

**I India**
**ADD** (no change)

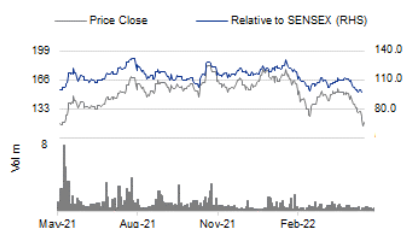
Consensus ratings\*: Buy 14 Hold 1 Sell 0

Current price:	Rs118
Target price:	Rs176
Previous target:	Rs199
Up/downside:	49.2%
InCred Research / Consensus:	-8.4%
Reuters:	ORCE.NS
Bloomberg:	ORCMNT IN
Market cap:	US\$312m
	Rs24,154m
Average daily turnover:	US\$1.1m
	Rs82.7m
Current shares o/s:	204.9m
Free float:	57.6%

\*Source: Bloomberg

**Key changes in this note**

- Net sales cut by 2% for FY23F-24F.
- EBITDA cut by 12-21% for FY23F-24F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(22.3)	(29.8)	2.6
Relative (%)	(14.4)	(22.8)	(5.6)

**Major shareholders**

	% held
Promoter & Promoter Group	37.4
Nippon Life India	4.1
Franklin India	3.8

**Analyst(s)**

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# Orient Cement

## Dull 4QFY22; expansion plan underway

- 4QFY22 EBITDA stood at Rs1.5bn, 15% below our estimate (down 24% yoy while up 30% qoq) due to lower-than-expected realization and sales volume.
- We slash our FY23F-24F EBITDA estimates by ~12%-21% to factor in the current cost scenario. ORCMNT's 3mtpa capacity plan is on track (by FY24F).
- We retain our Add rating on the stock with a lower target price of Rs176.

### Volume and realization below expectations; growth drivers in place

Cement sales volume in 4QFY22 fell 12.4% yoy (up 33% qoq on a low base) to 1.62mt and 11% below our estimate due to sluggish demand in South India. The back-ended price hikes in key markets and a lower blended mix (63% vs. 67% qoq) dented realization to Rs4,959 (down 2% qoq and 2% below Incred estimate). Trade sales were ~60% (flat qoq and 52% last year) where the share of premium products stood at 14% vs. 12% in 3QFY22. Orient Cement (ORCMNT) remains on track for commissioning its capacity expansion programmes– (i) 2mtpa split grinding unit at Tiroda in Maharashtra by end-FY24F, and (ii) 2mtpa clinker expansion and 1mtpa grinding unit or GU at Devapur by 2HFY24F. Thereafter, in the second phase of expansion, it will put up a plant in Rajasthan. All this is expected to aid volume growth and maintain volume market share. We factor in 8%/8.5% volume growth in FY23F/24F, respectively, as new capacity to ramp up post FY24F.

### Cost/t stays lower qoq; margins to be under pressure in 1HFY23F

Total cost/t stood at Rs4,013, up 18% yoy while down 2% qoq, because of lower raw material and fixed cost. Power and fuel or P&F cost/t was up 49%/17% yoy/qoq, respectively, due to higher fuel prices but was offset by increased use of alternate fuel and a higher usage of solar energy. Further, the company stated that due to low coal inventory, it booked some imported coal (it has eight weeks of coal inventory now) which will increase cost of production by 10-11% in 1QFY23F. Freight cost/t inched up by only ~5% yoy (flat qoq), given that diesel prices were stable qoq but is now expected to remain elevated due to higher diesel prices. All this led to an EBITDA/t decline of 2% qoq (down 14% yoy) to Rs946. Management is cautious on near-term (1HFY23F) operating margin, given the uncertainties due to higher cost pressure. Management gave guidance that 4QFY22 EBITDA/t may be sustainable going ahead but looks difficult in 1HFY23F.

### Deleveraged balance sheet; may raise debt to fund expansion plan

ORCMNT repaid Rs4.86bn in FY22 and reduced net debt to Rs2.55bn as at end-FY22. ORCMNT has no debt repayment due in FY23F. Total estimated capex on ongoing capacity expansion is estimated at Rs20bn (Rs7-7.5bn in FY23F and the rest in FY24F). ORCMNT plans to fund its capex via additional debt (Rs10bn) and internal accruals.

### Maintain Add rating; valuation is attractive

At the CMP of Rs118, ORCMNT trades at FY23F/FY24F EV/EBITDA of 5.7x/6.1x, respectively. We retain Add rating on it. Our target price of Rs176 (Rs199 earlier) is driven by EBITDA cut, and we maintain our target multiple of 6.5x FY24F EV/EBITDA. Weak demand, pricing pressure and a continuous rise in input cost are key downside risks.

**Financial Summary**

	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	24,218	23,241	27,254	29,847	32,837
Operating EBITDA (Rsm)	3,829	5,507	5,911	5,494	6,647
Net Profit (Rsm)	866	2,142	2,633	2,270	2,636
Core EPS (Rs)	4.2	10.5	12.8	11.1	12.9
Core EPS Growth	82.1%	147.4%	22.9%	(13.8%)	16.1%
FD Core P/E (x)	27.89	11.28	9.18	10.64	9.16
DPS (Rs)	0.8	1.5	2.5	1.1	1.3
Dividend Yield	0.77%	1.27%	2.12%	1.88%	2.18%
EV/EBITDA (x)	9.42	5.56	4.52	5.72	6.05
P/FCFE (x)	15.91	20.27	24.00	(3.98)	(4.34)
Net Gearing	106.4%	49.4%	16.8%	42.5%	83.8%
P/BV (x)	2.16	1.85	1.58	1.41	1.26
ROE	8.0%	17.7%	18.6%	14.0%	14.5%
% Change In Core EPS Estimates				(0.40%)	(0.38%)
InCred Research/Consensus EPS (x)				0.65	0.70

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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## Dull 4QFY22; expansion plan underway

### 4QFY22 results review

#### Key takeaways from 4QFY22 results, presentation and earnings call ➤

##### Demand and pricing outlook

- Volume declined by 24% yoy because of weak demand in South India during the quarter. As per management, 4QFY22 was challenging due to rising cost of production while demand was muted in South India and normal in Maharashtra. Further, the company took a conscious decision to prioritize profitability over volume. 53% of the sales volume was in western region, 37% in southern region and 10% in central region during the quarter.
- Realization declined by 2% qoq, which management attributed to lower realization following poor demand in key states of South India. Prices in all key markets declined in Jan 2022. Management stated that prices in Apr 2022 were flat on a qoq basis. ORCMNT took marginal price hikes in Apr 2022 in Western India. Management expects cement prices to remain elevated due to input cost pressure arising from higher prices of diesel, coal, and pet coke.

##### Cost guidance

- Total operating cost/t was up 18% yoy while it was down 2% qoq (mainly due to higher fuel, packaging, and diesel cost) at Rs4,013, where energy cost/t increased 17% qoq and 49% yoy to Rs1,347 mainly on account of a steep hike in fuel prices, although the company did manage to increase the usage of alternative fuels to partially mitigate these costs. Further, savings also accrued from the commissioning of a solar power source for its Jalgaon unit. Logistics cost/t increased by ~5% yoy (flat qoq) to Rs1,307 mainly on account of the rise in diesel prices offsetting the gains accrued from the decrease in lead distance and increase in rail volume (average lead distance remained slightly above 300km during the quarter and in FY22) and raw material cost/t increased 3% yoy while it was down 10% qoq to Rs628 during the quarter. Other expenses/t rose 26% yoy while they declined 15% qoq to Rs522.
- During 4QFY22, the fuel mix comprised 17% alternative fuels, 52% domestic coal (mostly linkage coal), 25% pet coke and the remaining 6% imported coal in the kiln. There are short-term supply constraints of domestic coal as the government's priorities are to supply coal to the power sector. Management believes the situation will improve in one-to-two months. The company continues to maintain low fuel inventory. It has booked some imported coal (has eight weeks of coal inventory now) which will increase cost of production by 11-12% in 1QFY23F.
- Management expects costs to remain elevated in 1HFY23F but believes there will be some moderation from 2HFY23F. The impact of higher fuel prices (pet coke/thermal coal) shall be partly offset by higher use of other alternative fuels to the extent of 17% and higher captive power.
- Freight and packing costs are expected to remain elevated due to higher diesel prices but they may be offset by higher direct despatches and lower lead distance.
- Fixed expenses were lower during the quarter as there were reversals of certain provisions.
- Management gave guidance that 4QFY22 EBITDA/t of Rs947 may be sustainable EBITDA going ahead.

### **Update on expansion projects and capex**

- The company is setting up a 2mtpa GU at Tiroda in Maharashtra. The company expects to commission the plant in 18 months as it has already secured land for the project and a fly ash supply agreement through a Memorandum of Understanding or MoU. Management expects to complete this expansion by 2HFY24F. The total projected capex is expected to be Rs5bn.
- ORCMNT plans to expand clinker capacity by 2mtpa and set up a 1mtpa grinding unit at its Devapur plant. The company expects to commission the project by FY24F. The total projected capex is Rs16bn.
- Total estimated capex on ongoing capacity expansion is Rs20bn, of which Rs7-7.5bn will be incurred in FY23F and the rest in FY24F. The company may be required to raise a debt of ~Rs10-11bn to fund expansion projects in FY24F.
- ORCMNT's plan to set up a 10MW waste heat recovery system or WHRS remains on track and will be completed by FY23F.
- ORCMNT is expected to get the transfer of mining rights of limestone mine of erstwhile Orient Paper without additional royalty payment. Management highlighted that there has been substantial progress made by government departments on the matter and it expects a favourable outcome in the coming weeks. In case of timely progress, the company would prioritize a greenfield expansion in North India, ahead of Chittapur unit's expansion, as it offers regional diversification.

### **Debt update**

- The company repaid Rs4.86bn in FY22 and reduced net debt to Rs2.55bn as at end-Mar 2022 (down from Rs5bn in 3QFY22). Moreover, ORCMNT has no debt repayment due in FY23F. Leverage declined to 0.4x in FY22 from 1.1x in FY21. ORCMNT to fund its capex plan via additional debt and internal accruals.

### **Fuel and trade:non-trade mix**

- ORCMNT's fuel mix stood at 52%/25%/17% comprising coal, pet coke and alternative fuel, respectively, during the quarter.
- Blended cement constituted around 63% (vs. 67% in 3QFY22) of the total sales volume during 4QFY22.
- Trade: non-trade mix stood at 60:40 during 4QFY22 (flat qoq). ORCMNT aims to increase the share of trade sales to 65% in the next two years.
- Lead distance for ORCMNT was slightly above 300km in FY22.
- The share of premium cement sales increased to 14% in 4QFY22 (12% in 3QFY22). Higher sales of premium cement helped the company improve its blended realization. Management aims to increase the share of premium cement to 15% in the next two years.

**Figure 1: Standalone quarterly performance**

Particulars (Rs m)	4QFY22	4QFY22F	3QFY22	4QFY21	% Change		
					4QFY22F	3QFY22	4QFY21
<b>Net Sales</b>	<b>8,039</b>	<b>9,155</b>	<b>6,175</b>	<b>8,316</b>	<b>-12%</b>	<b>30%</b>	<b>-3%</b>
Raw materials consumed	1,018	1,300	849	1,132	-22%	20%	-10%
Freight and Forwarding Expense	2,119	2,401	1,585	2,300	-12%	34%	-8%
Power and Fuel	2,183	2,164	1,399	1,677	1%	56%	30%
Employee Cost	340	631	416	416	-46%	-18%	-18%
Other Expenses	845	856	751	766	-1%	13%	10%
<b>Total Expenditures</b>	<b>6,505</b>	<b>7,352</b>	<b>5,000</b>	<b>6,291</b>	<b>-12%</b>	<b>30%</b>	<b>3%</b>
<b>EBITDA</b>	<b>1,533</b>	<b>1,802</b>	<b>1,175</b>	<b>2,025</b>	<b>-15%</b>	<b>30%</b>	<b>-24%</b>
Depreciation	366	370	368	359	-1%	-1%	2%
<b>EBIT</b>	<b>1,167</b>	<b>1,432</b>	<b>807</b>	<b>1,667</b>	<b>-18%</b>	<b>45%</b>	<b>-30%</b>
Interest	49	166	158	159	-71%	-69%	-69%
Other Income	20	34	25	27	-42%	-20%	-25%
<b>PBT</b>	<b>1,138</b>	<b>1,300</b>	<b>674</b>	<b>1,534</b>	<b>-12%</b>	<b>69%</b>	<b>-26%</b>
Tax	406	466	237	536	-13%	71%	-24%
<b>PAT before MI &amp; Associates</b>	<b>732</b>	<b>835</b>	<b>437</b>	<b>999</b>	<b>-12%</b>	<b>68%</b>	<b>-27%</b>
Minority Interest	0	0	0	0			
Profit from Assoc.	0	0	0	0			
<b>Recurring PAT</b>	<b>732</b>	<b>835</b>	<b>437</b>	<b>999</b>	<b>-12%</b>	<b>68%</b>	<b>-27%</b>
Extraordinaries	0	0	0	0			
<b>Reported PAT</b>	<b>732</b>	<b>835</b>	<b>437</b>	<b>999</b>	<b>-12%</b>	<b>68%</b>	<b>-27%</b>
EPS (Rs)	3.6	4.1	2.1	4.9	-12%	68%	-27%
Gross Margin	34%	36%	38%	39%	-211 bps	-411 bp	-474 bp
EBITDA Margin	19.1%	19.7%	19.0%	24.4%	-61 bps	4 bp	-528 bp
EBIT Margin	15%	16%	13%	20%	-112 bps	145 bp	-552 bp
PBT Margin	14%	14%	11%	18%	-4 bps	325 bp	-429 bp
PAT Margin	9%	9%	7%	12%	-1 bps	204 bp	-290 bp
Tax Rate	36%	36%	35%	35%	-14 bps	47 bp	75 bp
Cost items as % of Sales							
RM	13%	14%	14%	14%	-153 bps	-108 bp	-95 bp
Freight costs	26%	26%	26%	28%	12 bps	69 bp	-129 bp
P&F costs	27%	24%	23%	20%	352 bps	450 bp	699 bp

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

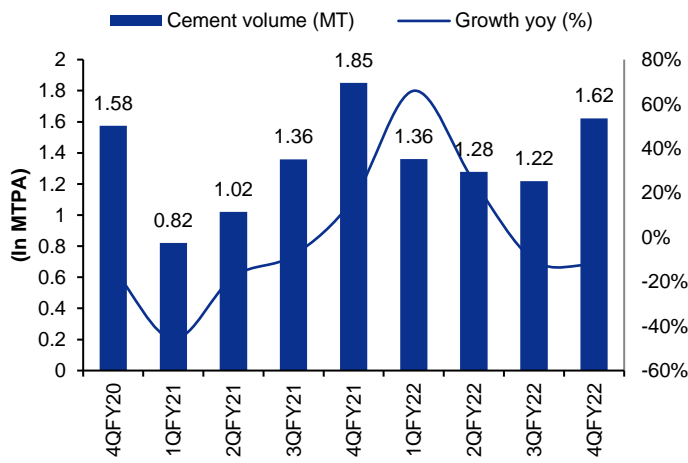
**Figure 2: 4QFY22 results as per tonne analysis**

Per tonne analysis	4QFY22	4QFY22F	3QFY22	4QFY21	% Change		
					4QFY22F	3QFY22	4QFY21
Sales volume (Cement + Clinker)	1.62	1.81	1.22	1.85	-11%	33%	-12.4%
Realization	4,959	5,052	5,070	4,495	-2%	-2%	10%
EBITDA/t	946	995	965	1,095	-5%	-2%	-14%
RM cost/t	628	717	697	612	-12%	-10%	3%
P&F costs/t	1,347	1,194	1,149	907	13%	17%	49%
Freight costs/t	1,307	1,325	1,301	1,243	-1%	0%	5%
Employee costs/t	210	348	341	225	-40%	-39%	-7%
Other expenses/t	522	472	617	414	10%	-15%	26%
Cost/t	4013	4058	4105	3400	-1%	-2%	18%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

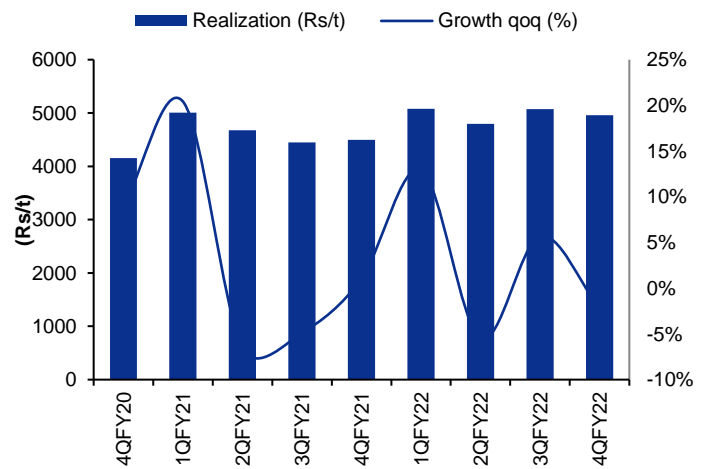
### Key quarterly charts ▶

**Figure 3: Cement sales volume declined 12% yoy in 4QFY22**



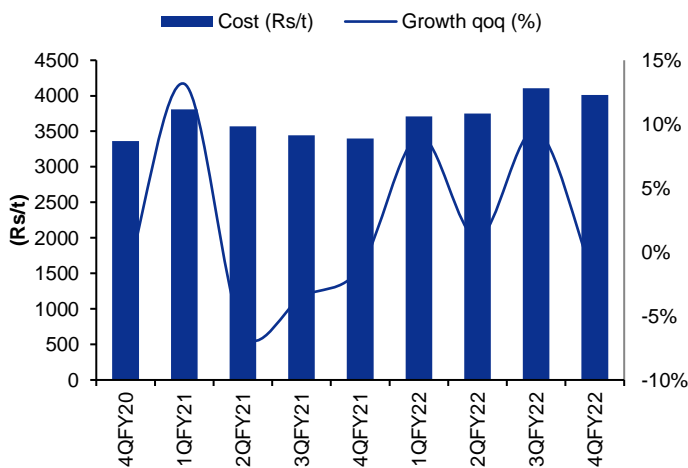
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Cement realization increased 10% yoy while it was down 2% qoq in 4QFY22**



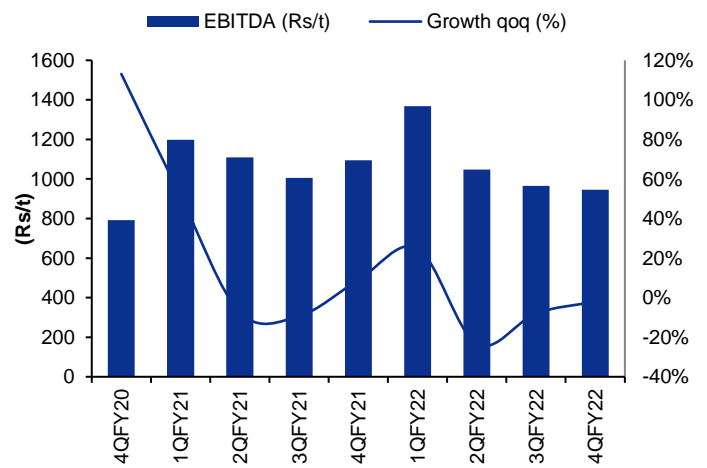
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Operating cost/t trend to remain elevated in the near term**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Unitary EBITDA contracted 2% qoq (down 14% yoy) to Rs946/t during 4QFY22**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: Revision in our earnings estimates**

Rs. m	New		Old		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	29,847	32,837	30,338	33,541	-2%	-2%
EBITDA	5,494	6,647	6,627	7,441	-21%	-12%
PAT	2,270	2,636	2,841	3,100	-25%	-18%
EPS (Rs.)	11.1	12.9	14	15	-25%	-17%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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

Rs. m	Incred		Consensus		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	29,847	32,837	31,175	34,807	-4%	-6%
EBITDA	5,494	6,647	7,234	8,257	-24%	-19%
PAT	2,270	2,636	3,482	3,941	-35%	-33%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 9: Key assumptions**

	FY20A	FY21A	FY22A	FY23F	FY24F
<b>Volume (in mtpa)</b>	5.8	5.0	5.5	5.9	6.4
yoy	-10%	-13%	9%	8%	9%
<b>Realization (per tonne)</b>	4,178	4,604	4,975	5,045	5,115
yoy	6%	10%	8%	1%	1%
<b>Cost (per tonne)</b>	3,517	3,513	3,896	4,116	4,080
yoy	2%	0%	11%	6%	-1%
<b>EBITDA (per tonne)</b>	660	1,091	1,079	929	1,035
yoy	36%	65%	-1%	-14%	12%
<b>EBITDA (Rs m)</b>	3,829	5,507	5,911	5,494	6,647
yoy	23%	44%	7%	-7%	21%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 10: Our target price of Rs176 is based on 6.5x FY24F EV/EBITDA**

Valuation	TP
Target EV/EBITDA (x)	6.5
Target EV (Rs m)	43,205
Net debt / (cash) (Rs m)	7,247
No. of shares (m)	205
<b>Fair value per share (Rs)</b>	<b>176</b>

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

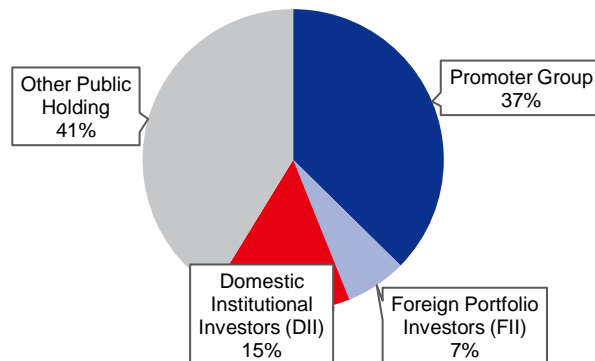
**Figure 11: Cement sector peer comparison**

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\$)	
							FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
UltraTech Cement	UTCEM IN	ADD	6,185	8,009	29%	23,086	16.0	15.3	3.5	3.2	15.2	11.6	24.9	29.3	223.9	184.2
ACC	ACC IN	ADD	2,177	2,322	7%	5,287	12.7	9.3	2.6	2.4	10.9	13.3	25.1	18.7	117.8	107.2
Ambuja Cements	ACEM IN	HOLD	374	398	6%	9,590	23.0	19.1	3.2	3.1	8.1	9.5	40.7	33.5	142.8	138.4
Shree Cement	SRCM IN	HOLD	22,627	28,045	24%	10,555	17.8	15.1	4.5	3.9	15.8	16.3	30.3	25.4	221.5	205.4
The Ramco Cements	TRCL IN	ADD	703	1,053	50%	2,148	13.8	10.1	2.7	2.3	12.0	14.9	23.5	16.8	134.7	127.4
JK Cement	JKCE IN	HOLD	2,335	3656	57%	2,333	13.6	11.7	4.5	3.8	20.8	21.3	23.7	19.5	186.6	186.1
Birla Corp	BCORP IN	ADD	935	1,300	39%	931	9.6	9.8	1.2	1.1	7.5	4.9	16.7	23.9	71.7	69.8
Heidelberg	HEIM IN	ADD	184	282	53%	540	6.7	5.4	2.4	2.1	19.6	21.2	12.8	10.4	78.0	72.9
Dalmia Bharat	DALBHARA IN	ADD	1,406	1,724	23%	3,405	10.4	11.8	1.7	1.6	8.0	4.2	23.5	39.4	92.5	89.0
JK Lakshmi	JKLC IN	ADD	377	740	96%	574	5.2	4.5	1.8	1.5	21.4	20.7	9.3	8.0	50.1	48.1
Orient Cement	ORCMNT IN	ADD	118	176	49%	312	4.5	5.7	1.6	1.6	18.6	14.0	9.2	10.6	44.6	52.4
Prism Johnson	PRSMJ IN	ADD	111	158	42%	725	8.1	6.6	3.8	3.2	19.2	21.6	21.4	16.0	127.9	110.4
Mean							11.8	10.3	2.8	2.5	14.8	14.8	21.7	20.7	124.2	115.8
Median							11.5	10.0	2.6	2.4	15.5	15.6	23.4	19.1	122.8	108.8
Minimum							4.5	4.5	1.2	1.1	7.5	4.2	9.2	8.0	44.6	48.1
Maximum							23.0	19.1	4.5	3.9	21.4	21.6	40.7	38.9	223.9	205.4

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 12 MAY 2022

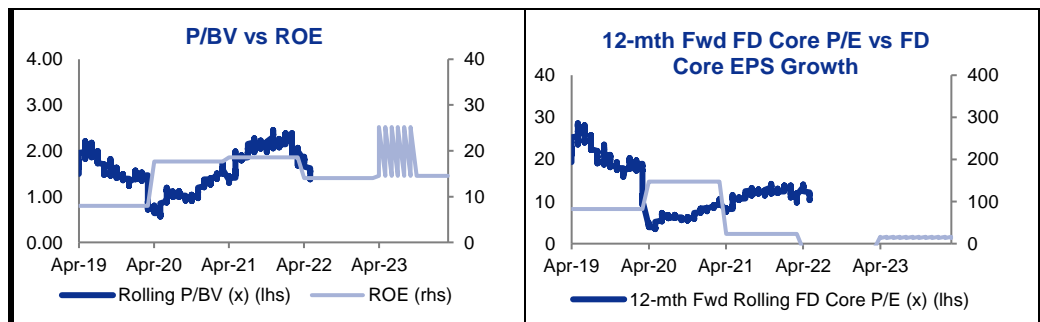
**Figure 12: ORCMNT's shareholding pattern (as at end-Mar 2022)**

- Promoter Group
- Foreign Portfolio Investors (FII)
- Domestic Institutional Investors (DII)
- Other Public Holding



SOURCES: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>24,218</b>	<b>23,241</b>	<b>27,254</b>	<b>29,847</b>	<b>32,837</b>
<b>Gross Profit</b>	<b>24,218</b>	<b>23,241</b>	<b>27,254</b>	<b>29,847</b>	<b>32,837</b>
<b>Operating EBITDA</b>	<b>3,829</b>	<b>5,507</b>	<b>5,911</b>	<b>5,494</b>	<b>6,647</b>
Depreciation And Amortisation	(1,409)	(1,419)	(1,452)	(1,525)	(1,647)
<b>Operating EBIT</b>	<b>2,420</b>	<b>4,088</b>	<b>4,459</b>	<b>3,970</b>	<b>5,000</b>
Financial Income/(Expense)	(1,223)	(936)	(514)	(535)	(1,005)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	177	183	96	101	112
<b>Profit Before Tax (pre-EI)</b>	<b>1,374</b>	<b>3,336</b>	<b>4,040</b>	<b>3,536</b>	<b>4,106</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>1,374</b>	<b>3,336</b>	<b>4,040</b>	<b>3,536</b>	<b>4,106</b>
Taxation	(508)	(1,194)	(1,407)	(1,266)	(1,470)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>866</b>	<b>2,142</b>	<b>2,633</b>	<b>2,270</b>	<b>2,636</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>866</b>	<b>2,142</b>	<b>2,633</b>	<b>2,270</b>	<b>2,636</b>
Recurring Net Profit	866	2,142	2,633	2,270	2,636
<b>Fully Diluted Recurring Net Profit</b>	<b>866</b>	<b>2,142</b>	<b>2,633</b>	<b>2,270</b>	<b>2,636</b>

### Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>3,829</b>	<b>5,507</b>	<b>5,911</b>	<b>5,494</b>	<b>6,647</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	186	(1,939)	51	703	412
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	177	183	96	101	112
Other Operating Cashflow	(358)	3,734	(962)	(962)	(962)
Net Interest (Paid)/Received	(1,223)	(936)	(514)	(535)	(1,005)
Tax Paid	307	590	658	(1,266)	(1,470)
<b>Cashflow From Operations</b>	<b>2,918</b>	<b>7,141</b>	<b>5,239</b>	<b>3,536</b>	<b>3,733</b>
Capex	(766)	(507)	(525)	(7,500)	(13,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	34	(1,109)	1,227	(7,102)	(5,500)
<b>Cash Flow From Investing</b>	<b>(732)</b>	<b>(1,615)</b>	<b>702</b>	<b>(14,602)</b>	<b>(18,500)</b>
Debt Raised/(repaid)	(667)	(4,333)	(4,935)	5,000	9,200
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(185)	(307)	(512)	(227)	(264)
Preferred Dividends					
Other Financing Cashflow	(1,206)	(881)	(414)	6,605	6,198
<b>Cash Flow From Financing</b>	<b>(2,059)</b>	<b>(5,521)</b>	<b>(5,861)</b>	<b>11,378</b>	<b>15,135</b>
Total Cash Generated	127	4	80	311	367
<b>Free Cashflow To Equity</b>	<b>1,518</b>	<b>1,192</b>	<b>1,007</b>	<b>(6,066)</b>	<b>(5,567)</b>
<b>Free Cashflow To Firm</b>	<b>3,408</b>	<b>6,461</b>	<b>6,455</b>	<b>(10,532)</b>	<b>(13,762)</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-22A</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Total Cash And Equivalents	360	1,512	538	849	1,217
Total Debtors	1,618	1,102	1,273	1,292	1,349
Inventories	2,366	1,705	1,866	1,963	2,114
Total Other Current Assets	503	535	652	716	788
<b>Total Current Assets</b>	<b>4,847</b>	<b>4,854</b>	<b>4,329</b>	<b>4,820</b>	<b>5,468</b>
Fixed Assets	22,715	22,073	21,151	27,127	38,480
Total Investments			42	42	42
Intangible Assets	668	413	398	7,500	13,000
Total Other Non-Current Assets	768	781	576	576	576
<b>Total Non-current Assets</b>	<b>24,151</b>	<b>23,266</b>	<b>22,167</b>	<b>35,244</b>	<b>52,098</b>
Short-term Debt	3		1,617	2,617	3,817
Current Portion of Long-Term Debt					
Total Creditors	1,764	1,844	2,310	2,561	2,745
Other Current Liabilities	2,155	2,868	2,801	3,432	3,940
<b>Total Current Liabilities</b>	<b>3,921</b>	<b>4,712</b>	<b>6,727</b>	<b>8,610</b>	<b>10,502</b>
Total Long-term Debt	12,261	7,966	1,480	5,480	13,480
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,632	2,383	3,034	8,904	14,404
<b>Total Non-current Liabilities</b>	<b>13,893</b>	<b>10,349</b>	<b>4,514</b>	<b>14,384</b>	<b>27,884</b>
Total Provisions					
<b>Total Liabilities</b>	<b>17,814</b>	<b>15,062</b>	<b>11,242</b>	<b>22,994</b>	<b>38,386</b>
Shareholders Equity	11,184	13,059	15,254	17,070	19,179
Minority Interests					
<b>Total Equity</b>	<b>11,184</b>	<b>13,059</b>	<b>15,254</b>	<b>17,070</b>	<b>19,179</b>

<b>Key Ratios</b>					
	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22A</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Revenue Growth	(4.0%)	(4.0%)	17.3%	9.5%	10.0%
Operating EBITDA Growth	22.7%	43.8%	7.3%	(7.0%)	21.0%
Operating EBITDA Margin	15.8%	23.7%	21.7%	18.4%	20.2%
Net Cash Per Share (Rs)	(58.10)	(31.50)	(12.49)	(35.37)	(78.49)
BVPS (Rs)	54.59	63.74	74.46	83.32	93.62
Gross Interest Cover	1.98	4.37	8.67	7.42	4.97
Effective Tax Rate	37.0%	35.8%	34.8%	35.8%	35.8%
Net Dividend Payout Ratio	21.4%	14.3%	19.5%	20.0%	20.0%
Accounts Receivables Days	25.72	21.36	15.90	15.69	14.68
Inventory Days	31.84	31.97	23.92	23.41	22.66
Accounts Payables Days	32.48	37.13	35.52	36.50	36.97
ROIC (%)	9.8%	18.7%	21.4%	12.0%	10.1%
ROCE (%)	10.3%	18.4%	22.6%	18.2%	16.2%
Return On Average Assets	7.2%	10.8%	11.5%	8.4%	7.5%

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.