

BUILDING MATERIALS

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Growing on a Better Foundation

- The organized building material expected to report healthy volume growth/earnings in CY22 with likely pick-up in housing sector
- Underlying demand remains strong owing to traction in real estate, fully operational major markets and market share gains from unorganized
- Top Picks: Greenpanel, Greenply, Century Plyboards, Somany Ceramics and Kajaria Ceramics

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Shift from unorganised to organised: post-covid, listed companies in the home decor industry have been in focus, especially for market share gains from their regional and smaller counterparts. Rising working capital needs and elevated raw material prices have put companies operating in the unorganised sectors in a tight spot at the peak of the pandemic, which benefitted larger companies.

Among the various segments of the home decor industry, wood panel makers would see higher growth than pipe and tile makers, driven by the consolidation theme.

In a sweet spot: The organised building material sector is in a sweet spot and likely to be on a strong comeback trail with branded companies expected to report healthy volume growth/earnings in CY22 driven by: 1) strong pent-up demand in renovation / refurbishment segment, 2) healthy real estate inventory absorption, 3) impressive pick-up in secondary sales in real estate sector post Covid, 4) Consolidation in real estate with the market share of large organised players increasing from 11.3% in FY17 to 24.9% in FY21, 5) increasing spends in infrastructure, 6) strong government push towards affordable housing projects like Pradhan Mantri Awas Yojana, 7) improved affordability due to low home interest rate, 8) increase in home improvement activity mainly due to rising WFH culture, 9) shift from unbranded to branded products led by improving compliance, 10) increase in occupation of premises, and 11) weakening competitive intensity in some categories.

Branded categories to gain: we expect growth recovery in CY22 to be led by: 1) the plumbing pipe segment (expectations of accelerated consolidation in PVC/CPVC pipes post Covid), 2) tile segment (driven by impressive market share gains from Morbi players who are incrementally focusing on exports post-Covid which has slowed down due to higher freight/container cost) and MDF (on the back of higher demand for modular furniture, and 3) expected increase in modular furniture shipments with India likely becoming a manufacturing hub replacing China.

Valuations. We upgrade Greenpanel, Greenply, Cera Sanitaryware to BUY, downgrade Supreme Ind. to HOLD, upgrade Astral to HOLD.

Recommendation snapshot

Ticker	Price	Target	Rating
ASTRA IN	2,391	2,465	HOLD
CPBI IN	650	735	HOLD
CRS IN	4,848	5,590	BUY
FNXP IN	194	220	HOLD
GREENP IN	476	595	BUY
KJC IN	1,364	1,460	HOLD
MTLM IN	215	260	BUY
PIDI IN	2,673	2,445	SELL
SI IN	2,266	2,535	HOLD
SOMC IN	920	1,140	BUY

Price & Target in Rupees | Price as of 19 Jan 2022



CY22 Outlook

We believe post demonetization and GST implementation; the large organised players will continue to gain market share from unorganised/regional players. This would further intensify post pandemic due to better supply chain management, prudent working capital management leading to a strong balance sheet, comfortable net debt equity ratios, ability to take price hike to combat rising raw material costs, and increasing preference of consumers toward branded national players. Going forward, we expect this will fuel the growth as demand revives.

Recovery in adhesives / construction chemicals, plywood and laminates (more dependent on growth in secondary real estate market or refurbishment/renovation demand) is likely to be more visible than in the sanitaryware segment, which derives a higher percentage of growth from new construction activities.

Ceramic Tiles

In 2020, India became the world's second-biggest ceramics exporter after China, surpassing Spain. India exported 445 mn square meters of ceramic tiles to 170 countries globally. While the ceramic tile category also derives high percentage of growth from new construction activities, the branded ceramic tile players are likely to witness impressive volume recovery driven by market share gains from the Morbi players who are focusing incrementally on exports, which has seen exponential surge post first wave of Covid. However, due to higher freight/container charges and also increase in raw material prices led a decline in exports from Morbi in 2021. We expect exports to pick-up in CY2022 led by declining raw-material prices and freight/container charges. However, power & fuel cost (mainly gas) forms ~25-30% of total cost which has been on a rising spree in 9MFY22. The tile companies have taken a price hike to mitigate the impact. Higher volumes, price hike and operating leverage have helped in margin expansion. Going forward, we expect gas prices to cool-off.

We believe, apart from Morbi, Organised players like Kajaria and Somany will benefit from the increasing pick-up in real-estate demand. These organized payers have created a strong brand via increasing A&P spend, prudent balance sheet management, enhanced distribution reach, strong pan India presence, product expansion in related field like sanitaryware & faucets, and product expansion in the premium category.

Wood panels

Gradual liquidation of high inventories in real estate sector resulting in higher rate of occupation of premises, and pent-up demand in renovation, would continue to aid recovery in the plywood/particleboard (PB)/laminates segment. Plywood is highly unorganized at ~75%, Particleboard at 90-95%, Laminates at ~30%.

India's MDF (Medium Density Fibreboard) market is highly organized and was at ~Rs 25bn in FY21, with domestic players contributing ~81% and imports the remaining. Plywood dominates consumption (75-80%) while MDF and PB form the rest and are outperforming plywood growth though on a low base. In the last 4-5 years however, MDF's acceptance has been growing given rising consumer preference for readymade furniture and reducing pricing differential vs. cheap plywood (now 7-8% vs. 15-17%

earlier). MDF category on the other hand is expected to report robust growth in CY22 led by: 1) increasing demand in India and rising export opportunities post Covid given no new international capacity and shut down of plants, 2) increasing replacement, and 3) import substitution on expected anti-dumping duty on thin MDF and likely countervailing duty on all MDF imports.

Underlying demand scenario for MDF continues to be strong due to a) high demand from OEMs given healthy demand for ready-made furniture.

As per Industry estimates by Techsci Research, India furniture market is anticipated to grow at CAGR of 6.04% during the forecast period to reach US \$32.75 bn by FY2027E from US \$23.33 bn in FY2021 on account of increasing disposable income, change in consumer preferences, and innovation in luxury product offerings.

Moreover, rapidly increasing urbanization and technological advancements are also driving the growth of the India furniture market. As per management interaction, Greenpanel and Century Ply both have taken required price hikes in MDF segment in order to negate the raw material cost inflation. Companies expect healthy demand momentum to continue over the medium term on the back of domestic demand growth and minimal MDF imports which should be able to absorb the capacity expansions. Further, greenfield MDF plant takes 18-24 months to commission. Many companies have announced new capacity expansion. Greenply: MDF capacity of 0.24mn-CBM (cubic meters) annual capacity in Gujarat by FY24. Century Plywoods: MDF capacity ~3x to 0.57mn-CBM through brownfield expansion in H1FY23 and a greenfield expansion in South India by H2FY24. And Greenpanel to set-up a MDF capacity from 0.56mn-CBM to 0.66mn-CBM by Q4FY22. We believe, Greenpanel is rightly paced to capitalise the near-term opportunity.

Major players in the industry currently are Greenpanel Industries (GREENP), Action Tesa, Century Plyboard (CPBI) and Rushil Décor.

Pipes

Accelerated consolidation in the PVC (polyvinyl chloride)/CPVC (chlorinated polyvinyl chloride) pipe segment post Covid, sustained replacement demand and opening up of opportunities in the underground drainage system and water storage tanks space in India, are likely major catalysts for branded plumbing pipe players in CY22. Demand scenario in Plumbing and SWR segment continues to be healthy as construction activity has picked up in all regions post the second wave of Covid-19. Further, the Government initiatives like Jal Jeevan Mission (JJM) and AMRUT will sustain growth for pipe industry; in our view. The irrigation sector is the key end-user segment for plastic pipes, accounting for 45-50% of demand.

In addition, the piping industry is witnessing a consolidation with organized market share on a rising trend due to higher raw-material prices. Further, the increasing brand preference and customer awareness will further strengthen the organized players widen their distribution channel and geographical expansion going forward.

About 55% of PVC resin, a key raw-material, is imported. However, post covid 19, due to supply disruption these RM has remained highly volatile and has recently dropped by

Rs25/kg to Rs136/kg due to sharp drop in global prices and weak demand from agri segment. However, the higher PVC prices helped organized players benefit due to prudent balance sheet and working capital cycle, thus gaining market share. H1FY22, many payers have benefitted due to the inventory gain and higher EBITDA/kg which will normalise going forward as the PVC prices have been correcting.

Sanitaryware

The sanitaryware category, which derives a high percentage growth from new construction activities in the real estate sector, may witness relatively slower recovery than the other building material categories. Renovations will drive demand in the replacement market across both individual household and commercial applications.

Adhesive/construction chemicals

As per the industry estimates, the Indian adhesives and sealants market is projected to reach USD 1,703.68 mn by 2026, growing at an estimated CAGR of 8.07% over the forecast period (2021-2026). Major factors are demand from the packaging industry and the growing construction. Increasing awareness and acceptance, rising demand for wooden furniture, and firm pent-up demand in maintenance and DIY (Do It Yourself) categories in particular would drive decent growth in CY22.

Recommendation

We maintain our positive bias in the wood panel and ceramic tiles sector on account of strong underlying demand coupled with stronger balance sheets. Our top picks are Greenpanel Industries (biggest beneficiary of MDF industry tailwinds), Century Plyboards (capital allocation towards high RoCE MDF business), Greenply Industries (revival in plywood and entry into MDF to propel growth), Somany Ceramics (margins to increase due to better product mix and low base) and Kajaria Ceramics (Resilient and compounding themes). We like Astral and Pidilite but current valuations are rich leaving limited upside potential; and hence we await a better entry point at this juncture.

Fig 1 – Ceramic Tile Category:

Companies	Investment hypothesis & Valuation	
Kajaria Ceramics (KJC)	<ol style="list-style-type: none"> 1) Ceramics is largely depended on real estate and replacement demand. Due to slowdown in real-estate, demonetisation, the company registered just 3.2% CAGR volume growth over FY16-FY21. 2) We expect demand to sustain in the near to medium term driven by: A) market share gains from Morbi in the domestic space with increasing focus on exports, B) sustained growth traction in tier-2 and above cities and towns, C) pick-up in new construction activity, D) increasing absorption of real-estate inventory, and E) increasing replacement demand, we expect Kajaria to report a volume growth of 16% over FY21-FY24E. 3) Despite increase in gas prices, we expect EBITDA margins to remain in the range of average 18.4% over FY21-FY24E largely driven by better volumes, price hikes, product mix improvement and partial sustenance of cost rationalisation measures. 4) Realisations are also likely to remain firm in H2FY22 largely on the back of stable pricing and better product mix. 5) Capex plans: (i) Gailpur plant – Rs 600mn capex, adding 4.2msm of capacity, (ii) Srikalahasti plant – Rs 1.1bn, adding 3.8msm of capacity, and (iii) Jaxx plant – Rs 800mn, adding 4.4msm of capacity. All the capex will be completed in Q4FY22. 6) We expect RoCE/RoE to remain healthy at 25.3%/27%, respectively in FY24E from 15.3%/17.2% in FY21 led by working capital discipline, growth revival and better operating margin. 7) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 18.9%/21.8%/23.5% respectively over FY21-FY24E to Rs46,847mn/Rs9,197mn/5,805mn. Our EPS in FY23E/FY24E is Rs29.6/Rs36.5 vs consensus estimate of Rs32.4/Rs38.9 per share, respectively. 8) Valuation & Recommendation: KJC trades at a PER of 37.3x FY24E compared to its five-year median of 40x, which is reasonable given the increasing volume expansion and healthy return ratios. We roll over our target multiple to 40x on FY24E on the back of its leadership role in the tile industry, strong growth prospects, pricing power, wide distribution reach, strong brand name, broad product profile, robust debt free balance sheet and robust return ratios. We valued KJC at 40x on FY24E to arrive at TP of Rs1,460 per share. We retain HOLD rating. 	
	Somany Ceramics (SOMC)	<ol style="list-style-type: none"> 1) Non-metros contribute ~80% of the company’s revenue and SOMC remains focused on tier-2/3/4/5 towns. 2) We expect demand to sustain in the near to medium term driven by: A) market share gains from Morbi in the domestic space with increasing focus on exports, B) sustained growth traction in tier-2 and above cities and towns, C) pick-up in new construction activity, D) increasing absorption of real-estate inventory, E) increasing replacement demand, and F) SOMC’s new capacities coming onstream by Feb-Mar’22 which will improve the product mix and add to margins. 3) The earlier announced capex of Rs 1.8bn-1.9bn is on track and should be commissioned in Feb-Mar’22. This includes (a) Sudha Ceramics (brownfield capex of Rs 0.4bn, additional capacity of 3.6msm), (b) Kassar plant (brownfield capex of Rs 0.5bn, additional capacity of 3msm), and (c) Somany Piastrelle (greenfield capex of Rs 0.9bn, additional capacity of 3.48msm). The company expects incremental revenue of Rs 3bn from the additional capacities with 100-150bps margin improvement. These projects are expected to be fully operational in FY23 which will help improve the product mix and operating leverage, in our view. 4) Tightening balance sheet and improving working capital cycle and continuous repayment of debt. Thus, RoCE to improve by 610bps to 18.1% in FY24E. 5) There is a 14-15% pricing gap between Kajaria Ceramics (KJC) and SOMC, of which 5-7% is product pricing and the balance is due to product mix. KJC’s margins are high on account of proximity to market (~55% of revenue comes from North India), strong brand-led price realisations, economies of scale (40% larger than SOMC) and a better product mix. SOMC’s management is working to reduce the gap with KJC. 6) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 18.4%/25.8%/36.8% respectively over FY21-FY24E to Rs27,416mn/Rs3,796mn/1,937mn. Our EPS in FY23E/FY24E is Rs32.8/Rs45.6 vs consensus estimate of Rs36.9/Rs47.6 per share, respectively. 7) Valuation & Recommendation: SOMC trades at a PER of ~20x FY24E which is attractive compared to its five-year median of ~30x. We roll over our target multiple to 25x on FY24E on the back of strong growth prospects, wide distribution reach, strong brand name, broad product profile, improving balance sheet and return ratios. We valued SOMC at 25x on FY24E and arrive at a TP of Rs1,140 per share. We have a BUY rating. 8) Management Guidance: Management expects a 12-13% operating margin for FY22 with a further increase of 100-150bps in FY23 as new facilities manufacturing higher value-added products get commissioned. For bathware, management expects 30-40% revenue growth for the next two years and an EBITDA margin of 14-15%.

Source: Company & BOBCAPS Research

Fig 2 – Wood Panel Category:

Companies	Investment hypothesis & Valuation
Century Plyboard (CPBI)	1) We expect the growth momentum to sustain going forward with: A) recovery in plywood and laminate segments continue to gain traction on pick-up in housing sector alongside a gradual shift from unorganised to organised players, with likely double-digit growth over the near-to-medium term; B) MDF/Particle Board expected to deliver double-digit growth and margin improvement amid buoyancy in demand led by readymade furniture and higher exports.
	2) With the increasing demand in the MDF segment, Company is expanding its MDF capacity ~3x to 0.57mn-CBM (cubic meters) through brownfield expansion in H1FY23 and a greenfield expansion in South India by H2FY24.
	3) We expect improvement in EBITDA margin driven by higher MDF contribution, superior product mix, operating leverage and cost rationalisation
	4) Strong profitability and strict working capital management is expected to drive strong FCF in FY21E, which in turn will be utilised to further pare down debt.
	5) CAPEX: The company plans to incur capex of Rs 12.3bn over the next five years, which comprises Rs 8.5bn in MDF, Rs 1.6bn in plywood, Rs 1.5bn in laminates, and Rs 0.7bn in particle board. The turnover from this capex is estimated to be 2x.
	6) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 23.4%/30.8%/32.9% respectively over FY21-FY24E to Rs40,011mn/Rs7.513mn/4,681mn. Our EPS in FY23E/FY24E is Rs16.7/Rs21 vs consensus estimate of Rs15.7/Rs20.5 per share, respectively.
	7) Valuation & Recommendation: CPBI trades at a P/E of ~31x FY24E compared to its five-year median of 31.4x, which is reasonable given the strong growth prospects, impressive return ratios and healthy balance sheet. We roll over our target multiple to 35x on FY24E on the back of strong growth prospects, comprehensive product profile, strong brand, healthy balance sheet and healthy return ratios. We value CPBI at 35x on FY24E and arrive at a TP of Rs735 per share. We maintain HOLD.
	8) Management Guidance: Management has chalked out a roadmap to achieve Rs 50bn in revenue by FY26 led by (a) anticipated double-digit growth in the wood panel industry over the next five years, (b) aggressive branding, (c) market share gains in plywood, MDF and laminates, (d) cumulative capex of Rs 12.3bn, and (e) higher ROCE.
Greenpanel Industries (GREENP)	1) Delayed greenfield projects of Rushil Décor and CPBI, likely imposition of anti-dumping duty on thin MDF and countervailing duty on all MDF imports and increasing demand for modular furniture (for own consumption and exports) would drive higher utilisation rates for GNPL in the near to medium term.
	2) Recent price hike coupled with operating leverage, recently initiated productivity enhancement and cost control measures, and improving revenue mix (focus on domestic volumes) would drive strong margin recovery in CY22.
	3) Through debottlenecking, the company is expanding capacity by 20%, adding 1,20,000cbm which will come onstream in Q4FY22 at a capex of ~Rs 230mn and machinery of ~Rs 200mn. Management expects the expanded capacity to achieve utilisation of 90-95% in H2FY23.
	4) The company has reduced its net-debt by ~Rs1.5bn in H1FY22 to ~Rs2.3bn. With growth momentum expected to continue and no major capex, GREENP to turn net-debt free by FY23E.
	5) Higher RoCE going forward is likely to be driven by higher capacity utilisation, sharp improvement in profitability, higher FCF generation (with no capex over the next two years amid stricter working capital management) and subsequent debt reduction. Hence, RoCE to improve by 1,360bps to 22.1% over FY21-FY24E.
	6) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 26.3%/36.7%/57.7% respectively over FY21-FY24E to Rs20,452mn/Rs5,301mn/3,171mn. Our EPS in FY23E/FY24E is Rs21.7/Rs25.9 vs consensus estimate of Rs19.6/Rs22.2 per share, respectively.
	7) Valuation & Recommendation: GREENP trades at a P/E of ~19x FY24E, which is 40% lower than the CPBI (~30x FY24E). We feel that the trading multiple gap to narrow down going forward and the upside is huge given the strong growth prospects led by domestic and exports in MDF, impressive return ratios and improving balance sheet. We valued Greenpanel at 23x on FY24E and arrive at a TP of Rs595 per share and upgrade the stock to BUY.

Companies	Investment hypothesis & Valuation
Greenply Industries (MTLM)	<ol style="list-style-type: none"> 1) MTLM is well geared for strong recovery in plywood volumes aided by: a) considerable balance sheet strengthening post Covid driven by the company's stricter control on receivables (which is likely to continue in the near term); and b) strong recovery in secondary real estate market resulting in higher rate of occupation of premises which will propel the demand for plywood. 2) Greenply is the new entrant to capture the rising demand of MDF. Company is set to commission, 0.24mn CBM plant in Gujarat at an investment of ~Rs.5.5 bn, which will be funded by internal accruals and debt. Further, the plywood capacity to increase by ~55% in Q4FY22 at a capex of ~Rs0.8 bn. 3) Standalone margins too are likely to improve considerably driven by operating leverage and sustained cost rationalisation measures. 4) The likely sharp improvement in profitability, strict working capital discipline and sustained focus on outsourcing is likely to push consolidated RoCEs considerably higher. We expect RoCE to improve from 11.7% in FY21 to 16.9% in FY24E. 5) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 22.5%/36.4%/33.4% respectively over FY21-FY24E to Rs21,436mn/Rs2,959mn/1,447mn. Our EPS in FY23E/FY24E is Rs10.2/Rs11.8 vs consensus estimate of Rs10.99/Rs12.9 per share, respectively. 6) Valuation & Recommendation: MTLM trades at a P/E of ~18x FY24E compared to its five-year median of 21.3x. We roll over our target multiple to 22x on FY24E on the back of revival in plywood, entry in high margin MDF business, strong brand and pan India distribution network. We valued MTLM at 22x on FY24E and arrive at a TP of Rs260 per share and upgrade stock to BUY. 7) Management Guidance: As per management, the plywood margins to improve to 13-14% by FY23E due to price increase, cost rationalisation and operating leverage. Going forward, with commissioning of MDF plant in FY24E, the blended margins set to improve (MDF margins are high). We expect margins to improve from 10% in FY21 to 13.8% in FY24E (we have modelled 50% capacity utilisation of MDF plant).

Source: BOBCAPS Research

Fig 3 – Pipes:

Companies	Investment hypothesis & Valuation
Astral Ltd	1) With robust growth outlook (Q2FY22 already witnessed 54.5% YoY growth) led by likely industry consolidation, further expanding in the valve segment and new product launches (water storage tanks in particular; Rs50bn market size and ~70% unorganized), and expected improvement in margins (driven by product mix improvement), we expect strong growth traction in the standalone pipe segment.
	2) Setting-up a plant in Odisha to increase deeper penetration in Eastern markets.
	3) Recovery in the adhesives segment is likely to sustain amid new product launches. EBITDA margins, which has recently scaled up in adhesives segment, look sustainable on the back of improving operating leverage.
	4) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 21.3%/20.3%/23.4%, respectively over FY21-FY24E to Rs56,711mn/Rs11,230mn/7,623mn. Our EPS in FY23E/FY24E is Rs29.5/Rs37.9 vs consensus estimate of Rs31.4/Rs37.8 per share, respectively.
	5) Valuation & Recommendation: Astral trades at a PER of 63x FY24E compared to its five-year median of ~70x. We roll over our target multiple to 65x on FY24E on the back of strong growth prospects, net-debt free balance sheet, newer product segments, wide distribution network, government boost on infrastructure and healthy return ratios. We valued Astral at 65x on FY24E for a TP of Rs2,466 per share. Given rich valuation and limited upside potential, we have a HOLD rating. We have upgraded from SELL to HOLD on stock correction.
Supreme Industries (SI)	1) We expect Supreme Industries (SI) to gain considerable traction in revenues in the near-to-medium term driven by impressive volume traction in: a) plastic piping segment on the back of likely accelerated PVC/CPVC pipe industry consolidation post Covid and expected decentralisation of its manufacturing footprint, and b) packaging product segment driven by easing competitive intensity.
	2) Expansion plans on track: SI maintained its capex guidance for FY22 at Rs 5.2bn which it believes can add Rs 9bn to the top-line. As per the capex plan, plastic products capacity is slated to increase from ~7kt to ~7.5kt in FY22, with major capacity additions also coming onstream in piping and industrial products. The upcoming plants at Guwahati, Cuttack and Erode are progressing smoothly and are scheduled to become operational between January and May'22.
	3) Scaling up of EBITDA margins led by superior product mix, intensified focus on the VAP portfolio, cost rationalisation and operating leverage.
	4) Healthy balance sheet, expected improvement in asset turns, incremental capex in higher RoCE - generating segments and likely traction in earnings is expected to drive considerable improvement in overall RoCEs in the near term.
	5) We remain positive on the company's growth and margin prospects supported by incremental capacity as well as improving housing demand and benefits from government schemes such as 'Nal Se Jal'.
	6) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 13.1%/7.2%/5%, respectively over FY21-FY24E to Rs91,814mn/Rs15,735mn/11,095mn. The EBITDA and PAT CAGR is lower as FY21 base was high due to inventory gain of ~Rs 2bn on account of rising PVC prices. Our EPS in FY23E/FY24E is Rs80.7/Rs87.3 vs consensus estimate of Rs76.8/Rs84.3 per share, respectively.
	7) Valuation & Recommendation: SI trades at a P/E of 26x FY24E, which is ~24% discount to its five-year median PER of 34.2x. We roll over our target multiple to 30x on FY24E on the back of strong growth prospects, net-debt free balance sheet, government boost on infrastructure and healthy return ratios. We valued SI at 30x on FY24E for a TP of Rs2,620 per share. Given mixed outlook, we downgrade stock to HOLD rating.
	8) Management Guidance: Management has guided for 3-4% volume growth in plastic products in FY22 and expects a healthy demand climate coupled with capacity additions to support double-digit revenue growth over FY22-FY24. The PVC segment has no new capacity coming into the market for the next two years (Reliance and Adani's capacity due in FY24) and hence management expects to witness strong growth over this period. Imports form 55% share of the Indian market. However, ship movement is slow due to Covid-19 and hence reliance on imports has reduced. As per management, the company will recover loss of business due to the pandemic in H2FY22. It is adding distributors every quarter.

Companies	Investment hypothesis & Valuation
Finolex Industries (FNXP)	1) Finolex is one of the major players in agriculture segment (~63% of FY21 revenues) and plumbing pipes (~37% of FY21 revenues). The company is planning to increase the plumbing pipe contribution to ~40% in couple of years. We expect pipe volume CAGR of 10% over FY21-FY24E driven by increasing agriculture activity and plumbing markets.
	2) On the PVC resin side, the company has been constantly scaling-up its captive use for PVC piping segment which has increased from 36% in FY12 to ~70% as on FY21. FNXP has a capacity of 270k MT on the PVC resin side with no plans to further expand. On the piping side, the company aims to continuously expand its capacity by ~25k MT every year in its existing facilities. Also, in order to expand in Eastern India, the company is evaluating of setting-up a green-field facility.
	3) The management has reiterated to grow sales volume by ~10%-15% in FY22E and aims to achieve pre-pandemic sales volume. Though the two-year CAGR growth on the bottom line does not seem too exciting (on a high base of FY21 due to inventory gains), in the interim FNXP could post very good numbers due to favorable finished goods prices and spill-over inventory gain in H1FY22. However, we believe that the gradual shift from agri to non-agri in its piping segment could bring in better margins and valuation going forward.
	4) FNXP's earnings grew at a CAGR 17% during FY10-21. Going forward, we are positive on the future growth prospects of agri piping, housing and building materials segment. In our view, FNXP's revenue is likely to record a CAGR of 7.7% over FY21-24E while PAT is expected to decline at CAGR 5.5% on an extremely high base and correcting PVC/EDC spread (a high PVC/EDC spread delta result in higher profitability which stood at \$791 in Q2FY22 to current ~\$690). Along with this it's expected to generate consistent FCF with stable working capital. Segment wise, we expect, Piping/Resin segment revenue to report +12.6%/-11.5% CAGR over FY21-FY24E.
	5) PVC prices: PVC is in short supply locally due to global supply constraints and higher international freight costs. Thus, domestic prices have moved above the list prices of local manufacturers, which implies market share gains for larger players. China has opened up the carbide route and hence supply should improve, bringing prices down. Sourcing of CPVC has been a challenge for large players and some are witnessing acute shortages. This is a key variable to watch.
	6) Ongoing legal battle within the promoter Chabbria family for ownership in group companies continues to be an overhang on the stock price performance.
	7) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 7.7%/(5.1%)/(5.5%), respectively over FY21-FY24E to Rs43,318mn/Rs8,466mn/6,217mn. Our EPS in FY23E/FY24E is Rs9.4/Rs10 vs consensus estimate of Rs9.8/Rs10.2 per share, respectively.
	8) Valuation & Recommendation: The stock is currently trading at ~20x on FY24E compared to its five-year median of PER 20x, which we feel is reasonable on the back of strong brand, increasing focus on non-agri high margin business and net-debt free balance sheet. We roll over our target multiple to 22x on FY24E and arrive at a TP of Rs220 per share and retain HOLD rating.

Source: Company & BOBCAPS Research

Fig 4 – Sanitaryware:

Companies	Investment hypothesis & Valuation
Cera Sanitaryware (CRS)	<ol style="list-style-type: none"> 1) CRS is in a sweet spot and continues to witness material volume growth in its bathroom solutions segment aided by: A) considerable balance sheet strengthening driven by stricter control on receivables, particularly in faucet and tile segments (which is likely to continue in the near term); B) market share gains across the product portfolio driven by import substitution in sanitaryware and faucet segments. This has opened up untapped potential for CRS, and the company has been able to garner market share besides witnessing a sizeable shift from the unorganised to organised sector, C) Morbi's intensified focus on exports in the tile segment and D) demand pick-up in the housing sector (both new construction and replacement). 2) Margins too are likely to improve considerably driven by change in sourcing mix in sanitaryware segment in particular, operating leverage, recent price hike in sanitaryware and tile segments, and sustained cost rationalisation measures. 3) Capex: Capex planned for FY22 is ~Rs 172mn broken up as follows: sanitaryware ~Rs 67mn, faucetware: ~Rs 50mn and logistics & IT enabled: ~Rs 55mn. 4) The likely improvement in profitability, increasing FCF from operations (strict working capital discipline) and sustained focus on outsourcing is likely to push consolidated RoCEs higher in the near term and improve by 600bps to 17.4% over FY21-FY24E. 5) Financials: We expect Revenue/EBITDA/PAT to grow at a CAGR of 15.8%/22.4%/27.3% respectively over FY21-FY24E to Rs19,025mn/Rs2,899mn/2,077mn. Our EPS in FY23E/FY24E is Rs134.9/Rs159.7 vs consensus estimate of Rs141.2/Rs170.8 per share, respectively. 6) Valuation & Recommendation: CRS trades at a PER of 30.4x FY24E which is reasonable compared to its five-year median PER of 37.4x, given the strong growth prospects and improving return ratios. We roll over our target multiple to 35x on FY24E on the back of strong growth prospects, net-debt free balance sheet and healthy return ratios. We valued CRS at 35x on FY24E and arrive at our TP of Rs5,590 per share and retain BUY rating. 7) Management Guidance: As per management, margins in tiles business are moving up and should move closer to the overall margin at the company level in the next 2-3 years. Hence, we expect margins to improve by 260bps to 15.5% over FY21-FY24E.

Source: Company & BOBCAPS Research

Fig 5 – Adhesive:

Companies	Investment hypothesis & Valuation
Pidilite Industries (PIDI)	<ol style="list-style-type: none"> 1) In FY21, PIDI derived ~80% & ~22% of its turnover from Consumer & Bazar products and Industrial Products segment, respectively. 2) Near term input cost pressure are likely to sustain although PIDI aims to sustain margins in the band of 20-24%. However, it is to be noted that the margin recovery in near term will take longer due to unabated commodity inflation which is expected to continue in the coming quarters; in our view. Though we opine that the gradual margin recovery will happen in FY23E/FY24E aided by healthy volume growth across segments, new innovative launches and pricing power. 3) PIDI continues to remain a structural growth story given 1) market leadership in a low penetrated waterproofing industry 2) emerging opportunities in high margin (34.9% in Q2FY22) Epoxy adhesives (65% share) 3) market share gains from unorganized and regional players and 4) increased focus on digital initiatives, investment in supply chain and rural distribution ensuring strengthening of growth enablers. 4) We believe PIDI is well placed to benefit from the revival in the domestic real estate industry, which drives the demand of its C&B (Consumer & Bazaar) business (81% of revenue). The B2B business (18% of revenue) includes industrial adhesive/resins, construction chemical (project), pigment etc will be key beneficiaries of revival in private/government capex in the near future. 5) Financials: We build in Revenue/EBITDA/PAT CAGR of 18%/18.6%/19%, respectively over FY21-FY24E, with EBITDA margin in the range of 21-23%. Along with that, a robust supply chain network and a strong balance sheet position (RoE, RoCE of 26.7%, 28.4%, respectively) justifies its premium valuation. However, we believe the current price captures all its near-term positives. Our EPS in FY23E/FY24E is Rs31.7/Rs37.6 vs consensus estimate of Rs33.1/Rs38.9 per share, respectively. 6) Valuation & Recommendation: We remain positive on PIDI's long-term story given its strong presence in waterproofing and construction chemicals (first-mover advantage) and robust connect with trade channels. However, the stock looks richly valued at current levels of ~71x FY24E EPS compared to its five-year median PER of 62.6x, leaving limited potential upside. We roll over our target multiple to 65x on FY24E and arrive at a target price of Rs2,445 and maintain SELL rating.

Source: Company & BOBCAPS Research

Stock performance

Fig 6 – Astral

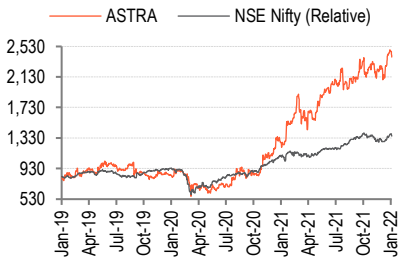


Fig 7 – Century Plyboards

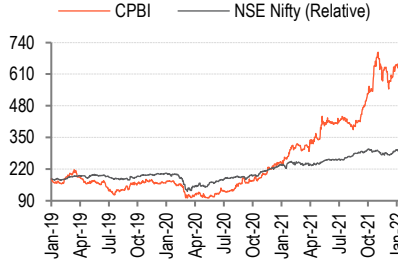


Fig 8 – Cera Sanitaryware

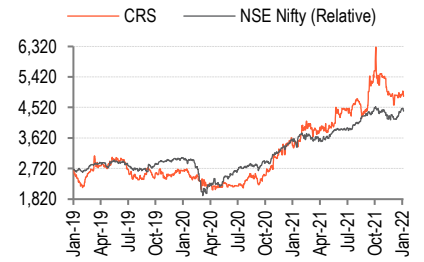


Fig 9 – Finolex Industries

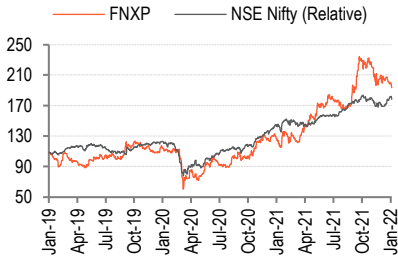


Fig 10 – Greenpanel Industries

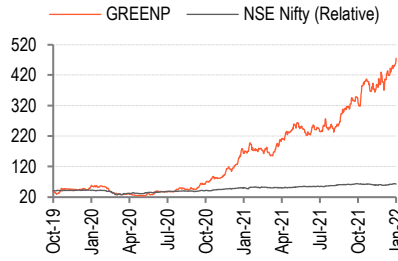


Fig 11 – Kajaria Ceramics

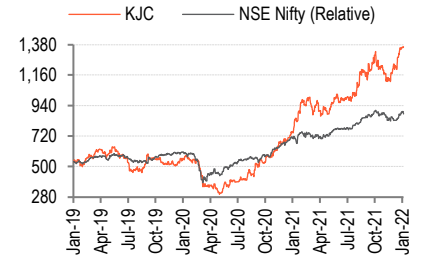


Fig 12 – Greenply Industries

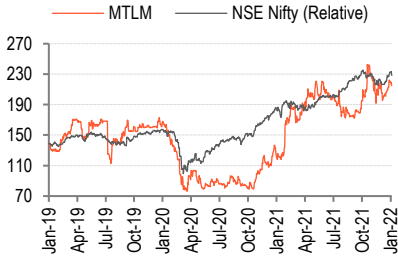


Fig 13 – Pidilite Industries

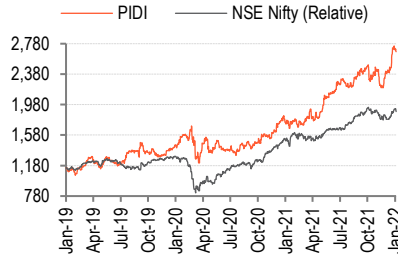


Fig 14 – Supreme Industries

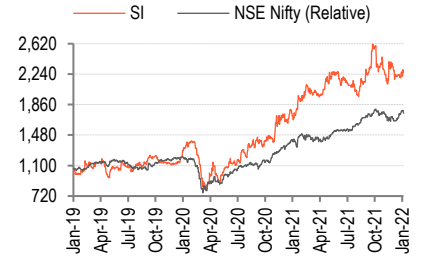
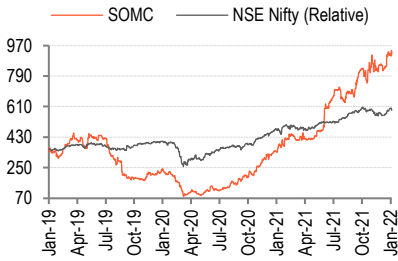


Fig 15 – Somany Ceramics



Source: NSE

Financials – ASTRAL

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Total revenue	25,779	31,763	39,324	47,535	56,711
EBITDA	4,441	6,445	7,136	9,064	11,230
Depreciation	(1,079)	(1,165)	(1,293)	(1,419)	(1,527)
EBIT	3,362	5,280	5,844	7,645	9,703
Net interest inc./(exp.)	(394)	(116)	(108)	(38)	(19)
Other inc./(exp.)	115	251	286	307	450
Exceptional items	0	0	0	0	0
EBT	3,083	5,415	6,021	7,914	10,135
Income taxes	(568)	(1,248)	(1,445)	(1,899)	(2,432)
Extraordinary items	(19)	(15)	0	0	0
Min. int./Inc. from assoc.	(17)	(108)	(50)	(80)	(80)
Reported net profit	2,479	4,044	4,526	5,935	7,623
Adjustments	19	15	0	0	0
Adjusted net profit	2,498	4,059	4,526	5,935	7,623

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Accounts payables	4,754	5,172	6,249	7,553	9,012
Other current liabilities	563	1,250	970	1,172	1,398
Provisions	92	69	118	143	170
Debt funds	1,856	666	200	100	50
Other liabilities	0	0	0	0	0
Equity capital	151	201	201	201	201
Reserves & surplus	14,878	18,757	21,093	24,155	31,778
Shareholders' fund	15,029	18,958	21,293	24,356	31,978
Total liab. and equities	22,462	26,327	29,092	33,666	43,031
Cash and cash eq.	1,301	4,760	4,477	6,654	13,455
Accounts receivables	2,278	2,767	3,555	4,298	5,127
Inventories	5,404	4,721	6,464	7,814	9,322
Other current assets	913	769	1,077	1,302	1,554
Investments	2	0	0	0	0
Net fixed assets	12,194	12,850	13,057	13,139	13,112
CWIP	444	566	566	566	566
Intangible assets	355	295	295	295	295
Deferred tax assets, net	(429)	(401)	(401)	(401)	(401)
Other assets	0	0	0	0	0
Total assets	22,462	26,327	29,092	33,666	43,031

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21P	FY22E	FY23E	FY24E
Cash flow from operations	4,133	6,745	3,932	6,606	8,291
Capital expenditures	(2,085)	(1,717)	(1,500)	(1,500)	(1,500)
Change in investments	(1)	2	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(2,085)	(1,715)	(1,500)	(1,500)	(1,500)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(897)	(1,190)	(466)	(100)	(50)
Interest expenses	(394)	(116)	(108)	(38)	(19)
Dividends paid	(240)	(151)	(2,191)	(2,872)	0
Other financing cash flows	(198)	(114)	50	80	80
Cash flow from financing	(1,729)	(1,571)	(2,715)	(2,930)	11
Chg in cash & cash eq.	320	3,459	(283)	2,176	6,802
Closing cash & cash eq.	1,301	4,760	4,477	6,654	13,455

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21P	FY22E	FY23E	FY24E
Reported EPS	12.3	20.1	22.5	29.5	0.0
Adjusted EPS	12.4	20.2	22.5	29.5	0.0
Dividend per share	1.0	1.0	9.0	11.8	0.0
Book value per share	74.8	94.4	106.0	121.2	159.2

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21P	FY22E	FY23E	FY24E
EV/Sales	18.7	15.2	12.2	10.0	8.4
EV/EBITDA	108.5	74.7	67.1	52.5	42.3
Adjusted P/E	192.3	118.4	106.1	80.9	
P/BV	32.0	25.3	22.6	19.7	15.0

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21P	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	81.0	75.0	75.2	75.0	75.2
Interest burden (PBT/EBIT)	91.7	102.6	103.0	103.5	104.4
EBIT margin (EBIT/Revenue)	13.0	16.6	14.9	16.1	17.1
Asset turnover (Rev./Avg TA)	120.1	130.2	141.9	151.5	147.9
Leverage (Avg TA/Avg Equity)	1.5	1.4	1.4	1.4	1.4
Adjusted ROAE	18.0	23.9	22.5	26.0	27.1

Ratio Analysis

Y/E 31 Mar	FY20A	FY21P	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	2.8	23.2	23.8	20.9	19.3
EBITDA	15.3	45.1	10.7	27.0	23.9
Adjusted EPS	25.4	62.5	11.5	31.1	(100.0)
Profitability & Return ratios (%)					
EBITDA margin	17.2	20.3	18.1	19.1	19.8
EBIT margin	13.0	16.6	14.9	16.1	17.1
Adjusted profit margin	9.7	12.8	11.5	12.5	13.4
Adjusted ROAE	18.0	23.9	22.5	26.0	27.1
ROCE	16.8	22.0	21.4	25.0	25.8
Working capital days (days)					
Receivables	40	29	29	30	30
Inventory	107	94	81	86	87
Payables	74	72	65	65	66
Ratios (x)					
Gross asset turnover	1.8	2.0	2.2	2.4	2.7
Current ratio	1.6	1.9	2.1	2.2	2.8
Net interest coverage ratio	8.5	45.5	54.0	203.9	517.5
Adjusted debt/equity	0.0	(0.2)	(0.2)	(0.3)	(0.4)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – CPBI

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	23,170	21,304	26,809	32,627	40,011
EBITDA	3,308	3,355	4,992	6,003	7,513
Depreciation	(763)	(687)	(810)	(861)	(1,115)
EBIT	2,545	2,669	4,181	5,142	6,397
Net interest inc./(exp.)	(389)	(128)	(95)	(96)	(82)
Other inc./(exp.)	43	173	88	61	43
Exceptional items	0	0	0	0	0
EBT	2,199	2,714	4,174	5,107	6,358
Income taxes	(519)	(690)	(1,069)	(1,307)	(1,602)
Extraordinary items	(427)	(112)	0	0	0
Min. int./Inc. from assoc.	253	2	(70)	(75)	(75)
Reported net profit	1,506	1,915	3,035	3,725	4,681
Adjustments	73	82	0	0	0
Adjusted net profit	1,579	1,996	3,035	3,725	4,681

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	1,515	2,089	2,057	2,324	2,850
Other current liabilities	1,284	1,617	1,689	2,056	2,521
Provisions	227	325	268	326	367
Debt funds	2,681	1,422	1,300	1,450	900
Other liabilities	0	0	0	0	0
Equity capital	223	223	223	223	223
Reserves & surplus	10,684	12,451	15,247	18,734	23,097
Shareholders' fund	10,906	12,674	15,470	18,957	23,319
Total liab. and equities	16,596	18,114	20,842	25,246	30,165
Cash and cash eq.	248	908	478	302	1,187
Accounts receivables	2,568	3,027	3,305	3,844	4,714
Inventories	3,980	3,692	4,774	5,810	7,125
Other current assets	1,217	1,476	1,689	2,056	2,521
Investments	63	1,169	64	64	64
Net fixed assets	7,777	7,551	10,240	12,879	14,264
CWIP	160	285	285	285	285
Intangible assets	9	8	8	8	8
Deferred tax assets, net	573	(1)	(1)	(1)	(1)
Other assets	0	0	0	0	0
Total assets	16,596	18,114	20,842	25,246	30,165

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	3,643	3,884	2,420	3,508	4,335
Capital expenditures	(235)	(535)	(3,500)	(3,500)	(2,500)
Change in investments	1	(1,106)	1,105	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(234)	(1,641)	(2,395)	(3,500)	(2,500)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(2,639)	(1,259)	(122)	150	(550)
Interest expenses	(389)	(128)	(95)	(96)	(82)
Dividends paid	(535)	(8)	(310)	(313)	(393)
Other financing cash flows	139	(187)	70	75	75
Cash flow from financing	(3,424)	(1,582)	(457)	(184)	(950)
Chg in cash & cash eq.	(15)	661	(431)	(176)	885
Closing cash & cash eq.	248	908	478	302	1,187

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	6.8	8.6	13.7	16.8	21.1
Adjusted EPS	7.1	9.0	13.7	16.8	21.1
Dividend per share	1.0	0.0	1.2	1.2	1.5
Book value per share	49.0	57.0	69.5	85.2	104.8

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	6.5	7.0	5.4	4.4	3.6
EV/EBITDA	45.3	44.2	29.2	24.1	19.4
Adjusted P/E	91.5	72.4	47.6	38.8	30.9
P/BV	13.3	11.4	9.4	7.6	6.2

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	71.8	73.6	72.7	72.9	73.6
Interest burden (PBT/EBIT)	86.4	101.7	99.8	99.3	99.4
EBIT margin (EBIT/Revenue)	11.0	12.5	15.6	15.8	16.0
Asset turnover (Rev./Avg TA)	133.5	122.8	137.6	141.6	144.4
Leverage (Avg TA/Avg Equity)	1.7	1.5	1.4	1.3	1.3
Adjusted ROAE	15.3	16.9	21.6	21.6	22.1

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	1.6	(8.1)	25.8	21.7	22.6
EBITDA	5.9	1.4	48.8	20.3	25.1
Adjusted EPS	2.4	26.4	52.1	22.7	25.7
Profitability & Return ratios (%)					
EBITDA margin	14.3	15.7	18.6	18.4	18.8
EBIT margin	11.0	12.5	15.6	15.8	16.0
Adjusted profit margin	6.8	9.4	11.3	11.4	11.7
Adjusted ROAE	15.3	16.9	21.6	21.6	22.1
ROCE	13.5	14.4	20.1	20.5	21.3
Working capital days (days)					
Receivables	44	48	43	40	39
Inventory	135	135	112	115	115
Payables	29	37	35	30	29
Ratios (x)					
Gross asset turnover	2.1	1.9	2.1	2.0	2.0
Current ratio	1.5	1.8	2.1	2.3	2.5
Net interest coverage ratio	6.5	20.9	43.9	53.4	77.8
Adjusted debt/equity	0.2	0.0	0.1	0.1	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – CRS

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	12,220	12,243	14,436	16,780	19,025
EBITDA	1,654	1,581	2,080	2,482	2,899
Depreciation	(388)	(396)	(410)	(432)	(457)
EBIT	1,266	1,185	1,670	2,050	2,442
Net interest inc./(exp.)	(101)	(97)	(66)	(58)	(45)
Other inc./(exp.)	65	252	291	337	360
Exceptional items	119	0	0	0	0
EBT	1,230	1,339	1,895	2,329	2,757
Income taxes	(243)	(340)	(478)	(587)	(695)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	27	9	10	12	15
Reported net profit	1,133	1,008	1,427	1,754	2,077
Adjustments	(119)	0	0	0	0
Adjusted net profit	1,013	1,008	1,427	1,754	2,077

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	953	1,554	1,345	1,471	1,668
Other current liabilities	2,102	2,186	2,334	2,621	2,971
Provisions	136	171	202	235	266
Debt funds	919	729	600	500	350
Other liabilities	299	303	335	367	399
Equity capital	65	65	65	65	65
Reserves & surplus	7,642	8,652	9,730	10,949	12,393
Shareholders' fund	7,707	8,717	9,795	11,014	12,458
Total liab. and equities	12,194	13,777	14,717	16,303	18,192
Cash and cash eq.	125	104	84	(28)	1,008
Accounts receivables	2,228	2,095	2,531	3,034	3,440
Inventories	2,430	1,997	2,413	2,804	3,180
Other current assets	737	670	831	965	1,095
Investments	2,283	4,743	4,800	5,500	5,500
Net fixed assets	4,373	4,147	4,037	4,006	3,949
CWIP	5	13	13	13	13
Intangible assets	12	8	8	8	8
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	12,194	13,777	14,717	16,303	18,192

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	1,517	2,858	892	1,692	2,280
Capital expenditures	(450)	(140)	(300)	(400)	(400)
Change in investments	(504)	(2,460)	(57)	(700)	0
Other investing cash flows	(45)	5	(10)	(12)	(15)
Cash flow from investing	(999)	(2,595)	(367)	(1,112)	(415)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	13	(191)	(129)	(100)	(150)
Interest expenses	(101)	(97)	(66)	(58)	(45)
Dividends paid	(396)	0	(340)	(523)	(619)
Other financing cash flows	(103)	5	(10)	(12)	(15)
Cash flow from financing	(586)	(283)	(545)	(692)	(828)
Chg in cash & cash eq.	(68)	(20)	(20)	(112)	1,036
Closing cash & cash eq.	125	104	84	(28)	1,008

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	87.1	77.5	109.8	134.9	159.7
Adjusted EPS	77.9	77.5	109.8	134.9	159.7
Dividend per share	13.0	13.0	21.8	33.5	39.6
Book value per share	592.6	670.3	753.1	846.9	957.9

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	5.1	5.1	4.3	3.7	3.3
EV/EBITDA	37.7	39.4	30.0	25.2	21.6
Adjusted P/E	62.2	62.6	44.2	35.9	30.4
P/BV	8.2	7.2	6.4	5.7	5.1

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	75.1	75.2	75.3	75.3	75.3
Interest burden (PBT/EBIT)	106.6	113.0	113.4	113.6	112.9
EBIT margin (EBIT/Revenue)	10.4	9.7	11.6	12.2	12.8
Asset turnover (Rev./Avg TA)	101.4	94.3	101.3	108.2	110.3
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.5	1.5	1.5
Adjusted ROAE	13.8	12.3	15.4	16.9	17.7

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	(9.4)	0.2	17.9	16.2	13.4
EBITDA	(15.8)	(4.4)	31.6	19.3	16.8
Adjusted EPS	0.3	(0.6)	41.6	22.9	18.4
Profitability & Return ratios (%)					
EBITDA margin	13.5	12.9	14.4	14.8	15.2
EBIT margin	10.4	9.7	11.6	12.2	12.8
Adjusted profit margin	8.3	8.2	9.9	10.5	10.9
Adjusted ROAE	13.8	12.3	15.4	16.9	17.7
ROCE	12.4	9.7	12.5	13.9	14.9
Working capital days (days)					
Receivables	78	64	58	61	62
Inventory	152	129	123	125	126
Payables	36	43	43	36	36
Ratios (x)					
Gross asset turnover	2.1	2.0	2.2	2.5	2.6
Current ratio	1.5	1.2	1.4	1.5	1.7
Net interest coverage ratio	12.6	12.2	25.1	35.5	54.7
Adjusted debt/equity	0.1	0.1	0.1	0.0	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – FNXP

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	29,860	34,628	37,522	40,133	43,318
EBITDA	4,481	9,893	8,809	7,940	8,466
Depreciation	(738)	(777)	(938)	(1,003)	(1,083)
EBIT	3,743	9,116	7,870	6,936	7,383
Net interest inc./(exp.)	(119)	(73)	(82)	(59)	(41)
Other inc./(exp.)	299	716	481	634	669
Exceptional items	0	0	0	0	0
EBT	3,923	9,759	8,269	7,512	8,011
Income taxes	(852)	(2,543)	(2,124)	(1,956)	(2,094)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	256	162	160	250	300
Reported net profit	3,327	7,378	6,305	5,806	6,217
Adjustments	0	0	0	0	0
Adjusted net profit	3,327	7,378	6,305	5,806	6,217

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	2,334	3,952	2,631	2,996	3,249
Other current liabilities	1,723	3,085	2,570	2,529	2,730
Provisions	297	420	514	550	593
Debt funds	2,827	2,039	1,239	439	239
Other liabilities	1,873	2,053	1,943	1,833	1,723
Equity capital	1,241	1,241	1,241	1,241	1,241
Reserves & surplus	18,619	30,149	33,616	36,810	40,229
Shareholders' fund	19,860	31,390	34,857	38,051	41,470
Total liab. and equities	28,913	42,939	43,754	46,397	50,004
Cash and cash eq.	932	3,363	4,344	4,160	5,800
Accounts receivables	732	1,480	1,028	1,100	1,187
Inventories	8,578	9,188	8,184	9,455	10,108
Other current assets	710	779	1,028	1,209	1,187
Investments	6,607	16,792	16,992	17,692	18,392
Net fixed assets	10,153	10,013	10,575	11,072	11,489
CWIP	73	82	50	50	50
Intangible assets	16	11	11	11	11
Deferred tax assets, net	0	0	0	0	0
Other assets	1,113	1,233	1,542	1,649	1,780
Total assets	28,913	42,939	43,754	46,397	50,004

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	1,057	9,209	5,745	4,677	5,977
Capital expenditures	(603)	(647)	(1,469)	(1,500)	(1,500)
Change in investments	0	0	0	0	0
Other investing cash flows	942	(5,859)	(200)	(700)	(700)
Cash flow from investing	340	(6,507)	(1,669)	(2,200)	(2,200)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	1,921	(788)	(800)	(800)	(200)
Interest expenses	(119)	(73)	(82)	(59)	(41)
Dividends paid	(2,873)	(42)	(2,837)	(2,613)	(2,798)
Other financing cash flows	315	632	624	810	902
Cash flow from financing	(756)	(271)	(3,095)	(2,661)	(2,136)
Chg in cash & cash eq.	641	2,431	981	(184)	1,641
Closing cash & cash eq.	932	3,363	4,344	4,160	5,800

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	1.1	11.9	10.2	9.4	10.0
Adjusted EPS	1.1	11.9	10.2	9.4	10.0
Dividend per share	2.0	4.0	3.8	3.5	3.8
Book value per share	6.4	50.6	56.2	61.3	66.8

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	4.0	3.5	3.1	2.8	2.6
EV/EBITDA	26.7	12.1	13.3	14.2	13.1
Adjusted P/E	180.5	16.3	19.0	20.7	19.3
P/BV	30.2	3.8	3.4	3.2	2.9

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	84.8	75.6	76.2	77.3	77.6
Interest burden (PBT/EBIT)	104.8	107.1	105.1	108.3	108.5
EBIT margin (EBIT/Revenue)	12.5	26.3	21.0	17.3	17.0
Asset turnover (Rev./Avg TA)	95.9	96.4	86.6	89.0	89.9
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.3	1.2	1.2
Adjusted ROAE	14.6	28.8	19.0	15.9	15.6

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	(3.4)	16.0	8.4	7.0	7.9
EBITDA	(25.9)	120.8	(11.0)	(9.9)	6.6
Adjusted EPS	(13.8)	1009.0	(14.5)	(7.9)	7.1
Profitability & Return ratios (%)					
EBITDA margin	15.0	28.6	23.5	19.8	19.5
EBIT margin	12.5	26.3	21.0	17.3	17.0
Adjusted profit margin	11.1	21.3	16.8	14.5	14.4
Adjusted ROAE	14.6	28.8	19.0	15.9	15.6
ROCE	15.2	32.5	22.6	18.6	18.4
Working capital days (days)					
Receivables	9	12	12	10	10
Inventory	139	168	149	132	135
Payables	37	46	42	32	33
Ratios (x)					
Gross asset turnover	1.3	1.5	1.5	1.5	1.6
Current ratio	1.5	1.6	2.1	2.4	2.7
Net interest coverage ratio	31.4	125.4	96.1	118.2	181.8
Adjusted debt/equity	0.1	0.0	(0.1)	(0.1)	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – GREENP

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	8,766	10,208	15,266	18,347	20,542
EBITDA	1,432	2,077	3,751	4,684	5,301
Depreciation	(692)	(686)	(743)	(754)	(771)
EBIT	740	1,391	3,008	3,931	4,530
Net interest inc./(exp.)	(302)	(247)	(240)	(180)	(90)
Other inc./(exp.)	22	31	40	52	89
Exceptional items	(343)	(165)	0	0	0
EBT	460	1,175	2,808	3,803	4,530
Income taxes	28	(322)	(843)	(1,141)	(1,359)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	145	688	1,966	2,662	3,171
Adjustments	108	120	0	0	0
Adjusted net profit	253	808	1,966	2,662	3,171

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	1,207	1,297	1,924	2,312	2,589
Other current liabilities	1,036	1,186	1,757	2,111	2,364
Provisions	120	96	153	183	205
Debt funds	5,611	4,469	2,912	1,712	532
Other liabilities	69	202	202	202	745
Equity capital	123	123	123	123	123
Reserves & surplus	6,494	7,181	9,147	11,809	14,021
Shareholders' fund	6,616	7,304	9,270	11,932	14,143
Total liab. and equities	14,658	14,552	16,217	18,453	20,579
Cash and cash eq.	115	720	653	2,468	4,367
Accounts receivables	705	778	1,213	1,458	1,632
Inventories	1,539	1,494	2,300	2,765	3,095
Other current assets	1,131	783	1,255	1,508	1,688
Investments	0	0	0	0	0
Net fixed assets	11,107	10,741	10,733	10,191	9,732
CWIP	57	36	61	62	63
Intangible assets	4	2	2	2	2
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	14,658	14,552	16,217	18,453	20,579

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	720	2,158	2,490	3,407	3,897
Capital expenditures	(242)	(127)	(761)	(212)	(313)
Change in investments	0	0	0	0	0
Other investing cash flows	0	0	0	0	544
Cash flow from investing	(242)	(127)	(761)	(212)	230
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(255)	(1,142)	(1,556)	(1,200)	(1,180)
Interest expenses	(302)	(247)	(240)	(180)	(90)
Dividends paid	0	0	0	0	(959)
Other financing cash flows	(4)	(37)	0	0	0
Cash flow from financing	(561)	(1,426)	(1,796)	(1,380)	(2,229)
Chg in cash & cash eq.	(83)	604	(67)	1,815	1,899
Closing cash & cash eq.	115	720	653	2,468	4,367

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	1.2	5.6	16.0	21.7	25.9
Adjusted EPS	2.1	6.6	16.0	21.7	25.9
Dividend per share	0.0	0.0	0.0	0.0	6.5
Book value per share	54.0	59.6	75.6	97.3	115.3

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	7.0	6.3	4.1	3.3	2.9
EV/EBITDA	42.7	30.8	16.8	13.1	11.2
Adjusted P/E	230.7	72.2	29.7	21.9	18.4
P/BV	8.8	8.0	6.3	4.9	4.1

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	216.0	80.0	70.0	70.0	70.0
Interest burden (PBT/EBIT)	15.8	72.6	93.4	96.7	100.0
EBIT margin (EBIT/Revenue)	8.4	13.6	19.7	21.4	22.1
Asset turnover (Rev./Avg TA)	60.0	69.9	99.2	105.8	105.3
Leverage (Avg TA/Avg Equity)	2.2	2.1	1.9	1.6	1.5
Adjusted ROAE	3.9	11.6	23.7	25.1	24.3

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	46.3	16.4	49.6	20.2	12.0
EBITDA	84.8	45.1	80.6	24.9	13.2
Adjusted EPS	11.0	219.4	143.3	35.4	19.1
Profitability & Return ratios (%)					
EBITDA margin	16.3	20.4	24.6	25.5	25.8
EBIT margin	8.4	13.6	19.7	21.4	22.1
Adjusted profit margin	2.9	7.9	12.9	14.5	15.4
Adjusted ROAE	3.9	11.6	23.7	25.1	24.3
ROCE	6.0	7.9	17.6	21.3	22.4
Working capital days (days)					
Receivables	24	27	24	27	27
Inventory	134	120	105	117	121
Payables	50	56	51	57	59
Ratios (x)					
Gross asset turnover	0.6	0.7	1.0	1.2	1.3
Current ratio	1.0	1.1	1.3	1.8	2.1
Net interest coverage ratio	2.5	5.6	12.5	21.8	50.5
Adjusted debt/equity	0.8	0.5	0.2	(0.1)	(0.3)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – KJC

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	28,080	27,809	35,098	41,030	46,847
EBITDA	4,159	5,088	6,006	7,604	9,197
Depreciation	(1,081)	(1,067)	(1,186)	(1,352)	(1,497)
EBIT	3,078	4,022	4,820	6,252	7,700
Net interest inc./(exp.)	(195)	(107)	(97)	(72)	(52)
Other inc./(exp.)	242	213	224	246	271
Exceptional items	0	0	0	0	0
EBT	3,125	4,127	4,947	6,426	7,918
Income taxes	(589)	(1,038)	(1,247)	(1,619)	(1,995)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	18	(9)	(74)	(96)	(118)
Reported net profit	2,553	3,081	3,626	4,710	5,805
Adjustments	0	0	0	0	0
Adjusted net profit	2,553	3,081	3,626	4,710	5,805

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	2,105	1,760	2,292	2,659	3,016
Other current liabilities	2,311	2,201	2,191	2,765	3,232
Provisions	288	313	338	363	388
Debt funds	1,171	971	721	521	321
Other liabilities	731	687	712	737	762
Equity capital	159	159	159	159	159
Reserves & surplus	16,984	18,530	19,436	20,614	22,065
Shareholders' fund	17,143	18,689	19,595	20,773	22,224
Total liab. and equities	24,386	25,266	26,569	28,633	30,877
Cash and cash eq.	2,350	4,477	1,259	269	48
Accounts receivables	3,967	4,317	5,289	6,183	7,059
Inventories	5,127	3,731	5,770	6,632	7,573
Other current assets	640	615	769	899	1,027
Investments	3	0	0	0	0
Net fixed assets	11,854	11,911	13,205	14,343	14,846
CWIP	257	50	70	80	80
Intangible assets	103	112	112	112	112
Deferred tax assets, net	15	13	0	0	0
Other assets	70	40	95	115	132
Total assets	24,386	25,266	26,569	28,633	30,877

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	2,472	4,963	2,382	5,305	6,369
Capital expenditures	(1,213)	(1,012)	(2,500)	(2,500)	(2,000)
Change in investments	0	0	0	0	0
Other investing cash flows	0	3	0	0	0
Cash flow from investing	(1,213)	(1,009)	(2,500)	(2,500)	(2,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	222	(201)	(250)	(200)	(200)
Interest expenses	(195)	(107)	(97)	(72)	(52)
Dividends paid	(1,150)	(1,591)	(2,720)	(3,533)	(4,353)
Other financing cash flows	(310)	72	(33)	10	15
Cash flow from financing	(1,433)	(1,827)	(3,100)	(3,795)	(4,591)
Chg in cash & cash eq.	(174)	2,127	(3,218)	(990)	(221)
Closing cash & cash eq.	2,350	4,477	1,259	269	48

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	16.1	19.4	22.8	29.6	36.5
Adjusted EPS	16.1	19.4	22.8	29.6	36.5
Dividend per share	3.0	10.0	13.7	17.8	21.9
Book value per share	107.9	117.6	123.3	130.7	139.8

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	7.7	7.7	6.1	5.2	4.6
EV/EBITDA	52.0	42.3	35.7	28.2	23.5
Adjusted P/E	84.9	70.4	59.8	46.0	37.3
P/BV	12.6	11.6	11.1	10.4	9.8

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	81.7	74.6	73.3	73.3	73.3
Interest burden (PBT/EBIT)	101.5	102.6	102.6	102.8	102.8
EBIT margin (EBIT/Revenue)	11.0	14.5	13.7	15.2	16.4
Asset turnover (Rev./Avg TA)	116.7	112.0	135.4	148.7	157.4
Leverage (Avg TA/Avg Equity)	1.5	1.4	1.4	1.4	1.4
Adjusted ROAE	15.5	17.2	18.9	23.3	27.0

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	(5.0)	(1.0)	26.2	16.9	14.2
EBITDA	(7.5)	22.3	18.0	26.6	21.0
Adjusted EPS	10.3	20.6	17.7	29.9	23.2
Profitability & Return ratios (%)					
EBITDA margin	14.8	18.3	17.1	18.5	19.6
EBIT margin	11.0	14.5	13.7	15.2	16.4
Adjusted profit margin	9.1	11.1	10.3	11.5	12.4
Adjusted ROAE	15.5	17.2	18.9	23.3	27.0
ROCE	13.8	15.3	17.4	21.7	25.3
Working capital days (days)					
Receivables	57	54	50	51	52
Inventory	83	81	70	80	82
Payables	38	31	25	27	28
Ratios (x)					
Gross asset turnover	1.5	1.4	1.6	1.7	1.8
Current ratio	2.1	2.7	2.5	2.3	2.3
Net interest coverage ratio	15.8	37.5	49.7	86.8	147.9
Adjusted debt/equity	(0.1)	(0.2)	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – MTLM

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	14,204	11,653	14,217	16,230	21,436
EBITDA	1,562	1,167	1,617	2,088	2,959
Depreciation	(257)	(231)	(263)	(317)	(634)
EBIT	1,304	936	1,354	1,771	2,325
Net interest inc./(exp.)	(208)	(166)	(126)	(204)	(494)
Other inc./(exp.)	6	44	58	77	14
Exceptional items	(495)	0	0	0	0
EBT	1,102	814	1,287	1,644	1,844
Income taxes	(134)	(205)	(340)	(393)	(397)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	473	609	947	1,251	1,447
Adjustments	368	0	0	0	0
Adjusted net profit	841	609	947	1,251	1,447

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	2,317	2,043	2,365	2,705	3,637
Other current liabilities	389	500	516	608	841
Provisions	348	212	256	292	386
Debt funds	2,674	1,917	1,750	2,800	4,900
Other liabilities	115	112	107	103	99
Equity capital	123	123	123	123	123
Reserves & surplus	3,657	4,244	5,126	6,298	7,664
Shareholders' fund	3,779	4,367	5,248	6,421	7,787
Total liab. and equities	9,622	9,151	10,242	12,929	17,649
Cash and cash eq.	103	1,280	(122)	26	244
Accounts receivables	3,565	1,939	2,256	2,573	3,372
Inventories	1,771	1,792	2,045	2,290	2,965
Other current assets	646	704	740	845	1,116
Investments	238	225	225	225	225
Net fixed assets	3,076	3,070	5,019	6,892	9,648
CWIP	52	62	0	0	0
Intangible assets	67	15	15	15	15
Deferred tax assets, net	105	64	64	64	64
Other assets	0	0	0	0	0
Total assets	9,622	9,151	10,242	12,929	17,649

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	701	2,251	1,107	1,570	2,083
Capital expenditures	(559)	(177)	(2,150)	(2,190)	(3,390)
Change in investments	(16)	13	0	0	0
Other investing cash flows	(64)	41	0	0	0
Cash flow from investing	(639)	(123)	(2,150)	(2,190)	(3,390)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	174	(757)	(167)	1,050	2,100
Interest expenses	(208)	(166)	(126)	(204)	(494)
Dividends paid	(59)	(49)	(66)	(78)	(81)
Other financing cash flows	(72)	21	0	0	0
Cash flow from financing	(166)	(951)	(359)	769	1,525
Chg in cash & cash eq.	(103)	1,177	(1,402)	148	218
Closing cash & cash eq.	103	1,280	(122)	26	244

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	3.9	5.0	7.7	10.2	11.8
Adjusted EPS	6.9	5.0	7.7	10.2	11.8
Dividend per share	0.4	0.4	0.4	0.5	0.5
Book value per share	30.8	35.6	42.8	52.4	63.5

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	2.2	2.5	2.0	1.7	1.3
EV/EBITDA	19.8	24.7	17.3	13.2	9.7
Adjusted P/E	31.4	43.3	27.8	21.1	18.2
P/BV	7.0	6.0	5.0	4.1	3.4

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	138.5	74.8	73.6	76.1	78.5
Interest burden (PBT/EBIT)	46.5	86.9	95.0	92.8	79.3
EBIT margin (EBIT/Revenue)	9.2	8.0	9.5	10.9	10.8
Asset turnover (Rev./Avg TA)	153.6	124.1	146.6	140.1	140.2
Leverage (Avg TA/Avg Equity)	2.6	2.3	2.0	2.0	2.2
Adjusted ROAE	23.6	15.0	19.7	21.4	20.4

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	0.6	(18.0)	22.0	14.2	32.1
EBITDA	3.6	(25.3)	38.5	29.1	41.7
Adjusted EPS	(1.3)	(27.6)	55.5	32.1	15.7

Profitability & Return ratios (%)

EBITDA margin	11.0	10.0	11.4	12.9	13.8
EBIT margin	9.2	8.0	9.5	10.9	10.8
Adjusted profit margin	5.9	5.2	6.7	7.7	6.8
Adjusted ROAE	23.6	15.0	19.7	21.4	20.4
ROCE	16.5	11.0	15.0	16.6	16.7

Working capital days (days)

Receivables	85	86	54	54	51
Inventory	76	95	84	84	80
Payables	67	76	64	65	63

Ratios (x)

Gross asset turnover	3.6	2.6	2.5	2.1	2.0
Current ratio	1.2	1.4	1.4	1.5	1.5
Net interest coverage ratio	6.3	5.6	10.8	8.7	4.7
Adjusted debt/equity	0.7	0.1	0.4	0.4	0.6

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – PIDI

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	72,945	72,927	89,662	1,03,920	1,19,726
EBITDA	15,760	16,806	19,008	23,694	28,016
Depreciation	(1,699)	(2,007)	(2,242)	(2,598)	(2,993)
EBIT	14,061	14,800	16,767	21,096	25,023
Net interest inc./(exp.)	(336)	(372)	(180)	(135)	(60)
Other inc./(exp.)	396	794	699	852	918
Exceptional items	0	0	0	0	0
EBT	15,219	15,221	17,286	21,813	25,881
Income taxes	(3,477)	(3,964)	(4,494)	(5,671)	(6,729)
Extraordinary items	(552)	(36)	0	0	0
Min. int./Inc. from assoc.	(26)	91	(18)	(28)	(35)
Reported net profit	11,164	11,312	12,773	16,113	19,117
Adjustments	426	27	0	0	0
Adjusted net profit	11,590	11,339	12,773	16,113	19,117

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	6,210	10,067	9,629	10,819	12,333
Other current liabilities	9,185	12,958	12,458	11,958	11,458
Provisions	735	829	959	1,109	1,259
Debt funds	1,691	2,139	3,000	850	850
Other liabilities	823	3,980	3,980	3,980	3,980
Equity capital	508	508	508	508	508
Reserves & surplus	44,048	55,421	60,636	67,213	75,017
Shareholders' fund	44,556	55,930	61,144	67,721	75,525
Total liab. and equities	65,357	88,304	93,635	98,983	1,08,047
Cash and cash eq.	7,033	4,515	8,376	9,923	13,212
Accounts receivables	10,885	13,210	13,511	15,659	18,041
Inventories	9,295	12,342	12,037	12,171	13,875
Other current assets	10,157	9,190	10,170	11,115	12,146
Investments	7,197	1,765	1,810	1,863	1,924
Net fixed assets	12,890	14,428	39,450	39,969	40,568
CWIP	2,593	2,939	2,939	2,939	2,939
Intangible assets	5,178	29,751	5,178	5,178	5,178
Deferred tax assets, net	130	166	166	166	166
Other assets	0	0	0	0	0
Total assets	65,357	88,304	93,635	98,983	1,08,047

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	13,474	14,866	13,475	16,538	18,314
Capital expenditures	(4,687)	(24,088)	(2,690)	(3,118)	(3,592)
Change in investments	4,317	5,433	(46)	(53)	(61)
Other investing cash flows	33	1,203	0	0	0
Cash flow from investing	(337)	(17,452)	(2,736)	(3,170)	(3,652)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	581	448	861	(2,150)	0
Interest expenses	(336)	(372)	(180)	(135)	(60)
Dividends paid	(8,254)	(7)	(7,559)	(9,536)	(11,313)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(8,009)	69	(6,878)	(11,821)	(11,373)
Chg in cash & cash eq.	5,128	(2,517)	3,861	1,547	3,289
Closing cash & cash eq.	7,032	4,515	8,376	9,923	13,212

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	22.0	22.3	25.1	31.7	37.6
Adjusted EPS	22.8	22.3	25.1	31.7	37.6
Dividend per share	13.5	8.5	11.8	14.9	17.7
Book value per share	87.7	110.1	120.3	133.3	148.6

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	18.6	18.6	15.1	13.0	11.3
EV/EBITDA	86.2	80.7	71.3	57.2	48.2
Adjusted P/E	117.2	119.8	106.4	84.3	71.1
P/BV	30.5	24.3	22.2	20.1	18.0

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	76.2	74.5	73.9	73.9	73.9
Interest burden (PBT/EBIT)	108.2	102.8	103.1	103.4	103.4
EBIT margin (EBIT/Revenue)	19.3	20.3	18.7	20.3	20.9
Asset turnover (Rev./Avg TA)	117.2	94.9	98.6	107.9	115.7
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.6	1.5	1.4
Adjusted ROAE	26.9	22.6	21.8	25.0	26.7

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	3.0	0.0	22.9	15.9	15.2
EBITDA	15.2	6.6	13.1	24.6	18.2
Adjusted EPS	30.2	(2.2)	12.7	26.1	18.6
Profitability & Return ratios (%)					
EBITDA margin	21.6	23.0	21.2	22.8	23.4
EBIT margin	19.3	20.3	18.7	20.3	20.9
Adjusted profit margin	15.9	15.5	14.2	15.5	16.0
Adjusted ROAE	26.9	22.6	21.8	25.0	26.7
ROCE	23.3	20.1	19.5	22.7	24.7
Working capital days (days)					
Receivables	54	60	54	51	51
Inventory	100	117	101	90	84
Payables	38	53	51	47	46
Ratios (x)					
Gross asset turnover	2.9	2.5	2.0	1.7	1.9
Current ratio	2.1	1.5	1.9	2.0	2.3
Net interest coverage ratio	41.8	39.8	93.2	156.6	420.6
Adjusted debt/equity	(0.1)	0.0	(0.1)	(0.1)	(0.2)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – SI

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	55,087	63,496	78,647	84,963	91,814
EBITDA	8,563	12,786	13,504	14,575	15,735
Depreciation	(2,057)	(2,128)	(2,406)	(2,727)	(3,024)
EBIT	6,506	10,658	11,098	11,848	12,711
Net interest inc./(exp.)	(297)	(221)	(102)	(90)	(75)
Other inc./(exp.)	84	37	191	248	298
Exceptional items	(192)	189	0	0	0
EBT	6,293	10,473	11,187	12,006	12,933
Income taxes	(1,739)	(2,341)	(3,197)	(3,454)	(3,738)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	312	1,460	1,500	1,700	1,900
Reported net profit	4,674	9,781	9,490	10,252	11,095
Adjustments	192	(189)	0	0	0
Adjusted net profit	4,866	9,592	9,490	10,252	11,095

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	5,475	6,462	7,541	8,147	8,804
Other current liabilities	2,347	3,377	3,017	3,259	3,522
Provisions	313	364	551	595	643
Debt funds	4,113	10	500	400	350
Other liabilities	947	919	919	919	919
Equity capital	254	254	254	254	254
Reserves & surplus	22,358	31,438	35,761	40,431	45,485
Shareholders' fund	22,612	31,692	36,015	40,685	45,739
Total liab. and equities	35,807	42,823	48,543	54,005	59,976
Cash and cash eq.	1,614	1,039	2,857	4,207	5,332
Accounts receivables	3,128	3,898	4,956	5,354	5,786
Inventories	8,906	7,608	11,204	12,104	13,080
Other current assets	2,379	2,614	3,017	3,259	3,522
Investments	2,773	10,011	6,011	6,811	8,511
Net fixed assets	15,917	17,033	19,878	21,650	23,126
CWIP	929	508	508	508	508
Intangible assets	160	112	112	112	112
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	35,807	42,823	48,543	54,005	59,976

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	6,038	14,491	7,847	12,422	13,492
Capital expenditures	(2,953)	(2,774)	(5,250)	(4,500)	(4,500)
Change in investments	(550)	(7,238)	4,000	(800)	(1,700)
Other investing cash flows	(211)	0	0	0	0
Cash flow from investing	(3,714)	(10,012)	(1,250)	(5,300)	(6,200)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	2,500	(4,103)	490	(100)	(50)
Interest expenses	(297)	(221)	(102)	(90)	(75)
Dividends paid	(3,522)	(635)	(5,167)	(5,582)	(6,041)
Other financing cash flows	235	(94)	0	0	0
Cash flow from financing	(1,084)	(5,053)	(4,779)	(5,772)	(6,166)
Chg in cash & cash eq.	1,240	(575)	1,819	1,349	1,125
Closing cash & cash eq.	1,613	1,039	2,857	4,207	5,332

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	36.8	77.0	74.7	80.7	87.3
Adjusted EPS	38.3	75.5	74.7	80.7	87.3
Dividend per share	14.0	14.0	33.6	36.3	39.3
Book value per share	178.0	249.5	283.5	320.3	360.1

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	5.2	4.5	3.6	3.4	3.2
EV/EBITDA	33.4	22.4	21.3	19.9	18.5
Adjusted P/E	59.1	30.0	30.3	28.1	25.9
P/BV	12.7	9.1	8.0	7.1	6.3

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	79.8	90.0	84.8	85.4	85.8
Interest burden (PBT/EBIT)	93.8	100.0	100.8	101.3	101.8
EBIT margin (EBIT/Revenue)	11.8	16.8	14.1	13.9	13.8
Asset turnover (Rev./Avg TA)	162.6	161.5	172.2	165.7	161.1
Leverage (Avg TA/Avg Equity)	1.5	1.4	1.3	1.3	1.3
Adjusted ROAE	22.0	35.3	28.0	26.7	25.7

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	(1.8)	15.3	23.9	8.0	8.1
EBITDA	9.6	49.3	5.6	7.9	8.0
Adjusted EPS	32.1	97.1	(1.1)	8.0	8.2
Profitability & Return ratios (%)					
EBITDA margin	15.5	20.1	17.2	17.2	17.1
EBIT margin	11.8	16.8	14.1	13.9	13.8
Adjusted profit margin	8.8	15.1	12.1	12.1	12.1
Adjusted ROAE	22.0	35.3	28.0	26.7	25.7
ROCE	18.7	28.5	23.2	21.8	20.7
Working capital days (days)					
Receivables	23	20	21	22	22
Inventory	84	75	66	75	75
Payables	43	43	39	41	41
Ratios (x)					
Gross asset turnover	1.9	2.0	2.2	2.1	2.0
Current ratio	1.3	1.5	1.9	2.0	2.1
Net interest coverage ratio	21.9	48.2	108.9	131.6	169.5
Adjusted debt/equity	0.1	0.0	(0.1)	(0.1)	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – SOMC

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	16,030	16,505	19,830	23,385	27,416
EBITDA	1,299	1,908	2,179	3,012	3,796
Depreciation	(589)	(613)	(676)	(769)	(813)
EBIT	709	1,294	1,503	2,243	2,982
Net interest inc./(exp.)	(494)	(401)	(349)	(317)	(263)
Other inc./(exp.)	125	128	134	141	148
Exceptional items	0	0	0	0	0
EBT	339	1,021	1,288	2,067	2,868
Income taxes	112	(229)	(325)	(521)	(723)
Extraordinary items	(256)	(180)	0	0	0
Min. int./Inc. from assoc.	(45)	(36)	(96)	(155)	(214)
Reported net profit	150	577	867	1,392	1,930
Adjustments	70	134	0	0	0
Adjusted net profit	220	711	867	1,392	1,930

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	1,729	1,882	2,119	2,499	2,929
Other current liabilities	1,347	1,602	1,684	1,986	2,328
Provisions	98	120	139	164	192
Debt funds	4,981	4,120	3,820	3,220	2,620
Other liabilities	413	372	372	372	372
Equity capital	85	85	85	85	85
Reserves & surplus	5,980	6,469	7,285	8,613	10,455
Shareholders' fund	6,064	6,553	7,370	8,698	10,540
Total liab. and equities	15,573	15,646	16,404	17,684	19,513
Cash and cash eq.	173	1,491	108	263	831
Accounts receivables	2,798	2,307	2,988	3,524	4,131
Inventories	3,282	2,446	3,368	3,972	4,657
Other current assets	1,085	799	1,141	1,345	1,577
Investments	341	898	0	0	0
Net fixed assets	7,737	7,546	8,640	8,421	8,158
CWIP	60	86	86	86	86
Intangible assets	42	22	22	22	22
Deferred tax assets, net	54	50	50	50	50
Other assets	0	0	0	0	0
Total assets	15,573	15,646	16,404	17,684	19,513

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	1,447	3,634	189	1,685	2,069
Capital expenditures	(664)	(414)	(1,770)	(550)	(550)
Change in investments	341	(557)	898	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(323)	(970)	(872)	(550)	(550)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(750)	(861)	(300)	(600)	(600)
Interest expenses	(494)	(401)	(349)	(317)	(263)
Dividends paid	(204)	(102)	(147)	(218)	(303)
Other financing cash flows	38	17	(96)	(155)	(214)
Cash flow from financing	(1,411)	(1,347)	(893)	(1,290)	(1,380)
Chg in cash & cash eq.	(287)	1,317	(1,575)	(154)	139
Closing cash & cash eq.	173	1,491	(85)	(47)	402

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	3.5	13.6	20.5	32.8	45.6
Adjusted EPS	5.2	16.8	20.5	32.8	45.6
Dividend per share	2.0	2.4	3.0	4.4	6.1
Book value per share	143.1	154.6	173.9	205.2	248.7

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	2.7	2.6	2.1	1.8	1.5
EV/EBITDA	33.4	22.8	19.3	13.8	11.1
Adjusted P/E	177.2	54.8	45.0	28.0	20.2
P/BV	6.4	5.9	5.3	4.5	3.7

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	64.8	69.7	67.3	67.3	67.3
Interest burden (PBT/EBIT)	47.9	78.9	85.7	92.2	96.1
EBIT margin (EBIT/Revenue)	4.4	7.8	7.6	9.6	10.9
Asset turnover (Rev./Avg TA)	99.6	105.7	123.7	137.2	147.4
Leverage (Avg TA/Avg Equity)	2.6	2.5	2.3	2.1	1.9
Adjusted ROAE	3.6	11.3	12.5	17.3	20.1

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	(6.3)	3.0	20.1	17.9	17.2
EBITDA	(17.6)	46.9	14.2	38.2	26.0
Adjusted EPS	(55.1)	223.3	21.9	60.5	38.7
Profitability & Return ratios (%)					
EBITDA margin	8.1	11.6	11.0	12.9	13.8
EBIT margin	4.4	7.8	7.6	9.6	10.9
Adjusted profit margin	1.4	4.3	4.4	6.0	7.0
Adjusted ROAE	3.6	11.3	12.5	17.3	20.1
ROCE	5.7	8.5	9.5	13.6	16.9
Working capital days (days)					
Receivables	79	56	49	51	51
Inventory	105	99	83	89	90
Payables	46	45	41	41	42
Ratios (x)					
Gross asset turnover	1.9	1.8	1.9	2.0	2.3
Current ratio	1.2	1.1	1.2	1.3	1.5
Net interest coverage ratio	1.4	3.2	4.3	7.1	11.3
Adjusted debt/equity	0.8	0.4	0.5	0.3	0.2

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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