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# IPO REPORT

**“Subscribe with Caution” to  
Shyam Metals and Energy Ltd.**

Fully priced issue, higher steel prices not sustainable

## Salient features of the IPO:

- Integrated metal producing company **Shyam Metalics and Energy Ltd.** (SMEL), is planning to raise up to Rs. 909cr through an IPO, which opens on 14<sup>th</sup> Jun. and closes on 16<sup>th</sup> Jun. 2021. The price band is Rs. 303 - 306 per share.
- The issue is a combination of fresh issue and OFS. The company will not receive any proceeds from the OFS portion. Of the net proceeds from the fresh issue, Rs. 470cr will be utilized to repay or prepayment of debt availed by the company. Residual funds will be used for general corporate purposes.
- The company reduced the OFS size to Rs. 252cr, as against earlier plan of Rs. 452cr. The probable reason behind the same could be the prevailing higher valuation of the metal stocks. However, the fresh issue remain unchanged to Rs. 657cr.

## Key competitive strengths:

- Integrated operations across the steel value chain
- Strategically located manufacturing plants supported by robust infrastructure resulting in cost and time efficiencies
- Diversified product mix with strong focus on value added products, such as, ferro alloys, association with reputed customers and robust distribution network
- Strong financial performance and credit ratings
- Experienced promoters, board and senior management team

## Risk and concerns:

- Re-emergence of the Covid-19 infection
- Fall in international steel prices
- Unfavorable product-mix
- Unfavorable movement in raw material prices
- Rise in interest rate
- Competition

**Peer comparison and valuation:** At higher price band of Rs. 306, SMEL is demanding a TTM EV/EBITDA multiple of 8.6x, which is at premium to the peer average of 6.4x. Thus, the issue seems to be overpriced.

**Below are a few key observations of the issue:** (continued in next page)

- With sustained consumption from the end-use segment, India's steel demand has increased by 5.4% CAGR over FY15-20. In FY21, the steel consumption declined mainly due to the Covid-19 pandemic. However, considering various initiatives undertaken by the government in the areas of affordable housing and infrastructure projects (like metro, road, and urban infra space), which are more steel intensive, the steel consumption is forecasted to grow at 5-6% CAGR till FY25.
- Since H2 of FY21, steel prices are in up-move globally. This is mainly because of restricted supply and higher demand from China in the initial days. Subsequently, major economies across the world planned a massive spending stimulus. This coupled with environment related supply restrictions from China, global steel prices remained elevated till date. Going forward, we see limited upside and prices are most likely to stabilize around this level till supply exceeds demand.

Recommendation	Subscribe with Caution
Price band	Rs. 303 - 306 per share
Face value	Rs. 10
Shares for fresh issue	2.15 - 2.17cr shares
Shares for OFS	0.82 - 0.83cr shares
Fresh issue size	Rs. 657cr
OFS issue size	Rs. 252cr
Total issue size	2.97 - 3cr shares (Rs. 909cr)
Employee reservation	0.03cr shares (Rs. 9.1 - 9.2cr)
Net issue size	2.94 - 2.97cr shares (Rs. 899.8 - 899.9cr)
Bidding date	14 <sup>th</sup> Jun. - 16 <sup>th</sup> Jun. 2021
MCAP at higher price band	Rs. 7,805cr
Enterprise value at higher price band	Rs. 7,841cr
Book running lead manager	ICICI Securities Ltd., Axis Capital Ltd., IIFL Securities Ltd., JM Financial Ltd. and SBI Capital Markets Ltd.
Registrar	KFIN Technologies Pvt. Ltd.
Sector/Industry	Iron & Steel/Interm.Products
Promoters	Mr. Mahabir Prasad Agarwal, Mr. Brij Bhushan Agarwal, Mr. Sanjay Kumar Agarwal, Subham Capital Pvt. Ltd., Subham Buildwell Pvt. Ltd., Narantak Dealcomm Ltd., Kalpataru Housefin & Trading Pvt. Ltd., Dorite Tracon Pvt. Ltd. and Toplight Mercantiles Pvt. Ltd.

Issue breakup		
Category	Percent of issue (%)	Number of shares
QIB portion	50%	1.47 - 1.49cr shares
Non institutional portion	15%	0.44 - 0.45cr shares
Retail portion	35%	1.03 - 1.04cr shares

Indicative IPO process time line	
Finalization of basis of allotment	21 <sup>st</sup> Jun. 2021
Unblocking of ASBA account	22 <sup>nd</sup> Jun. 2021
Credit to demat accounts	23 <sup>rd</sup> Jun. 2021
Commencement of trading	24 <sup>th</sup> Jun. 2021

Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	100.00%	88.35%
Public	0.00%	11.65%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Retail application money at higher cut-off price per lot	
Number of shares per lot	45
Application money	Rs. 13,770 per Lot

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## Peer comparison and valuation (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return (%)				TTM operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM EBITDA margin (%)	TTM PAT margin (%)
					1 M	3 M	6 M	1 Y					
<b>Shyam Metals and Energy Ltd.</b>	<b>10</b>	<b>306</b>	<b>7,805</b>	<b>7,841</b>					<b>5,013</b>	<b>912</b>	<b>536</b>	<b>18.2%</b>	<b>10.7%</b>
Tata Steel Ltd.	10	1,128	135,862	211,980	-4.6%	53.9%	83.6%	232.5%	156,294	30,504	7,490	19.5%	4.8%
JSW Steel Ltd.	1	716	173,037	242,125	-5.4%	76.1%	96.2%	263.4%	79,839	20,141	7,911	25.2%	9.9%
Steel Authority of India Ltd.	10	123	50,805	97,921	-14.7%	70.5%	123.4%	268.3%	62,001	13,039	3,326	21.0%	5.4%
Jindal Steel & Power Ltd.	1	405	41,270	55,658	-15.8%	25.2%	52.0%	178.2%	38,989	14,444	3,634	37.0%	9.3%
Tata Steel Long Products Ltd.	10	937	4,225	5,263	-9.9%	36.5%	71.1%	243.6%	4,750	1,098	572	23.1%	12.0%
Tata Steel BSL Ltd.	2	94	10,278	19,529	-1.9%	99.6%	147.4%	349.8%	21,419	5,448	2,518	25.4%	11.8%
Godawari Power & Ispat Ltd.	10	982	3,460	4,252	-2.2%	74.6%	104.1%	593.3%	4,072	1,229	638	30.2%	15.7%
Prakash Industries Ltd.	10	80	1,438	1,885	-11.7%	45.2%	46.1%	125.6%	3,216	315	95	9.8%	3.0%
Sarda Energy & Minerals Ltd.	10	534	1,926	3,215	-7.6%	44.7%	55.4%	197.0%	2,199	520	375	23.6%	17.1%
Indian Metals & Ferro Alloys Ltd.	10	503	1,357	1,751	13.6%	8.4%	64.0%	223.7%	1,647	187	50	11.4%	3.0%
<b>Average</b>												<b>22.6%</b>	<b>9.2%</b>

Company Name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio	Total asset turnover ratio	RoE (%)	RoCE (%)	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning yield (%)
<b>Shyam Metals and Energy Ltd.</b>	<b>21.0</b>	<b>154.6</b>	<b>1.7</b>	<b>0.2</b>	<b>0.9</b>	<b>13.6%</b>	<b>13.6%</b>	<b>14.6</b>	<b>2.0</b>	<b>1.6</b>	<b>8.6</b>	<b>1.6</b>	<b>6.9%</b>
Tata Steel Ltd.	62.2	616.5	25.0	1.1	0.7	10.1%	12.9%	18.1	1.8	1.4	6.9	0.9	5.5%
JSW Steel Ltd.	32.7	307.1	6.5	1.1	0.3	10.7%	9.3%	21.9	2.3	3.0	12.0	2.2	4.6%
Steel Authority of India Ltd.	8.1	98.4	1.0	1.2	0.5	8.2%	12.1%	15.3	1.3	1.6	7.5	0.8	6.5%
Jindal Steel & Power Ltd.	35.6	311.9	0.0	0.7	0.5	11.4%	21.0%	11.4	1.3	1.4	3.9	1.1	8.8%
Tata Steel Long Products Ltd.	126.8	575.2	5.0	0.5	0.8	22.1%	19.1%	7.4	1.6	1.1	4.8	0.9	13.5%
Tata Steel BSL Ltd.	23.0	192.1	0.0	0.5	0.6	12.0%	12.5%	4.1	0.5	0.9	3.6	0.5	24.5%
Godawari Power & Ispat Ltd.	181.2	577.7	18.5	0.4	1.2	31.4%	37.6%	5.4	1.7	1.0	3.5	0.8	18.4%
Prakash Industries Ltd.	5.3	161.9	0.0	0.2	0.8	3.3%	4.9%	15.1	0.5	0.6	6.0	0.4	6.6%
Sarda Energy & Minerals Ltd.	104.0	616.2	7.5	0.7	0.5	16.9%	11.6%	5.1	0.9	1.5	6.2	0.9	19.5%
Indian Metals & Ferro Alloys Ltd.	18.5	427.3	3.0	0.5	0.7	4.3%	4.8%	27.2	1.2	1.1	9.3	0.8	3.7%
<b>Average</b>			<b>6.7</b>	<b>0.7</b>	<b>0.7</b>	<b>13.0%</b>	<b>14.6%</b>	<b>13.1</b>	<b>1.3</b>	<b>1.4</b>	<b>6.4</b>	<b>0.9</b>	<b>11.2%</b>

Source: Choice Broking Research

- SMEL is one of the leading integrated metal producing companies based out in the eastern region of India. Its backward integration activities include an iron pellet plant, which produces sponge iron. This in turn is used to manufacture billets, which are fed into the rolling mills to produce TMT bars and wire rods. This integrated nature of operations aids the company in controlling the manufacturing process in cost efficient way.
- It primarily produces intermediate and long steel products, such as iron pellets, sponge iron, steel billets, TMT, structural products, wire rods and ferro alloys products. Such a diversified product-mix helps the company in reducing the dependence on a particular product thereby de-risking its revenue streams.
- In terms of installed capacity, SMEL is amongst the largest producers of pellets and ferro alloys in India. It is also the fourth largest player in the sponge iron in India (Source: RHP). Currently it has three manufacturing facilities in the mineral rich region of India (i.e. eastern India) with an installed capacity of 5.71mn tonnes. Of these, 60% is the primary capacity and rest as secondary capacity. It also has a captive power generation capacity of 227MW, which meets around 85% of its requirement. These manufacturing facilities are in close proximity to raw material suppliers and ports & national highways. On raw material front, the company met its 50% coal requirement from FSA in FY20. Other raw materials (like iron ore, chrome and manganese ores) are procured mainly on purchase order basis.
- The company is planning to increase its aggregate installed capacity to 11.6mn tonnes and power capacity to 357MW, which are expected to be operational between FY22-25. Additionally, it is in the process of commissioning an aluminum foil rolling mill, which is expected to become operational in FY22.
- Because of its integrated operations with close proximity to raw material resources, ports & highways and captive power generation, SMEL has maintained to remain EBITDA positive since its commencement of operations in FY05. Also the company least leveraged among the peers, with debt equity ratio of 0.2x. According to the management, in the past it has funded its capex requirement from internal accruals and is likely to maintain the same for the proposed capacity expansion.

## Peer comparison and valuation (Contd...):

- Over FY18-20, SMEL reported a decent set of operating and financial performance, which was mainly due to capacity expansion. However, unfavorable movement in the steel prices dented the profitability. On the back of higher capacity over FY18-20, the company reported a 6.6% CAGR rise in total operating revenue to Rs. 4,362.9cr in FY20. Higher employee cost (+25.8% CAGR) and other expenses (+23.7% CAGR) led to an 8.8% CAGR rise in total operating expenditure. As a result, EBITDA declined by 4% CAGR to Rs. 645.6cr in FY20. EBITDA margin contracted from 18.2% in FY18 to 14.8% in FY20. Higher capacity led to a 17.5% CAGR rise in depreciation charge, thereby leading to a 10.4% CAGR fall in reported PAT to Rs. 340.3cr in FY20. PAT margin contracted by 324bps over the period to be at 7.8% in FY20. SMEL reported a positive operating cash flow over FY18-20, albeit declining by 41.3% CAGR. Working capital cycle remained stable in FY18 and FY19, but mainly due to poor business environment it got doubled in FY20. Consolidated debt increased by 55.5% CAGR, leading to a net-debt to EBITDA ratio of 2x in FY20 as compared to 0.6x in FY18. Average RoIC and RoE during the period stood at 14.5% and 19.7%, respectively.
- During the initial times of the 9M FY21, business was impacted by the Covid-19 induced lockdown and lower demand. But as the unlock process started, there was a massive spike in the economic activities which positively impacted the demand of SMEL's products. Improving international steel prices and relatively subdued raw material prices aided in profitability improvement. During 9M FY21, the company reported a 19.8% Y-o-Y higher revenue with EBITDA and PAT margin expansion by 450bps and 367bps, respectively. On a TTM basis, top-line stood at Rs. 5,012.9cr, with an EBITDA and PAT margin of 18.2% and 10.7%, respectively.
- At higher price band of Rs. 306, SMEL is demanding a TTM EV/EBITDA multiple of 8.6x, which is at premium to the peer average of 6.4x. Despite factoring in an exponential rise in EBITDA in Q4 FY21, the company still appears to be overvalued in relation to its peers.

With favorable macros for steel consumption, cautious view on the international steel prices and higher demanded valuation, we assign a **"Subscribe with Caution"** rating for the issue.

## About the issue:

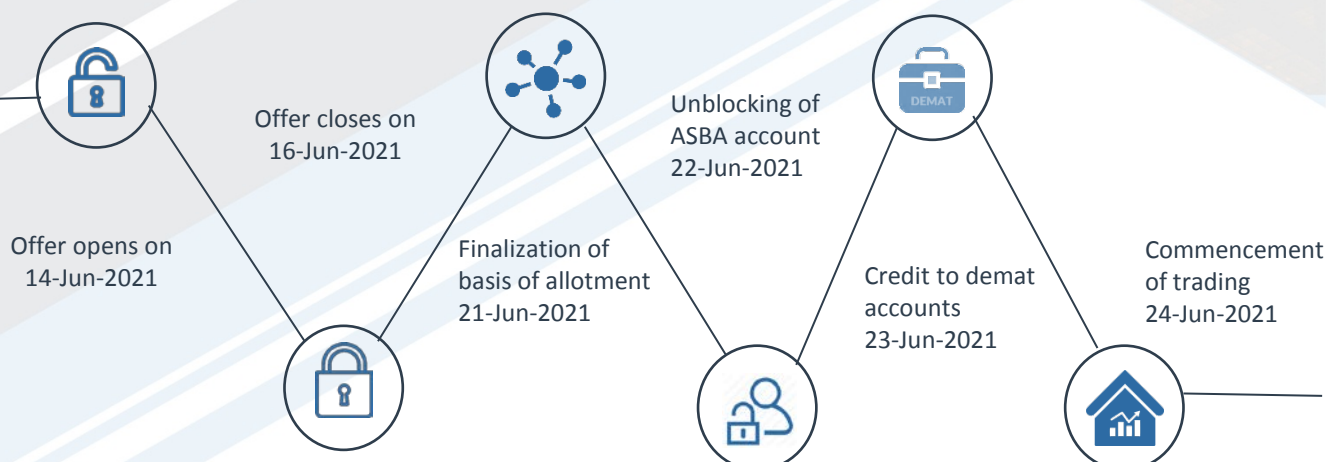
- SMEL is coming up with an initial public offering (IPO) with 2.97 - 3cr shares (fresh issue: 2.15 - 2.17cr shares; OFS shares: 0.82 - 0.83cr shares) in offering. The offer represents around 11.65% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 909cr.
- The issue will open on 14<sup>th</sup> Jun. 2021 and close on 16<sup>th</sup> Jun. 2021.
- The issue is through book building process with a price band of Rs. 303 - 306 per share.
- 0.03cr shares are reserved for eligible employees. Thus the net issue size is Rs. 899.8 - 899.9cr.
- The issue is a combination of fresh issue and OFS. The company will not receive any proceeds from the OFS portion. Of the net proceeds from the fresh issue, Rs. 470cr will be utilized to repay or prepayment of debt availed by the company. Residual funds will be used for general corporate purposes.
- 50% of the net issue shall be allocated on a proportionate basis to qualified institutional buyers, while rest 15% and 35% is reserved for non-institutional bidders and retail investors, respectively.
- Promoter holds 100.00% stake in the company and post-IPO this will come down to 88.35%. Public holding will increase from current nil to 11.65%.

### Pre and post issue shareholding pattern (%)

	Pre-issue	Post-issue (at higher price band)
Promoter & Promoter Group (%)	100.00%	88.35%
Public (%)	00.00%	11.65%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Financial performance:

**Performance over FY18-20:** Over FY18-20, SMEL reported a decent set of operating and financial performance, mainly due to capacity expansion. However, unfavorable movement in the steel prices dented the profitability. On the back of higher capacity over FY18-20, the company reported a 6.6% CAGR rise in total operating revenue to Rs. 4,362.9cr in FY20. During the same period, business from the value added products increased from 15.4% in FY18 to 22.9% in FY20.

Higher employee cost (+25.8% CAGR) and other expenses (+23.7% CAGR) led to an 8.8% CAGR rise in total operating expenditure. As a result, EBITDA declined by 4% CAGR to Rs. 645.6cr in FY20. EBITDA margin contracted from 18.2% in FY18 to 14.8% in FY20.

Higher capacity led to a 17.5% CAGR rise in depreciation charge, thereby leading to a 10.4% CAGR fall in reported PAT to Rs. 340.3cr in FY20. PAT margin contracted by 324bps over the period to be at 7.8% in FY20.

SMEL reported a positive operating cash flow over FY18-20, albeit declining by 41.3% CAGR. Working capital cycle remained stable in FY18 and FY19, but mainly due to poor business environment it got doubled in FY20. Consolidated debt increased by 55.5% CAGR, leading to a net-debt to EBITDA ratio of 2x in FY20 as compared to 0.6x in FY18. Average RoIC and RoE during the period stood at 14.5% and 19.7%, respectively.

**Performance during 9M FY21:** During the initial times of the 9M FY21, business was impacted by the Covid-19 induced lockdown and lower demand. But as the unlock process started, there was a massive spike in the economic activities which positively impacted the demand of SMEL's products. Improving international steel prices and relatively subdued raw material prices aided in profitability improvement.

During 9M FY21, the company reported a 19.8% Y-o-Y higher revenue to Rs. 3,933.1cr. Lower raw material cost and pandemic induced cost reduction led to a 58.9% and 75.1% Y-o-Y higher EBITDA (Rs. 719.4cr) and PAT (Rs. 456.3cr), respectively. EBITDA and PAT margin expanded by 450bps and 367bps, respectively, to be at 18.3% and 11.6%.

On a TTM basis, top-line stood at Rs. 5,012.9cr, with an EBITDA and PAT margin of 18.2% and 10.7%, respectively.

Consolidated financial snapshot (Rs. cr)	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR (%)	Y-o-Y (% Annual)	Y-o-Y (% Nine month)
Revenue from operations	3,842.6	4,606.4	4,362.9	3,283.1	3,933.1	5,012.9	6.6%	-5.3%	19.8%
EBITDA	701.0	944.7	645.6	452.6	719.4	912.3	-4.0%	-31.7%	58.9%
Reported PAT	424.4	604.1	340.3	260.6	456.3	536.1	-10.4%	-43.7%	75.1%
Restated adjusted EPS	16.6	23.7	13.3	10.2	17.9	21.0	-10.4%	-43.7%	75.1%
Cash flow from operating activities	246.9	456.6	85.2	(104.7)	656.8	846.7	-41.3%	-81.3%	
NOPLAT	354.9	586.8	281.1	196.7	408.9	493.3	-11.0%	-52.1%	107.8%
FCF		49.2	154.3		394.3			213.4%	
RoIC (%)	14.7%	19.9%	8.8%	6.2%	12.9%	15.5%	(587) bps	(1,104) bps	662 bps
Revenue growth rate (%)		19.9%	-5.3%	-24.7%	19.8%				
EBITDA growth rate (%)		34.8%	-31.7%	-29.9%	58.9%				
EBITDA margin (%)	18.2%	20.5%	14.8%	13.8%	18.3%	18.2%	(345) bps	(571) bps	450 bps
EBIT growth rate (%)		54.4%	-53.5%	-28.6%	100.5%				
EBIT margin (%)	12.6%	16.3%	8.0%	7.6%	12.7%	12.0%	(465) bps	(829) bps	511 bps
Restated reported PAT growth rate (%)		42.4%	-43.7%	-23.4%	75.1%				
Restated reported PAT margin (%)	11.0%	13.1%	7.8%	7.9%	11.6%	10.7%	(324) bps	(531) bps	367 bps
Inventory days	86.0	84.5	151.2	198.6	171.0	137.4	32.6%	78.9%	-13.9%
Debtor days	35.0	23.0	19.7	33.0	22.6	17.7	-24.9%	-14.3%	-31.5%
Payable days	(68.8)	(49.6)	(55.4)	(93.2)	(52.6)	(42.3)	-10.3%	11.6%	-43.5%
Cash conversion cycle	52.2	57.9	115.5	138.5	141.0	112.9	48.8%	99.4%	1.8%
Fixed asset turnover ratio (x)	2.1	2.2	1.9	1.5	1.8	2.2	-3.6%	-10.2%	20.0%
Total asset turnover ratio (x)	1.1	1.1	0.8	0.7	0.8	1.0	-13.0%	-26.2%	16.6%
Current ratio (x)	1.6	1.9	1.6	1.6	1.7	1.7	-1.9%	-15.3%	5.5%
Debt to equity (x)	0.3	0.3	0.5	0.4	0.3	0.3	26.0%	58.9%	-29.5%
Net debt to EBITDA (x)	0.6	0.5	2.0	2.2	1.0	0.8	81.8%	267.0%	-56.8%
RoE (%)	22.9%	24.3%	12.0%	9.5%	13.9%	16.3%	(1,085) bps	(1,222) bps	440 bps
RoA (%)	12.2%	14.9%	6.5%	5.2%	8.9%	10.5%	(569) bps	(837) bps	369 bps
RoCE (%)	19.0%	24.3%	9.8%	7.2%	13.4%	16.0%	(922) bps	(1,449) bps	614 bps

Source: Choice Equity Broking



## Competitive strengths:

- Integrated operations across the steel value chain
- Strategically located manufacturing plants supported by robust infrastructure resulting in cost and time efficiencies
- Diversified product mix with strong focus on value added products, such as, ferro alloys, association with reputed customers and robust distribution network
- Strong financial performance and credit ratings
- Experienced promoters, board and senior management team

## Business strategy:

- Continue to increase the manufacturing capacities
- Introduce new products by leveraging forward integration capabilities
- Continue to maintain low leverage with healthy capitalization metrics
- Continue to focus on cost efficiency and increase profitability and market share
- Focus on exports



## Risk and concerns:

- Re-emergence of the Covid-19 infection
- Delay in capacity expansion
- Fall in international steel prices
- Unfavorable product-mix
- Unfavorable movement in raw material prices
- Rise in interest rate
- Competition

## Financial statements:

### Consolidated profit and loss statement (Rs. cr)

	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR over FY18 - 20 (%)	Annual growth over FY19 (%)	Nine months growth over FY19 (%)
<b>Revenue from operations</b>	<b>3,842.6</b>	<b>4,606.4</b>	<b>4,362.9</b>	<b>3,283.1</b>	<b>3,933.1</b>	<b>5,012.9</b>	<b>6.6%</b>	<b>-5.3%</b>	<b>19.8%</b>
Cost of material consumed	(2,296.8)	(2,782.8)	(2,718.2)	(2,122.1)	(2,437.4)	(3,033.5)	8.8%	-2.3%	14.9%
Purchase of stock-in-trade	(128.3)	(28.6)	(63.3)	(33.6)	(4.6)	(34.2)	-29.8%	121.0%	-86.4%
Change in inventories of finished goods, stock in trade and work-in-progress	54.4	25.1	103.5	76.4	(13.4)	13.6	38.0%	312.0%	-117.5%
<b>Gross profit</b>	<b>1,471.9</b>	<b>1,820.1</b>	<b>1,684.9</b>	<b>1,203.8</b>	<b>1,477.7</b>	<b>1,958.8</b>	<b>7.0%</b>	<b>-7.4%</b>	<b>22.8%</b>
Excise duty	(95.4)					0.0			
Employee benefits expense	(106.4)	(145.0)	(168.4)	(123.0)	(124.7)	(170.1)	25.8%	16.1%	1.4%
Other expenses	(569.0)	(730.4)	(871.0)	(628.3)	(633.6)	(876.3)	23.7%	19.2%	0.9%
<b>EBITDA</b>	<b>701.0</b>	<b>944.7</b>	<b>645.6</b>	<b>452.6</b>	<b>719.4</b>	<b>912.3</b>	<b>-4.0%</b>	<b>-31.7%</b>	<b>58.9%</b>
Depreciation and amortization expense	(215.0)	(194.6)	(296.6)	(203.5)	(220.0)	(313.1)	17.5%	52.5%	8.1%
<b>EBIT</b>	<b>486.0</b>	<b>750.1</b>	<b>348.9</b>	<b>249.1</b>	<b>499.4</b>	<b>599.2</b>	<b>-15.3%</b>	<b>-53.5%</b>	<b>100.5%</b>
Finance costs	(48.9)	(64.4)	(85.9)	(60.9)	(55.8)	(80.9)	32.6%	33.3%	-8.3%
Other income	77.8	78.2	32.4	33.4	62.5	61.6	-35.5%	-58.5%	87.5%
Share of profit / (loss) of associates	2.4	0.0	0.0	0.5	0.2	(0.4)	-90.1%	-25.0%	-71.7%
<b>PBT</b>	<b>517.4</b>	<b>763.9</b>	<b>295.5</b>	<b>222.1</b>	<b>506.3</b>	<b>579.6</b>	<b>-24.4%</b>	<b>-61.3%</b>	<b>127.9%</b>
Tax expenses	10.7	(127.1)	44.9	38.3	(49.9)	(43.3)	105.2%	-135.3%	-230.5%
<b>PAT before minority interest</b>	<b>528.0</b>	<b>636.8</b>	<b>340.3</b>	<b>260.4</b>	<b>456.3</b>	<b>536.3</b>	<b>-19.7%</b>	<b>-46.6%</b>	<b>75.3%</b>
Minority interest	(103.7)	(32.7)	0.0	0.2	0.0	(0.2)			-99.1%
<b>Reported PAT</b>	<b>424.4</b>	<b>604.1</b>	<b>340.3</b>	<b>260.6</b>	<b>456.3</b>	<b>536.1</b>	<b>-10.4%</b>	<b>-43.7%</b>	<b>75.1%</b>

### Consolidated balance sheet statement (Rs. cr)

	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR over FY18 - 20 (%)	Annual growth over FY19 (%)	Nine months growth over FY19 (%)
Equity share capital	46.7	233.6	233.6	233.6	233.6	233.6	123.6%	0.0%	0.0%
Other equity	1,807.3	2,256.1	2,592.4	2,513.0	3,051.7	3,051.7	19.8%	14.9%	21.4%
Non controlling interest	209.5	4.4	4.2	4.2	4.1	4.1	-85.9%	-6.4%	-1.7%
Non current borrowings	285.4	279.3	409.4	423.2	204.0	204.0	19.8%	46.5%	-51.8%
Other non current financial liabilities	9.4	42.3	19.9	16.4	20.0	20.0	45.7%	-53.0%	21.9%
Non current lease liabilities	3.3	6.1	5.9	6.1	5.7	5.7	33.8%	-3.1%	-7.2%
Non current provisions	5.8	6.0	27.2	9.8	9.8	9.8	116.8%	355.0%	-0.2%
Non current net deferred tax liabilities	110.1	72.7				0.0			
Other non current liabilities	75.2	186.2	262.7	245.9	209.9	209.9	86.9%	41.1%	-14.6%
Current borrowings	278.7	442.8	921.1	617.8	682.3	682.3	81.8%	108.0%	10.4%
Current lease liabilities	0.1	0.4	0.5	0.5	0.5	0.5	123.8%	26.2%	1.5%
Other current financial liabilities	23.8	35.0	96.5	84.0	55.8	55.8	101.2%	175.9%	-33.6%
Trade payables	447.1	310.6	502.4	530.6	353.8	353.8	6.0%	61.7%	-33.3%
Current provisions	0.4	0.5	0.6	17.3	27.5	27.5	13.4%	13.9%	59.3%
Current net tax liabilities	32.5				24.5	24.5			
Other current liabilities	135.3	176.5	127.5	264.7	222.0	222.0	-2.9%	-27.7%	-16.1%
<b>Total liabilities</b>	<b>3,470.6</b>	<b>4,052.4</b>	<b>5,203.8</b>	<b>4,967.2</b>	<b>5,105.1</b>	<b>5,105.1</b>	<b>22.4%</b>	<b>28.4%</b>	<b>2.8%</b>
Property, plant and equipment	1,723.0	1,729.8	1,968.5	1,985.5	1,837.9	1,837.9	6.9%	13.8%	-7.4%
Intangible assets	0.4	0.8	0.8	0.7	0.6	0.6	32.8%	-5.7%	-14.4%
Capital work-in-progress	90.6	357.7	235.4	206.5	351.0	351.0	61.2%	-34.2%	70.0%
Intangible assets under development	0.7					0.0			
Right-of-use assets	23.4	43.5	42.7	43.0	42.0	42.0	35.2%	-1.7%	-2.4%
Non current investments	62.2	68.4	72.4	73.6	70.3	70.3	7.9%	5.9%	-4.5%
Other non current financial assets	3.8	7.5	40.8	32.5	44.8	44.8	226.2%	443.9%	37.9%
Non current net deferred tax assets			29.0	12.4	67.9	67.9			445.2%
Other non current assets	71.5	58.0	229.2	182.2	377.8	377.8	79.1%	295.4%	107.4%
Inventories	558.5	732.1	1,486.7	1,131.3	1,150.0	1,150.0	63.2%	103.1%	1.7%
Trade receivables	368.7	212.9	259.0	296.9	243.7	243.7	-16.2%	21.7%	-17.9%
Current investments	133.2	205.4	71.6	71.6	97.6	97.6	-26.7%	-65.2%	36.4%
Cash and cash equivalents	53.3	97.8	121.2	67.6	178.2	178.2	50.8%	23.9%	163.7%
Other current financial assets	81.0	68.6	66.2	71.9	74.2	74.2	-9.6%	-3.6%	3.3%
Current loans	6.0	47.4	4.2	22.2	15.8	15.8	-16.7%	-91.2%	-28.8%
Current net tax assets		4.2	4.8	3.5		0.0		13.4%	
Other current assets	294.1	418.2	571.2	765.9	553.5	553.5	39.4%	36.6%	-27.7%
<b>Total assets</b>	<b>3,470.6</b>	<b>4,052.4</b>	<b>5,203.8</b>	<b>4,967.2</b>	<b>5,105.1</b>	<b>5,105.1</b>	<b>22.4%</b>	<b>28.4%</b>	<b>2.8%</b>

Source: Choice Equity Broking



## Financial statements:

### Consolidated cash flow statement (Rs. cr)

Particulars (Rs. mn)	FY18	FY19	FY20	9M FY20	9M FY21	TTM	CAGR over FY18 - 20 (%)	Annual growth over FY19 (%)	Nine months growth over FY19 (%)
Cash flow before working capital changes	762.3	988.4	674.5	474.8	742.3	942.1	-5.9%	-31.8%	56.4%
Change in working capital	(401.2)	(363.8)	(534.8)	(536.5)	(25.5)	(23.9)	15.5%	47.0%	-95.2%
<b>Cash flow from operating activities</b>	<b>246.9</b>	<b>456.6</b>	<b>85.2</b>	<b>(104.7)</b>	<b>656.8</b>	<b>846.7</b>	<b>-41.3%</b>	<b>-81.3%</b>	
Purchase of property, plant & equipment	(102.8)	(488.1)	(308.2)	(307.5)	(203.9)	(204.5)	73.2%	-36.9%	-33.7%
<b>Cash flow from investing activities</b>	<b>(142.1)</b>	<b>(567.0)</b>	<b>(277.4)</b>	<b>(142.8)</b>	<b>(231.1)</b>	<b>(365.8)</b>	<b>39.7%</b>	<b>-51.1%</b>	<b>61.9%</b>
<b>Cash flow from financing activities</b>	<b>(162.2)</b>	<b>112.2</b>	<b>212.0</b>	<b>256.5</b>	<b>(455.9)</b>	<b>(500.4)</b>		<b>89.0%</b>	
<b>Net cash flow</b>	<b>(57.3)</b>	<b>1.8</b>	<b>19.8</b>	<b>9.0</b>	<b>(30.2)</b>	<b>(19.4)</b>		<b>1018.7%</b>	
Effect of foreign exchange fluctuation	24.5	0.0	0.0	2.9	15.8	12.9			441.1%
Opening balance of cash	40.9	8.1	9.9	9.9	29.7	21.9	-50.8%	21.8%	200.1%
<b>Closing balance of cash</b>	<b>8.1</b>	<b>9.9</b>	<b>29.7</b>	<b>21.9</b>	<b>15.4</b>	<b>15.4</b>	<b>91.2%</b>	<b>200.1%</b>	<b>-29.7%</b>

Particulars (Rs. mn)	FY18	FY19	FY20	9M FY20	9M FY21	TTM
Revenue growth rate (%)		19.9%	-5.3%	-24.7%	19.8%	
EBITDA growth rate (%)		34.8%	-31.7%	-29.9%	58.9%	
EBITDA margin (%)	18.2%	20.5%	14.8%	13.8%	18.3%	18.2%
EBIT growth rate (%)		54.4%	-53.5%	-28.6%	100.5%	
EBIT margin (%)	12.6%	16.3%	8.0%	7.6%	12.7%	12.0%
PAT growth rate (%)		42.4%	-43.7%	-23.4%	75.1%	
PAT margin (%)	11.0%	13.1%	7.8%	7.9%	11.6%	10.7%
Inventories turnover ratio (x)	6.9	7.1	3.9	2.9	3.4	4.4
Trade receivable turnover ratio (x)	10.4	15.8	18.5	11.1	16.1	20.6
Accounts payable turnover ratio (x)	8.6	12.2	10.7	6.2	11.1	14.2
Fixed asset turnover ratio (x)	2.1	2.2	1.9	1.5	1.8	2.2
Total asset turnover ratio (x)	1.1	1.1	0.8	0.7	0.8	1.0
RoE (%)	22.9%	24.3%	12.0%	9.5%	13.9%	16.3%
RoA (%)	12.2%	14.9%	6.5%	5.2%	8.9%	10.5%
RoCE (%)	19.0%	24.3%	9.8%	7.2%	13.4%	16.0%
Restated reported EPS (Rs.)	16.6	23.7	13.3	10.2	17.9	21.0
Restated DPS (Rs.)						
Restated BVPS (Rs.)	72.7	97.6	110.8	107.7	128.8	128.8
Restated operating cash flow per share (Rs.)	9.7	17.9	3.3	(4.1)	25.7	33.2
Restated free cash flow per share (Rs.)		1.9	6.1		15.5	
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Ratios calculated on pre-issue data; Source: Choice Equity Broking

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