# Birla Corporation

| | |
|---|---|
| Estimate change | ⟷ |
| TP change | ⟷ |
| Rating change | ⟷ |

| | |
|---|---|
| Bloomberg | BCORP IN |
| Equity Shares (m) | 77 |
| M.Cap.(INRb)/(USDb) | 61.7 / 0.6 |
| 52-Week Range (INR) | 1246 / 756 |
| 1, 6, 12 Rel. Per (%) | -8/-10/-23 |
| 12M Avg Val (INR M) | 91 |

**Financial Snapshot (INR b)**

| Y/E MARCH | FY26 | FY27E | FY28E |
|---|---|---|---|
| Sales | 96.6 | 104.0 | 110.9 |
| EBITDA | 14.5 | 12.4 | 15.5 |
| Adj. PAT | 5.6 | 3.8 | 5.5 |
| EBITDA Margin (%) | 15.1 | 11.9 | 13.9 |
| Adj. EPS (INR) | 72.7 | 49.0 | 71.6 |
| EPS Gr. (%) | 72.2 | -32.7 | 46.2 |
| BV/Sh. (INR) | 956 | 993 | 1,052 |
| **Ratios** | | | |
| Net D:E | 0.3 | 0.3 | 0.4 |
| RoE (%) | 7.8 | 5.0 | 7.0 |
| RoCE (%) | 6.3 | 4.9 | 6.2 |
| Payout (%) | 17 | 26 | 17 |
| **Valuations** | | | |
| P/E (x) | 11.0 | 16.4 | 11.2 |
| P/BV (x) | 0.8 | 0.8 | 0.8 |
| EV/EBITDA(x) | 5.4 | 6.2 | 5.6 |
| EV/ton (USD) | 38 | 38 | 38 |
| Div. Yield (%) | 1.6 | 1.6 | 1.6 |

**Shareholding Pattern (%)**

| As of | Sep-26 | Jun-26 | Sep-25 |
|---|---|---|---|
| Promoter | 62.9 | 62.9 | 62.9 |
| DII | 16.6 | 17.0 | 15.8 |
| FII | 6.0 | 6.1 | 6.7 |
| Others | 14.6 | 14.0 | 14.6 |

FII includes depository receipts

**CMP: INR801 TP: INR1,100 (+37%) Buy**

## In-line EBITDA; cautions near-term demand outlook

### Modest pricing recovery; cost inflation weighs on margin

- Birla Corp. (BCORP)'s 2QFY27 operating performance was in line. Revenue grew ~9% YoY to INR24.2b; however, EBITDA declined ~25% YoY to INR2.3b. OPM contracted 4.4pp YoY to ~9%. EBITDA/t dipped ~30% YoY to INR502 (est. INR483). Adj. PAT declined ~59% YoY to INR375m (~48% beat, led by lower-than-estimated depreciation).
- Management indicated that pricing improved MoM in Oct'26 in the trade segment. However, recovery remains modest and its sustainability is uncertain amid intense competition. BCORP remains cautious on near-term demand, given deficient rainfall and drought-like conditions in parts of Maharashtra and Rajasthan, and potential disruptions from upcoming state elections in Uttar Pradesh. Fuel cost is estimated to increase by ~INR100/t QoQ in 3QFY27, with fuel cost rising to INR2.00-2.05/Kcal from INR1.81/Kcal in 2QFY27. To mitigate the higher fuel cost impact, it is increasing the green power share and ramping up production at its captive coal mine.
- We broadly retain our earnings estimates for FY27/FY28. We value the stock at 7x FY28E EV/EBITDA to arrive at our TP of INR1,100. **Reiterate BUY.**

### Volume rises ~7% YoY; cement realization up ~2% YoY (flat QoQ)

- Consol. revenue/EBITDA/adj PAT stood at INR24.2b/INR2.3b/INR375m (+9%/-25%/-59% YoY and +6%/+7%/+48% vs. estimates). Sales volumes rose 7% YoY to 4.5mt (+3% vs. estimate). OPM contracted 4.4pp YoY to ~9%.
- Opex/t rose ~8% YoY to INR4,819 led by ~18%/4%/1% increase in variable costs/other expenses/freight expenses per ton. However, staff cost/t declined ~5% YoY. EBITDA/t declined ~30% YoY to INR502. Depreciation increased 3% YoY, while interest costs declined ~5% YoY. Other income fell ~4% YoY. ETR stood at ~27.9% vs. 30.9% in 2QFY26.
- In 1HFY27, revenue/EBITDA/PAT stood at INR50.6b/ INR5.7b/INR1.5b (+9%/-13%/-27% YoY). OPM contracted 2.7pp YoY to ~11%. EBITDA/t declined 18% YoY to INR594. OCF stood at INR1.3b vs. INR2.1b in 1HFY26. Capex stood at INR3.1b vs. INR2.2b in 1HFY26. Net cash outflow stood at INR1.8b vs. INR105m in 1HFY26.

### Highlights from the management commentary

- BCORP indicated that demand remained mixed across key markets, with earlier flood-related disruptions in Bihar and eastern UP gradually receding. However, deficient rainfall has resulted in drought-like conditions in parts of Maharashtra and Rajasthan, which could weigh on cement demand.
- Pricing pressure has extended beyond the mass-market segment to premium/A-category cement, with leading players diluting price premiums to defend market share. Industry consolidation has not translated into meaningful pricing improvement, particularly in Central India.

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- It reiterated its earlier commissioning timelines for the upcoming capacity expansion, with the next major capacity addition estimated in FY29E.

## Valuation and view

- BCORP's 2QFY27 operating performance was in line with our estimates as higher-than-estimated opex/t was offset by higher-than-estimated volume and realization. Modest price hikes in the company's core market of Central India, amid heightened competition and elevated fuel costs, are likely to keep margins under pressure in the near term. Further, volume growth is estimated to be subdued over FY27-28 as the company is already operating at optimum utilization and a new capacity addition is expected in FY29.
- We estimate a revenue/EBITDA CAGR of ~7%/3% over FY26-28. We project EBITDA/t at INR631/INR742 in FY27/FY28E vs. INR777 in FY26. We expect the company's net debt to increase to INR29.3b by FY28E from INR20.8b in FY26 and the net debt-to-EBITDA ratio to increase to 1.9x from 1.4x in FY26. BCORP trades at 6.2x/5.6x FY27E/FY28E EV/EBITDA (vs. its long-term one-year forward average EV/EBITDA of 8.4x). We value the stock at 7x FY28E EV/EBITDA to arrive at our TP of INR1,100. **Reiterate BUY.**

**Consolidated performance** **(INR b)**

| Y/E March | FY26 | | | | FY27E | | | | FY26 | FY27 | FY27 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| Cement Sales (MT) | 4.8 | 4.3 | 4.2 | 5.5 | 5.1 | 4.5 | 4.4 | 5.6 | 18.7 | 19.7 | 4.4 | 3 |
| YoY Change (%) | 9.1 | 7.1 | (5.6) | 3.8 | 5.6 | 6.8 | 5.0 | 3.2 | 3.5 | 5.0 | 4.0 | |
| Cement Realization | 4,899 | 4,878 | 4,791 | 4,984 | 4,981 | 4,968 | 5,128 | 5,141 | 4,892 | 5,057 | 4,891 | 2 |
| YoY Change (%) | 1.2 | 3.3 | (0.4) | (2.8) | 1.7 | 1.8 | 7.0 | 3.2 | 0.0 | 3.4 | 0.3 | |
| QoQ Change (%) | (4.4) | (0.4) | (1.8) | 4.0 | (0.1) | (0.2) | 3.2 | 0.2 | | | (1.8) | |
| **Net Sales** | **24.5** | **22.1** | **21.6** | **28.4** | **26.5** | **24.2** | **23.9** | **29.6** | **96.6** | **104.0** | **22.9** | **6** |
| YoY Change (%) | 12.0 | 13.0 | (4.3) | 0.8 | 7.8 | 9.5 | 10.6 | 4.2 | 4.8 | 7.7 | 3.6 | |
| Total Expenditure | 21.1 | 19.0 | 18.7 | 23.3 | 23.0 | 21.9 | 21.2 | 25.5 | 82.0 | 91.6 | 20.7 | 6 |
| **EBITDA** | **3.5** | **3.0** | **2.9** | **5.1** | **3.4** | **2.3** | **2.7** | **4.0** | **14.5** | **12.4** | **2.1** | **7** |
| Margin (%) | 14.1 | 13.8 | 13.6 | 18.0 | 12.9 | 9.4 | 11.2 | 13.6 | 15.1 | 11.9 | 9.3 | 8 |
| YoY Change (%) | 34.3 | 72.1 | 18.0 | -4.4 | -1.3 | -25.3 | -8.8 | -21.0 | 19.5 | -14.7 | -29.9 | |
| Depreciation | 1.3 | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 | 5.3 | 5.7 | 1.4 | (4) |
| Interest | 0.7 | 0.7 | 0.7 | 0.6 | 0.7 | 0.6 | 0.7 | 0.7 | 2.6 | 2.7 | 0.6 | (1) |
| Other Income | 0.3 | 0.3 | 0.2 | 0.4 | 0.2 | 0.3 | 0.3 | 0.3 | 1.2 | 1.0 | 0.3 | (10) |
| **Profit before Tax** | **1.8** | **1.3** | **1.1** | **3.5** | **1.6** | **0.5** | **0.8** | **2.1** | **7.8** | **5.1** | **0.3** | **53** |
| EO (Income)/Expense | - | - | 0.3 | (0.5) | - | - | - | - | (0.2) | - | - | |
| **Profit before Tax after EO** | **1.8** | **1.3** | **0.8** | **4.1** | **1.6** | **0.5** | **0.8** | **2.1** | **7.9** | **5.1** | **0.3** | **23** |
| Tax | 0.6 | 0.4 | 0.3 | 1.1 | 0.4 | 0.1 | 0.2 | 0.5 | 2.4 | 1.3 | 0.1 | |
| Rate (%) | 32.6 | 30.9 | 33.8 | 27.5 | 25.7 | 27.9 | 25.5 | 25.2 | 29.8 | 25.7 | 25.7 | |
| **Reported PAT** | **1.2** | **0.9** | **0.5** | **2.9** | **1.2** | **0.4** | **0.6** | **1.6** | **5.6** | **3.8** | **0.3** | **48** |
| **Adj. PAT** | **1.2** | **0.9** | **0.8** | **2.7** | **1.2** | **0.4** | **0.6** | **1.6** | **5.6** | **3.8** | **0.3** | **48** |
| Margin (%) | 4.9 | 4.1 | 3.5 | 9.7 | 4.4 | 1.6 | 2.6 | 5.4 | 5.8 | 3.6 | 1.1 | |
| YoY Change (%) | 266.6 | NM | 141.6 | (4.1) | (3.2) | (58.6) | (16.1) | (41.5) | 72.2 | (32.7) | (72.0) | |
| | | | | | | | | | | | | |
| **Per ton analysis (INR)** | | | | | | | | | | | | |
| **Blended Realization** | **5,134** | **5,192** | **5,103** | **5,204** | **5,240** | **5,320** | **5,373** | **5,254** | **5,158** | **5,293** | **5,170** | **3** |
| YoY Change (%) | 2.7 | 5.6 | 1.3 | (2.9) | 2.1 | 2.5 | 5.3 | 1.0 | 1.2 | 2.6 | (0.4) | |
| Raw Material | 965 | 649 | 591 | 911 | 871 | 897 | 907 | 810 | 792 | 868 | 851 | 5 |
| Staff Cost | 318 | 357 | 350 | 243 | 308 | 338 | 351 | 280 | 312 | 317 | 351 | (4) |
| Power and Fuel | 825 | 1,052 | 1,049 | 861 | 950 | 1,115 | 1,120 | 1,147 | 937 | 1,083 | 1,050 | 6 |
| Transport and Forwarding | 1,348 | 1,299 | 1,336 | 1,314 | 1,343 | 1,310 | 1,335 | 1,330 | 1,323 | 1,330 | 1,300 | 1 |
| Other Exp. | 953 | 1,119 | 1,086 | 939 | 1,091 | 1,159 | 1,060 | 970 | 1,022 | 1,065 | 1,135 | 2 |
| **Total Expenditure** | **4,409** | **4,474** | **4,412** | **4,268** | **4,563** | **4,819** | **4,772** | **4,537** | **4,387** | **4,662** | **4,687** | **3** |
| **EBITDA** | **725** | **717** | **692** | **936** | **678** | **502** | **601** | **717** | **777** | **631** | **483** | **4** |

Source: Company, MOFSL Estimates




## Highlights from the management commentary

### Demand and pricing

- BCORP indicated that demand remained mixed across key markets, with earlier flood-related disruptions in Bihar and eastern UP gradually receding. However, deficient rainfall has resulted in drought-like conditions in parts of Maharashtra and Rajasthan, which could weigh on cement demand. Water scarcity remains particularly acute in parts of Maharashtra and southern Rajasthan.
- Upcoming UP elections could temporarily impact demand, particularly in the non-trade segment, due to potential disruptions following the implementation of the Model Code of Conduct. Gujarat is expected to remain relatively resilient, supported by a revival in infrastructure activity, while demand in Rajasthan is expected to hold up despite drought conditions.
- It operated at a capacity utilization of ~85% in 2QFY27, with the potential to ramp up to ~90%-95%, v/s with sub-~70% utilization levels for several larger industry players.
- It remained cautious on the near-term demand outlook, citing uncertainties around weather conditions, elections and overall economic activity. The previously indicated FY27 volume guidance of 20mt was not revised.

### Pricing and realization

- Pricing pressure has extended beyond the mass-market segment to premium/A-category cement, with leading players diluting price premiums to defend market share. Industry consolidation has not translated into meaningful pricing improvement, particularly in Central India.
- Its higher exposure to trade sales and blended cement makes it more vulnerable to weak trade pricing, limiting the benefit from the recent recovery in non-trade prices. Non-trade prices, which had declined sharply earlier, witnessed some correction towards the end of the previous quarter, supporting market stabilization.
- October witnessed some improvement in trade prices, with increases of INR5-7/bag, however. It cautioned that the recovery remains modest and its sustainability is uncertain amid prevailing competitive intensity.
- It continued to focus on premiumization across its core markets, including improving premium product penetration in Rajasthan. In Maharashtra, it consciously reduced lead distances and focused on strengthening market share in proximate markets, particularly Vidarbha, Marathwada and Khandesh.
- It indicated that the extent of further price increases would depend on demand recovery and pricing discipline among large players. While manufacturers are attempting to pass on cost increases, continued market-share ambitions could limit pricing discipline. INR5-10/bag increases during the high season could help recover incremental costs, although recovery of earlier EBITDA losses remains uncertain.
- Government incentives accrued during 2QFY27 stood at INR300m, taking H1FY27 accruals to INR630m. Outstanding incentive receivables stood at INR5.4b in Sept'26. No incentive payments were received during the quarter.
- The matter concerning withdrawal of industrial incentives by the previous West Bengal government remains pending. It expressed optimism that the new state

government would adopt a more industry-friendly approach, although no resolution was indicated.

## Operational performance

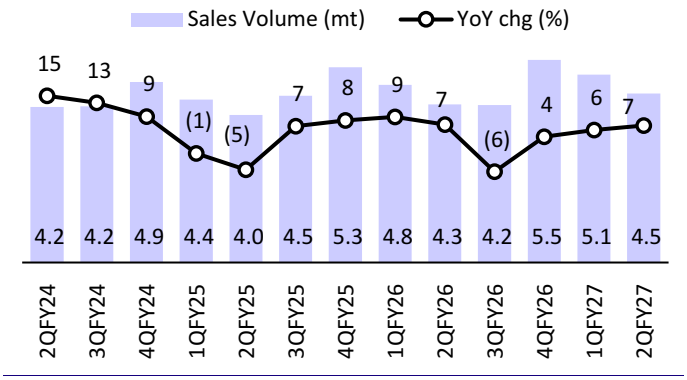
- Its operating performance was affected by carry-forward shutdowns at one of its units, resulting in production shortfalls and third-party clinker purchases. This impacted profitability during the quarter.
- Cost inflation was primarily driven by higher fuel and packing material costs. Fuel costs increased sharply due to higher petcoke/imported fuel prices amid geopolitical developments and elevated domestic coal prices following monsoon-related flooding at Coal India mines and preferential coal allocation to the power sector.
- While some cost benefits were derived from captive coal operations, including commencement of supplies from the Vikram mine, overall cost inflation remained elevated. Third-party clinker procurement to compensate for production shortfalls further affected cost performance.
- It indicated that fuel costs are expected to increase by INR100/t in 3QFY27. No near-term respite is expected in imported fuel prices, while domestic coal prices could moderate in 4QFY27 as power demand declines and coal availability improves. Packing material costs stood at INR240/t in 2QFY27 v/s with INR269/t in 1QFY27.
- Cost optimization efforts remain focused on increasing captive coal production from Vikram, improving renewable power usage and enhancing AFR consumption. Renewable power contribution stood at ~32% in 2QFY27, with the company targeting ~45% over the next one year, supported by planned projects and initiatives.
- It is also increasing AFR usage across plants and optimizing its fuel and RM mix. Captive coal utilization is expected to increase across its northern and central operations as well as Rajasthan, depending on prevailing fuel prices and cost economics.

## Other highlights

- It reiterated its earlier commissioning timelines for the upcoming capacity expansion, with the next major capacity addition estimated in FY29E.
- The Vikram captive coal mine commenced operations during the quarter, with production expected to ramp up progressively. Initial production comprised lower-grade coal, which could primarily be utilized in power plants. It is now working towards extracting higher-grade coal suitable for kiln consumption, which would help replace higher-cost fuel.
- Captive coal is expected to meet ~15% of the company's coal requirements in FY27. It indicated that captive coal was ~22%-25% cheaper than prevailing market prices, apart from providing consistent quality.

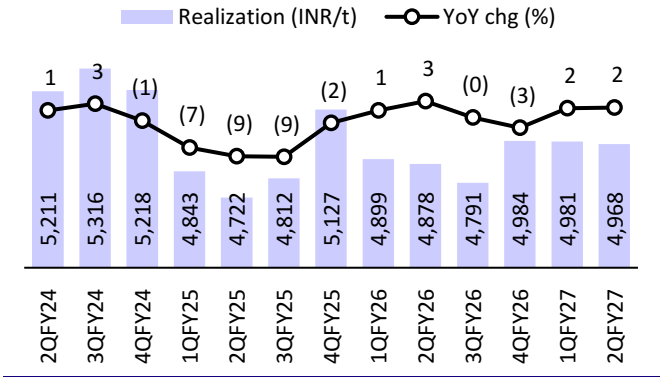
# Story in charts

**Exhibit 1: Sales volume increased ~7% YoY**



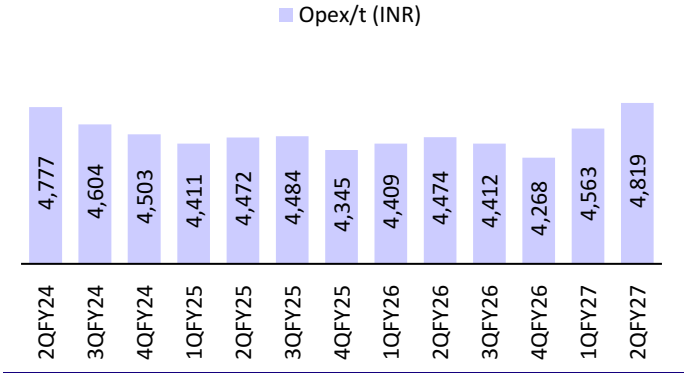

Source: Company, MOFSL

**Exhibit 2: Cement realization improved 2% YoY (flat QoQ)**



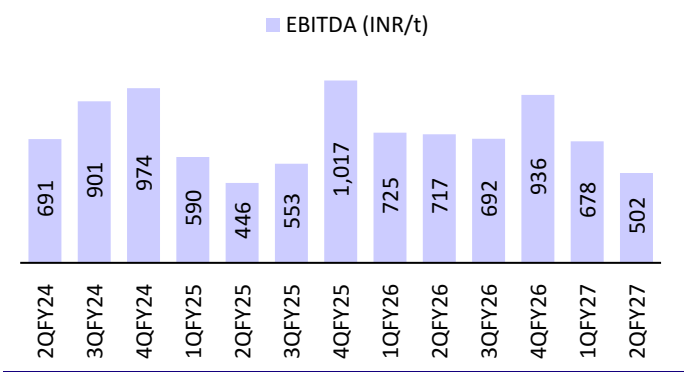

Source: Company, MOFSL

**Exhibit 3: Opex/t increased ~8% YoY**




Source: Company, MOFSL

**Exhibit 4: EBITDA/t declined 30% YoY (down 26% QoQ)**



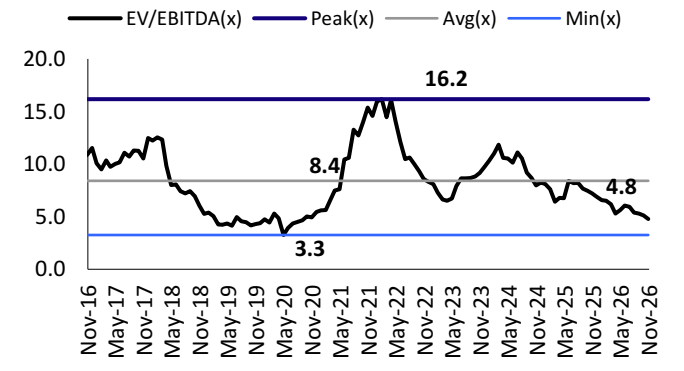

Source: Company, MOFSL

**Exhibit 5: Key performance indicators – per ton analysis**

| INR/t | 2QFY27 | 2QFY26 | YoY (%) | 1QFY27 | QoQ (%) |
|---|---|---|---|---|---|
| **Blended Realization** | **5,320** | **5,192** | **2** | **5,240** | **2** |
| RM Costs | 897 | 649 | 38 | 871 | 3 |
| Employee Expenses | 338 | 357 | (5) | 308 | 10 |
| Power and Fuel | 1,115 | 1,052 | 6 | 950 | 17 |
| Freight and Handling Outward | 1,310 | 1,299 | 1 | 1,343 | (2) |
| Other Expenses | 1,159 | 1,119 | 4 | 1,091 | 6 |
| **Total Expenses** | **4,819** | **4,474** | **8** | **4,563** | **6** |
| **EBITDA** | **502** | **717** | **(30)** | **678** | **(26)** |

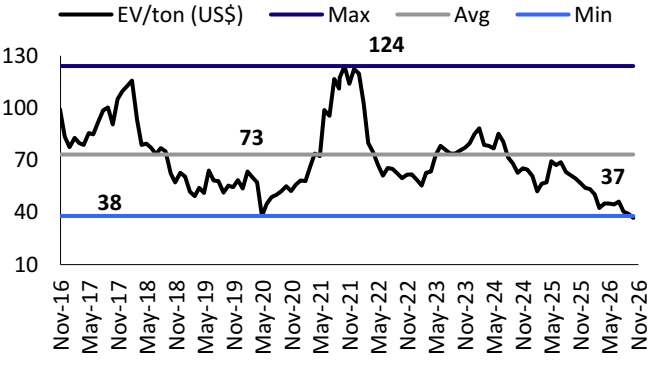
Source: Company, MOFSL

**Exhibit 6: One-year forward EV/EBITDA trend**




Source: Company, MOFSL

**Exhibit 7: One-year forward EV/t trend**




Source: Company, MOFSL

# Financials and valuations

| Consolidated Income Statement | | | | | | | | (INR m) |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** |
| **Net Sales** | **67,855** | **74,612** | **86,823** | **96,627** | **92,145** | **96,556** | **1,04,036** | **1,10,882** |
| Change (%) | -1.9 | 10.0 | 16.4 | 11.3 | -4.6 | 4.8 | 7.7 | 6.6 |
| Total Expenditure | 54,163 | 63,512 | 79,103 | 82,251 | 79,973 | 82,012 | 91,635 | 95,414 |
| **EBITDA** | **13,691** | **11,100** | **7,720** | **14,376** | **12,172** | **14,544** | **12,401** | **15,468** |
| Margin (%) | 20.2 | 14.9 | 8.9 | 14.9 | 13.2 | 15.1 | 11.9 | 13.9 |
| Depreciation | 3,708 | 3,969 | 5,099 | 5,783 | 5,719 | 5,318 | 5,656 | 6,030 |
| **EBIT** | **9,984** | **7,131** | **2,621** | **8,593** | **6,454** | **9,226** | **6,744** | **9,438** |
| Int. and Finance Charges | 2,963 | 2,427 | 3,387 | 3,717 | 3,271 | 2,645 | 2,718 | 3,216 |
| Other Income - Rec. | 673 | 988 | 1,131 | 856 | 979 | 1,170 | 1,049 | 1,197 |
| **PBT after EO** | **8,375** | **5,421** | **431** | **5,799** | **3,779** | **7,947** | **5,075** | **7,418** |
| Change (%) | 22.9 | -35.3 | -92.0 | 1,245.2 | -34.8 | 110.3 | -36.1 | 46.2 |
| Tax | 2,074 | 1,435 | 26 | 1,594 | 826 | 2,371 | 1,303 | 1,904 |
| Tax Rate (%) | 24.8 | 26.5 | 6.1 | 27.5 | 21.9 | 29.8 | 25.7 | 25.7 |
| **Reported PAT** | **6,301** | **3,986** | **405** | **4,206** | **2,952** | **5,576** | **3,772** | **5,514** |
| Extra-Ordinary Expenses | -681 | 271 | -67 | -68 | 384 | -196 | 0 | 0 |
| **PAT Adjusted for EO Items** | **5,460** | **4,200** | **361** | **4,158** | **3,252** | **5,602** | **3,772** | **5,514** |
| Change (%) | 8.1 | -23.1 | -91.4 | 1,052.2 | -21.8 | 72.2 | -32.7 | 46.2 |
| Margin (%) | 8.0 | 5.6 | 0.4 | 4.3 | 3.5 | 5.8 | 3.6 | 5.0 |

| Balance Sheet | | | | | | | | (INR m) |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** |
| Equity Share Capital | 770 | 770 | 770 | 770 | 770 | 770 | 770 | 770 |
| Reserves | 54,090 | 59,718 | 59,038 | 65,968 | 69,381 | 72,877 | 75,687 | 80,238 |
| **Net Worth** | **54,860** | **60,488** | **59,808** | **66,738** | **70,151** | **73,647** | **76,457** | **81,008** |
| Loans | 40,464 | 42,080 | 43,497 | 37,697 | 33,633 | 32,753 | 34,253 | 43,253 |
| Deferred Liabilities | 8,668 | 9,722 | 9,712 | 11,042 | 10,401 | 10,276 | 10,276 | 10,276 |
| **Capital Employed** | **1,03,992** | **1,12,291** | **1,13,017** | **1,15,477** | **1,14,185** | **1,16,675** | **1,20,985** | **1,34,536** |
| Gross Block | 91,087 | 97,586 | 1,25,338 | 1,30,596 | 1,33,760 | 1,39,309 | 1,45,809 | 1,63,809 |
| Less: Accum. Deprn. | 17,852 | 21,821 | 26,920 | 32,703 | 38,422 | 43,740 | 49,396 | 55,427 |
| **Net Fixed Assets** | **73,235** | **75,765** | **98,418** | **97,893** | **95,338** | **95,569** | **96,413** | **1,08,383** |
| Capital WIP | 21,048 | 25,511 | 3,576 | 4,805 | 5,605 | 4,709 | 5,000 | 5,000 |
| Investments | 7,526 | 10,093 | 8,683 | 12,881 | 14,534 | 16,475 | 16,475 | 16,475 |
| **Curr. Assets** | **27,147** | **27,147** | **30,042** | **28,783** | **27,832** | **28,347** | **33,668** | **37,198** |
| Inventory | 8,101 | 8,200 | 10,616 | 9,646 | 9,670 | 11,035 | 11,890 | 12,672 |
| Account Receivables | 2,795 | 3,028 | 3,233 | 4,149 | 3,391 | 3,166 | 4,161 | 4,435 |
| Cash and Bank Balance | 1,773 | 1,380 | 2,183 | 1,592 | 1,265 | 1,349 | 2,992 | 3,388 |
| Others | 14,479 | 14,539 | 14,010 | 13,396 | 13,506 | 12,797 | 14,624 | 16,702 |
| **Curr. Liability and Prov.** | **24,964** | **26,225** | **27,703** | **28,884** | **29,124** | **28,425** | **30,570** | **32,519** |
| Account Payables | 24,230 | 25,453 | 26,797 | 27,924 | 28,361 | 27,479 | 29,608 | 31,556 |
| Provisions | 734 | 772 | 906 | 960 | 763 | 946 | 963 | 963 |
| **Net Current Assets** | **2,184** | **922** | **2,340** | **-102** | **-1,292** | **-78** | **3,097** | **4,679** |
| **Appl. of Funds** | **1,03,992** | **1,12,291** | **1,13,017** | **1,15,477** | **1,14,185** | **1,16,675** | **1,20,985** | **1,34,536** |

Source: Company, MOFSL Estimates

# Financials and valuations

| Ratios | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** |
| **Basic (INR)** | | | | | | | | |
| **EPS** | **70.9** | **54.5** | **4.7** | **54.0** | **42.2** | **72.7** | **49.0** | **71.6** |
| Cash EPS | 119 | 106 | 71 | 129 | 116 | 142 | 122 | 150 |
| BV/Share | 712 | 785 | 777 | 867 | 911 | 956 | 993 | 1,052 |
| DPS | 10.0 | 10.0 | 2.5 | 10.0 | 10.0 | 12.5 | 12.5 | 12.5 |
| Payout (%) | 12.2 | 19.3 | 47.5 | 18.3 | 26.1 | 17.3 | 25.5 | 17.5 |
| **Valuation (x)** | | | | | | | | |
| P/E | 11.3 | 14.7 | 171.2 | 14.9 | 19.0 | 11.0 | 16.4 | 11.2 |
| Cash P/E | 6.7 | 7.6 | 11.3 | 6.2 | 6.9 | 5.7 | 6.6 | 5.4 |
| P/BV | 1.1 | 1.0 | 1.0 | 0.9 | 0.9 | 0.8 | 0.8 | 0.8 |
| EV/Sales | 1.1 | 1.0 | 1.1 | 0.9 | 0.9 | 0.8 | 0.7 | 0.8 |
| EV/EBITDA | 5.5 | 6.4 | 12.3 | 6.1 | 6.7 | 5.4 | 6.2 | 5.6 |
| EV/t - Cap (USD) | 51 | 46 | 49 | 45 | 42 | 38 | 38 | 38 |
| Dividend Yield (%) | 1.2 | 1.2 | 0.3 | 1.2 | 1.2 | 1.6 | 1.6 | 1.6 |
| **Return Ratios (%)** | | | | | | | | |
| RoE | 10.6 | 7.3 | 0.6 | 6.6 | 4.8 | 7.8 | 5.0 | 7.0 |
| RoCE | 7.9 | 5.5 | 3.1 | 6.0 | 5.1 | 6.3 | 4.9 | 6.2 |
| RoIC | 10.3 | 7.0 | 2.8 | 6.4 | 5.3 | 6.9 | 5.3 | 6.8 |
| **Working Capital Ratios** | | | | | | | | |
| Inventory (Days) | 44 | 40 | 45 | 36 | 38 | 42 | 42 | 42 |
| Debtor (Days) | 15 | 15 | 14 | 16 | 13 | 12 | 15 | 15 |
| Working Capital Turnover (Days) | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 0.8 |
| **Leverage Ratio** | | | | | | | | |
| Current ratio | 1.1 | 1.0 | 1.1 | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 |
| Debt/Equity (x) | 0.7 | 0.7 | 0.7 | 0.6 | 0.5 | 0.4 | 0.4 | 0.5 |

| Cash Flow Statement | | | | | | | | (INR m) |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** |
| OP/(Loss) before Tax | 7,126 | 5,378 | 431 | 5,799 | 3,779 | 7,685 | 5,075 | 7,418 |
| Depreciation | 3,708 | 3,969 | 5,099 | 5,783 | 5,719 | 5,318 | 5,656 | 6,030 |
| Interest and Finance Charges | 2,963 | 2,427 | 3,387 | 3,717 | 3,271 | 2,645 | 2,718 | 3,216 |
| Direct Taxes Paid | -843 | -610 | -508 | -751 | -723 | -1,754 | -1,303 | -1,904 |
| (Inc.)/Dec. in WC | -201 | -2 | 280 | 2,021 | 4,740 | -4,109 | -1,532 | -1,186 |
| **CF from Operations** | **12,752** | **11,162** | **8,689** | **16,570** | **16,784** | **9,786** | **10,616** | **13,574** |
| Others | 532 | -770 | -634 | -376 | -90 | -281 | 0 | 0 |
| **CF from Operating incl. EO** | **13,284** | **10,392** | **8,055** | **16,195** | **16,695** | **9,504** | **10,616** | **13,574** |
| (Inc.)/Dec. in FA | -8,028 | -7,762 | -6,263 | -5,255 | -4,436 | -4,673 | -6,791 | -18,000 |
| **Free Cash Flow** | **5,256** | **2,629** | **1,791** | **10,939** | **12,259** | **4,832** | **3,824** | **-4,426** |
| (Pur.)/Sale of Investments | 2,438 | -1,269 | 1,595 | -1,053 | -861 | -3,377 | 0 | 0 |
| Others | -1,699 | 950 | 601 | -786 | -3,498 | 3,055 | 0 | 0 |
| **CF from Investments** | **-7,289** | **-8,082** | **-4,068** | **-7,094** | **-8,795** | **-4,995** | **-6,791** | **-18,000** |
| Issue of Shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inc./(Dec.) in Debt | -2,252 | 1,246 | 980 | -5,998 | -4,303 | -1,123 | 1,500 | 9,000 |
| Interest Paid | -3,493 | -3,179 | -3,393 | -3,501 | -3,154 | -2,532 | -2,718 | -3,216 |
| Dividend Paid | -1,036 | -770 | -770 | -193 | -770 | -770 | -963 | -963 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CF from Fin. Activity** | **-6,781** | **-2,703** | **-3,183** | **-9,691** | **-8,227** | **-4,426** | **-2,181** | **4,821** |
| **Inc./Dec. in Cash** | **-786** | **-393** | **803** | **-591** | **-327** | **84** | **1,643** | **395** |
| Opening Balance | 2,559 | 1,772 | 1,380 | 2,183 | 1,592 | 1,265 | 1,349 | 2,992 |
| **Closing Balance** | **1,772** | **1,380** | **2,183** | **1,592** | **1,265** | **1,349** | **2,992** | **3,388** |

Source: Company, MOFSL estimates

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## NOTES

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|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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