

India

**ADD** (no change)

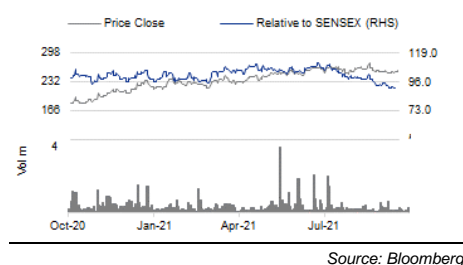
Consensus ratings\*: Buy 14 Hold 5 Sell 3

Current price:	Rs248
Target price: ▲	Rs282
Previous target:	Rs268
Up/downside:	13.7%
InCred Research / Consensus:	1.6%
Reuters:	HEIG.DE
Bloomberg:	HEIM IN
Market cap:	US\$751m Rs56,268m
Average daily turnover:	US\$1.3m Rs100.4m
Current shares o/s:	226.6m
Free float:	27.5%

\*Source: Bloomberg

**Key changes in this note**

- Net sales raised by 1-2% for FY22F-23F.
- EBITDA cut by 1-4% for FY22F-23F.



Price performance	1M	3M	12M
Absolute (%)	(4.4)	(6.5)	32.3
Relative (%)	(8.0)	(20.3)	(12.1)

Major shareholders	% held
Promoter & Promoter Group	69.4
First State Indian Subcontinent Fund	1.2
Axis Mutual Fund	1.3

**Analyst(s)**

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# Heidelberg Cement India Ltd

## Price hikes to offset cost inflation

- 2QFY22 EBITDA stood at Rs1.16bn (down 8% yoy and 11% qoq) mainly because of higher operating costs.
- We cut our FY22F/FY23F EBITDA by 4%/1%, respectively, mainly on account of higher power & fuel and freight costs.
- We reiterate our ADD rating with a higher target price of Rs282/share.

### Healthy demand recovery, lower realisation on a higher base

Cement volumes grew ~11% yoy to 1.23mt, off a low base and an uptick in demand trend. Capacity utilization stood at ~78% (1QFY22: 74%). Management remains highly optimistic about demand recovery and expects pan-India demand growth of 10-12% in FY22F and 10% in FY23F. Cement realisation was down ~0.6% qoq (up only 1% yoy) mainly due to a higher base. As per management, price hikes have been taken in Oct (Rs10-15/bag in first week and Rs10/bag today) and further price hikes are likely. Trade sales stood at 83%. Premium product contribution currently stands at 21% of trade volume. We believe HEIM's presence in the better-priced central India region and its focus on valued-added products in next two years should aid volume and realisation. We factor in 13%/10% volume growth in FY22/FY23, respectively, for Heidelberg Cement India Limited (HEIM).

### Cost inflation continues to be a key concern over the medium term

Total costs/t increased ~4% qoq and 7% yoy to Rs3,737 mainly due to higher fuel, packaging and diesel costs. P&F costs/t rose 13% qoq and 27% yoy because of higher pet coke and coal prices. Elevated pet coke prices will continue to push up variable costs over the next two to three quarters and the company expects power prices to increase with the rise in coal prices. Freight costs/t slid 1% qoq on a better rail-road mix (55% rail transport). Average lead distance was 350km. Other costs/t rose 19% qoq, driven by higher packaging costs, and normalization of fixed costs.

### Strong balance sheet is a key positive

HEIM is expected to become debt-free by the end of 3QFY22, as per management. Gross debt stood at Rs3.5bn and bank balance at Rs4.34bn. Net cash and bank balance stood at Rs796m. HEIM continues to work on its negative net working capital. On capex front, total capex to be incurred in FY22F is Rs550-600m (HEIM's replacement capex stood at Rs400-500m and environmental capex at Rs160m). We believe stable cash flow generation, a debt-free status and negative working capital should help the company tide over its tough times. Also, return ratios should improve gradually with demand recovery.

### Maintain ADD rating

HEIM stock trades at an EV/EBITDA multiple of 9.6x/8x FY22F/FY23F, respectively. Maintain ADD. We roll forward and raise our EV/EBITDA-based TP to Rs282 (Rs258 earlier), set at 9x (8.5x earlier) year-ending Sep 2023F -- in line with its five-year average. Downside risks: Weak demand, pricing pressure and a continuous rise in input costs.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	21,696	21,167	24,452	27,439	29,807
Operating EBITDA (Rsm)	5,278	5,066	5,484	6,362	7,021
Net Profit (Rsm)	2,681	3,150	3,107	3,811	4,323
Core EPS (Rs)	11.8	13.9	13.7	16.8	19.1
Core EPS Growth	21.5%	17.5%	(1.3%)	22.7%	13.4%
FD Core P/E (x)	20.99	17.87	18.11	14.77	13.02
DPS (Rs)	5.4	6.0	5.5	6.7	7.6
Dividend Yield	2.18%	2.42%	2.21%	2.71%	3.07%
EV/EBITDA (x)	10.54	10.84	9.69	7.98	6.84
P/FCFE (x)	17.60	39.84	29.82	14.22	12.37
Net Gearing	(5.0%)	(9.2%)	(18.5%)	(28.8%)	(37.9%)
P/BV (x)	4.28	3.77	3.35	2.95	2.60
ROE	21.6%	22.4%	19.6%	21.2%	21.2%
% Change In Core EPS Estimates			(0.27%)	(0.23%)	(0.22%)
InCred Research/Consensus EPS (x)			0.98	0.99	1.01

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 20 OCT 2021

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## Price hikes to offset cost inflation

### 2QFY22 results review

#### Key takeaways from 2QFY22 results, presentation and earnings call ➤

##### Demand and Pricing Outlook:

- Management expects Uttar Pradesh 2022 assembly elections to accelerate infrastructure projects in the near term.
- According to management, the crisis in China is likely to delay equipment supply for new capacities in India.
- HEIM's cement capacity utilization stood at 78% during the quarter (90% in one month during the quarter).
- Premium cement volume stood at 21% of total trade volume during 2QFY22; management expects it to touch 25% easily in the medium term.
- Management has decided to pass on rising costs to the customers cumulatively, as costs have gone up by Rs400/t and margins have fallen by 400bp.
- HEIM has started cement price hikes in central India. Effective 1 Oct, the company went for a price hike of Rs10-15/bag, followed by another Rs10/bag hike on 20 Oct. Another round of price hike is expected within the next two to three days.
- Management expects cement prices to go up from an average of Rs360/bag to Rs400/bag until Nov and touch Rs450/bag by Nov-end. The company also expects to start the new year with cement price at Rs500/bag in central India.
- Management expects cement demand to continue for HEIM, even after price hikes and is not much concerned about competition in the region.
- HEIM comes under "A" category brand in central India, in terms of branding. The pricing for this category is usually Rs10/bag higher than "B" category and further higher by Rs10/bag than "C" category.
- Pricing in 4Q depends on developments on the cost side.
- As per management, good agriculture production and monsoon are expected to drive cement demand in the near term.
- The expected demand growth rate for the industry in FY22F and FY23F is 10-12% and 10%, respectively.

##### Cost Guidance:

- Sharp increase in international and domestic fuel prices, and non-availability of coal is expected to reduce fly-ash availability.
- Power distribution companies are likely to increase grid prices at the next review, which may increase power costs for cement companies. There are lesser expectations on the government subsidy front.
- ~60% of power is sourced through the grid, 23% from Waste Heat Recovery System or WHRS, and the rest from Alternative fuel resources [AFR] and others. Further, HEIM is currently maintaining a 30-day coal inventory.
- Management expects power and fuel costs to stay elevated for next three to four months due to factors like the crisis in China and higher demand.
- Currently, HEIM is not using imported coal. The current mix is a combination of e-auction, fuel supply agreement or FSA, and open market purchases.
- During 2Q, the company faced difficulties in fly-ash procurement due to power plant shutdowns.

### Update on Expansion Projects and Capex:

- No expansion plan is finalized yet and the company may take up Gujarat greenfield capacity expansion project in future, for which it is following up with concerned authorities in respect of environmental and forest clearances. Clearances may still take around 2 years as cited by the company earlier.
- Alternate fuels project and 5.5MW solar project are in advanced stages of commissioning.
- Long-term solar power purchase agreement is expected to source 22-gigawatt hours p.a. for Jhansi plant.
- Capex for FY22F is expected to be at Rs550-600m, including Rs400-500m replacement capex and Rs160m capex for alternative fuel.

### Lead distance, Fuel mix and Trade mix:

- Trade mix stood at 83% of total sales during the quarter.
- Share of road mix stood at 45% during the quarter.
- Share of coal in the fuel mix was at 70%, mainly due to higher pet-coke prices.
- Lead distance for the quarter was 350km.

### Other updates:

- HEIM is likely to repay its entire interest-bearing debt worth Rs1.2bn in Dec 2021 and will virtually become debt-free from 4QFY22.
- The share of green power increased to ~27% during the quarter and is expected to touch 30% soon.
- HEIM continues to produce 100% blended cement.
- The company distributed a dividend of Rs8 per share.
- HEIM continued to operate on negative net operating working capital.
- In central India, the share of non-traditional players has increased from 8-10% to 35% within the last seven quarters, which is an indication of increased competition in central India.

**Figure 1: Standalone quarterly performance**

Particulars (Rs Mn)	2QFY22	2QFY22F	1QFY22	2QFY21	% Change		
					2QFY22F	1QFY22	2QFY21
Net Sales	5,765	5,285	5,559	5,138	9%	4%	12%
Raw materials consumed	973	1,002	1,081	894	-3%	-10%	9%
Freight and Forwarding Expense	754	738	727	645	2%	4%	17%
Power and Fuel	1,588	1,388	1,346	1,122	14%	18%	41%
Employee Cost	328	324	322	309	1%	2%	6%
Other expenses	957	779	772	908	23%	24%	5%
<b>Total Expenditures</b>	<b>4,600</b>	<b>4,232</b>	<b>4,249</b>	<b>3,878</b>	<b>9%</b>	<b>8%</b>	<b>19%</b>
<b>EBITDA</b>	<b>1,165</b>	<b>1,053</b>	<b>1,311</b>	<b>1,260</b>	<b>11%</b>	<b>-11%</b>	<b>-8%</b>
Depreciation	282	289	276	281	-2%	2%	0%
<b>EBIT</b>	<b>883</b>	<b>765</b>	<b>1,035</b>	<b>979</b>	<b>15%</b>	<b>-15%</b>	<b>-10%</b>
Interest	112	97	102	133	15%	10%	-16%
Other Income	139	110	105	101	26%	32%	37%
<b>PBT</b>	<b>909</b>	<b>777</b>	<b>1,039</b>	<b>947</b>	<b>17%</b>	<b>-12%</b>	<b>-4%</b>
Tax	314	241	352	323	30%	-11%	-3%
<b>Recurring PAT</b>	<b>596</b>	<b>536</b>	<b>687</b>	<b>624</b>	<b>11%</b>	<b>-13%</b>	<b>-5%</b>
Extraordinaries	0	0	0	0			
<b>Reported PAT</b>	<b>596</b>	<b>536</b>	<b>687</b>	<b>624</b>	<b>11%</b>	<b>-13%</b>	<b>-5%</b>
EPS (Rs)	2.6	2.4	3.0	2.8	11%	-13%	-5%
Gross Margin	43%	41%	43%	48%	170 bps	-77 bps	-570 bps
EBITDA Margin	20%	20%	24%	25%	27 bps	-338 bps	-431 bps
EBIT Margin	15%	14%	19%	19%	84 bps	-331 bps	-374 bps
PBT Margin	16%	15%	19%	18%	107 bps	-291 bps	-265 bps
PAT Margin	10%	10%	12%	12%	19 bps	-202 bps	-181 bps
Tax Rate	34%	31%	34%	34%	348 bps	59 bps	41 bps
Cost items as % of Sales							
RM + Freight + P&F	57%	59%	57%	52%	-169 bps	77 bps	570 bps
Employee cost	6%	6%	6%	6%	-44 bps	-10 bps	-31 bps
Other expenses	17%	15%	14%	18%	186 bps	271 bps	-107 bps

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

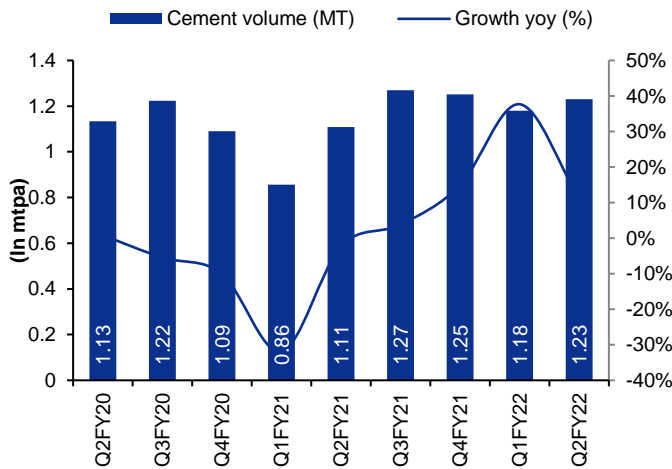
**Figure 2: 2QFY22 results on per tonne analysis**

Per tonne analysis	2QFY22	2QFY22F	1QFY22	2QFY21	% Change		
					2QFY22F	1QFY22	2QFY21
Sales volume (Cement + Clinker)	1.23	1.15	1.18	1.11	7%	4%	11%
Realization	4,683	4,603	4,711	4,637	2%	-1%	1%
EBITDA/t	946	917	1,111	1,137	3%	-15%	-17%
RM cost/t	790	873	916	807	-9%	-14%	-2%
P&F costs/t	1,290	1,209	1,141	1,013	7%	13%	27%
Freight costs/t	613	643	616	582	-5%	-1%	5%
Employee costs/t	267	283	273	279	-6%	-2%	-4%
Other expenses/t	777	679	655	820	15%	19%	-5%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

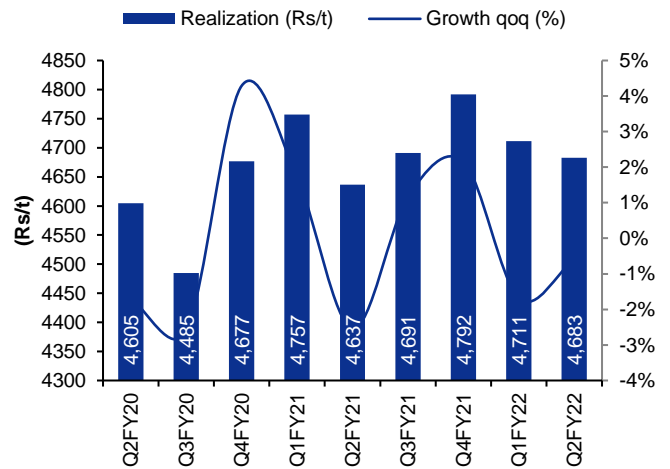
### Key charts ▶

**Figure 3: Cement sales volume up ~11% yoy and 4% qoq**



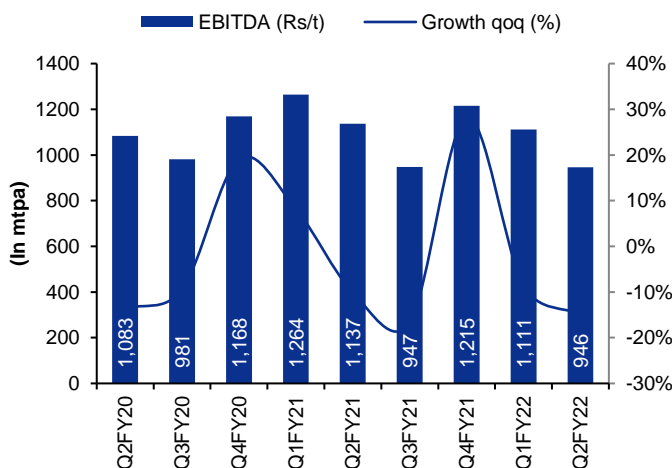
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Cement realisation down 0.6% qoq in 2QFY22**



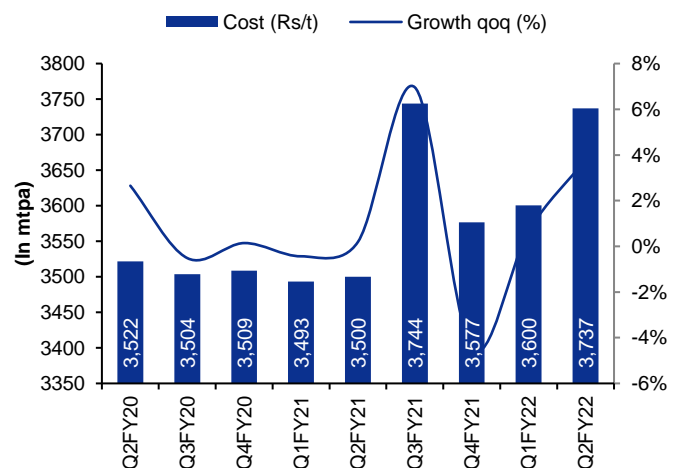
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Unit EBITDA down 15% qoq (17% yoy) on lower realisation and higher cost inflation**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Costs/t increased 4% qoq and 7% yoy mainly due to higher fuel costs**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: Earnings estimates revision**

Rs m	New		Old		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Sales	24,452	27,439	24,247	26,931	1%	2%
EBITDA	5,483	6,361	5,681	6,409	-4%	-1%
PAT	3,106	3,810	3,210	3,778	-3%	1%
EPS (Rs)	13.7	16.8	14	17	-3%	1%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 8: Changes in our estimates vs. Bloomberg consensus estimates**

Rs. m	Incred		Consensus		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Sales	24,452	27,439	23,878	26,531	2%	3%
EBITDA	5,483	6,361	5,534	6,392	-1%	0%
PAT	3,106	3,810	3,166	3,835	-2%	-1%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 9: Key assumptions**

	FY20A	FY21A	FY22F	FY23F	FY24F
<b>Volume (mtpa)</b>	5	4	5	6	6
yoy	-4%	-5%	13%	10%	6%
<b>Realisation (per tonne)</b>	4575	4652	4759	4864	4961
yoy	6%	2%	2%	2%	2%
<b>Cost (per tonne)</b>	3489	3589	3729	3773	3830
yoy	4%	3%	4%	1%	2%
<b>EBITDA (per tonne)</b>	1122	1129	1078	1139	1180
yoy	14%	1%	-5%	6%	4%
<b>EBITDA (Rs m)</b>	5278	5066	5483	6361	7020
yoy	9%	-4%	8%	16%	10%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 10: Our target price of Rs282 is based on 9x year-ending Sep 2023F EV/EBITDA**

<b>Valuation</b>	<b>TP</b>
Target EV/EBITDA (x)	9
Target EV (Rs m)	57,250
Net debt / (cash) (Rs m)	(3,115)
No. of shares (m)	227
<b>Fair value per share (Rs)</b>	<b>282</b>

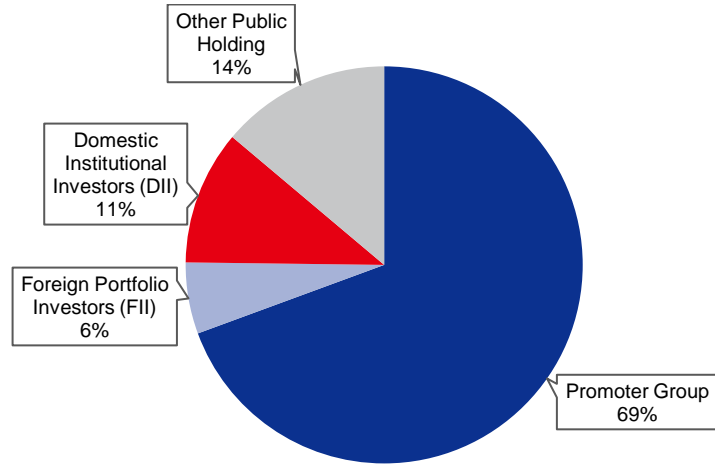
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**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	7,130	8,387	18%	ADD	27,511	16.0	13.7	4.2	3.8	15.0	16.1	29.7	24.7	246.1	204.0
ACC	ACC IN	2,264	2,408	6%	HOLD	5,682	10.5	8.9	2.7	2.4	14.3	14.5	19.7	17.5	138.0	115.1
Ambuja Cements	ACEM IN	393	353	-10%	ADD	10,425	19.3	17.6	3.3	3.1	11.3	11.3	30.3	28.1	153.3	151.2
Shree Cement	SRCM IN	27,457	25,799	-6%	REDUCE	13,243	21.6	18.7	5.7	4.9	15.2	15.6	39.7	33.7	277.8	257.9
Ramco	TRCL IN	986	1186	20%	ADD	3,110	13.4	11.3	3.6	3.1	16.0	16.1	23.9	20.6	156.8	150.5
JK Cement	JKCE IN	3,213	2918	-9%	HOLD	3,319	15.4	13.6	5.5	4.6	22.3	22.2	27.0	22.6	221.1	222.5
Birla Corp	BCORP IN	1,407	1357	-4%	ADD	1,449	10.0	8.1	1.8	1.6	10.3	11.7	18.0	14.5	100.7	90.8
Heidelberg	HEIM IN	248	282	14%	ADD	752	9.6	7.9	3.3	2.9	19.6	21.2	18.0	14.7	113.5	108.4
Dalmia Bharat	DALBHARA IN	1,972	2366	20%	ADD	4,933	13.1	11.3	2.9	2.6	9.3	10.5	32.1	25.8	156.7	156.0
JK Lakshmi	JKLC IN	590	740	25%	ADD	927	8.0	7.1	2.9	2.5	21.4	20.7	14.9	12.9	76.8	74.7
Orient Cement	ORCMNT IN	154	199	29%	ADD	421	5.6	5.6	2.1	2.1	20.1	19.2	11.2	9.9	55.5	61.8
Prism Johnson	PRSMJ IN	121	158	30%	ADD	815	8.9	7.3	4.3	3.5	19.1	21.6	23.9	17.9	139.9	121.1
Mean							12.6	10.9	3.5	3.1	16.2	16.7	24.1	20.2	153.0	142.8
Median							11.8	10.1	3.3	3.0	15.6	16.1	23.9	19.2	146.6	135.8
Minimum							5.6	5.6	1.8	1.6	9.3	10.5	11.2	9.9	55.5	61.8
Maximum							21.6	18.7	5.7	4.9	22.3	22.2	39.7	33.7	277.8	257.9

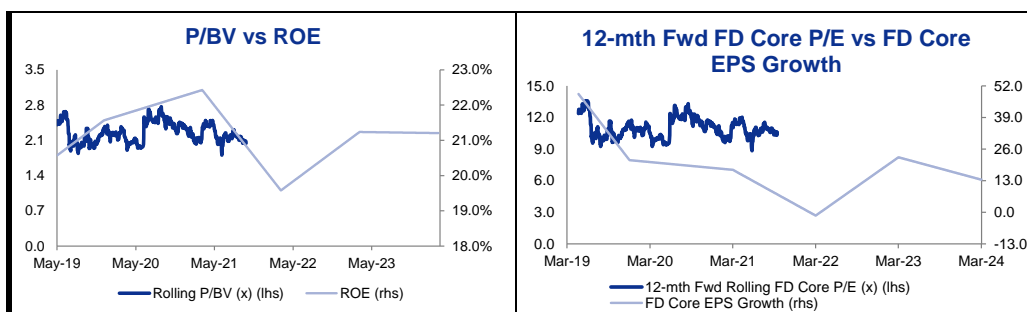
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 20 OCT 2021

**Figure 12: HEIM'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>21,696</b>	<b>21,167</b>	<b>24,452</b>	<b>27,439</b>	<b>29,807</b>
<b>Gross Profit</b>	<b>21,696</b>	<b>21,167</b>	<b>24,452</b>	<b>27,439</b>	<b>29,807</b>
<b>Operating EBITDA</b>	<b>5,278</b>	<b>5,066</b>	<b>5,484</b>	<b>6,362</b>	<b>7,021</b>
Depreciation And Amortisation	(1,086)	(1,110)	(1,137)	(1,165)	(1,195)
<b>Operating EBIT</b>	<b>4,192</b>	<b>3,956</b>	<b>4,347</b>	<b>5,197</b>	<b>5,826</b>
Financial Income/(Expense)	(739)	(509)	(366)	(220)	(132)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	527	465	502	522	543
<b>Profit Before Tax (pre-EI)</b>	<b>3,981</b>	<b>3,912</b>	<b>4,483</b>	<b>5,499</b>	<b>6,237</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>3,981</b>	<b>3,912</b>	<b>4,483</b>	<b>5,499</b>	<b>6,237</b>
Taxation	(1,300)	(763)	(1,376)	(1,688)	(1,915)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>2,681</b>	<b>3,150</b>	<b>3,107</b>	<b>3,811</b>	<b>4,323</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2,681</b>	<b>3,150</b>	<b>3,107</b>	<b>3,811</b>	<b>4,323</b>
Recurring Net Profit	2,681	3,150	3,107	3,811	4,323
<b>Fully Diluted Recurring Net Profit</b>	<b>2,681</b>	<b>3,150</b>	<b>3,107</b>	<b>3,811</b>	<b>4,323</b>

### Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>5,278</b>	<b>5,066</b>	<b>5,484</b>	<b>6,362</b>	<b>7,021</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(120)	171	254	382	434
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	527	465	502	522	543
Other Operating Cashflow	(1,110)	(1,471)			
Net Interest (Paid)/Received	(739)	(509)	(366)	(220)	(132)
Tax Paid	751	672	(1,376)	(1,688)	(1,915)
<b>Cashflow From Operations</b>	<b>4,587</b>	<b>4,395</b>	<b>4,498</b>	<b>5,358</b>	<b>5,951</b>
Capex	(435)	(456)	(850)	(800)	(800)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	294	(1,276)	(661)	50	
<b>Cash Flow From Investing</b>	<b>(141)</b>	<b>(1,732)</b>	<b>(1,511)</b>	<b>(750)</b>	<b>(800)</b>
Debt Raised/(repaid)	(1,250)	(1,250)	(1,100)	(650)	(600)
Proceeds From Issue Of Shares	(70)	(71)	(1)	(1)	(1)
Shares Repurchased					
Dividends Paid	(1,227)	(1,360)	(1,242)	(1,524)	(1,729)
Preferred Dividends					
Other Financing Cashflow	(591)	(358)		(700)	(700)
<b>Cash Flow From Financing</b>	<b>(3,138)</b>	<b>(3,039)</b>	<b>(2,344)</b>	<b>(2,875)</b>	<b>(3,030)</b>
Total Cash Generated	1,308	(376)	643	1,733	2,121
<b>Free Cashflow To Equity</b>	<b>3,196</b>	<b>1,413</b>	<b>1,887</b>	<b>3,958</b>	<b>4,551</b>
<b>Free Cashflow To Firm</b>	<b>5,185</b>	<b>3,171</b>	<b>3,353</b>	<b>4,828</b>	<b>5,283</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	4,706	4,317	4,960	6,693	8,814
Total Debtors	257	333	268	301	327
Inventories	1,458	1,607	1,809	2,030	2,205
Total Other Current Assets	3,821	3,705	4,401	4,939	5,216
<b>Total Current Assets</b>	<b>10,241</b>	<b>9,962</b>	<b>11,438</b>	<b>13,962</b>	<b>16,562</b>
Fixed Assets	16,811	16,071	15,784	15,418	15,024
Total Investments					
Intangible Assets	160	189	850	800	800
Total Other Non-Current Assets	716	2,232	2,232	2,232	2,232
<b>Total Non-current Assets</b>	<b>17,687</b>	<b>18,492</b>	<b>18,866</b>	<b>18,451</b>	<b>18,056</b>
Short-term Debt	1,250	1,200	1,200	800	400
Current Portion of Long-Term Debt					
Total Creditors	2,584	2,706	2,954	3,380	3,700
Other Current Liabilities	5,456	5,274	6,113	6,860	7,452
<b>Total Current Liabilities</b>	<b>9,290</b>	<b>9,180</b>	<b>10,267</b>	<b>11,040</b>	<b>11,552</b>
Total Long-term Debt	2,801	1,745	645	395	195
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,691	2,590	2,590	1,890	1,190
<b>Total Non-current Liabilities</b>	<b>5,492</b>	<b>4,335</b>	<b>3,235</b>	<b>2,285</b>	<b>1,385</b>
Total Provisions					
<b>Total Liabilities</b>	<b>14,782</b>	<b>13,515</b>	<b>13,502</b>	<b>13,325</b>	<b>12,937</b>
Shareholders Equity	13,146	14,939	16,802	19,088	21,681
Minority Interests					
<b>Total Equity</b>	<b>13,146</b>	<b>14,939</b>	<b>16,802</b>	<b>19,088</b>	<b>21,681</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	1.7%	(2.4%)	15.5%	12.2%	8.6%
Operating EBITDA Growth	9.2%	(4.0%)	8.2%	16.0%	10.4%
Operating EBITDA Margin	24.3%	23.9%	22.4%	23.2%	23.6%
Net Cash Per Share (Rs)	2.89	6.05	13.74	24.26	36.27
BVPS (Rs)	58.01	65.92	74.14	84.23	95.67
Gross Interest Cover	5.68	7.78	11.87	23.66	44.20
Effective Tax Rate	32.7%	19.5%	30.7%	30.7%	30.7%
Net Dividend Payout Ratio	45.9%	43.2%	40.0%	40.0%	40.0%
Accounts Receivables Days	4.29	5.09	4.49	3.78	3.84
Inventory Days	26.34	26.42	25.49	25.53	25.93
Accounts Payables Days	59.61	59.97	54.46	54.84	56.70
ROIC (%)	27.6%	24.5%	26.7%	33.6%	39.8%
ROCE (%)	24.6%	22.6%	23.8%	26.7%	27.4%
Return On Average Assets	12.5%	13.0%	11.8%	12.9%	13.3%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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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.