



INDIA RESEARCH

INITIATING COVERAGE

TEXTILES

31 December 2021



THE
INVESTMENT
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OF INDIA



Century Textiles & Industries

Real estate powerhouse
in the making



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Reco	: BUY
CMP	: INR876
Target Price	: INR1,175
Potential Return	: 34%

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Century Textiles & Industries

Real estate powerhouse in the making

Century Textiles and Industries Ltd (CTIL) has "risen like a phoenix" over the years as a result of changes in its business model. The company has demerged its cement business to Ultratech Cement (another group entity) and transferred its technical textiles business (Century Rayon) to Grasim Industries on operating lease. In its new avatar the company is focussed to grow its real estate business to benefit from the underlying housing up-cycle and emerge as one of the leading players in the industry, while the other two businesses (Paper and Textiles) are expected to provide steady cash flows. Given strong sector tailwinds, company's sharp focus to grow real estate business bodes well in the wake of underlying consolidation in the industry. We initiate with a Buy rating and a TP of INR 1,175.

Birla Estate: Sharp focus + Brand + Ability to scale = Emerging real estate giant

CTIL forayed into real estate business in CY16 under the brand "Birla Estates" with a clear vision to develop owned land parcel, venture into joint development agreements (JDAs) and do strategic tie-ups across top 4 markets of India (MMR, NCR, Bengaluru and Pune). Company has so far launched projects across MMR, Bengaluru and NCR (aggregating >2.47 mn sqft of area) and have had robust operational performance (sold inventory of INR 13.30 bn till date) driven by strong brand recognition of "Birla" and industry tailwinds. Successful launch and operational performance of Birla Estate's Worli project, Birla Niyaara, (which is under soft launch) holds the key to company's impactful success in India's housing market which is all set to create room for large corporates with strong parental backing and ability to scale. We believe Birla Estates is all set to emerge as a strong real estate developer over next few years driven by focussed approach, strong management team and ability to fund and scale business; expected to clock ~INR 60-85 bn cumulatively by FY24.

Century Pulp and Paper (CPP): Near term pain; long term beneficiary of industry consolidation

India remains one of the fastest growing paper industries globally largely driven by Printing and Writing (P&W), increasing use of tissue paper (on account of enhanced health and hygiene) and paper board and packaging (due to enhanced penetration of e-commerce and restriction on the use of plastics). However, owing to closure of educational institutes and extended work-from-home (WFH) due to COVID-19 led disruption, the demand for P&W (~20% of the industry) has been significantly impacted which to some extent is offset by the growth in tissue and packaging board segment. Although, the demand has started picking up across segments, however, frequent outburst of new variants is leading to delayed recovery in normal operations and is likely to pose near term challenges. However, in the long term, player like CPP remains the key beneficiary to capture growth driven by industry consolidation.

Birla Century: slow and steady; sector tailwinds likely to benefit in short term

Birla Century (textile segment of the company) is a steady business of the company with ~50% revenue contributed via Home textiles. The company has a good mix of domestic and exports business that provides revenue stability. As guided by the management, the company has no aggressive growth plans for the segment and is expected to remain a steady contributor to the topline.

Valuation and view

In the new avatar, CTIL's business model is a unique mix of steady cash flow generating segments (Paper and Textile) and a scalable real estate business where sector tailwinds are strong to drive growth over next few years. The management's sharp focus on scaling the real estate business while utilizing surplus cash flows from the steady businesses bodes well for the company. We are structurally positive on CTIL and value the company on an SOTP based valuation where we assign 6x EV/EBITDA and 5x EV/EBITDA on FY24E EBITDA for the Paper and Textile businesses respectively baking in steady growth over next few years while valuing the annuity leasing segment of Birla Estate at 8% Cap rate and 11% Discount rate. Residential real estate is valued using NPV method and assigning a 20% premium to bake in strong growth potential going ahead. We thus initiate a buy on the stock with a TP of INR 1,175.

Market data

Sensex	:	57,794
Sector	:	Textiles
Market Cap (INRbn)	:	98.0
Market Cap (USDbn)	:	1.317
O/S Shares (m)	:	111.7
52-wk HI/LO (INR)	:	1004/356
Avg Daily Vol ('000)	:	940
Bloomberg	:	CENTIN

Source: Bloomberg

Valuation

	FY22e	FY23e	FY24e
EPS (INR)	14.9	22.3	34.5
P/E (x)	58.7	39.3	25.4
P/BV (x)	2.7	2.5	2.3
EV/EBITDA (x)	21.7	16.9	12.4
Dividend Yield (%)	0.1	0.2	0.2

Source: Bloomberg

Returns (%)

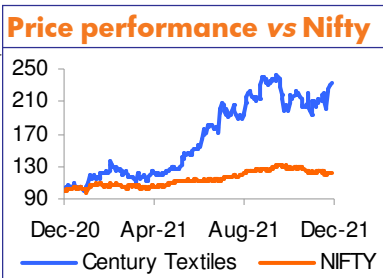
	1m	3m	6m	12m
Absolute	15	(6)	43	122
Relative	13	(4)	30	83

Source: Bloomberg

Shareholding pattern

Promoters	:	50%
Public	:	50%
Others	:	0%

Source: Bloomberg



Source: Bloomberg Indexed to 100

Exhibit 1: SOTP based valuation

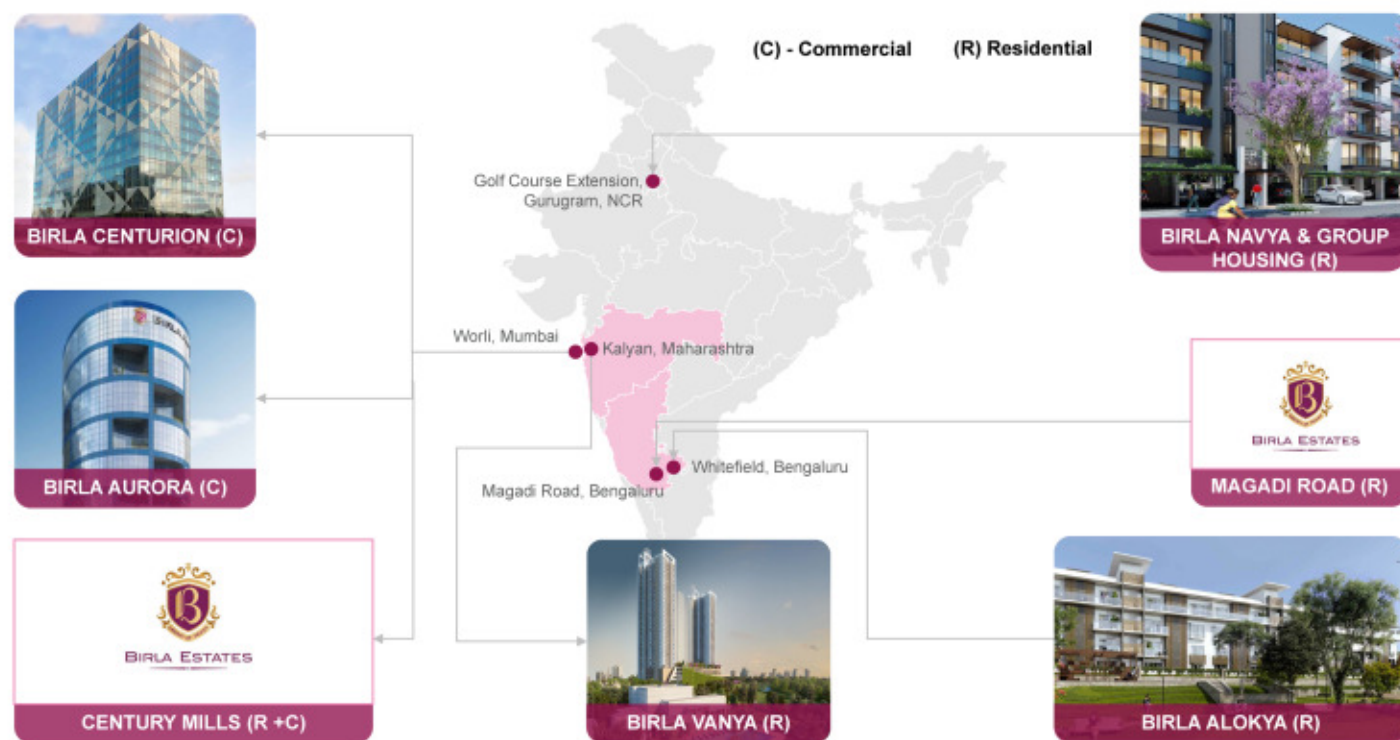
SOTP based valuation	INR mn	% share	Comments
Commercial Leasing - Operational	24,581	17%	Cap rate - 8%, WACC:11%
Century Mills Worli (Resi+Comm)	50,640	35%	Cap rate - 8%, WACC:11% (Leasing), WACC:11% (Resi)
Residential (NCR+Bengaluru)	8,689	6%	Discount rate: 11%
Premium on Residential NAV	6,096	4%	@ 20% premium
Paper	35,785	25%	FY24 EV/EBITDA - 6x
Textile	3,167	2%	FY24 EV/EBITDA - 5x
Land Bank	15,333	11%	
Total EV (INRmn)	1,44,291		
Less: net Debt	13,012		
Implied Mcap (INR m)	1,31,279		
no. of share (mn)	112		
per share value	1,175		
CMP	876		
upside %	34%		

Source: Company, Antique

Birla Estates - Sharp focus + Brand + Ability to scale = Emerging real estate giant

- CTIL forayed into real estate business in CY16 under the brand "Birla Estates". The company has a clear vision of developing land parcels owned by the Group, apart from venturing into joint development agreements (JDAs) and strategic tie-ups across top 4 markets of India (MMR, NCR, Bengaluru and Pune) with land owners and other developers.
- Currently, the company's real estate business is housed under two major segments viz. **(1) Commercial leasing** (Birla Aurora and Birla Centurion) and **(2) Residential development** (having 5 under construction/under planning projects)

Exhibit 2: Birla Estates - Commercial and Residential Development (under construction and under planning)



Source: Company, Antique

Exhibit 3: Birla Estates - Unique strengths and opportunities



Source: Company, Antique

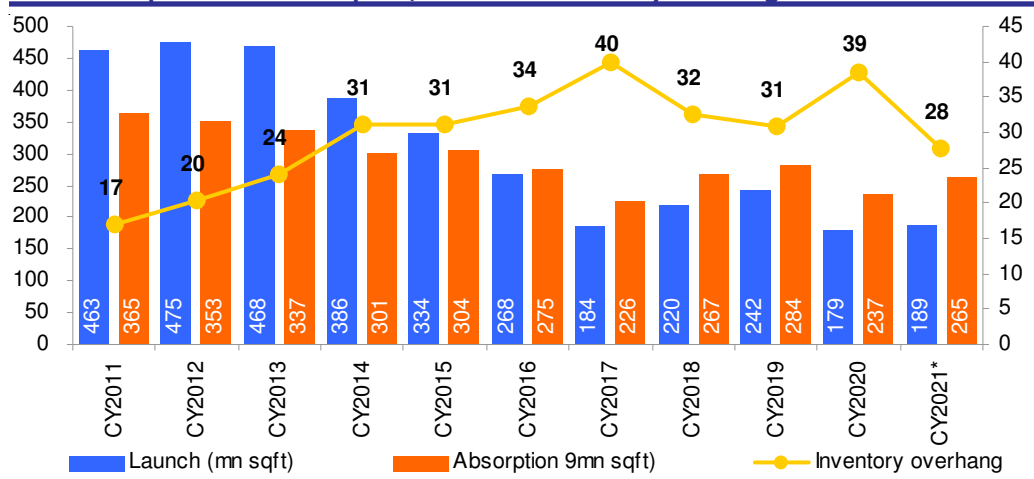
3 Cs of Real Estate -A longer term trend likely to Emerge

Housing market in India has long remained a fragmented and local business. Absence of a sector watchdog and formal structure (before the advent of RERA), kept away large corporate players to get into the sector in a big way. However, recent regulatory changes like RERA, GST and disruptive forces like NBFC crisis, Demonetization and COVID-19 has accelerated consolidation in the sector. In our view impending upcycle in housing market is likely to have following emerging trends:

- **Corporatization:** Only handful of listed Real Estate players like Godrej Properties, Mahindra Lifespace Developers and Century Textiles (Birla Estates) belong to large corporates. Some other prominent names in the unlisted space include Tata Housing, L&T Realty, Piramal Realty etc. However, with RERA in place and formalization of the sector, many other corporates will foray into the sector.
- **Capital raise:** Ability to raise capital will remain a key strength to benefit the ongoing consolidation. Large corporate houses like Godrej, Birla etc. with a solid backing of the group are expected to be key beneficiaries as they have ease and ability to raise capital.
- **Customers:** Real estate is slowly emerging as a consumption driven theme and brand recall is likely to play a key role in the success of a developer. Large corporates with a strong brand recall will likely be a huge beneficiary of this trend.

In our view, Birla Estate is in a sweet spot to benefit from the emerging trend in India Housing market. In the first leg of growth, Birla Estate plans to focus on top 4 residential markets of India viz. MMR, NCR, Bengaluru and Pune which account for ~50% of organized housing market of India.

Exhibit 4: Top 4 markets absorption, launch and inventory overhang trend



Source: Prop Equity, Antique Note: Top 4 markets are MMR, NCR, Bengaluru and Pune; * - Data until Nov'21

Birla Estate likely to emerge as a key player in Indian real estate landscape

- With a view to monetize the company owned land parcels and leverage Birla brand to play the consolidation theme in the Housing market, Century Textiles forayed into real estate in 2016. Currently the company has 2 operational annuity assets in Worli (Birla Aurora and Birla Centurion) and 5 under construction /planned projects in MMR, Bengaluru and NCR.
- The company's sharp focus on developing company owned land parcels, focus on top 4 markets and undertaking JDA/JV opportunities to grow the residential portfolio bodes well.

Commercial segment: Steady cash flow business

CTIL has a small portfolio of commercial office leasing having 2 operational assets in Worli (MMR). The assets produce an annual lease rental of ~INR1400mn and houses top clientele across industries providing strong cashflow visibility amidst COVID led disruption. The company has further plans to expand its leasing portfolio in medium term (5-6 years from now) with the addition of ~1 mn sqft (commercial office) and 0.15mn sqft (retail) in its iconic Worli project.

Exhibit 5: Birla Estates - Annuity portfolio

Project	Location	TLA (mn sqft)	No. of storeys	Leasing revenue (INR mn p.a.)	Status	Key clientele
Birla Centurion	Worli	0.35	12		Operational	Vi, CoWrks, Hindalco, Woori Bank
Birla Aurora	Worli	0.26	22	1400	Operational	General Atlantic, Siemens
Worli Mills	Worli	1.00	-		Planned	
Worli Mills - Retail	Worli	0.15	-		Planned	

Source: Company, Antique

Residential segment: All set to benefit from housing up-cycle

With all the key ingredients like (1) Decadal low mortgage rates (2) Subdued prices (3) Improving affordability (4) Enhanced sense of home ownership in the wake of global pandemic and (5) Formalization of the sector with the advent of RERA; we are at the cusp of a long housing up cycle. In our view a player Birla Estate with good brand recall, execution capabilities with a strong team and sharp focus on the top 4 markets of India is all set to be a key beneficiary going ahead. Birla Estate's residential offerings that are under construction/under planning are:

Exhibit 6: Birla Estates - Residential Portfolio

Location	TSA (mn sqft)	Classification	Est revenue (INRbn)	Status	% sold
Birla Vanya	1.32	Own	11.3	Ongoing	42%
Birla Alokya	0.55	Own	3.9	Ongoing	68%
Birla Navya	3.65	JV	44.2	Ongoing	13%
Century Mills	3.00	Own	100.0	Ongoing	-
Magadi Road	0.60	JV	5.9	launched in Nov 2021	-
Total projects	9.12		165		

Source: Company, Antique

Birla Vanya

- Birla Vanya Kalyan was the first residential offering of Birla Estates. 1st phase of the project was launched in 1QFY20 which saw a strong sales trajectory owing to the brand recall and product offering.
- 2nd phase of the project was launched in 2QFY22 and as on date ~70% of the launched inventory (0.99 mn sqft) is sold. The total planned saleable area of the project is 1.32 mn sqft on a land of 22 acres.

Exhibit 7: Birla Vanya - Kalyan (Project details)

Particulars	Birla Vanya
Location	Kalyan (MMR)
Type	Owned
Total saleable area (mn sqft)	1.32
Phase I	0.52
Phase II	0.47
Phase III (To be launched)	0.33
Sold as on 2QFY22 (mn sqft)	0.69
Sold as on 2QFY22 (INR mn)	4,740
Total revenue potential (INR mn)	11,340
Launched	1QFY20

Source: Company, Antique

Exhibit 8: Birla Vanya - Kalyan (Actual Image)



Source: Company, Antique

Birla Alokya

- The launch of Birla Alokya marked the entry of Birla Estates into Bengaluru which is one of the most resilient housing markets of India. The project has seen strong response since its launch in 3QFY20 and is sold out ~74% as on date indicating strong appetite of Bengaluru market for branded players.

Exhibit 9: Birla Alokya - Bengaluru (Project details)

Particulars	Birla Alokya
Location	Soukya Road (Bengaluru)
Type	Owned
Total saleable area (mn sqft)	0.55
Launched	0.55
Sold as on 2QFY22 (mn sqft)	0.37
Sold as on 2QFY22 (INR mn)	2,690
Total revenue potential (INR mn)	3,930
Launch	3QFY20

Source: Company, Antique

Exhibit 10: Birla Alokya- Bengaluru (Actual Image)



Source: Company, Antique

Birla Navya

- Birla Navya was the first offering of Birla Estates in NCR (Gurugram) and first JDA project of the company. JDA partner in the project is Anantraj Developers. It's a 50:50 profit sharing + 8% DM fee structure JV where Birla Estate will undertake construction of the project and Anantraj is the land owner.

Exhibit 11: Birla Alokya - Bengaluru (Project details)

Particulars	Birla Navya
Location	Sector 63 A (Gurugram)
Type	JV (50:50)
Total saleable area (mn sqft)	3.65
Launched	0.57
Sold as on 2QFY22 (INR mn)	5,870
Total revenue potential (INR mn)	44,150
Launch	3QFY21

Source: Company, Antique

Exhibit 12: Birla Alokya- Bengaluru (Actual Image)



Source: Company, Antique

Birla Tisya (Magadi Road, Bengaluru)

- After an initial success of the first project in Bengaluru (Birla Alokya) which is otherwise dominated by strong branded players like Prestige, Sobha, Brigade; Birla Estate launched its second offering in Bengaluru which is a JDA project with 40:60 (Birla Estate: partner) profit sharing with the partner.

Exhibit 13: Birla Tisya - Bengaluru (Project details)

Particulars	Birla Tisya
Location	Magadi Road (Bengaluru)
Type	JV (40:60)
Total saleable area (mn sqft)	0.60
Launched	-
Sold as on 2QFY22 (INR mn)	-
Total revenue potential (INR mn)	5,900
Launch	3QFY22

Source: Company, Antique

Exhibit 14: Birla Tisya - Bengaluru (Artistic Image)



Source: Company, Antique

Birla Niyaara (Century Mills Worli)

- Birla Niyaara is one of the most awaited offerings from Birla estate given a high value luxury offering in one of the most luxurious property markets of India - South Mumbai. The project has a planned residential development of 3mn sqft with a total revenue potential of INR100bn which will be launched in phases over next 5-6 years. The project is situated in Worli which is a home to several luxury projects. However, the management believes that there is a dearth of "right size, right price" kind of offering in the south Mumbai market and expects to make a difference with its offering.
- Currently, the project is under soft launch and our channel checks suggest that the company is garnering strong response. In phase I, the company plans to launch 0.85mn sqft. and the ticket size is likely to be in the range of INR40mn-100mn which is a sweet spot in Worli market.

Exhibit 15: Birla Niyaara- Mumbai (Project details)

Particulars	Birla Niyaara
Location	Worli (MMR)
Type	Owned
Total saleable area (mn sqft)	3.00
Launched	0.85
Sold as on 2QFY22 (INR mn)	-
Total revenue potential (INR mn)	1,00,000
Launch	3QFY22

Source: Company, Antique

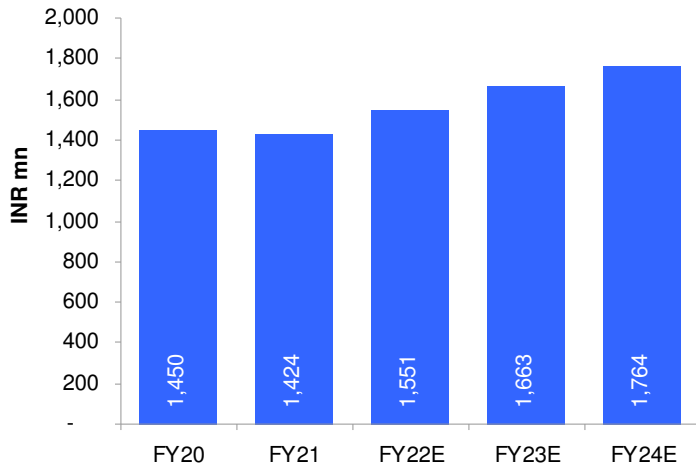
Exhibit 16: Birla Niyaara - Mumbai (Artistic Image)



Source: Company, Antique

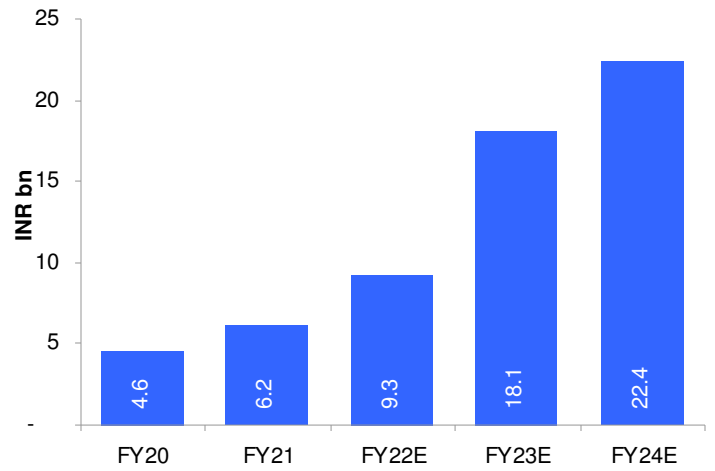
- Despite a new entrant in residential real estate (First project being launched in FY20), Birla Estates has been able to scale up its offerings significantly across 3 out of 4 focussed markets with 5 projects under construction/planning. The company has guided for a robust new business development over next 1 year with an addition of ~10mn sqft of projects which bodes well for the company.
- Thus we believe, Birla Estates is in a sweet spot to benefit from these emerging trends. Ability of capital raise, execution capability and brand recall will likely play a sustainable growth driver for the company going ahead. We expect a strong operational performance driven by industry tailwinds, project launches, new business development and sharp focus on top 4 markets to capture pockets of growth in housing market of India. Additionally, strong parental backing of the Birla group will help efficient raise of capital to grow.

Exhibit 17: Leasing revenue trend



Source: Company, Antique

Exhibit 18: Booking value trend

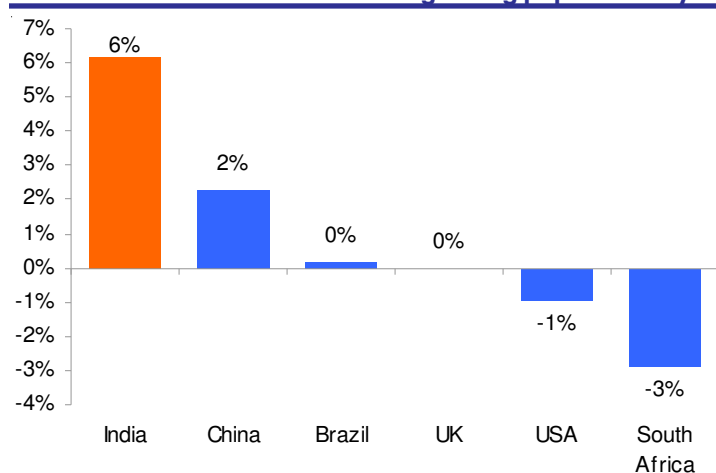


Source: Company, Antique

Paper Industry: Near term pain; Long term outlook positive

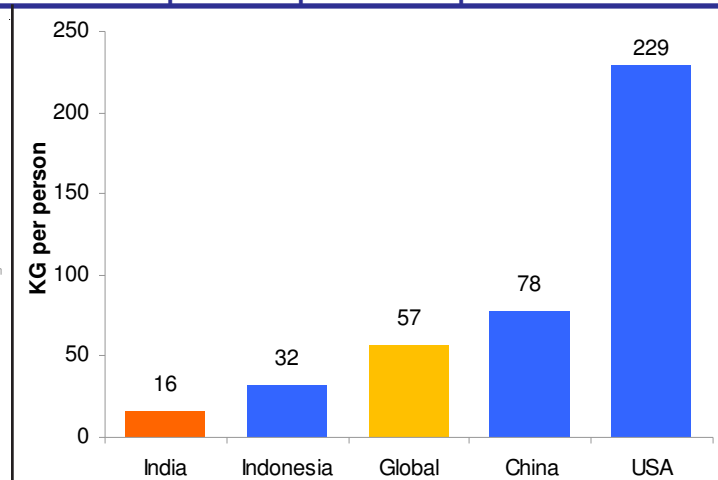
- Global consumption of paper and paper board stands at 400mn MTPA. While the paper usage has been declining in USA and Europe, China and India has been a leading growth drivers of the paper industry.
- India accounts for ~5% of global paper industry consuming ~20 mn MT of paper annually. Domestic production meets almost 80% of the paper demand while 20% is still imported. India has been one of the fastest growing paper industry in the world. India's per capita consumption of paper has been one of the lowest in the world at ~16kg (vs. global average of 57kg).
- **Industry structure**
 - Highly fragmented, cyclical and capital intensive
 - Top 9 players supply 35% of the domestic supply
 - 2/3rd players are sub scale (<65,000 TPA capacity)

Exhibit 19: India - One of the fastest growing paper industry



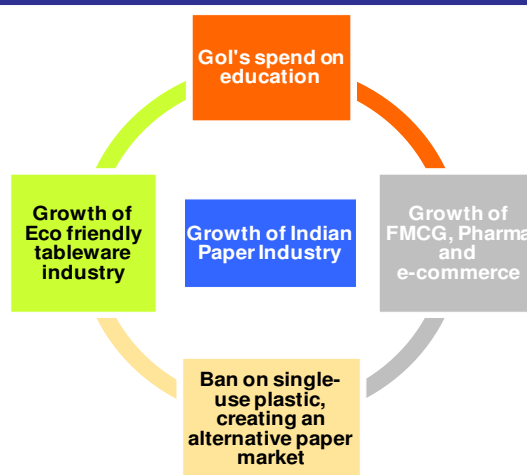
Source: FAOSTAT, Antique
 Note: This included P&W, wrapping and paper board segments

Exhibit 20: Paper consumption is under penetrated in India



Source: Industry sources, Antique

Exhibit 21: Indian paper industry - Key growth drivers



Source: Company, Industry sources, Antique

Century Pulp and Paper: On a steady growth path

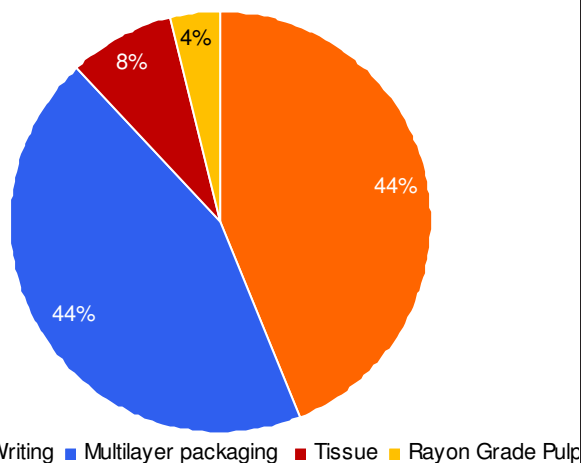
- Established in 1984, Century Pulp and Paper (CPP) is a leading manufacturer of Printing and Writing, tissue, board and Rayon Grade Pulp (RGP) products.
- CTIL has an installed capacity of 4.86 lakh MTPA which is the largest single location paper plant in India. Writing & Printing paper and packaging paper constitute 85%+ of the revenues while balance is contributed by tissue and RGP.

Exhibit 22: Century Pulp and paper - Product portfolio

Product	End use industry	Capacity (MTPA)
Writing and Printing	Note books, Envelops, Books	1,98,000
Multi-layer packaging board	e-commerce, pharma, FMCG	1,80,000
Tissue Paper	Facial tissue, Towel grade tissue, Napkin tissue, toilet tissue	72,000
Rayon Grade Pulp	Viscose Staple Fiber, Viscose Filament Yarn and cellophane papers	36,000

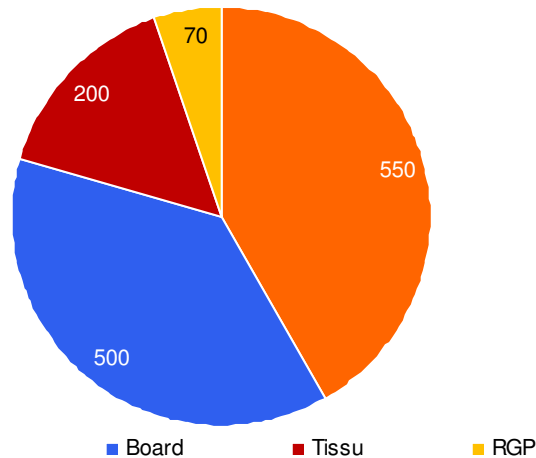
Source: Company, Antique

Exhibit 23: FY21 Revenue mix (Paper and Pulp Division)



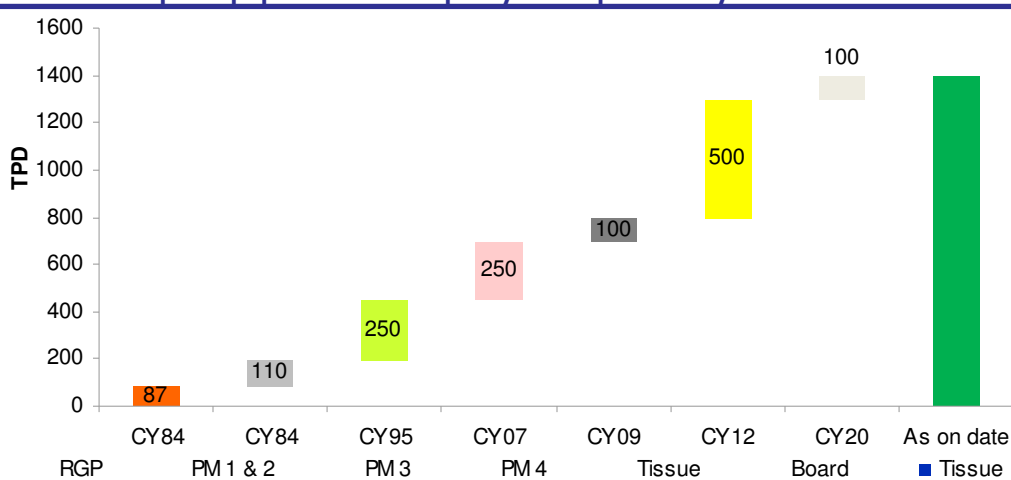
Source: Company, Antique

Exhibit 24: Production capacity per day (MT/day) - 1HFY22



Source: Company, Antique

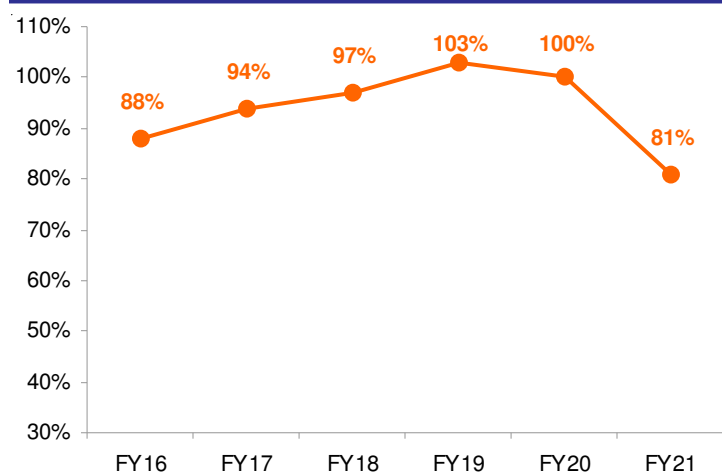
Exhibit 25: Pulp and paper division - Capacity build up over the years



Source: Company, Antique

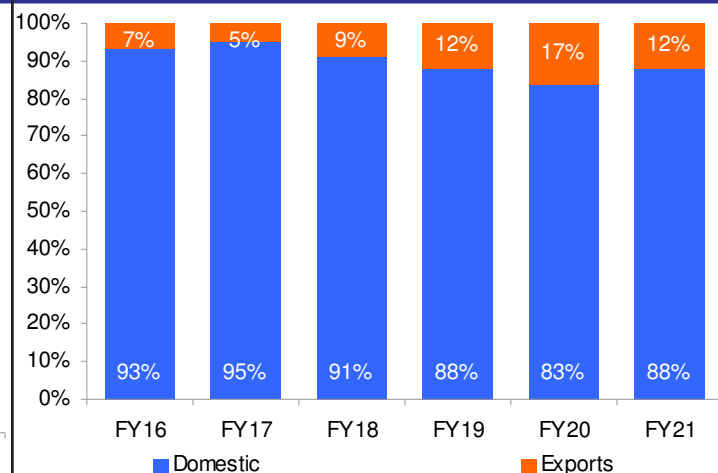
- Education sector contributes ~60% of the demand for writing and printing paper. India remains one of the few major economies that is witnessing a gradual rise in the share of global writing and printing paper (from 4% in CY14 to 7.5% currently) and is expected to see the share increasing to 11% by CY24. CPP is one of the key players in the writing and printing paper with the segment constituting ~40% of the installed capacity.
- COVID-19 had a significant impact on the writing and printing paper segment owing to closure of education institute and offices across the nation. With the re-opening of the economy and gradual opening up of schools and colleges, the segment is expected to come back on growth path. We expect the W&P segment to grow at 11% CAGR over FY21-24E.
- Post initial hiccups of COVID led disruption, Board paper segment continued to perform well driven by robust demand from Pharma, FMCG, e-commerce sector. This segment accounts for 37% of installed capacity for CPP. We expect the W&P segment to grow at 10% CAGR over FY21-24E.
- CPP has recently commissioned a new tissue paper plant which increased its capacity by 100% to 200 tonnes per day (TPD) from 100 TPD earlier. Rising awareness towards hygiene largely driven by second COVID wave, the segment has witnessed strong demand in 1HFY22 and has already achieved 97% of sales volume of FY22. With enhanced focus on health and hygiene and the contribution from newly commissioned facility we expect the segment to deliver 40% CAGR growth over FY21-24E.

Exhibit 26: Capacity utilization trend



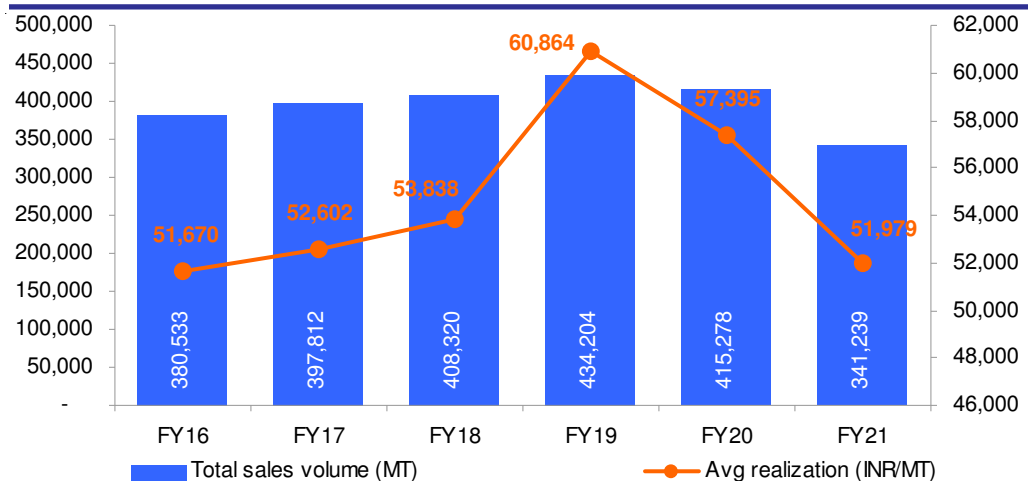
Source: Company, Antique

Exhibit 27: Contribution from exports increasing steadily



Source: Company, Antique

Exhibit 28: Sales volume and realization trend



Source: Company, Antique

Birla Century: Weaving the path to success

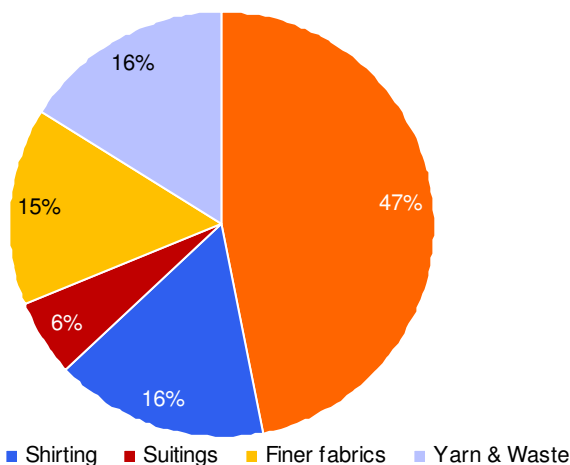
- Birla Century (Textile division of CTIL) is one of the leading textile players in the country, offering customised solutions in the apparel and home-textile space. It has a good presence both in domestic and exports markets.
- A state-of-the-art, vertically integrated plant, Birla Century was set up at Jhagadia, Bharuch, Gujarat, in the year 2008 with a capex of INR8.5bn.
- Birla century has a capacity of 100k spindles with a 6.5k MTPA yarn production capacity. It has a fabric processing capacity of 41 mn meters p.a.

Exhibit 29: Birla Century Product portfolio

Product	Description	Marquee Clients
Shirting	Premium range shirts in varied designs and weaves. Ne 40 - Ne150, Ne 2/80 to 2/200 in 2 plys	-
Bottom Weights	Leading manufacturer of premium bottom weights in varied colors and weaves. Ne 10 to Ne 4/100.	-
Finer Fabric	Variety of contemporary designs, weaves, materials and colours. Ne 40 to Ne 150 in singles and doubles.	US Polo, Arrow, Louis Philippe, Van Heusen, Allen Solley
Bed Linen	Premium quality, 100% cotton, wide range of bed and bath linen. Thread Count range: 180 TC to 2000 TC.	Macy's, Costco, Hometex, Royal Linen, CHF

Source: Company, Antique

Exhibit 30: FY21 Revenue mix (Textile Division)



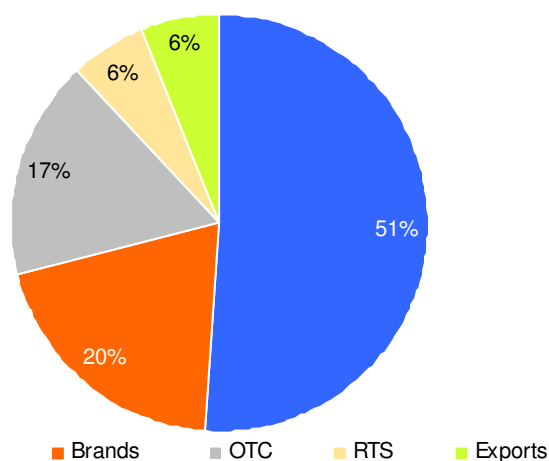
Source: Company, Antique

Exhibit 31: Production capacity per day

Birla Century	
Spindles	1,00,000
Looms	300
Fabric capacity (mn mtrs p.a)	41
Sewing and cutting capacity (mn mtrs p.a)	9

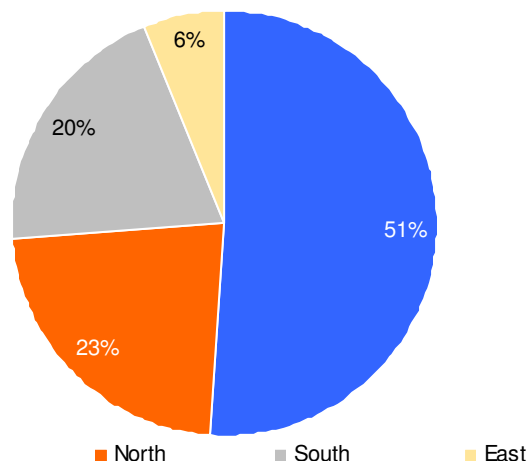
Source: Company, Antique

Exhibit 32: Birla Century - Segment wise revenue mix (FY21)



Source: Company, Antique

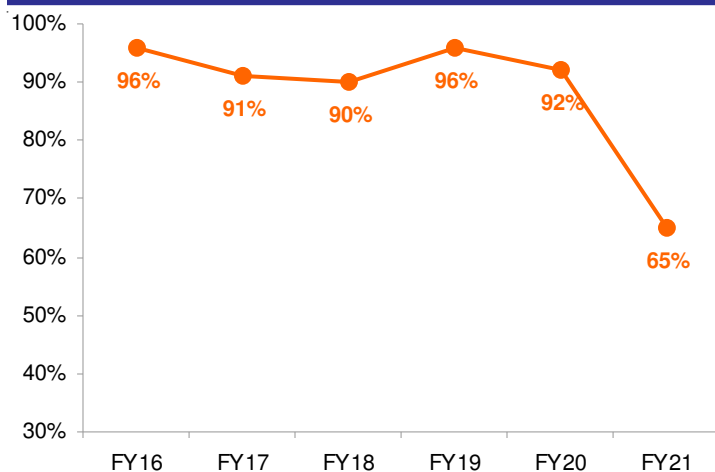
Exhibit 33: Birla Century - Zone wise revenue mix (FY21)



Source: Company, Antique

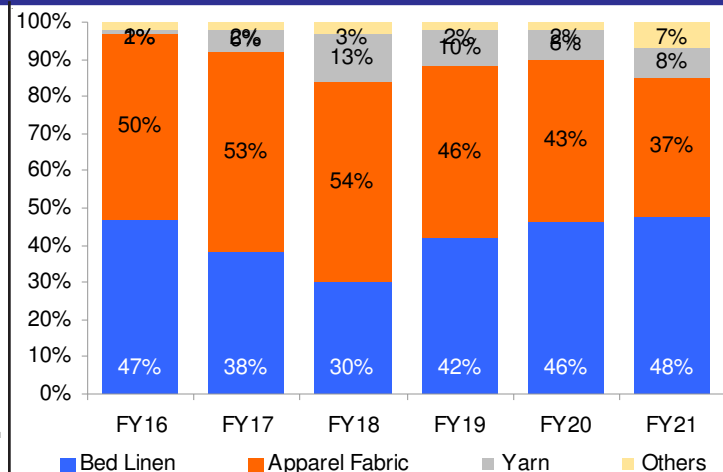
- Birla Century business has been a steady revenue generator for the company over the years and have operated at optimum utilization of 90%+ over FY16-20. Owing to COVID-19 led disruption that impacted the apparels demand both in domestic and exports markets, the demand took a hit in FY21 leading to fall in capacity utilization for the division.
- With the opening up of economy and return to normalization, demand for fabric and apparels is firming up and the company has seen ramp up in capacity utilization with fabric utilization hitting 90%+ in 2QFY22 again.
- Strong commodity prices coupled with strong demand over last year (esp. cotton and yarn) has driven the contribution of yarn segment in overall textile pie.
- In our view, with the picking up of demand across the product portfolio of Birla Century and operating leverage will kick in leading to improved profitability going ahead.

Exhibit 34: Birla Century - Capacity utilization



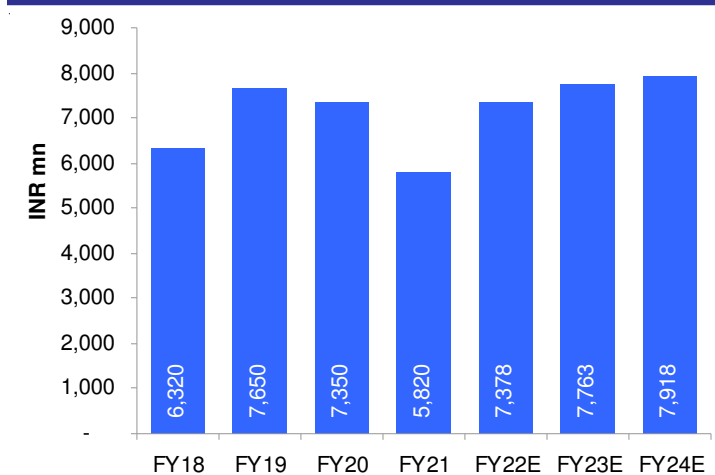
Source: Company, Antique

Exhibit 35: Birla Century - Business mix



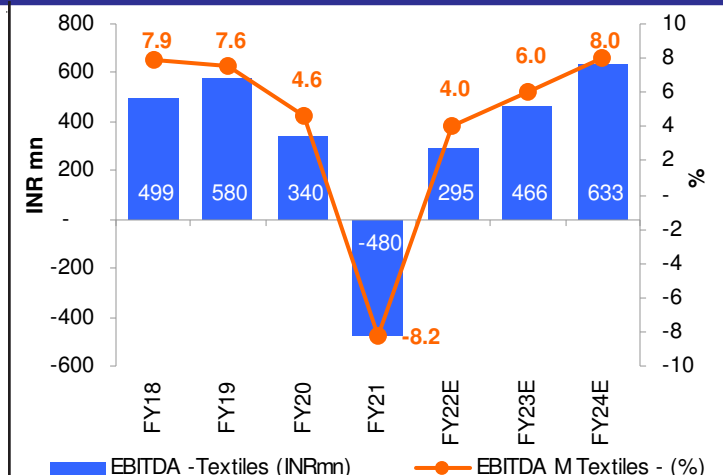
Source: Company, Antique

Exhibit 36: Birla Century (Textile) - Revenue trend

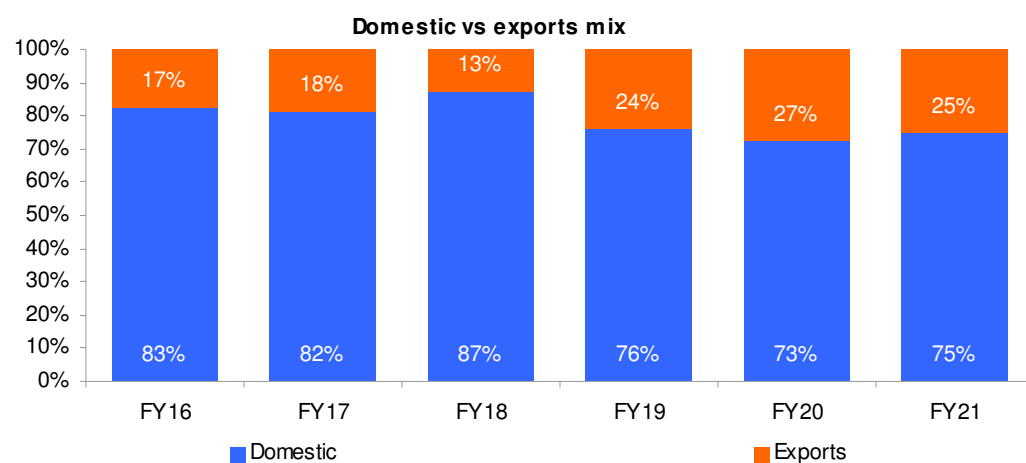


Source: Company, Antique

Exhibit 37: Birla Century EBITDA and Margin trend



Source: Company, Antique

Exhibit 38: Birla Century : Sales mix

Source: Company, Antique

Key Risks

- Birla Niyaara (Worli project) forms a significant part of the overall value for the company. Slower than expected sales velocity, execution delay, inability to price product efficiently will have significant impact on the operational performance of the residential business of the company.
- Rising number of COVID cases pose a risk to residential sales performance (of Birla Estate), Printing and Writing paper segment (of CPP) and Fabric segment (of Birla Century). Thus any further lockdown will have significant impact on the operational performance of these segments.
- Owing to a recent entry into real estate development, company's inability to get into right set of JDA/JVs can challenge scale up of Birla Estate's business.

Management overview

Mr. Kumar Mangalam Birla - Chairman

Mr. Kumar Mangalam Birla is one of the most renowned and respectable figures in Indian industry. He spearheads the iconic global conglomerate, Aditya Birla Group (ABG). His visionary leadership has, over the years, helped Century Textiles' to grow from strength to strength. A qualified Chartered Accountant, Mr. Birla also holds a management degree from the London Business School.

Mr. J. C. Laddha, Managing Director

Mr. Jagdish Chandra Laddha has a vast and rich business leadership experience of over 38 years. He has been associated with the Aditya Birla Group for over three decades, with his last assignment being at Hindalco Industries Ltd, where he led the copper business as its CEO. He has handled leadership positions across diverse industry sectors and also specialized functions in his illustrious career. Apart from the Aditya Birla Group, Mr. Laddha also had stints with Hindustan Lever Ltd, National Rayon Corporation Ltd. and Mangalore Refineries and petrochemicals Limited. Mr. Laddha is a fellow Chartered Accountant (FCA) by qualification.

Mr. R. K. Dalmia, Senior President, Century Textiles & Whole-time Director

A Chartered Accountant by qualification, Mr. Dalmia has been with the Group since the last four decades. He started his stint as Vice-President in The Technological Institute of Textiles and Sciences, Haryana and subsequently ascended to the position of President in 1983. In 1985, he was assigned the responsibility of improving the technical performance of Century Textiles' mill. Under his stewardship, the mill went on to win numerous accolades from the textile industry. Mr. Dalmia played a vital role in setting up two new divisions of the Company, i.e. Century Yarn and Century Denim in 1993 and 1997 respectively.

Mr. K. T. Jithendran - Chief Executive Officer (CEO), Birla Estates

Mr. K. T. Jithendran has over 26 years of work experience in the realty sector. One of his accomplishments includes taking a start-up company in the real estate sector to become one of the leading players in the category. Prior to joining Birla Estates, he was involved with Godrej Properties Limited (GPL) as an Executive Director. He has led most functions within the company while managing growth as well as building a strong talent team. A civil engineer from IIT Kharagpur, Mr. Jitendran also completed a Post Graduate Diploma in Management from IIM Kolkata and Advanced Management Program from Harvard Business School.

Mr. J. P. Narain - Chief Executive Officer (CEO), Century Pulp and Paper

Mr. Narain Jai Prakash has accumulated rich experience in his professional life, spanning 28 years, through his association with various FMCGs like Reckitt Benckiser India Limited, SAB Miller India Ltd, and Pepsico - at various levels. Throughout his professional life, he has an enviable track record of having introduced efficient manufacturing processes along with cost reduction in manufacturing operations. He is a Bachelor in Technology from Gujarat Agriculture University, Anand (Gujarat). Post his graduation, he enriched his management skills through a Diploma in Management from Indian Institute of Management (IIM-C), Kolkata.

Financials

Profit and loss account (INRm)

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
Net Revenue	34,234	26,166	33,701	35,797	44,413
Op. Expenses	(28,586)	(23,929)	(28,983)	(29,712)	(36,197)
EBITDA	5,649	2,237	4,718	6,086	8,216
Depreciation	(2,286)	(2,311)	(2,282)	(2,343)	(2,417)
EBIT	3,363	(74)	2,436	3,743	5,799
Other income	352	616	843	895	1,110
Interest Exp.	(871)	(707)	(767)	(864)	(1,044)
Extra Ordinary Items -gain/(loss)	(177)	(185)	-	-	-
Reported PBT	2,667	(351)	2,511	3,774	5,866
Tax	937	14	(879)	(1,321)	(2,053)
Reported PAT	3,604	(336)	1,632	2,453	3,813
Minority Int./Profit (loss) From Asso.	48	32	33	35	37
Net Profit	3,653	(304)	1,666	2,488	3,849
Adjusted PAT	3,829	(119)	1,666	2,488	3,849
Adjusted EPS (INR)	34.3	(1.1)	14.9	22.3	34.5

Balance sheet (INRm)

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
Share Capital	1,117	1,117	1,117	1,117	1,117
Reserves & Surplus	33,678	33,927	35,437	37,746	41,390
Networth	34,795	35,044	36,554	38,863	42,507
Debt	5,838	8,735	8,600	10,600	12,600
Minority Interest	1,321	1,430	1,430	1,430	1,430
Capital Employed	41,953	45,208	46,584	50,893	56,537
Gross Fixed Assets	82,389	83,526	85,526	88,026	91,026
Accumulated Depreciation	(48,431)	(50,742)	(53,024)	(55,367)	(57,784)
Capital work in progress	1,397	1,735	1,735	1,735	1,735
Net Fixed Assets	35,356	34,520	34,237	34,395	34,977
Investments	10,405	11,353	11,353	12,353	12,353
Non Current Investments	10,405	10,903	10,903	11,903	11,903
Current Investments	-	450	450	450	450
Current Assets, Loans & Adv.	21,714	21,063	26,087	30,100	39,546
Inventory	13,377	15,083	17,543	19,615	25,553
Debtors	1,812	1,579	1,821	1,935	2,400
Cash & Bank balance	1,194	1,249	3,577	5,304	7,933
Loans & advances and others	5,331	3,152	3,146	3,246	3,660
Current Liabilities & Provisions	25,522	21,726	25,092	25,953	30,338
Liabilities	16,657	12,929	16,357	17,141	21,066
Provisions	8,865	8,797	8,735	8,812	9,273
Net Current Assets	(3,808)	(664)	994	4,146	9,208
Application of Funds	41,953	45,208	46,584	50,893	56,537

Per share data

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
No. of shares (m)	112	112	112	112	112
Diluted no. of shares (m)	112	112	112	112	112
BVPS (INR)	312	314	327	348	381
CEPS (INR)	53	18	35	43	56
DPS (INR)	3.0	1.0	1.2	1.3	1.5

Source: Company, Antique

Cash flow statement (INRm)

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
PBT	2,844	(165)	2,511	3,774	5,866
Depreciation & amortisation	2,286	2,311	2,282	2,343	2,417
Interest expense	871	707	767	864	1,044
(Inc)/Dec in working capital	(4,410)	1,565	669	(1,425)	(2,432)
Tax paid	(1,249)	1,632	(879)	(1,321)	(2,053)
Less: Interest/Div. Income Recd.	(95)	(398)	(843)	(895)	(1,110)
Other operating Cash Flow	(476)	12	807	-	-
CF from operating activities	(228)	5,664	5,315	3,340	3,732
Capital expenditure	(2,027)	(849)	(2,000)	(2,500)	(3,000)
Inc/(Dec) in investments	-	(445)	-	(1,000)	-
Add: Interest/Div. Income Recd.	(384)	378	843	895	1,110
CF from investing activities	(2,410)	(916)	(1,157)	(2,605)	(1,890)
Inc/(Dec) in debt	4,381	(3,184)	(135)	2,000	2,000
Dividend Paid	(1,010)	(337)	(155)	(179)	(205)
Others	545	(1,188)	(734)	(829)	(1,007)
CF from financing activities	3,916	(4,709)	(1,024)	992	787
Net cash flow	1,278	39	3,134	1,727	2,629
Opening balance	(875)	404	442	3,577	5,304
Closing balance	404	442	3,577	5,304	7,933

Growth indicators (%)

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
Revenue(%)	(13.2)	(23.6)	28.8	6.2	24.1
EBITDA(%)	(40.6)	(60.4)	110.9	29.0	35.0
Adj PAT(%)	(23.3)	NM	NM	49.4	54.7
Adj EPS(%)	(23.3)	NM	NM	49.4	54.7

Valuation (x)

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
P/E (x)	25.6	(822.2)	58.7	39.3	25.4
P/BV (x)	2.8	2.8	2.7	2.5	2.3
EV/EBITDA (x)	18.1	46.9	21.7	16.9	12.4
EV/Sales (x)	3.0	4.0	3.0	2.9	2.3
Dividend Yield (%)	0.3	0.1	0.1	0.2	0.2

Financial ratios

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
RoE (%)	11.3	(0.3)	4.7	6.6	9.5
RoCE (%)	8.8	1.2	7.1	9.5	12.9
Asset/T.O (x)	1.1	0.8	1.0	1.0	1.1
Net Debt/Equity (x)	0.1	0.2	0.1	0.1	0.1
EBIT/Interest (x)	(4.3)	(0.8)	(4.3)	(5.4)	(6.6)

Margins (%)

Year ended 31 Mar	FY20	FY21	FY22e	FY23e	FY24e
EBITDA Margin(%)	16.5	8.5	14.0	17.0	18.5
EBIT Margin(%)	9.8	(0.3)	7.2	10.5	13.1
PAT Margin(%)	11.1	(0.4)	4.8	6.8	8.5

Source: Company Antique

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