	FY26F	FY27F
Volume (in mtpa)	16	18	18	19	21
yoy	11%	12%	2%	7%	8%
Realization (per tonne)	5,242	5,236	4,859	4,966	5,085
yoy	6%	0%	-7%	2%	2%
Cost (per tonne)	5,029	4,656	4,459	4,432	4,453
yoy	13%	-7%	-4%	-1%	0%
EBITDA (per tonne)	491	815	594	726	820
yoy	-37%	66%	-27%	22%	13%
EBITDA (Rs m)	7,720	14,376	10,753	14,098	17,215
yoy	-30%	86%	-25%	31%	22%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: Maintain ADD rating on the stock with a Mar 2026F target price of Rs1,490, set at an EV/EBITDA of 8.5x

Valuation	TP
Target EV/EBITDA (x)	8.5
Target EV (Rs m)	1,46,324
Net debt / (cash) (Rs m)	31,608
No. of shares (m)	77
Fair value per share (Rs)	1,490

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Birla Corporation's shareholding pattern (as of end-Sep 2024)

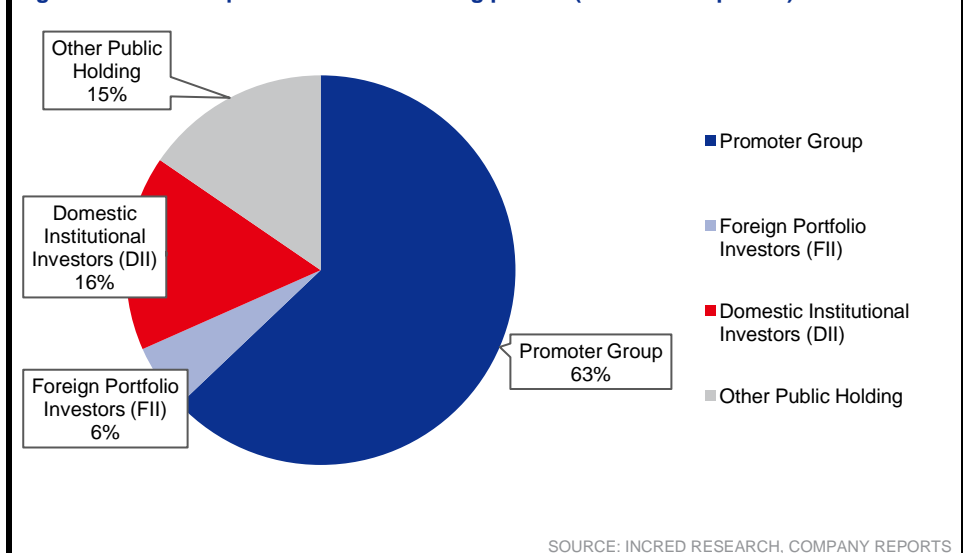
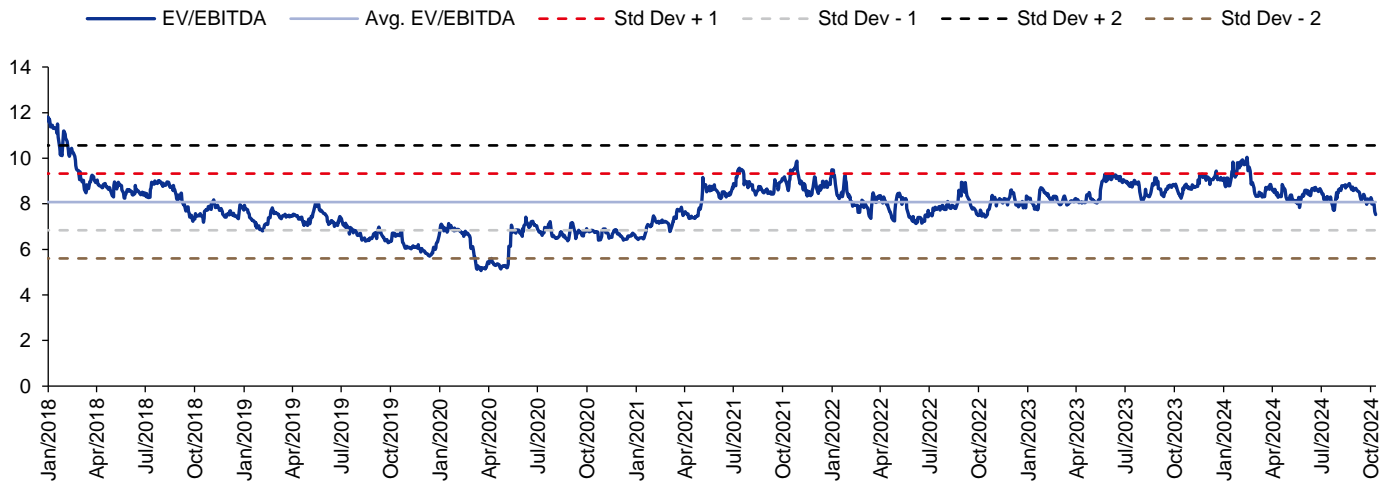
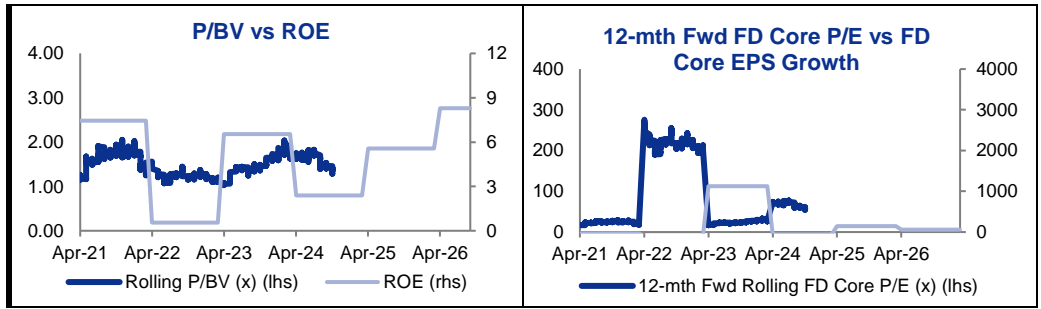


Figure 13: BCORP's one-year forward EV/EBITDA is trading below its average level



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	86,823	96,562	91,419	100,214	110,661
Gross Profit	86,823	96,562	91,419	100,214	110,661
Operating EBITDA	7,720	14,376	10,753	14,098	17,215
Depreciation And Amortisation	(5,099)	(5,783)	(5,899)	(6,312)	(6,627)
Operating EBIT	2,621	8,593	4,855	7,786	10,587
Financial Income/(Expense)	(3,387)	(3,717)	(3,457)	(3,422)	(3,320)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,131	856	770	832	898
Profit Before Tax (pre-EI)	365	5,732	2,168	5,195	8,166
Exceptional Items					
Pre-tax Profit	365	5,732	2,168	5,195	8,166
Taxation	(26)	(1,594)	(553)	(1,325)	(2,082)
Exceptional Income - post-tax					
Profit After Tax	339	4,138	1,615	3,871	6,084
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	339	4,138	1,615	3,871	6,084
Recurring Net Profit	339	4,138	1,615	3,871	6,084
Fully Diluted Recurring Net Profit	339	4,138	1,615	3,871	6,084

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	7,720	14,376	10,753	14,098	17,215
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,131	(2,185)	421	(411)	(676)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,131	856	770	832	898
Other Operating Cashflow	1,487	8,458	8,458	8,458	8,458
Net Interest (Paid)/Received	(3,387)	(3,717)	(3,457)	(3,422)	(3,320)
Tax Paid	(26)	(1,594)	(553)	(1,325)	(2,082)
Cashflow From Operations	8,055	16,195	16,393	18,230	20,493
Capex	(6,263)	(5,255)	(7,600)	(8,300)	(9,300)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,613	(1,745)	(1,500)	(1,500)	(1,000)
Cash Flow From Investing	(3,650)	(7,001)	(9,100)	(9,800)	(10,300)
Debt Raised/(repaid)	1,156	(5,809)	500		(1,500)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(193)	(770)	(258)	(697)	(1,095)
Preferred Dividends					
Other Financing Cashflow	(4,146)	(3,112)	(8,013)	(8,105)	(8,188)
Cash Flow From Financing	(3,183)	(9,691)	(7,771)	(8,801)	(10,783)
Total Cash Generated	1,221	(497)	(477)	(372)	(591)
Free Cashflow To Equity	5,560	3,385	7,794	8,430	8,693
Free Cashflow To Firm	7,792	12,911	10,750	11,852	13,512

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	6,750	7,439	6,961	6,590	5,999
Total Debtors	3,233	4,149	4,258	4,668	5,154
Inventories	10,616	9,646	9,518	10,159	11,218
Total Other Current Assets	9,600	8,582	8,045	9,019	10,181
Total Current Assets	30,199	29,816	28,782	30,435	32,552
Fixed Assets	98,418	97,893	98,994	100,682	103,055
Total Investments	4,116	7,035	8,035	9,035	9,535
Intangible Assets	3,577	4,805	5,305	5,805	6,305
Total Other Non-Current Assets	4,411	4,813	5,413	5,713	6,013
Total Non-current Assets	110,521	114,546	117,747	121,235	124,908
Short-term Debt	5,114	5,845	7,345	7,345	6,845
Current Portion of Long-Term Debt					
Total Creditors	9,197	8,680	8,782	9,394	10,233
Other Current Liabilities	9,029	10,659	10,422	11,424	12,615
Total Current Liabilities	23,340	25,184	26,548	28,163	29,693
Total Long-term Debt	38,383	31,853	30,853	30,853	29,853
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	19,189	20,587	21,087	21,587	22,087
Total Non-current Liabilities	57,572	52,440	51,940	52,440	51,940
Total Provisions					
Total Liabilities	80,912	77,624	78,488	80,602	81,633
Shareholders Equity	59,808	66,738	68,040	71,068	75,826
Minority Interests					
Total Equity	59,808	66,738	68,040	71,068	75,827

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	16.4%	11.2%	(5.3%)	9.6%	10.4%
Operating EBITDA Growth	(30.5%)	86.2%	(25.2%)	31.1%	22.1%
Operating EBITDA Margin	8.9%	14.9%	11.8%	14.1%	15.6%
Net Cash Per Share (Rs)	(477.20)	(392.94)	(405.63)	(410.46)	(398.65)
BVPS (Rs)	776.67	866.66	883.58	922.89	984.69
Gross Interest Cover	0.77	2.31	1.40	2.28	3.19
Effective Tax Rate	7.2%	27.8%	25.5%	25.5%	25.5%
Net Dividend Payout Ratio	68.8%	22.5%	19.4%	21.8%	21.8%
Accounts Receivables Days	13.16	13.95	16.78	16.25	16.20
Inventory Days	39.55	38.29	38.26	35.83	35.25
Accounts Payables Days	38.80	39.70	39.51	38.52	38.33
ROIC (%)	2.3%	7.8%	4.3%	6.8%	8.9%
ROCE (%)	2.5%	8.3%	4.6%	7.2%	9.5%
Return On Average Assets	2.7%	5.5%	3.5%	4.9%	6.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** 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:

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

Country Ratings

Definition:

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