

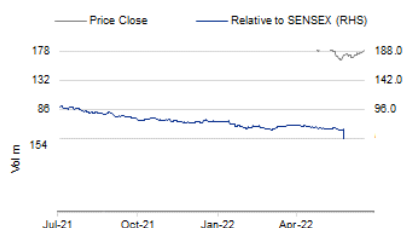
India

ADD (no change)

Consensus ratings*: Buy 11 Hold 7 Sell 5	
Current price:	Rs180
Target price:	Rs205
Previous target:	Rs214
Up/downside:	13.9%
InCred Research / Consensus:	1.3%
Reuters:	HEIG.DE
Bloomberg:	HEIM IN
Market cap:	US\$563m
	Rs40,858m
Average daily turnover:	US\$0.6m
	Rs46.8m
Current shares o/s:	226.6m
Free float:	25.5%
*Source: Bloomberg	

Key changes in this note

- Net sales cut by 1% for FY23F-24F.
- EBITDA cut by 1-2% for FY23F-24F.
- Introducing FY25 estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.6	(10.5)	(31.5)
Relative (%)	(0.5)	(6.7)	(34.7)

Major shareholders	% held
Promoter & Promoter Group	69.4
LIC of India	3.6
ICICI Pru Smallcap Fund	2.5

Analyst(s)

Nishant BAGRECHA
T (91) 22 4161 1564
E nishant.bagrecha@incredcapital.com

Satisht KUMAR
T (91) 22 4161 1562
E satisht.kumar@incredcapital.com

Heidelberg Cement India Ltd

1QFY23 results broadly in line; retain Add

- 1QFY23 adj. EBITDA stood at Rs900m, down 31% yoy while up 2% yoy and broadly in line with our estimate, mainly due to better-than-expected realization.
- We slash our FY23F-24F EBITDA estimates by 1-2% to factor in lower volume. Its balance sheet is strong, and the valuation is reasonable.
- Reiterate Add rating with a lower target price of Rs205 (Rs214 earlier).

Higher realization offsets lower volume during the quarter

Cement volume fell by ~6% yoy to 1.11mt due to weak demand in May 2022 and volume decline (sequentially) which was much higher compared to industry due to capacity constraints. Capacity utilization stood at ~72% in 1QFY23 vs. 76% in FY22. Adjusted cement realization was up ~10% qoq (up 12% yoy). As per management, blended prices rose higher for HeidelbergCement India (HEIM) due to improved premium products, narrowing the pricing difference between trade and non-trade segments with a marginal increase in prices in the non-trade segment. Trade sales improved to 83% vs. 75% qoq. The planned capex in Gujarat is still awaiting further clearances and approvals which would take at least 2.5-3 years for construction. The company's capex plan stays on track to increase its clinker capacity by 0.3mtpa and grinding capacity by 0.5mtpa through the debottlenecking route by mid-2023F. We factor in a 6.5% volume growth in FY23F/24F.

Adjusted EBITDA/t at Rs810; fuel cost likely peaked out

Total cost/t increased ~10% qoq and 24% yoy to Rs4,450. P&F cost/t rose 19% qoq and 66% yoy to Rs1,892 because of higher fuel prices. Management highlighted that pet-coke prices became cheaper than that of coal and HEIM consumed 38% coal in its fuel mix (vs. 62% in 4QFY22). HEIM believes fuel cost has likely peaked out in 1QFY23. Freight cost/t increased 5% qoq and 8% yoy. Other cost/t rose 9% qoq and 21% yoy, driven by higher packaging cost and normalization of fixed cost. As a result, unit EBITDA (adjusted for non-operating income, which includes Rs50m for State Goods and Services Tax (SGST) incentives at Rs810/t, rose 13% qoq (-27% yoy on rising cost and lower volume).

Strong balance sheet is key positive in a challenging environment

Net cash stood at Rs2.24bn as at end-Jun 2022 vs. Rs1.34 as at end-Mar 2022. On the ESG front, HEIM has committed to reach ≤ 500kg/t CO2 emission by 2025F. On capex front, total capex to be incurred is Rs1bn in FY23F/FY24F each. We feel 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 trades at FY23F/24F EV/EBITDA multiple of 9.2x/6.8x and EV/t of US\$76/US\$74, respectively. We retain our Add rating on it. Our target price of Rs205 (Rs214 earlier) is based on 8x (unchanged) Jun 2024F EV/EBITDA. **Downside risks:** Weak demand, pricing & cost pressure, and lack of visibility on next phase of expansion.

Financial Summary	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (Rsm)	21,167	22,545	26,147	27,903	30,393
Operating EBITDA (Rsm)	5,066	3,921	4,038	5,255	6,363
Net Profit (Rsm)	3,150	2,098	2,288	3,224	4,043
Core EPS (Rs)	13.9	9.3	10.1	14.2	17.8
Core EPS Growth	17.5%	(33.4%)	9.0%	40.9%	25.4%
FD Core P/E (x)	12.97	19.48	17.86	12.68	10.11
DPS (Rs)	6.0	9.0	8.6	10.5	13.1
Dividend Yield	3.33%	4.99%	4.76%	5.80%	7.27%
EV/EBITDA (x)	7.79	9.93	9.35	6.93	5.56
P/FCFE (x)	28.93	39.14	19.36	13.56	12.37
Net Gearing	(9.2%)	(12.3%)	(19.3%)	(26.3%)	(30.5%)
P/BV (x)	2.74	2.61	2.55	2.43	2.28
ROE	22.4%	13.7%	14.5%	19.6%	23.3%
% Change In Core EPS Estimates			(0.34%)	(0.27%)	(0.24%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 19 JUL 2022

1QFY23 results broadly in line; retain Add

1QFY23 results review

Key takeaways from 1QFY23 results, presentation and earnings call ➤

Demand and Pricing Outlook:

- Cement volume stood at 1.11mtpa, down 6% yoy (down 10% qoq) mainly due to weak demand in May 2022 due to excessive heat wave and increased cost of other building materials, including steel, coupled with a slight slowdown in government demand, but improved in Jun 2022 and so far in Jul 2022.
- Management expects demand to recover and gave guidance of 6-7% yoy volume growth for FY23F.
- HEIM's cement capacity utilization stood at 72% in 1QFY22 vs. 76% in FY22.
- During Jun 2022, HEIM protected its pricing rather than pushing volume, which led to overall sales decline during the quarter.
- Blended prices rose higher for HEIM due to improved premium products, narrowing the price differential between trade and non-trade segments with a marginal increase in prices in the non-trade segment, which improved overall realization during the quarter.

Cost Guidance:

- Power cost/t of cement was at Rs460 (Rs6.5/unit) during 1QFY23 while fuel cost/t of cement was Rs1,410. Management does not expect power cost to increase further, but fuel cost is likely to increase at a smaller pace.
- Fuel cost on Kcal – pet-coke Rs3.1/kcal and coal Rs3.25/kcal in 1QFY23 vs. pet-coke Rs2.5/kcal and coal Rs2.3/kcal in 1QFY22. Currently, spot prices are slightly lower. HEIM aims to maintain 30-35 days of fuel inventory (currently 25 days) and so the impact of higher fuel price hikes will not be such in the upcoming quarter.
- Prices of pet-coke and coal have softened slightly in recent weeks and the company aims to adjust the share of coal and pet-coke in a favourable proportion (based on their pricing given the volatile situation) – management believes fuel cost for the company likely peaked out in 1QFY23.
- Domestic pet-coke prices have fallen ~10% in Jul 2022, with a rise in the flow of cheap Russian coal into the Indian market. Russian coal is available 20-25% cheaper at US\$170-180/t. This will not benefit HEIM as it cannot use imported coal due to its location, but lower global prices can benefit South India and coastal-based producers. This could exert pressure on coal supplied from other geographies too.
- HEIM started receiving solar power under its long-term power purchase agreement for the Jhansi plant.
- The contracted capacity is 15MW, and the company is expected to receive 22 Gigawatt hours of solar power annually. With the commissioning of solar power plant, green power share will increase, which rose to 30% in 1QFY23 (vs. 23% in FY22) and it targets to reach 35-40% by FY25F.

Update on Expansion Projects, Capex and Debt:

- **Gujarat expansion (6,000tpd kiln and 3-3.5mtpa cement capacity)** – Management expects further clearances and approvals (SEZ clearance has been received) to be received in 1.5-2 years' timeframe. Thereafter, the company will need another 2.5-3 years for construction. The project is still at a nascent stage.
- At Damoh plant, alternate fuel accounts for ~3% of total power requirement and the company has plans to increase it to ~11% in the next two years.

- Annual maintenance capex is targeted at Rs500-600m. Further, additional capex of Rs400-500m could go towards debottlenecking projects (0.3mtpa clinker and 0.4-0.5mtpa grinding by mid-2023F). The company targets capex of Rs1bn in FY23F (including investment towards capacity debottlenecking) and Rs1bn in FY24F.
- HEIM is a net debt-free company and has operated on negative working capital. Gross cash and bank balance as of end-Jun 2022 stood at Rs4.6bn. HEIM had net cash of Rs2.24bn at the end of Jun 2022 as against Rs1.34bn at the end of Mar 2022.

Lead Distance, Fuel Mix and Trade Mix:

- Trade mix stood at 83% in 1QFY23 (down 489bps yoy) vs. 75% in 4QFY22. The share of premium cement stood at 23% in 1QFY23 (up 6% yoy) vs. 22% in 4QFY22. The company expects its trade share to increase going ahead.
- The share of road mix stood at 45% during the quarter (unchanged yoy) vs. 46% in 4QFY22 and 54% in FY22.
- The fuel mix comprised pet-coke/coal (both domestic) at 62%/38% in 1QFY23 vs. 38%/62% in FY22, respectively.
- Lead distance for the quarter was 360-370km (like in 4QFY22).

Other updates:

- HEIM has moved to a concessional income-tax regime from FY23 and shall apply corporate tax of 25.2% going ahead.
- On the ESG front, carbon emission stood at 511kg/t of cement production and the company has committed to reach ≤ 500 kg/t CO₂ emission by 2025F.
- **Merger with Zuari Cement (ZC):** Parent company, HeidelbergCement holds a 69.4% stake in HEIM, and also owns a 97% stake in South India-based 8mtpa Zuari Cement since 2017. HEIM's merger with Zuari Cement in India has been particularly explored in the recent past, after amendments to mining laws. However, it is possible that it may take two-to-three years to materialize, as per management.
- **Incentives:** HEIM has received approval from Madhya Pradesh government for its SGST claims pertaining to earlier years. Accordingly, the company had accrued SGST incentive of Rs304.8m (including 206m for earlier years) under other operating revenue during 4QFY22 (Rs424.6m during FY22 vs. Rs148.5m in FY21). The company has booked SGST incentive income of ~Rs50m in 1QFY23, which we have considered as non-operating income and the same is likely to expire by Feb 2023F.

Figure 1: Standalone quarterly performance (1QFY23)

Particulars (Rs m)	1QFY23	1QFY23F	4QFY22	1QFY22	% Change		
					1QFY23F	4QFY22	1QFY22
Net sales (adjusted incentives)	5,849	6,073	5,896	5,559	-4%	-1%	5%
Raw materials consumed	893	1,057	1,035	1,081	-15%	-14%	-17%
Freight and forwarding expenses	737	800	780	727	-8%	-5%	1%
Power and fuel cost	2,103	2,079	1,960	1,346	1%	7%	56%
Employee cost	339	327	349	322	4%	-3%	5%
Other expenses	876	924	892	772	-5%	-2%	13%
Total expenditure	4,948	5,187	5,015	4,249	-5%	-1%	16%
Adj. EBITDA	900	886	881	1,311	2%	2%	-31%
Depreciation	280	285	280	276	-2%	0%	2%
EBIT	620	601	601	1,035	3%	3%	-40%
Interest	80	51	52	102	57%	55%	-21%
Other Income	103	126	124	105	-18%	-17%	-2%
PBT	643	675	674	1,039	-5%	-5%	-38%
Tax	177	203	42	352	-13%	318%	-50%
Recurring PAT	466	473	631	687	-1%	-26%	-32%
Extraordinaries	0	0	0	0			
Reported PAT	466	473	631	687	-1%	-26%	-32%
EPS (Rs)	2.1	2.1	2.8	3.0	-1%	-26%	-32%
Gross margin	36%	35%	36%	43%	98 bp	18 bp	-711 bp
EBITDA margin	15%	15%	15%	24%	81 bp	46 bp	-818 bp
EBIT margin	11%	10%	10%	19%	72 bp	41 bp	-801 bp
PBT margin	11%	11%	11%	19%	-13 bp	-43 bp	-768 bp
PAT margin	8%	8%	11%	12%	18 bp	-274 bp	-438 bp
Tax rate	28%	30%	6%	34%	-248 bp	2124 bp	-637 bp
Cost items as % of sales							
RM + Freight + P&F cost	64%	65%	64%	57%	-97 bp	-18 bp	711 bp
Employee cost	6%	5%	6%	6%	41 bp	-12 bp	0 bp
Other expenses	15%	15%	15%	14%	-25 bp	-15 bp	108 bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

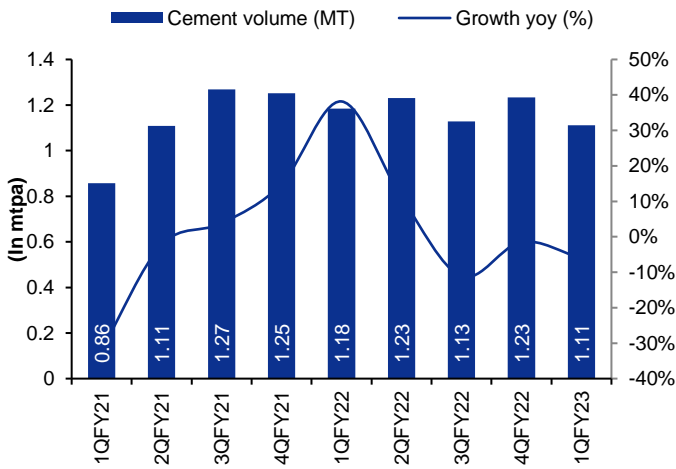
Figure 2: 1QFY23 results on per tonne analysis

Per tonne analysis	1QFY23	1QFY23F	4QFY22	1QFY22	% Change		
					1QFY23F	4QFY22	1QFY22
Sales volume (cement + clinker)	1.11	1.20	1.23	1.18	-7%	-10%	-6%
Adj. realization	5,260	5,052	4,778	4,695	4.1%	10.1%	12.0%
Adj. EBITDA/t	810	737	714	1,107	10%	13%	-27%
RM cost/t	803	880	839	913	-9%	-4%	-12%
P&F cost/t	1,892	1,729	1,588	1,137	9%	19%	66%
Freight costs/t	663	666	632	614	0%	5%	8%
Employee cost/t	305	272	283	272	12%	8%	12%
Other expenses/t	787	769	722	652	2%	9%	21%
Cost/t	4,450	4,315	4,064	3,588	3%	10%	24%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

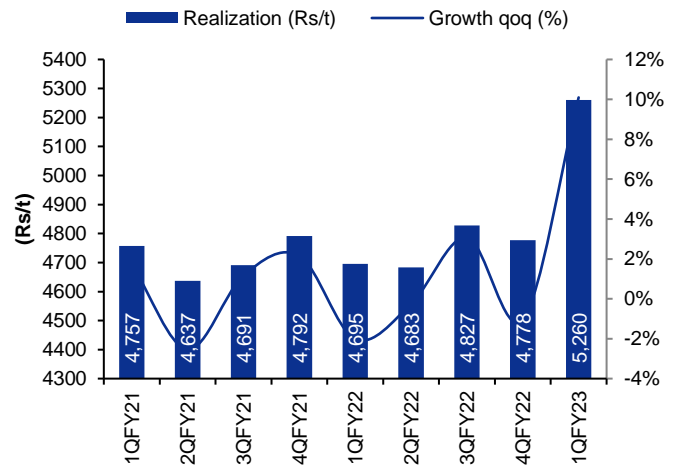
Key charts ▶

Figure 3: Cement sales volume down ~6% yoy and 10% qoq



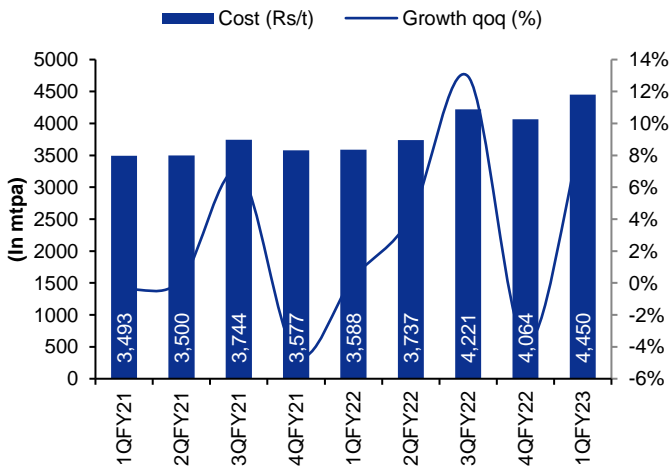
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Cement realization, adjusted (excluding incentives) for non-operating income (last quarter), improved 10% qoq and 12% yoy in 1QFY23



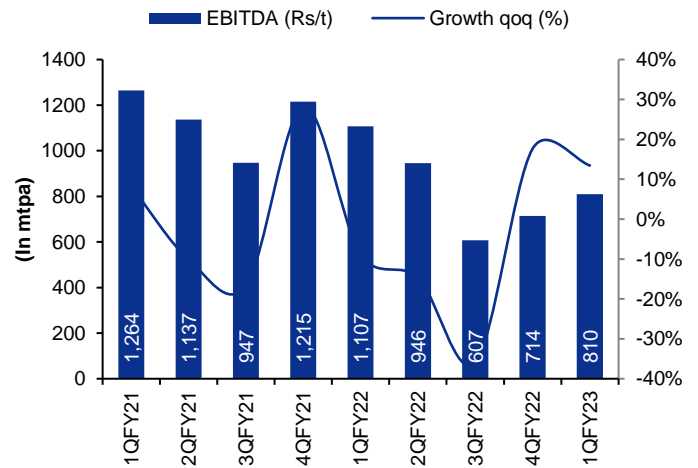
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Cost/t increased 24% yoy and 10% qoq mainly due to higher energy cost and fixed expenses



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Adj. (excluding incentives) EBITDA/t up 13% qoq (down 27% yoy) on higher realization



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Revision in our earnings estimates

Rs m	New		Old		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	26,147	27,903	26,282	28,192	-1%	-1%
EBITDA	4,037	5,254	4,099	5,330	-2%	-1%
PAT	2,286	3,223	2,375	3,296	-4%	-2%
EPS (Rs)	10.1	14.2	10	15	-4%	-2%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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

Rs. m	Incred		Consensus		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	26,147	27,903	25,663	27,488	2%	2%
EBITDA	4,037	5,254	4,284	5,325	-6%	-1%
PAT	2,286	3,223	2,431	3,161	-6%	2%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 9: Key assumptions

	FY20A	FY21A	FY22A	FY23F	FY24F
Volume (mtpa)	4.7	4.5	4.8	5.1	5.4
yoy	-4%	-5%	6%	6%	6%
Realization (per tonne)	4,575	4,652	4,719	5,140	5,150
yoy	6%	2%	1%	9%	0%
Cost (per tonne)	3,489	3,589	3,899	4,346	4,180
yoy	4%	3%	9%	11%	-4%
EBITDA (per tonne)	1,122	1,129	821	794	970
yoy	14%	1%	-27%	-3%	22%
EBITDA (Rs m)	5,278	5,066	3,921	4,037	5,254
yoy	9%	-4%	-23%	3%	30%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Our TP of Rs205 is based on 8x (unchanged) Jun-2024 EV/EBITDA

Valuation	TP
Target EV/EBITDA (x)	8.0
Target EV (Rs m)	42,034
Net debt / (cash) (Rs m)	(3,084)
No. of shares (m)	227
Fair value per share (Rs)	205

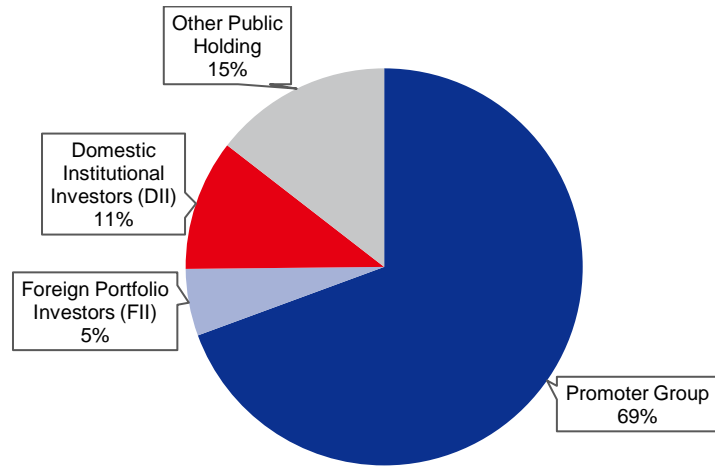
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: Cement sector peer comparison

Company	Bloomberg Ticker	Rating	Closing Price (LC)	Target Price (LC)	% Upside	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)		EV/t (US\$)	
							FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
UltraTech Cement	UTCEM IN	ADD	6,086	8,009	32%	21,992	15.0	11.8	3.2	2.8	11.6	13.7	28.8	21.9	174.9	170.2
ACC	ACC IN	ADD	2,169	2,388	10%	5,098	10.0	8.6	2.4	2.2	12.5	12.6	20.2	18.2	106.2	101.5
Ambuja Cements	ACEM IN	HOLD	371	398	7%	9,220	19.0	17.2	3.1	3.0	9.5	10.1	33.2	30.1	132.8	133.0
Shree Cement	SRCM IN	HOLD	20,068	23,691	18%	9,064	19.8	15.6	3.8	3.4	11.6	13.2	34.1	27.0	198.3	172.2
The Ramco Cements	TRCL IN	ADD	669	879	31%	1,979	14.6	10.7	2.3	2.0	7.7	11.1	30.3	19.4	126.5	109.8
JK Cement	JKCE IN	ADD	2,245	2,883	28%	2,170	14.6	10.5	3.6	3.1	14.6	19.0	25.8	17.3	168.0	132.0
Birla Corp	BCORP IN	ADD	927	1,300	40%	893	9.8	7.2	1.1	1.1	4.9	8.5	23.8	13.0	69.1	69.3
Heidelberg	HEIM IN	ADD	180	205	14%	511	9.3	6.9	2.5	2.4	14.5	19.6	17.7	12.6	76.4	73.7
Dalmia Bharat	DALBHARA IN	ADD	1,515	1,724	14%	3,553	12.6	10.3	1.7	1.6	4.2	6.3	41.9	26.7	92.3	80.9
JK Lakshmi	JKLC IN	ADD	454	602	33%	668	7.6	6.7	1.9	1.6	14.4	16.3	13.8	10.6	59.6	63.1
Orient Cement	ORCMNT IN	ADD	113	176	55%	290	5.5	5.9	1.4	1.2	14.0	14.5	10.2	8.8	46.1	44.0
Prism Johnson	PRSMJ IN	ADD	109	143	32%	684	11.5	7.4	3.9	3.3	9.7	20.4	41.3	17.4	124.6	121.2
Mean							12.4	9.9	2.6	2.3	10.8	13.8	26.8	18.6	114.6	105.9
Median							12.0	9.4	2.5	2.3	11.6	13.5	27.3	17.8	115.4	105.7
Minimum							5.5	5.9	1.1	1.1	4.2	6.3	10.2	8.8	46.1	44.0
Maximum							19.8	17.2	3.9	3.4	14.6	20.4	41.9	30.1	198.3	172.2

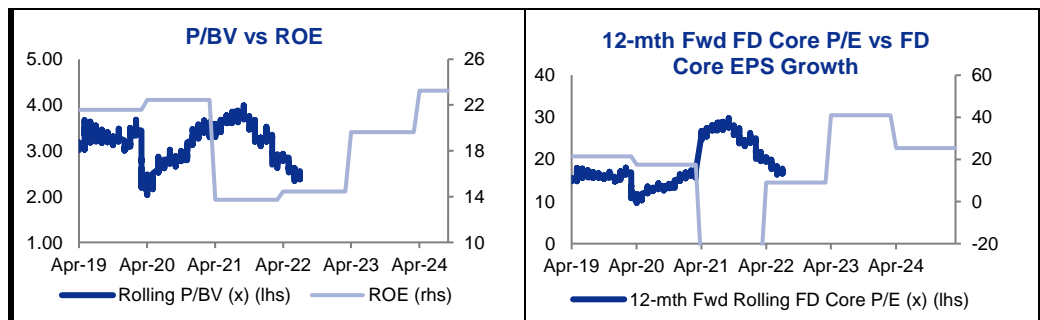
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 19 JUL 2022

Figure 12: HEIM's shareholding pattern (as at end-Mar 2022)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenues	21,167	22,545	26,147	27,903	30,393
Gross Profit	21,167	22,545	26,147	27,903	30,393
Operating EBITDA	5,066	3,921	4,038	5,255	6,363
Depreciation And Amortisation	(1,110)	(1,121)	(1,160)	(1,206)	(1,266)
Operating EBIT	3,956	2,800	2,879	4,049	5,096
Financial Income/(Expense)	(509)	(364)	(284)	(222)	(188)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	465	491	464	482	497
Profit Before Tax (pre-EI)	3,912	2,927	3,058	4,310	5,405
Exceptional Items					
Pre-tax Profit	3,912	2,927	3,058	4,310	5,405
Taxation	(763)	(829)	(770)	(1,086)	(1,362)
Exceptional Income - post-tax					
Profit After Tax	3,150	2,098	2,288	3,224	4,043
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,150	2,098	2,288	3,224	4,043
Recurring Net Profit	3,150	2,098	2,288	3,224	4,043
Fully Diluted Recurring Net Profit	3,150	2,098	2,288	3,224	4,043

Cash Flow

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	5,066	3,921	4,038	5,255	6,363
Cash Flow from Invt. & Assoc.					
Change In Working Capital	171	2,325	693	(18)	(505)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	465	491	464	482	497
Other Operating Cashflow	(1,471)	(4,325)			
Net Interest (Paid)/Received	(509)	(364)	(284)	(222)	(188)
Tax Paid	672	546	(770)	(1,086)	(1,362)
Cashflow From Operations	4,395	2,594	4,140	4,412	4,804
Capex	(456)	(464)	(900)	(1,000)	(1,100)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,276)	114	(630)	(100)	(100)
Cash Flow From Investing	(1,732)	(350)	(1,530)	(1,100)	(1,200)
Debt Raised/(repaid)	(1,250)	(1,200)	(500)	(300)	(300)
Proceeds From Issue Of Shares	(71)	(53)	(1)	(1)	(1)
Shares Repurchased					
Dividends Paid	(1,360)	(2,040)	(1,944)	(2,369)	(2,971)
Preferred Dividends					
Other Financing Cashflow	(358)	11	500	400	400
Cash Flow From Financing	(3,039)	(3,282)	(1,945)	(2,270)	(2,872)
Total Cash Generated	(376)	(1,038)	665	1,043	733
Free Cashflow To Equity	1,413	1,044	2,110	3,012	3,304
Free Cashflow To Firm	3,171	2,608	2,894	3,534	3,793

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	4,317	3,821	4,487	5,529	6,262
Total Debtors	333	400	430	459	500
Inventories	1,607	1,731	1,934	2,140	2,332
Total Other Current Assets	3,705	5,890	6,275	6,557	7,446
Total Current Assets	9,962	11,842	13,126	14,686	16,539
Fixed Assets	16,071	15,618	15,358	15,152	14,986
Total Investments		48	48	48	48
Intangible Assets	189	270	900	1,000	1,100
Total Other Non-Current Assets	2,232	460	460	460	460
Total Non-current Assets	18,492	16,396	16,766	16,660	16,594
Short-term Debt	1,200	336	236	136	36
Current Portion of Long-Term Debt					
Total Creditors	2,706	2,645	3,197	3,284	3,467
Other Current Liabilities	5,274	5,386	6,145	6,557	6,990
Total Current Liabilities	9,180	8,366	9,578	9,977	10,493
Total Long-term Debt	1,745	1,566	1,166	966	766
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,590	2,653	3,153	3,553	3,953
Total Non-current Liabilities	4,335	4,220	4,320	4,520	4,720
Total Provisions					
Total Liabilities	13,515	12,586	13,897	14,497	15,213
Shareholders Equity	14,939	15,652	15,995	16,849	17,921
Minority Interests					
Total Equity	14,939	15,652	15,995	16,849	17,921

Key Ratios					
	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	(2.4%)	6.5%	16.0%	6.7%	8.9%
Operating EBITDA Growth	(4.0%)	(22.6%)	3.0%	30.1%	21.1%
Operating EBITDA Margin	23.9%	17.4%	15.4%	18.8%	20.9%
Net Cash Per Share (Rs)	6.05	8.47	13.61	19.53	24.09
BVPS (Rs)	65.92	69.07	70.58	74.35	79.07
Gross Interest Cover	7.78	7.68	10.13	18.26	27.04
Effective Tax Rate	19.5%	28.3%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	43.2%	97.2%	84.9%	73.5%	73.5%
Accounts Receivables Days	5.09	5.93	5.79	5.81	5.75
Inventory Days	26.42	27.02	25.58	26.65	26.85
Accounts Payables Days	59.97	52.43	48.22	52.23	51.27
ROIC (%)	24.5%	17.1%	18.0%	25.4%	31.1%
ROCE (%)	22.6%	15.8%	16.5%	22.9%	27.8%
Return On Average Assets	13.0%	8.7%	8.8%	11.3%	13.1%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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

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Recommendation Framework

Stock Ratings

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.