

## Entering the Big Boys Club

Century Textiles houses the real estate arm (Birla Estates) of the US\$88bn Aditya Birla Group. Focus on '3S' – safety, sustainability and style – will help it stand out in the overcrowded premium/luxury real estate market. Despite ~9x growth in pre-sales FY20-24, GDV pipeline of ₹450bn with project addition of ₹200bn p.a. implies high growth in RE will continue next 3-5 years; execution remains key. Traditional cash cow (pulp/paper business) will continue supporting RE growth whilst textiles remains a laggard. Architecture of management team (RE senior team including CEO is ex-GPL), access to prime land parcels in MMR and sector tailwinds (mid/luxury) make Century a structural RE compounding play. 45% pre-sales CAGR (FY24-27E) drives SoTP (₹2735); valuing Century at 5.5x 1yr fwd P/B; scalability to drive rerating. Risks: Cost overruns/delays in flagship Niyaara and inability to succeed outside MMR/ Bengaluru.

Competitive position: **MODERATE**

Changes to this position: **POSITIVE**

### Riding the luxury wave - Birla Estates poised for high-margin growth

Fueled by India's K-shaped economic recovery, launches in ultra-luxury segment skyrocketed 3x in three years, reflecting surge in demand for opulent living spaces. With families with HH income >US\$40,000 projected to increase to 29mn (CY30), Birla Estates is strategically positioned to capitalize on this 'premiumization play'. Exponential near-term growth will be aided by superior margins (~50%) for the real estate segment in the South-Mumbai land parcel.

### Century – Banking on 'corporatization', 'consolidation' and 'cohort'

Birla Estates is on a similar growth path that GPL experienced a decade ago. GPL's sales surged 4x to ₹225bn over the past five years. Leveraging its strong brand reputation, experienced team and focus on high-margin projects, Birla Estates is well-positioned to achieve 50%+ of GPL's current growth trajectory within the next three years (by FY27E).

### Innovation meets strategy - making bold architecture moves

On John Kay's IBAS framework, Birla Estates stacks well on brand and innovation. Given CEO, COO and liaisoning/design heads are all ex-GPL, we reckon architecture is improving too. With architects and consultants from across the globe for flagship projects, Birla Estates is building a legacy in an otherwise crowded MMR luxury housing market.

### Acceleration in launches amid comfortable leverage to drive re-rating

New launches will drive 45% pre-sales CAGR (FY24-27E); real estate drives 87% of our SOTP-based valuation (₹2,735). Strategic project selections across Mumbai, Pune and Gurugram will enable brand-building. Valuations (currently 4.3x FY26E P/B; 9% discount to peers) should rerate with scale. Despite GDV pipeline and annual BD guidance of ₹450bn and ₹200bn respectively, leverage remains manageable at 0.6x FY25E net-debt/equity.

### Key Financials

Year to March	FY23	FY24	FY25E	FY26E	FY27E
Pre-sales (mn)	21,831	39,853	77,099	99,712	121,066
Net Revenue (₹ mn)	47,997	45,535	58,689	67,859	58,912
EBITDA (₹ mn)	5,273	7,012	12,826	16,593	11,626
Net Profits (₹ mn)	2,053	438	6,391	8,416	4,676
RoE (%)	5%	1%	16%	19%	9%
Net debt/ equity (x)	0.2	0.5	0.6	0.5	0.5
P/B (x)	6.0	5.9	5.1	4.3	4.0
EV/EBITDA (x)	48	38	21	16	23

Source: Company, Ambit Capital research

### Real Estate

#### Recommendation

Mcap (bn):	₹242
6M ADV (mn):	₹693/US\$8.3
CMP:	₹2,166
TP (1-yr):	₹2,735
Upside (%):	26%

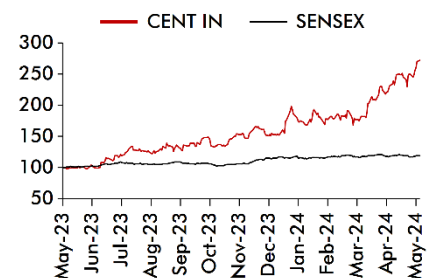
#### Flags

Accounting:	<b>GREEN</b>
Predictability:	<b>AMBER</b>
Earnings Momentum:	<b>AMBER</b>

#### Catalysts

- FY25 Birla Niyaara Phase 2, expected pre-sales: ~₹31bn
- FY25 Sarjapur, Bengaluru launch, total revenue potential: ~₹28bn

#### Performance



Source: ICE, Ambit Capital Research

#### Research Analysts

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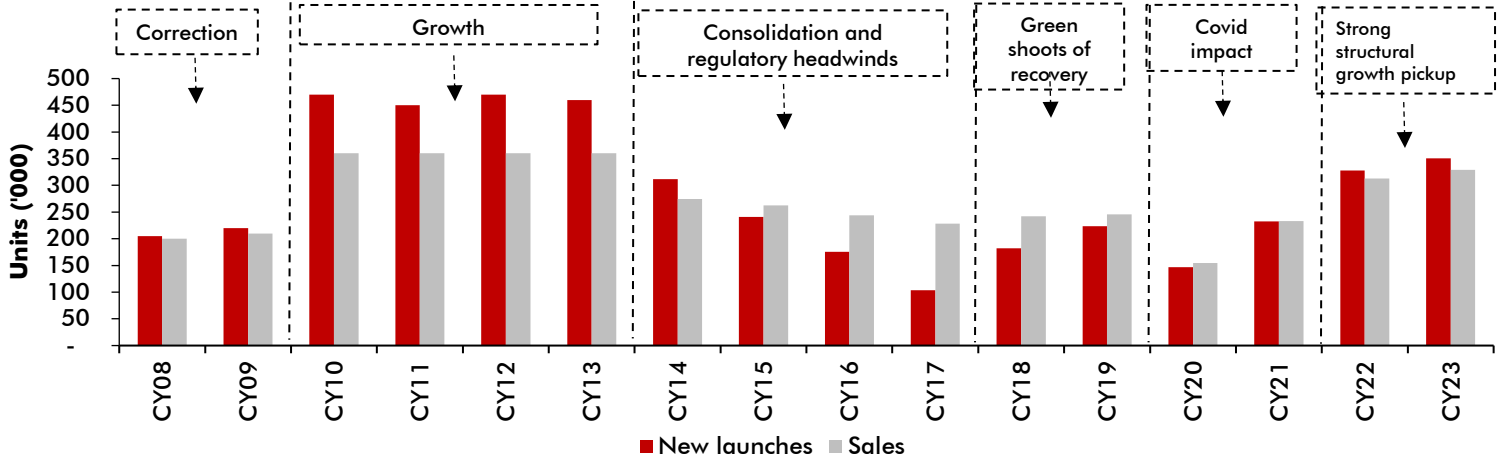
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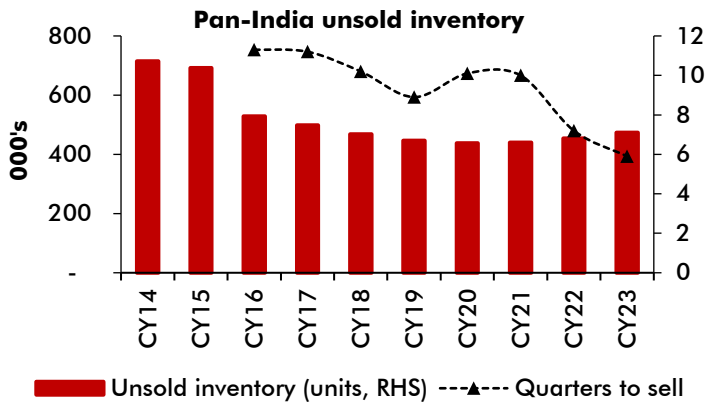
# Narrative in Charts

**Exhibit 1: Structural changes driving surge in residential real estate, with momentum expected to continue**



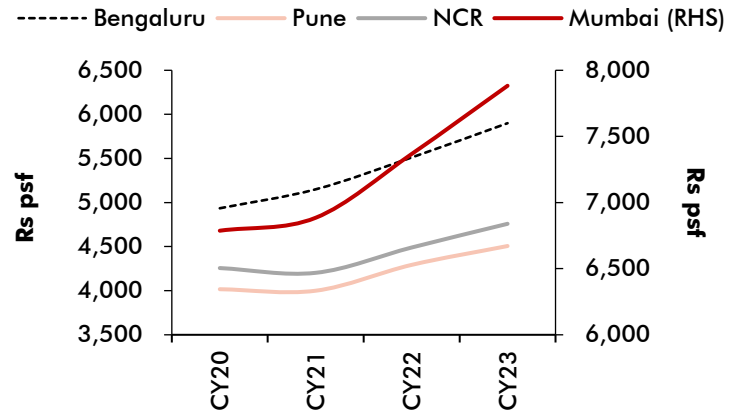
Source: PE Analytics, Knight Frank, Ambit Capital research

**Exhibit 2: Pan-India unsold inventory stands at the lowest levels in the last 10 years...**



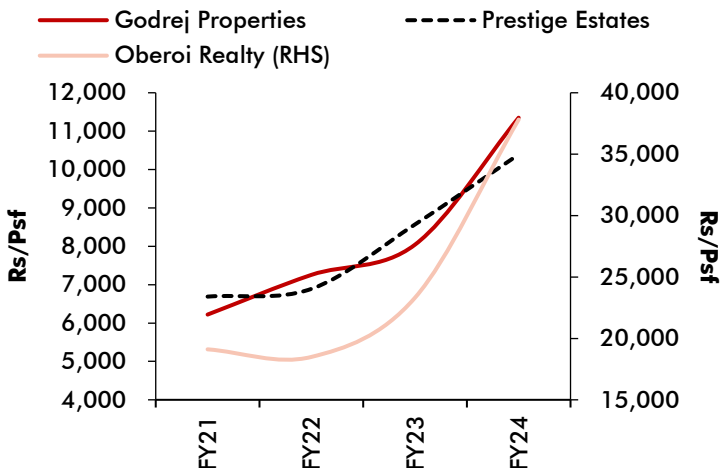
Source: Knight Frank, Ambit Capital research

**Exhibit 3: ...driving sharp price increase in top 4 cities (CY20-23 median CAGR: 5%)**



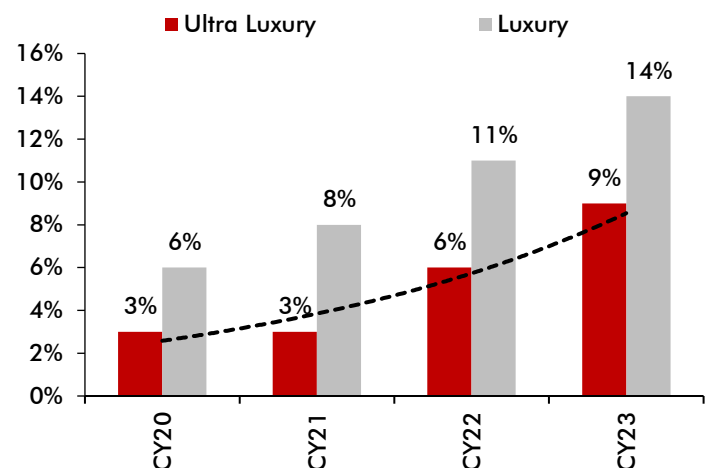
Source: Knight Frank, Ambit Capital research

**Exhibit 4: Large RE developers: price escalation greater than market average (CY20-23 median CAGR ~ 22%)**



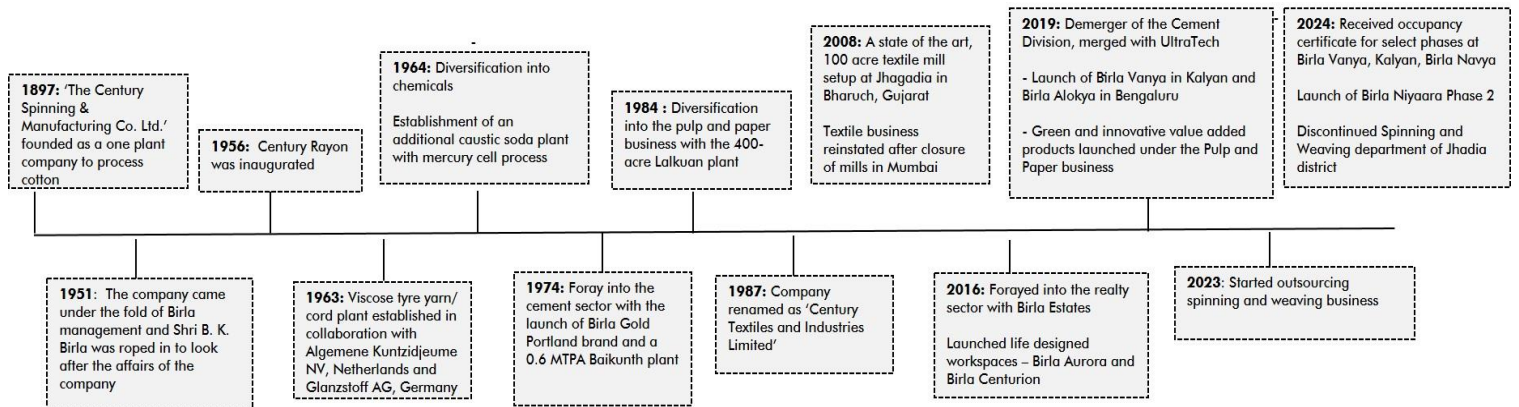
Source: Company, Ambit Capital research

**Exhibit 5: Premiumization: Surge of new supply within ultra-luxury price bracket, effectively tripled in the last 4 years**



Source: Anarock, Ambit Capital research, Ultra luxury > ₹ 25mn, luxury: ₹ 15mn – ₹ 25mn

**Exhibit 6: Banking on its group's brand, Century forayed into the RE business in 2016 and is now expanding its RE portfolio (Birla Estates) whilst concurrently divesting textile business**



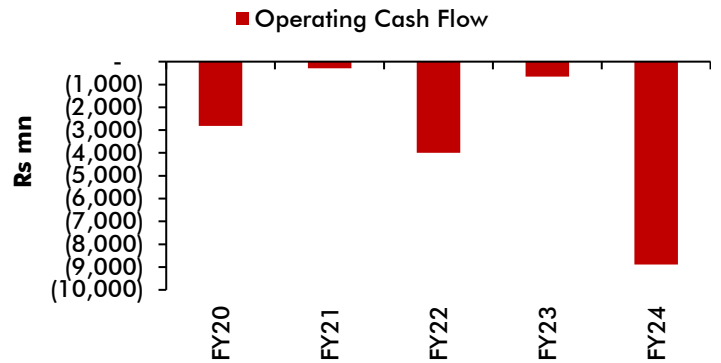
Source: Company, Ambit Capital research

**Exhibit 7: Cumulative FCF generated by pulp & paper from FY20 at ~₹16bn**



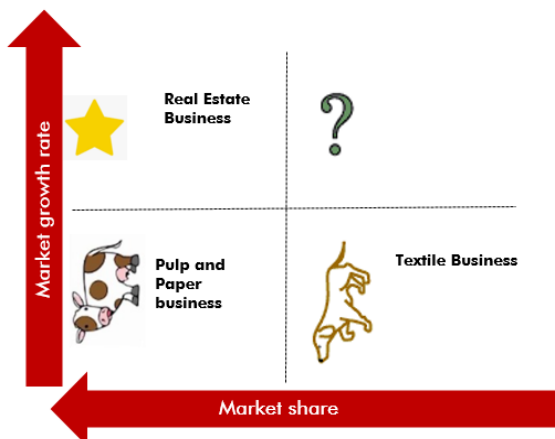
Source: Company, Ambit Capital research, FY23 includes additional ₹ 1.34bn exceptional item

**Exhibit 8: ...which was largely deployed in funding real estate initiatives (~₹16.7bn)**



Source: Company, Ambit Capital research

**Exhibit 9: Century using excess cash generated from mature pulp & paper business to invest in RE business; RE business experiencing rapid growth amid low market share**



Source: Ambit Capital research

**Exhibit 10: On John Kay’s IBAS framework, Birla Estates made significant progress in the last 5 years**

IBAS mapping	Godrej Properties	DLF	Oberoi	Prestige	Birla Estates	Remarks
Innovation	●	●	●	●	◐	<ul style="list-style-type: none"> <li>▪ GPL, DLF, Oberoi and Prestige rank high in terms of innovation given these developers have given several first of its type projects to their core micro-markets with a proven track record.</li> <li>▪ Prestige has given several first of its type projects to Bengaluru micro-market (township, full-fledged malls). GPL has been able to deliver projects across types, including township, affordable, luxury, etc.</li> <li>▪ With innovative offerings and quality construction, top developers continue to be amongst key beneficiaries of sector consolidation.</li> <li>▪ Birla Estates forayed into the RE business in FY16 with two successful commercial launches: Birla Aurora and Birla Centurion in Mumbai; it is now expanding across top 4 regions in India. Birla Estates commenced the occupancy handover process for its residential project, Birla Alokya.</li> </ul>
Brand	●	●	◐	◐	●	<ul style="list-style-type: none"> <li>▪ Godrej ranks amongst the most trusted Indian brands; DLF and Oberoi have been successful in creating a brand premium in their core micro-markets, Delhi and MMR, respectively.</li> <li>▪ Prestige has emerged as the preferred brand by home buyers, especially in South India whilst Oberoi has the highest brand recall (albeit this is restricted only to MMR).</li> <li>▪ DLF has been successful in creating a premium brand in the Delhi-NCR region.</li> <li>▪ Birla Group remains a well-recognized and trusted brand across India with a 100-year-old legacy; whilst commodities traditionally dominated the group’s businesses, we are now seeing progress in brand-building initiatives in the real estate business.</li> </ul>
Architecture	●	●	◐	◐	◐	<ul style="list-style-type: none"> <li>▪ Whilst these developers have strong management pedigree, GPL has been the only successful developer in expanding on a pan-India basis till FY24.</li> <li>▪ Oberoi and Prestige have announced forays in Delhi-NCR; additionally, DLF is planning its first launch in MMR in FY25.</li> <li>▪ Birla Estates continues to build a successful team with a proven track record earlier with India's top RE developers.</li> </ul>
Strategic asset	●	◐	◐	◐	●	<ul style="list-style-type: none"> <li>▪ Whilst the asset-light model was GPL’s strategic asset earlier, access to large group land across Mumbai suburbs (Vikhroli) remains a key strategic asset now.</li> <li>▪ DCCDL remains a strategic asset for DLF, providing value-unlocking opportunities via a REIT.</li> <li>▪ Birla Estates has access to land parcels in prime locations in South Mumbai (Worli and Prabhadevi) which provide sufficient development potential.</li> </ul>
Overall rank	●	◐	◐	◐	◐	<ul style="list-style-type: none"> <li>▪ <b>Birla Estates stacks well on Brand and Strategic assets given the conglomerate's high brand recognition and strong real estate team that it continues to build. Despite scoring low on innovation, Birla Estates has made significant progress in the last 5 years.</b></li> </ul>

Source: Company, Ambit Capital research Note: ● - Strong; ◐ - Relatively Strong; ◑ - Average; ◒ - Relatively weak

**Exhibit 11: Real estate business drives 87% of our SOTP valuation of ₹2,735 per share**

₹ mn	1-yr fwd NAV	1-yr fwd NAV (%)
<b>Real Estate</b>	<b>290,538</b>	<b>87%</b>
- Birla Niyaara	66,204	20%
- On-going and Planned	73,301	22%
- Real estate - potential	81,530	24%
- Commercial	23,561	7%
- Land Bank	45,942	14%
<b>Others</b>	<b>45,174</b>	<b>13%</b>
- Pulp & Paper	45,174	13%
- Textile	-	0%
<b>GAV</b>	<b>335,711</b>	<b>100%</b>
March '25 net debt	30,191	
<b>NAV</b>	<b>305,521</b>	
No. of shares (mn)	112	
<b>SOTP (₹)</b>	<b>2,735</b>	
CMP (₹)	2,166	
Upside (%)	26%	

Source: Company, Ambit Capital research

**Exhibit 12: At 4.3x FY26E P/B, Birla Estates trades at a 9% discount to other mid-cap and large-cap RE developers; multiples should rerate with scale; we expect FY25 pre-sales of ₹77bn+ and 45% CAGR over FY24-27E**

Particulars	Mcap (USD mn)	3m MDV (USD mn)	PB(x)				EV/EBITDA				ROE				RE pre-sales (₹ bn)				FY24-27E CAGR (%)		
			FY23	FY24 E	FY25 E	FY26 E	FY23	FY24 E	FY25 E	FY26 E	FY23	FY24 E	FY25 E	FY26E	FY23	FY21-24 CAGR (%)	FY24	FY24 (% of FY23)	SALES	EBITDA	EPS
<b>Century Textiles</b>	2,908	6.9	6.0	5.9	5.1	4.3	48	37	21	16	5	1	16	19	22	68%	40	183%	9	18	120
<b>RE developers - Large cap</b>																					
DLF	25,315	41.8	5.6	5.3	5.1	4.7	52	96	68	55	5	7	8	10	151	69%	148	98%	23	35	32
Macrotech Developers	14,837	14.4	9.5	7.1	6.3	5.6	25	43	34	28	4	10	13	15	121	34%	145	120%	21	29	27
Godrej Properties	9,308	20.2	8.4	7.5	6.9	6.2	339	nmf	75	47	7	7	9	11	122	50%	225	184%	48	nmf	31
Prestige Estates	7,694	13.7	6.2	5.3	4.6	3.9	34	25	17	14	11	16	14	16	129	57%	210	163%	22	30	13
Oberoi Realty	7,529	10.9	5.1	4.5	3.9	3.3	30	27	20	13	16	14	15	19	32	7%	40	124%	41	37	33
<b>Median</b>	<b>9,308</b>	<b>14.4</b>	<b>6.2</b>	<b>5.3</b>	<b>5.1</b>	<b>4.7</b>	<b>34</b>	<b>35</b>	<b>34</b>	<b>28</b>	<b>7</b>	<b>10</b>	<b>13</b>	<b>15</b>	<b>122</b>	<b>50%</b>	<b>148</b>	<b>124%</b>	<b>23</b>	<b>33</b>	<b>31</b>
<b>RE developers - Mid cap</b>																					
Brigade Enterprises	3,302	4.0	8.7	7.8	6.6	5.5	9	7	5	4	7	13	16	19	41	26%	55	135%	12	DNA	DNA
Mahindra Life	1,154	3.0	5.3	5.1	4.7	4.3	DNA	DNA	DNA	112	6	5	8	9	18	50%	23	128%	DNA	DNA	DNA
Sobha Ltd	2,085	5.9	7.0	6.9	5.7	4.7	15	54	25	17	4	2	14	19	52	20%	54	104%	32	90	207
<b>Median</b>	<b>6,541</b>	<b>13</b>	<b>7.0</b>	<b>6.9</b>	<b>5.7</b>	<b>4.7</b>	<b>12</b>	<b>30</b>	<b>15</b>	<b>17</b>	<b>6</b>	<b>5</b>	<b>14</b>	<b>19</b>	<b>41</b>	<b>26%</b>	<b>54</b>	<b>128%</b>	<b>22</b>	<b>90</b>	<b>207</b>

Source: Bloomberg, Ambit Capital research, Note: Ambit estimates for Oberoi Realty, Brigade, Prestige, DNA stands for data not available/applicable

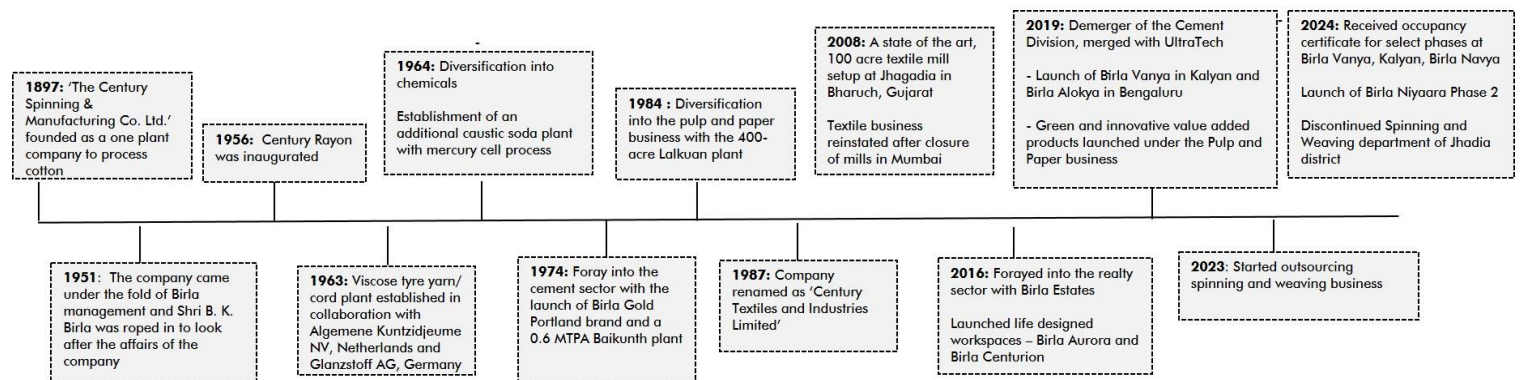
# Evolving into successful pan-India RE developer on brand, consolidation & capital

With a legacy of over a century, Century is banking on the conglomerate's brand trust in its aspiration of becoming a top 5 pan-India RE developer. With experienced people on the board and efficient capital deployment generated from the pulp & paper business (FY24 EBITDA ₹4.2bn and rental leasing income ~ ₹1.2bn), Century is now focusing on expanding across India's top four markets (MMR, Bengaluru, Pune and NCR). Driven by structural reforms (RERA implementation 2016 and GST 2017), residential RE remains at an inflection point in formalization. Moreover, multiple demand (execution record, launch pipeline) and supply-side (capital availability, housing affordability 50% higher vs CY10) factors have accelerated the pace of consolidation and industry growth. Mapping Birla Estates (real estate vertical) on John Kay's IBAS framework; Century ranks high given brand trust, availability of land bank and aggressive capital deployment for pan-India expansion.

## Century banking on its century-old group legacy

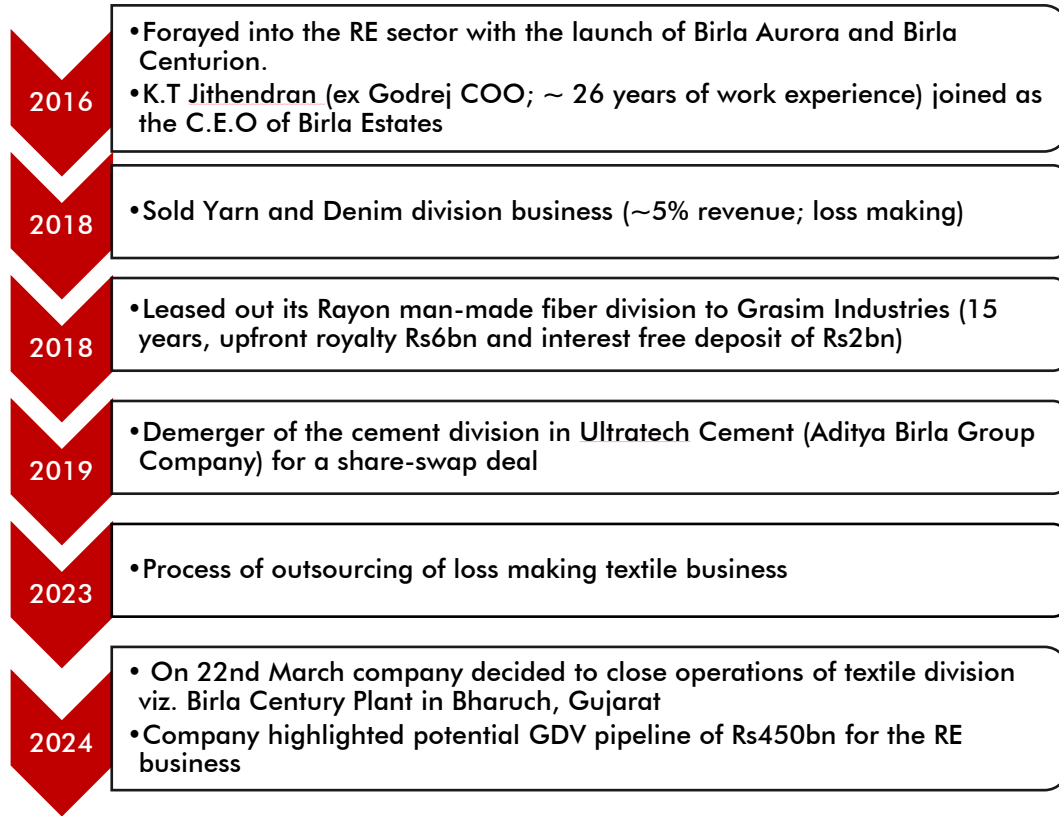
With over a legacy of 125 years, Century forayed into real estate with Birla Estates in 2016 with two successful projects: Birla Aurora and Centurion. In a short span of time, Birla Estates established itself as a brand of choice in the real estate industry. Birla Estates develops premium/higher mid-income residential housing. The company is developing owned land parcels (group owned and bought out) as well as projects through joint ventures with landowners. In the long term, the company is focused on developing world class residential, commercial and mixed-use properties and aims to be amongst the top 5 real estate companies in India. We reckon Birla Estates's focus on efficiency in design, customer centricity and sustainability, and execution excellence will differentiate its offerings from those of its competitors.

**Exhibit 13: With over a century-old legacy, Century forayed into the RE business in 2016 and is expanding its RE portfolio while divesting other businesses**



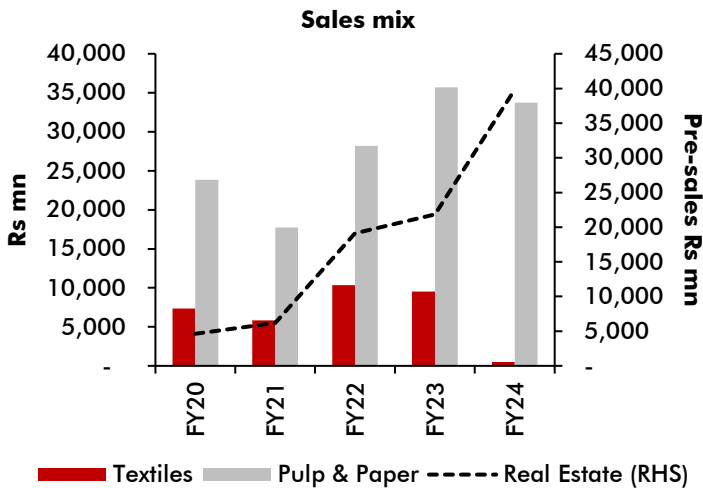
Source: Company, Ambit Capital research

**Exhibit 14: Transformation of the company with real estate in dominance**



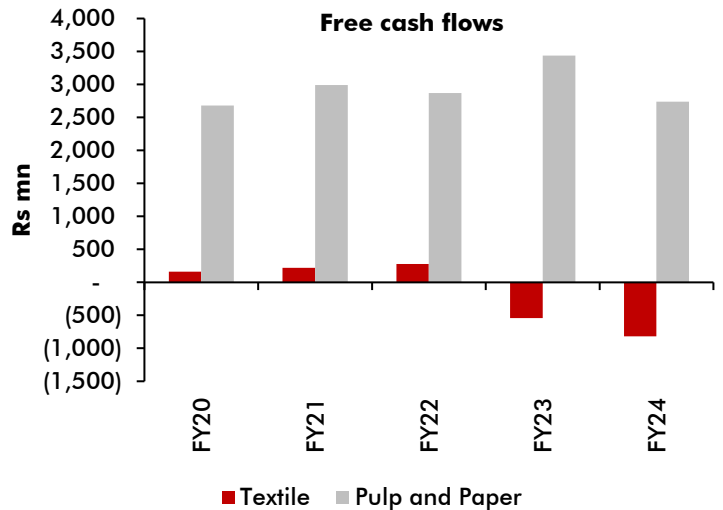
Source: Company, Ambit Capital research

**Exhibit 15: Sales\* mix of Century in the last 5 years; exponential growth in RE business can be observed**



Source: Company, Ambit Capital research. \* For RE business pre-sales is considered

**Exhibit 16: Pulp & paper remains cash cow whilst textiles business prompted outsourcing initiatives**

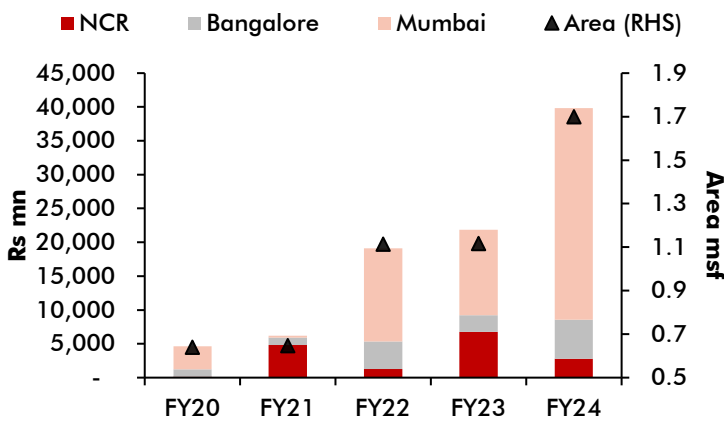


Source: Company, Ambit Capital research

**Rapid and exponential growth to propel Birla Estates towards top 5 RE developer status in India**

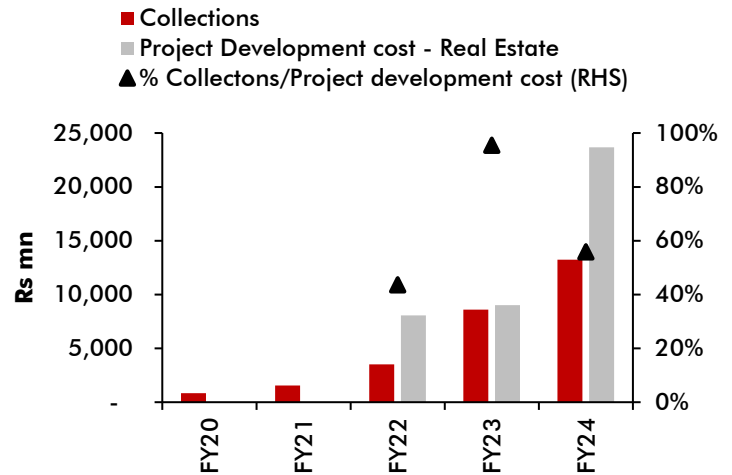
Birla Estates achieved ₹4.5bn in pre-sales in FY20 and anticipates a substantial increase to ~₹80bn by FY25E, reflecting 18x growth over five years. This trajectory positions the company as one of the fastest-growing pan-India developers in the real estate sector. Note that despite starting with a modest base of projected pre-sales at ~₹80bn in FY25, with GDV (Gross Development Value) pipeline of ₹450bn, management has outlined ambitious plans to consistently add projects worth ₹200bn annually in the coming years. The business development (BD) achievement in FY24, totalling ~₹160bn, provides confidence that this ambitious target is attainable. BD strategy is at par with forward-thinking approach of industry leaders like Godrej Properties and Macrotech Developers. With a robust GDV pipeline of ₹450bn and access to prime land parcels in Mumbai, Birla Estates is well-positioned to achieve its goal of becoming a top 5 developer in India.

**Exhibit 17: Birla Estates started by developing smaller projects in top three cities, achieving brand recognition**



Source: Company, Ambit Capital research

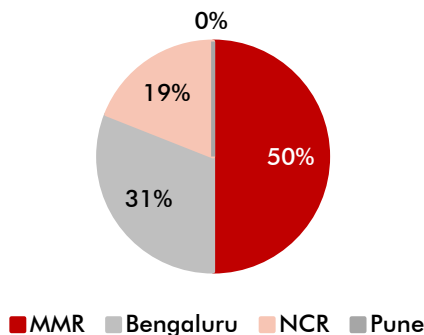
**Exhibit 18: Aggressive RE expansion, reflected in rising development costs, partially offset by improving collections**



Source: Company, Ambit Capital research

**Exhibit 19: Ongoing projects: ~ 6 msf with GDV of ₹130bn**

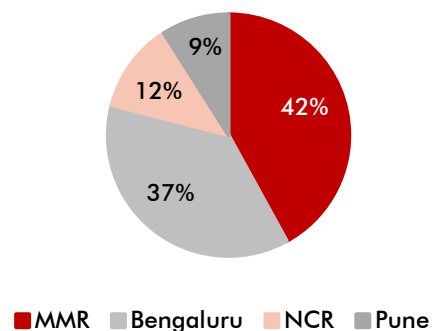
81% Projects in MMR and Bengaluru



Source: Company, Ambit Capital research

**Exhibit 20: Forthcoming: ~18msf with GDV of ₹320bn**

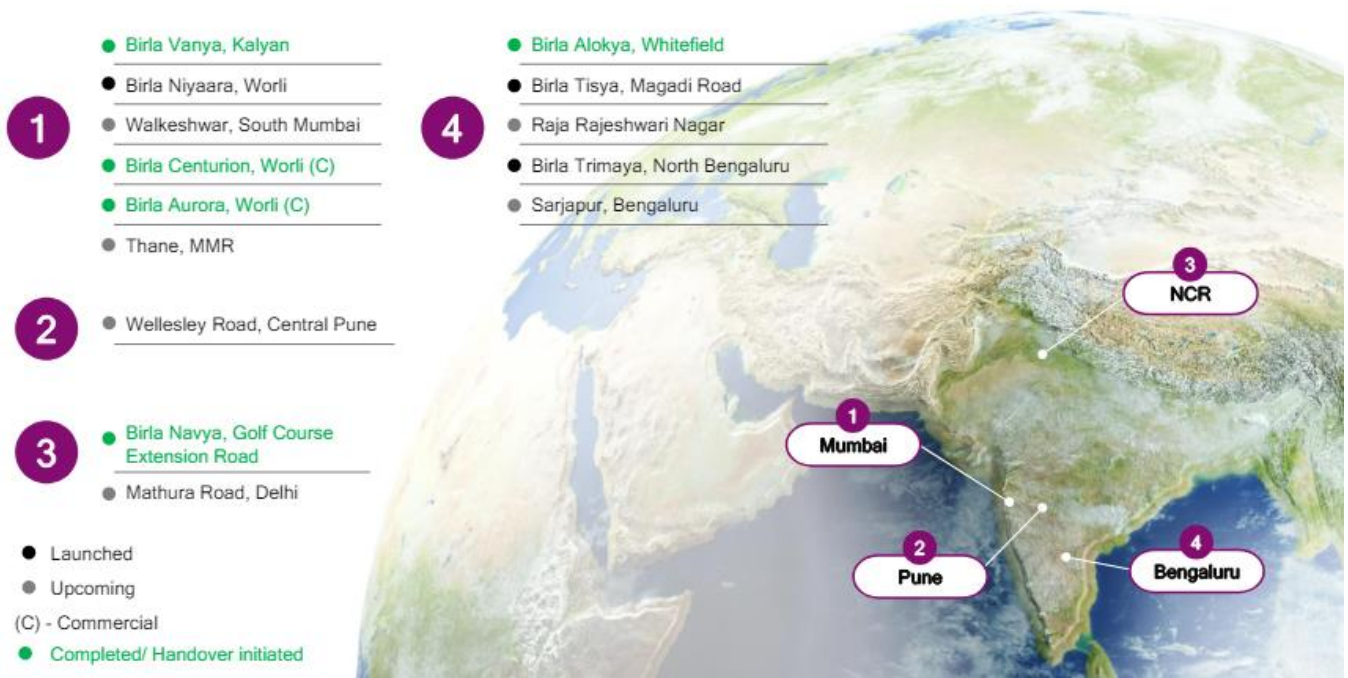
79% Project in MMR and Bengaluru



Source: Company, Ambit Capital research

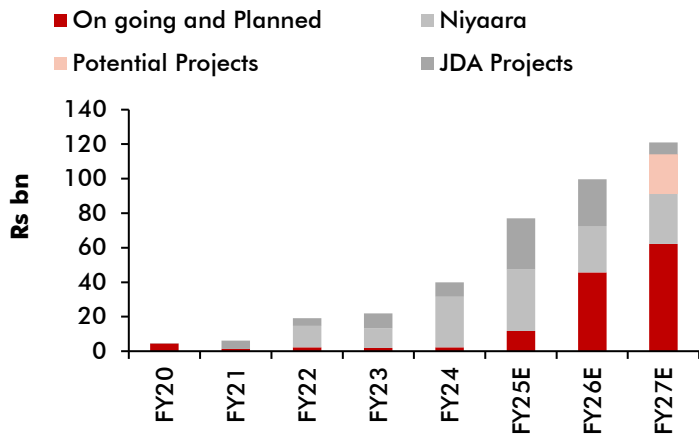


**Exhibit 21: Birla Estates competes with pan-India developers like Godrej Properties, Prestige Estates and DLF, establishing a strong presence in the top 4 Indian cities**



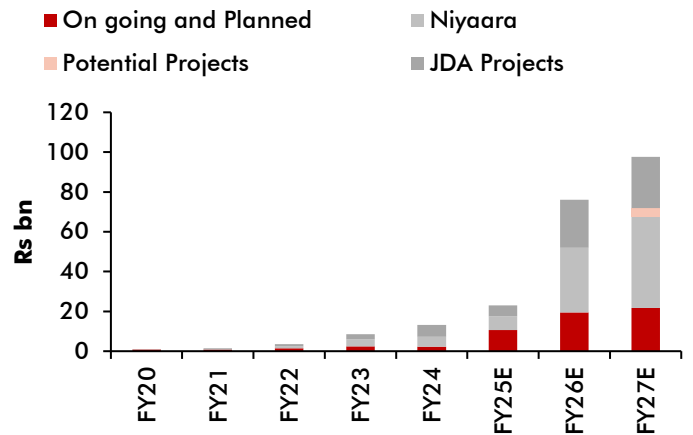
Source: [Company](#), Ambit Capital research

**Exhibit 22: We expect ~₹121bn pre-sales in FY27, implying ~26x growth from FY20....**



Source: [Company](#), Ambit Capital research

**Exhibit 23: ...with cumulative collections of ~₹197bn from FY25-27**



Source: [Company](#), Ambit Capital research

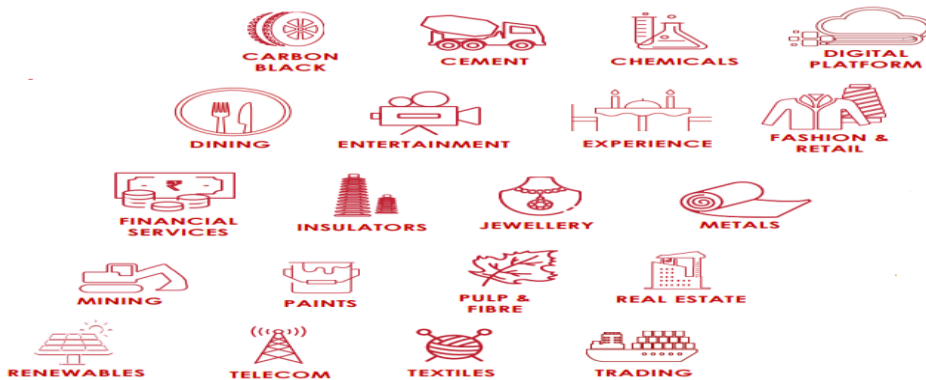
The company is positioned for strong financial growth by FY27. We expect cumulative collection of ~₹197bn and a healthy cumulative EBITDA of ₹ 22bn from their core pulp & paper business from FY25-FY27. Additionally, strategic business development opportunities valued at ₹163bn over FY25-FY27. This coupled with robust cash collection and a sustainable pulp & paper business, thus maintaining a debt-to-equity ratio of 0.6x, positions the company for exceptional capital management.

# Birla Estates – Banking on 3Cs: ‘Corporatization’, ‘Consolidation’ & ‘Cohort’

Birla Estate is the real estate arm of the US\$88bn Aditya Birla Group. With over seven decades of responsible business practices, the businesses have grown into global powerhouses in a wide range of sectors – from metals to cement, fashion to financial services and textiles to real estate now. Birla Estates stands out as a potential leader in real estate, leveraging its strong brand, talented people and access to capital to achieve consistent success. Premiumization play, launch pipeline visibility and business development additions are factors which will drive outperformance in future.

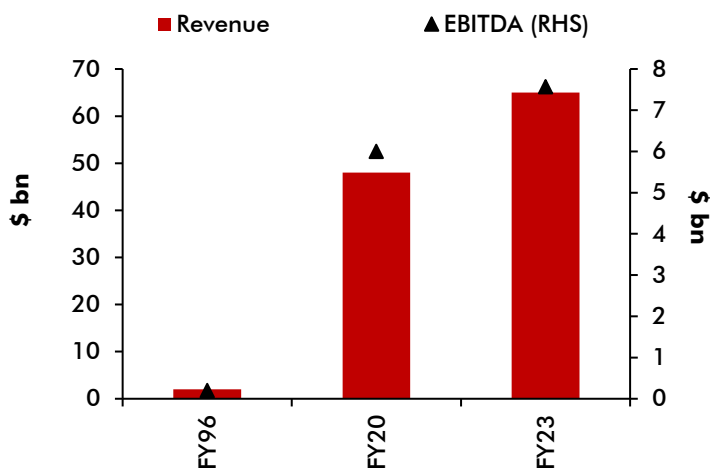
A US\$88bn global conglomerate, Aditya Birla Group is in the League of Fortune 500 companies. Today, over 50% of group revenues flow from overseas operations that span over 40 countries in North and South America, Africa, Asia and Europe. Mr. Kumar Mangalam Birla is the Chairman of the Aditya Birla Group. He is a Chartered Accountant and holds an MBA degree from the London Business School. He chairs the Boards of all major group companies in India and globally including Novelis Inc., Birla Carbon, Aditya Birla Chemicals, Domsjö Fabriker, Terrace Bay Pulp Mill, Hindalco Industries Ltd., Grasim Industries Ltd., UltraTech Cement Ltd., Aditya Birla Fashion and Retail Ltd. and Aditya Birla Capital Ltd. In the 28 years at the helm of the Group, he accelerated growth, built meritocracy and enhanced stakeholder value. In the process, he raised the group’s turnover by over 30x to US\$65bn by Mar’23.

**Exhibit 24: Portfolio of the Aditya Birla Group**



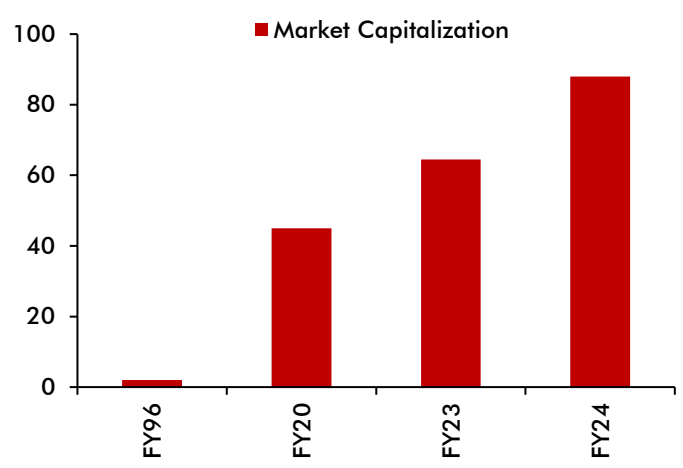
Source: Company, Ambit Capital research

**Exhibit 25: ~33x revenue/EBITDA growth indicates the ability to adapt and expand revenue streams into new segments...**



Source: Company, Ambit Capital research

**Exhibit 26: ...which translated into exceptional shareholder returns, with shareholder value rising ~44x over 28 years**



Source: Company, Ambit Capital research, \*FY24 Market capitalization Mar’24

**Experienced management with focus on expansion**

Century's board has seasoned experts in their respective verticals, including Mr. R.K. Dalmia and Mr. Ajay Kumar Gupta, each with over four decades of experience. In 2016, the appointment of Mr. K.T. Jithendran as CEO marked a pivotal moment for Birla Estates, the real estate arm of Century Textiles. Mr. Jithendran, also on the board of Century Textiles, has been a driving force behind the company's growth. Under his leadership, an outstanding team, drawn from India's most reputable real estate firms, was assembled, establishing a strong pedigree for the company.

**Exhibit 27: Century's board is represented by the promoter group and professionals**

Name	Designation	Qualifications	Responsibilities and prior experience	With CENT/ABG* since
Mr. Kumar Mangalam Birla	Chairman	Chartered Accountant; Management degree from London Business School	<ul style="list-style-type: none"> <li>Mr. Kumar Mangalam Birla is the Chairman of the venerable Indian multinational Aditya Birla Group.</li> <li>He chairs the Boards of all major Group companies in India and globally. In the 27+ years process he has raised the Group's turnover by 30 times.</li> <li>An educationist, Mr. Birla is the Chancellor of Birla Institute of Technology &amp; Science (BITS). He is Chairman of IIT-Delhi, IIM-Ahmedabad and Chairman of Rhodes India Scholarship Committee for Oxford University.</li> </ul>	2006
Mr. R. K. Dalmia	Managing Director	Chartered Accountant	<ul style="list-style-type: none"> <li>He started service in Century Textiles in the year 1985 and has been with the Group since last four decades.</li> <li>Instrumental in the establishment of the current textile plant at Bharuch and also led the development of commercial building 'Birla Centurion' on the erstwhile Century Mill's land at Worli.</li> <li>Active member of various textiles associations such as The Cotton Textiles Export Promotion Council etc.</li> </ul>	1985
Mr. Ajay Kumar Gupta	Chief Executive Officer, Century pulp & paper	PhD Philosophy, Senior Management Program from IIM Bangalore	<ul style="list-style-type: none"> <li>He is currently the Unit Head, Harihar Polyfibers Division, P&amp;F, Grasim Industries.</li> <li>He started his career in 1987 with Aditya Birla Group at Grasim GCD, Nagda and has worked in multiple roles before moving to PT Indonesia in 2006.</li> </ul>	1987
Mr. K. T. Jithendran	Chief Executive Officer, Birla Estates	Civil engineer from IIT Kharagpur; PGDM from IIM Kolkata; Advanced Management Program from Harvard Business School.	<ul style="list-style-type: none"> <li>He has over 26 years of work experience in the realty sector.</li> <li>Successfully transformed a real estate start up into a leading player in the category.</li> <li>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.</li> </ul>	2016
Mr. Snehal Shah	Chief Financial Officer	Chartered Accountant	<ul style="list-style-type: none"> <li>He is a seasoned management professional specialising in business strategy with a cumulative experience of over 30 years.</li> <li>Headed the Corporate Management Services division at Aditya Birla Group for over four years.</li> </ul>	2018
Mr. Anand Tripathi	Chief Human Resources Officer	Post-Graduation in Personnel management and Industrial Relations	<ul style="list-style-type: none"> <li>Career spanning over 30 years, he possesses a wealth of experience in HR.</li> <li>Prior roles within the Aditya Birla Group: UltraTech Cement limited wherein he was a President.</li> <li>His career comprises over 13 years with HUL, where he has been Category HR Head for F&amp;B and Personal Care verticals before moving to the role as Head - Employee Relations.</li> </ul>	2021

Source: Company, Ambit Capital research, \*ABG: Aditya Birla Group, Note: That above exhibit is not exhaustive

**Exhibit 28: Birla Estates has built an experienced leadership team from top real estate companies of India**

Name	Designation	Education	Responsibilities and prior experience	With BEL since
Mr. K. T. Jithendran	Chief Executive Officer	Civil engineer from IIT Kharagpur; PGDM from IIM Kolkata; Advanced Management Program from Harvard Business School.	<ul style="list-style-type: none"> <li>With more than 26 years of experience in the realty sector, he was an Executive Director at Godrej Properties Limited before becoming part of Birla Estates. He has successfully led diverse functions, overseen growth initiatives, and established a strong talent team.</li> <li>He successfully transformed a real estate startup into a leading player in the category.</li> </ul>	2016
Mr. Gaurav Jain	Chief Operating Officer	B.Tech from NDIT; PGDBM from IIM Lucknow; Senior Executive Leadership from Harvard Business School	<ul style="list-style-type: none"> <li>He has over 21 years of work experience in the realty sector. Prior to joining Birla Estates, he served as the Business Head - North at Godrej Properties (GPL), overseeing residential and commercial business. This role involved leading the entire value chain of the business.</li> <li>He has also worked with Mahindra Lifespaces as a National Sales Head and Manager at Unitech Group.</li> </ul>	2016
Mr. Keyur Shah	Chief Finance Officer	Chartered Accountant; B.com from Sydenham College of Commerce and Economics	<ul style="list-style-type: none"> <li>He has over 30 years of work experience in the realty sector and Project management.</li> <li>Prior to joining Birla Estates, he worked with HDFC Property Ventures for approximately 18 years, where he served as Managing Director and CEO before departing.</li> </ul>	2023
Ms. Anitha Krishnan	Head - Marketing	B.Sc. From St Joseph's college ; PG in Mass Communication from Madras Christian College and Executive MBA from Real Madrid Graduate School	<ul style="list-style-type: none"> <li>With over 20 years of market experience, she spent 10 years in Contract Advertising, managing key brands such as Shoppers Stop, Asian Paints, etc.</li> <li>Prior to joining Birla, she held the position of Executive Business Director at J. Walter Thompson Worldwide.</li> </ul>	2016
Mr. Sachin Sinnarkar	Head - Liaison	Education from Dr. Bedekar Vidya Mandir	<ul style="list-style-type: none"> <li>With over 25 years of experience, he commenced his career with Godrej Properties in 1996 and departed in year 2013 as a General Manager - Liaison.</li> <li>Before joining Birla Estates, he also served as the Head of Raymond Realty and House of Hiranandani.</li> </ul>	2016
Mr. Rakesh Kumar	Head - Design	Bachelor of Architecture: Indian Institute of Technology, Kharagpur	<ul style="list-style-type: none"> <li>With 29 years of experience in the real estate sector, he has worked with the top companies in USA and India.</li> <li>Before joining Birla Estates, he held the position of Chief Design Officer - Design Strategy in Godrej Properties. He also gained work experience with K Raheja Corp and Indian Hotels Company.</li> </ul>	2023
Ms. Ami Mistry	Head - Customer Centricity & IT	Bachelor in Technology: University of Mumbai and PGDM from IIM Ahmedabad	<ul style="list-style-type: none"> <li>With over 18 years of work experience, she brings rich expertise in a similar domain within India's corporate landscape.</li> <li>Before joining Birla Estates, she served as the Chief Strategy Officer at Telesupercon Worldwide, and prior to that, she held the position of Senior General Manager - Strategy in Godrej Properties.</li> </ul>	2018

Source: Company, Ambit Capital research, Note: That above exhibit is not exhaustive

**Safety, Sustainability and Style: Birla Estates on a winning path**

Century forayed into the real estate business with the two commercial projects: Birla Aurora and Birla Centurion. Birla Aurora is a 22-storied structure with an unconventional elliptical design. Encompassing many aspects of design and construction, the project involved collaboration with top firms in architecture, engineering, construction and lighting design.

Birla Aurora [Google reviews](#): 4.4/5 (Total 669 vote count)

Birla Centurion [Google review](#): 4.5/5 (Total 1,353 vote count)

**Exhibit 29: Birla Estates partnership for Birla Aurora**

Partnerships	About the company
<b>Architect – Hafeez Contractor</b>	Architect Hafeez Contractor is a leading architectural design consultancy firm of India having successfully designed and executed works for clients ranging from real estate developers, public sector undertaking, large companies and institutions to health care entrepreneurs.
<b>Construction - Larsen &amp; Toubro</b>	Larsen & Toubro is a major technology, engineering, construction, manufacturing and financial services conglomerate, with global operations. L&T Construction is India's largest construction organisation and ranked among the world's top 30 contractors.
<b>Lighting Design Partnership</b>	LDP is a network of Lighting Designers working from offices in Sydney, Singapore, New Delhi and Shanghai. The group is founded on backgrounds and qualifications in architecture, stage lighting, interior design and illuminating engineering.

Source: Company, Ambit Capital research

**Exhibit 30: Birla Aurora is a high-end commercial tower...**



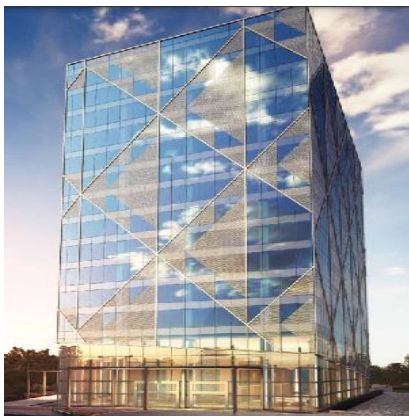
Source: [Company](#), Ambit Capital research

**Exhibit 31: ...with an exquisite grand entrance**



Source: [Company](#), Ambit Capital research

**Exhibit 32: Second commercial project Birla Centurion...**



Source: [Company](#), Ambit Capital research

**Exhibit 33: .....has eye-catching façade and huge landscape**



Source: [Company](#), Ambit Capital research

**Residential Project – Birla Alokya**

Located in Bengaluru, Birla Alokya is the first residential project of Birla Estates. The project is completely sold out and delivery of the project is already initiated. It offers 3 and 4 BHK villas, with select units including a private garden or a private terrace. The project is on 7.9 acres.

[Google reviews](#): 4.2/ 5 rating (Total 322 vote count)

**Exhibit 34: Birla Alokya project handover started in 4QFY24...**



Source: [99acres.com](#), Ambit Capital research

**Exhibit 35: ...and got positive responses (basis pictures posted by users)**



Source: [Google reviews](#), Ambit Capital research

**Exhibit 36: Birla Niyara construction site from Birla Centurion in Worli...**



Source: Ambit Capital research

**Exhibit 37: ...Ongoing construction work: Phase 1 Birla Niyara**



Source: Ambit Capital research

**Exhibit 38: Channel Checks suggest good acceptability for projects; though payment plans and apartment design offer non-exclusivity**

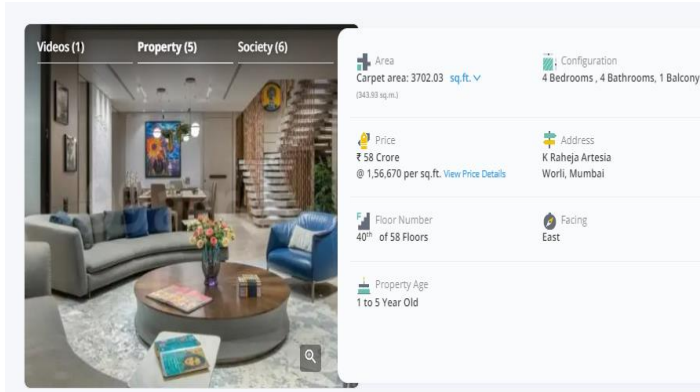
Projects	Comments
Birla Niyara - Mumbai	<ul style="list-style-type: none"> <li>Whilst brokers report strong interest in the Birla Niyara project, fuelled by the Birla brand reputation and the promise of a premium living experience, there is a potential concern.</li> <li>One broker mentioned that Phase 1 offers a variety of apartment sizes, including 2, 3, and 4 bedrooms. This mix of options could lead to a diverse resident base, which some might perceive as affecting the overall exclusivity of the project.</li> </ul>
Birla Navya - Gurugram	<ul style="list-style-type: none"> <li>Birla Navya, a project by Anant Raj Limited, has been generating a positive buzz. However, the 20-80 payment plan (20% down payment at booking, 80% on possession) might favour investors over owner-occupiers.</li> </ul>

Source: Ambit Capital research

**Micro market analysis and competition**

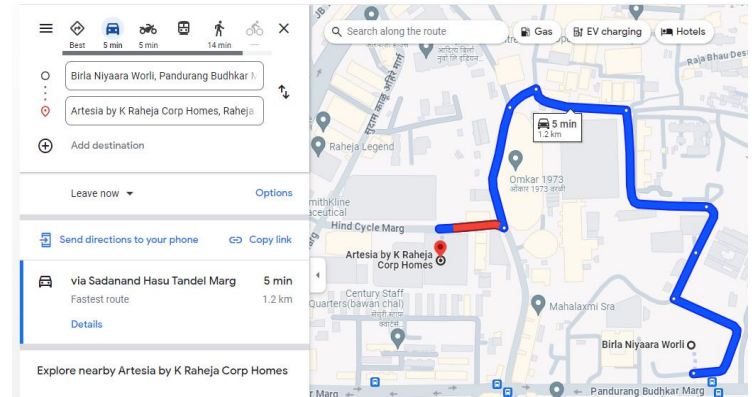
Note that the Worli market in Mumbai also has other luxury housing MMR-focused developers operating in the micro-market. For instance, Raheja Artesia by K Raheja Corp offers good views and is spacious.

**Exhibit 39: ₹ 1,50,000 psf\* for the project quoted...**



Source: [99acres.com](https://99acres.com), Ambit Capital research, \*Carpet Area

**Exhibit 40: ...1.2kms away from flagship project Niyaara**



Source: [Google](https://google.com), Ambit Capital research

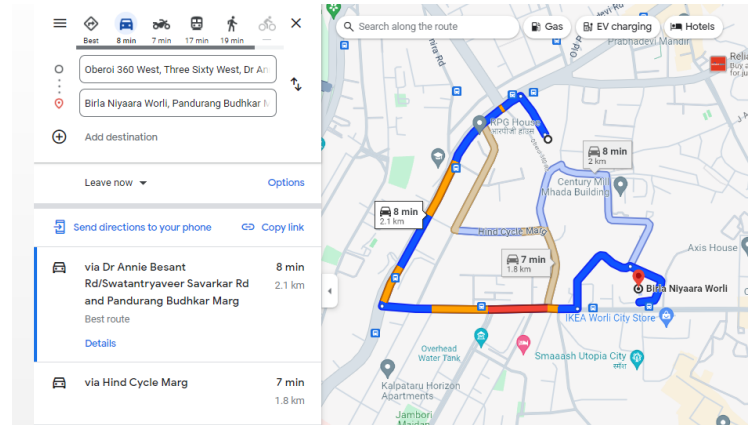
Oberoi Realty too has one of its flagship projects, Three Sixty West, within 2km from Birla Niyaara.

**Exhibit 41: ₹ 1,30,000 psf\* for the project quoted...**



Source: [99acres.com](https://99acres.com), Ambit Capital research, \*Carpet Area

**Exhibit 42: ...1.8kms away from flagship project Niyaara**



Source: [Google](https://google.com), Ambit Capital research

Despite stiff competition from reputed MMR-focused developers, Birla Niyaara’s success in Phase 2 is indicative of strong credibility built by the group/Birla Estate in the real estate market. This is also a function of several awards and recognitions received by Birla Estates since foraying into the real estate business in the last decade:

**Exhibit 43: Since foraying into real estate, Birla Estates has received various awards and recognitions**

Award	Presenter
Green Project of the Year	Infrastructure & Construction Awards
Green Building Project of the Year	Times Network Presents National Awards for Marketing Excellence - For excellence in real estate & infrastructure
Commercial Property of the Year	DNA Presents Real Estate & Infrastructure Round Table & Award
Commercial Property of the Year	ET Now Presents Real Estate Awards
Green Building Project of the Year	ET Now Presents Real Estate Awards
Project Launch of the Year	The 11 <sup>th</sup> Realty+ Excellence Awards 2019 West Zone
Innovative Marketing Campaign of the Year	DNA Presents Real Estate & Infrastructure Round Table & Awards
Iconic Marketing Campaign of the Year	Times Realty Icons Awards
Iconic Emerging Developer, India	Mid-Day Real Estate & Infrastructure Icons
Best Real Estate Company	Global Real Estate Congress Real Estate Awards
Best Brand Marketing	Global Real Estate Congress Real Estate Awards

Source: [Company](https://company.com), Ambit Capital research

**Market initiatives continue to drive brand engagement for Birla Estates**

The company extended its association with Royal Challengers Bengaluru for the third consecutive year as cricket holds a special place in the hearts of Indians and RCB matches the spirit of excellence and innovation of Birla Estates.

**Exhibit 44: The company sponsored RCB for the third consecutive year**



Source: Company, Ambit Capital research

**Exhibit 45: The grand opening for Birla Niyaara phase 2 is reflective of continued brand-building initiatives**



Source: [Company](#), Ambit Capital research

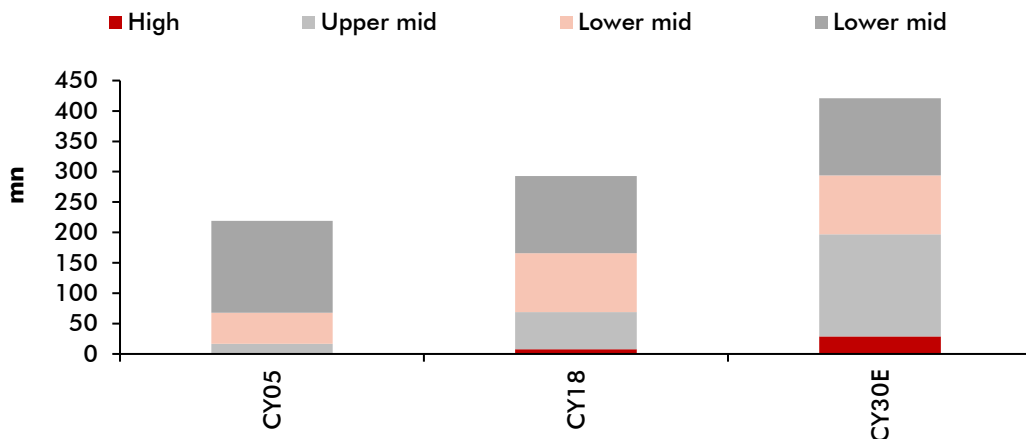
**Birla Estates: Built on strong foundation**

- **Focus on quality and timely delivery:** Birla Estates prioritizes superior construction practices and timely project execution as observed in Birla Alokya. This ensures buyers receive well-built homes within the promised timeframe.
- **Strategic project selection:** Birla Estates has acquired land parcels in prime locations across major cities like Mumbai - Walkeshwar, Pune – Wellesley Road, and NCR – Gurugram 63A. This ensures their developments are situated in areas with high demand and value appreciation potential.
- **Effective marketing and branding:** Birla Estates continued to invest in strategic marketing initiatives to showcase its projects and brand message. This ensures the company reaches its target audience effectively and maintains a strong brand reputation for quality and luxury.

**Household income evolution and share of household across different income groups: Luxury housing boom**

A growing segment of affluent individuals is creating a surge in demand for luxury real estate. The number of high-income earners is projected to jump from 8 million in CY18 to 29 million by CY30. This significant rise is translating into strong and sustainable demand for luxury properties.

**Exhibit 46: Household income evolution in India**



Source: [Knight Frank](#), Ambit Capital research, Low Income: <\$4,000, Lower-Mid: \$4000-8500, Upper-Mid: \$8,500-40,000, High Income:>\$40,000 basis income per household per year in real terms; Source: World Economic Forum



## Unlocking real estate's true potential

Birla Estates would witness 45% pre-sales CAGR over FY24-27E led by access to prime land parcels in South Mumbai (additional 2.5msf in Worli). Cumulative pre-sales/collections from FY24-27E is expected to be ₹298bn/₹197bn. With a GDV pipeline of ₹450bn, management has outlined ambitious plans to consistently add projects worth ₹200bn annually in the coming years. The business development achievement in FY24, totalling ~₹160bn, provides confidence that this ambitious target is attainable.

**Exhibit 47: We expect 45% pre-sales CAGR over FY24-27E led by continuing real estate sales momentum coupled with acceleration in launches on their land parcels**

₹ mn, unless specified	FY22	FY23	FY24	FY25E	FY26E	FY27E	Comments
<b>Operating Metrics</b>							
Pre-sales (mn)	19,125	21,831	39,853	77,099	99,712	121,066	
Pre-sales change YoY (%)		14%	83%	93%	29%	21%	Pre-sales CAGR expected to be 45% for FY24-27E. This driven by new launches across India, with particular focus on Mumbai and Bengaluru.
Pre-sales (msf)	1.1	1.2	1.7	4.0	6.0	5.6	
Pre-sales change YoY (%)		2%	45%	137%	49%	-6%	
<b>P&amp;L</b>							
Revenue	41,310	47,997	45,700	58,784	67,899	58,921	
Revenue change YoY (%)	57.9%	16.2%	-4.8%	28.6%	15.5%	-13.2%	
- Residential	DNA	DNA	6,812	10,496	16,555	5,985	Revenue recognition will only start after project completion
YoY growth (%)	DNA	DNA	DNA	54.1%	57.7%	-63.8%	
- Annuity	1,386	1,100	1,510	1,601	1,697	1,798	Leasing segment to witness steady growth led by rental escalations in existing portfolio
YoY growth (%)	DNA	DNA	37.3%	6.0%	6.0%	6.0%	
- pulp & paper	28,178	35,717	33,753	46,687	49,648	51,137	In line with industry growth
YoY growth (%)		26.8%	-5.5%	38.3%	6.3%	3.0%	
- Textile	10,872	10,007	500	nmf	nmf	nmf	The textile business is headed toward outsourcing.
YoY growth (%)		-8.0%	-95.0%	nmf	nmf	nmf	
<b>Revenue mix (%)</b>							
- Residential	-	-	16%	18%	24%	10%	
- Annuity	3%	2%	3%	3%	2%	3%	Expect RE sales momentum to continue, which along with increased scale of completion will drive real estate revenue growth
- pulp & paper	70%	76%	80%	80%	73%	87%	
- Textile	27%	21%	1%	nmf	nmf	nmf	
Employee expenses (%)	8%	7%	7%	6%	5%	6%	Employee expenses (% of sales) expected to improve given expansion of RE portfolio
EBITDA	4,446	5,273	7,012	12,826	16,593	11,626	
EBITDA margin (%)	11%	11%	15%	22%	24%	20%	Increased scale of completion will drive real estate EBITDA growth and improvement in margins
EPS (₹)	14	24	4	57	75	42	
<b>Balance Sheet</b>							
Net debt	12,498	8,866	20,800	30,052	26,974	28,462	
Net debt/ equity (x)	0.3	0.2	0.5	0.6	0.5	0.5	Net-debt/equity to remain ~0.5x in FY26 and FY27
Pre-tax RoCE (%)	5%	4%	1%	11%	10%	4%	
<b>Cash flows</b>							
Net operating cash flows	(511)	2,709	(3,153)	(5,711)	9,318	5,186	
FCF	(1,440)	4,327	20,610	8,020	(1,501)	12,344	
Cash for Business Development				16,500	60,000	85,000	

Source: Company, Ambit Capital research

# Acceleration in new launches will drive re-rating

Using individual project-wise NAV and 11.3% WACC (13.5% CoE, 0.45x target D/E), we arrive at a 1-yr TP of ₹2,735. Real Estate – Birla Niyaara/ongoing and planned/potential launches/annuity/land bank/pulp & paper drive 20%, 22%, 24%, 7%, 14% and 13% of our SOTP valuation respectively. Whilst RE sector valuations have re-rated sharply since the sector recovered from deep slumber (CY18/19), the narrative around continued consolidation driving market share gains and thus double-digit growth will keep current valuations afloat. Century currently trades at 4.3x FY26E P/B, 9% discount to mid and large-cap peers.

## 1-yr SOTP-based TP of ₹2,735

Given differing revenue streams across projects and several assets across real estate sales, outright and JDAs including ongoing and upcoming projects, an SOTP-based approach best captures fair valuation of the business. We use a project-based DCF methodology to arrive at our SOTP valuation. We consider CoE of 13.5% and WACC of 11.3% for discounting back cash flows assuming 0.45x D/E on a long-term basis as Century continues to expand its portfolio. We use an asset-wise DCF-based approach to derive the fair value of the annuity portfolio. We value the residential portfolio on net realization basis. Birla Estates currently has visibility of ₹352bn of RE projects. We use the DCF method for valuing the pulp & paper business.

### Exhibit 48: Real estate business drives 87% of our SOTP valuation of ₹2,735

₹ mn	1-yr fwd NAV	1-yr fwd NAV (%)
<b>Real Estate</b>	<b>290,538</b>	<b>87%</b>
- Birla Niyaara	66,204	20%
- On-going and Planned	73,301	22%
- Real estate - potential	81,530	24%
- Commercial	23,561	7%
- Land Bank	45,942	14%
<b>Others</b>	<b>45,174</b>	<b>13%</b>
- Pulp & Paper	45,174	13%
- Textile	-	0%
<b>GAV</b>	<b>335,711</b>	<b>100%</b>
March '25 net debt	30,191	
<b>NAV</b>	<b>305,521</b>	
No. of shares (mn)	112	
<b>SOTP (₹)</b>	<b>2,735</b>	
CMP (₹)	2,166	
Upside (%)	26%	

Source: Company, Ambit Capital research

## Valuation drivers

### Exhibit 49: RE business: ~₹290bn

₹ mn	1-yr fwd NAV	Revenue Potential
<b>Real Estate</b>	<b>290,538</b>	<b>563,320</b>
- Birla Niyaara	66,204	144,618
- On-going and Planned	73,301	207,957
- Real estate - potential	81,530	210,745
- Commercial	23,561	0.56 msf leased
- Land Bank	45,942	
<b>Total</b>	<b>290,538</b>	

Source: Company, Ambit Capital research

### Flagship project Birla Niyaara: Net asset value of ~₹66bn

- The ambitious residential project underway on Century's proprietary land parcel, ~2.5msf, carries a revenue potential of ₹145bn. Situated strategically in the affluent location of Worli in South Mumbai, this development stands out as one of the most noteworthy ventures in the company's portfolio. Note that this is India's only LEED pre-certified platinum residential project.
- The project is planned in three phases: Launched in CY22, Phase 1 garnered a robust response and is nearing fully sold status this year and experiencing ~33% price appreciation since launch date. The expected delivery date of the phase is CY28.
- Phase 2 was launched in 4QFY24. It holds revenue potential of ₹55bn, only 148 units, equating to an average unit value of around ₹0.35bn. Estimated booking value within two months from launch is ~₹24bn from the second phase.
- Concurrently, Phase 3 is currently in design stage and is expected to be launched in FY26.
- Birla Estates has strategically leveraged its holdings in Worli, a prime location in Mumbai. Capitalizing on the success of Phase 1, it launched Phase 2 within a quick turnaround time of less than 2 years. This strategy indicates agility in meeting market demands.
- The positive response to Phase 2, with ~40% of inventory already sold, validates their approach. Birla Estates is now planning Phase 3, showcasing commitment to the long-term development of this prestigious location.

### Exhibit 50: Metrics of Birla Niyaara

Birla Niyaara	Total Saleable Area (msf)	Potential Revenue (₹ bn)	House Units
Phase 1	0.91	33.3	414
Phase 2	0.85	55.3	148
Phase 3	0.75	55.9	Under planning
<b>Total</b>	<b>2.51</b>	<b>144.6</b>	<b>DNA</b>

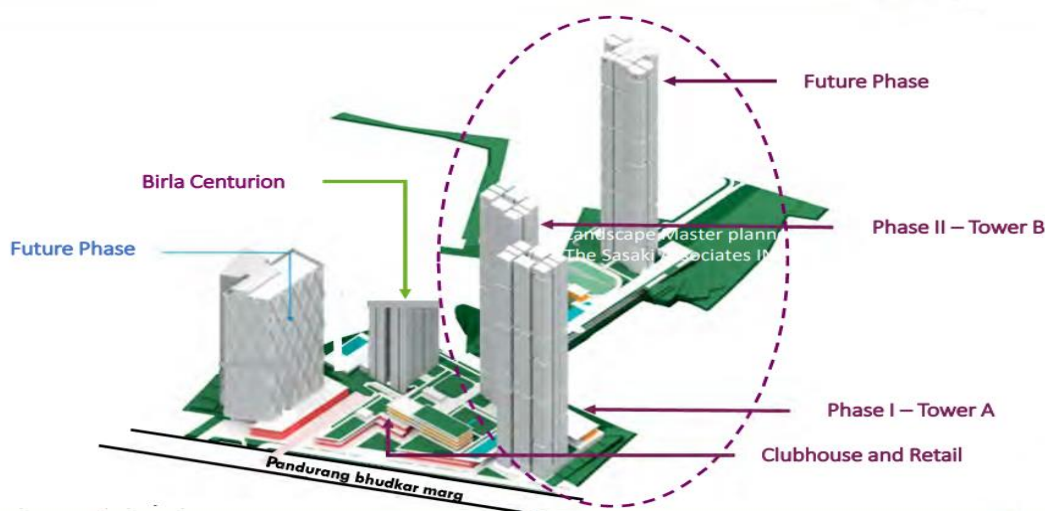
Source: Company, Ambit Capital research

**Exhibit 51: Architects and designers for the project**

Architects and Designers	Headquarter	About the company
Foster + Partners - Architecture	UK	Foster + Partners is a global studio for architecture, urbanism and design, all rooted in sustainability and founded by Norman Foster in 1967. With offices across the globe, the company work as a single studio that is both ethnically and culturally diverse.
Sasaki Associates	USA	Sasaki is a design firm specializing in Architecture, Interior Design, Urban Design, Space Planning, Landscape Architecture, Ecology, Civil Engineering, and Place Branding.
LERA	USA	LERA Consulting Structural Engineers (LERA) is a structural engineering firm providing services to architects, owners, contractors, and developers. The company was founded in 1923, it has designed numerous landmark projects across the world, and established a strong reputation for design and technical excellence.
Coopers Hill – Landscape architecture	Singapore	Coopers Hill is an international landscape architecture, urban design, landscape master planning and master planning consultancy.
BPI Design – Lightning Design firm	Singapore	Brandston Partnership Inc. (BPI), an award-winning architectural lighting design firm, has completed over 5,000 projects in North America, South America, Europe, Asia and Australia.
Priedmann – Façade Experts	UAE	Priedemann Company was founded in 1993 , Since 1993, the company has provided façade consultancy and design services to investors and developers, architects and general planners, main contractors and fabricators.

Source: Company, Ambit Capital research

**Exhibit 52: Birla Niyaara layout**



Source: Company, Ambit Capital research

**Exhibit 53: Ongoing and planned, outright projects worth ~₹160bn revenue**

Project	Location	Total saleable area (msf)	Area sold (msf)	Inventory (msf)	Launch Period	Expected Completion	Revenue Potential (₹ mn)	Type of Deal	Ownership %
<b>Projects launched</b>									
Birla Vanya	Kalyan	1.33	1.02	0.31	Q1 FY20	FY25	11,198	Own land	100%
Birla Alokya	Bengaluru	0.55	0.54	0.01	Q2 FY20	FY25	3,948	Outright	100%
<b>Total</b>		<b>1.9</b>	<b>1.56</b>	<b>0.32</b>			<b>15,146</b>		
<b>To be launched</b>									
RR Nagar	Bangalore	1.01	-	1.01	Q1 FY25	FY26	10,136	Outright	100%
Walkeshwar	Mumbai	0.06	-	0.06	Q1 FY25	FY27	5,985	Outright	100%
Wellesley Road	Pune	1.54	-	1.54	Q2 FY25	FY31	24,507	Outright	100%
Sarjapur	Bangalore	2.87	-	2.87	Q2 FY25	FY33	27,570	Outright	100%
Hindalco	Thane	5.39	-	5.39	Q2 FY26	FY35	77,225	Deferred Outright	100%
<b>Total</b>		<b>10.9</b>	<b>-</b>	<b>10.9</b>			<b>145,421</b>		

Source: Company, Ambit Capital research

**Exhibit 54: Ongoing and planned, outright projects worth ~₹47bn\* revenue**

Project	Location	Total saleable area (msf)	Area sold (msf)	Inventory (msf)	Launch Period	Expected Completion	Revenue Potential (₹ mn)	Type of Deal	Ownership %	Revenue potential considering JDA	1-yr Fwd NAV (BE Share)
Birla Navya	Gurugram	1.85	1.16	0.69	Q3 FY21	Q2 FY28	27,670	JDA	50%	13,835	5,013
Birla Tisya	Bengaluru	0.65	0.60	0.05	Q3 FY22	Q4 FY26	6,419	JDA	40%	2,568	559
Trimaya	Bengaluru	3.62	0.71	2.91	Q2FY24	Q2FY28	28,303	JDA	47%	13,302	5,467
IHP	Delhi	1.42	-	1.42	Q3 FY25	Q2 FY30	27,850	Revenue Share	64%	17,684	7,332
<b>Total</b>		<b>7.5</b>	<b>2.5</b>	<b>5.1</b>			<b>90,241</b>			<b>47,389</b>	<b>18,371</b>

Source: Company, Ambit Capital research, \* Birla Estates share

**Exhibit 55: Land bank of the company**

Land Bank	Business Model	Status	Land Area (Acres)
Talegaon	Own Land Parcel	YTB decided	43.8
Prabhadevi	Own Land Parcel	YTB decided	1.8
Worli (West)	Own Land Parcel	YTB decided	8.7
Maral / Varap (Kalyan)	Own Land Parcel	YTB decided	46.1
Kamba (Kalyan)	Own Land Parcel	Leased to BITS	66.0
<b>Total</b>			<b>166</b>

Source: Company, Ambit Capital research

**Exhibit 56: Visibility of potential launches from the land bank; revenue potential worth ₹210bn with 1-yr fwd NAV is ₹82bn**

Location	Total saleable area (msf)	Launch Period	Expected Completion	ASP*(₹/psf)	Revenue Potential (₹ mn)	1-yr Fwd NAV (₹ mn)
Worli East - Phase 1	1.00	FY27	FY30	81,616	81,616	34,746
Worli West - Phase 1	0.75	FY28	FY31	80,250	60,188	22,793
Worli West - Phase 2	0.75	FY29	FY32	91,063	68,941	23,991
<b>Total</b>	<b>2.50</b>				<b>210,745</b>	<b>81,530</b>

Source: Company, Ambit Capital research, \*Saleable area

**Exhibit 57: Land bank valuation at ₹46bn**

<b>Location</b>	
Talegaon (Acres)	43.80
Conversion acres to ~ saleable area (msf)	3.82
Price (₹/psf)	2750
Land Bank value	10,494
<b>Value (mn)</b>	<b>10,500</b>
Prabhadevi (acres)	1.8
Conversion acres to ~ saleable area (msf)	0.24
Price (₹/psf)	22,000
<b>Value (mn)</b>	<b>5,175</b>
Maral / Varap (Kalyan)/ Kamba (Kalyan)	112.07
Conversion acres to ~ saleable area (msf)	9.76
Price (₹/psf)	3,100
<b>Value (mn)</b>	<b>30,267</b>
<b>Total land bank value</b>	<b>45,942</b>

Source: [Company](#), Ambit Capital research

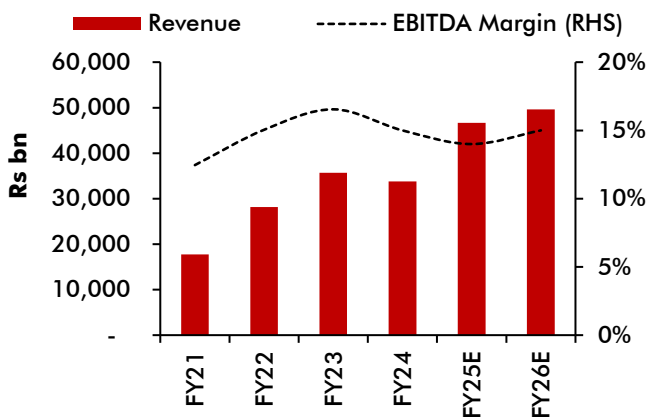
**Pulp & paper business cash cow: Net asset value at ~₹45bn**

Established in 1984, Century pulp & paper is a leading manufacturer of printing and writing, packaging board and tissue paper. Century has an installed capacity of 0.5 million MTPA Lalkuan, Uttarakhand which is the largest single location paper plant in India. Writing & printing paper and packaging board constitute 80%+ of revenues whilst the rest is from tissues.

**Management outlook**

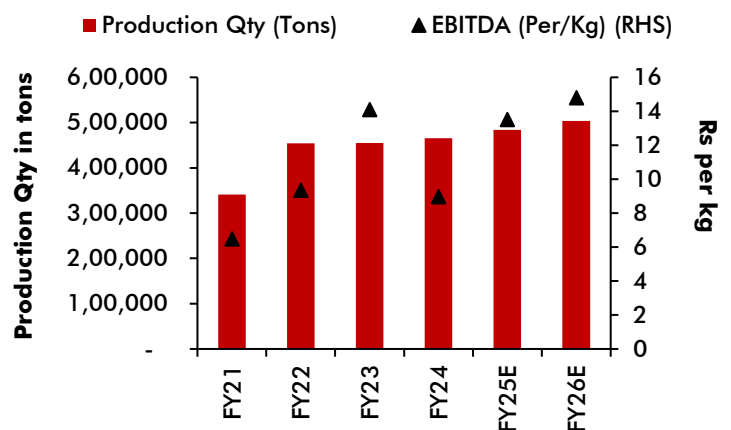
- **Printing & writing paper:** Demand is expected to hold steady, supported by government purchases. However, import of copier and non-copier paper from Southeast Asia (ASEAN) may pressure prices despite a slight seasonal uptick. Export opportunities are expected to improve, offering better returns.
- **Tissue paper:** Demand is forecast to remain strong. Management’s focus will be on boosting domestic sales and exports for better profits. Competitive imports from ASEAN countries may slightly affect domestic pricing.
- **Paperboard:** Demand should remain stable driven by positive sentiment in the pharmaceutical, consumer goods and food & beverage industries. Export opportunities in Europe and the US are expected to rise potentially fuelled by anticipation of price increases due to ongoing geopolitical tensions impacting supply chains.

**Exhibit 58: Volume growth will boost revenues with concurrent steady margin improvement**

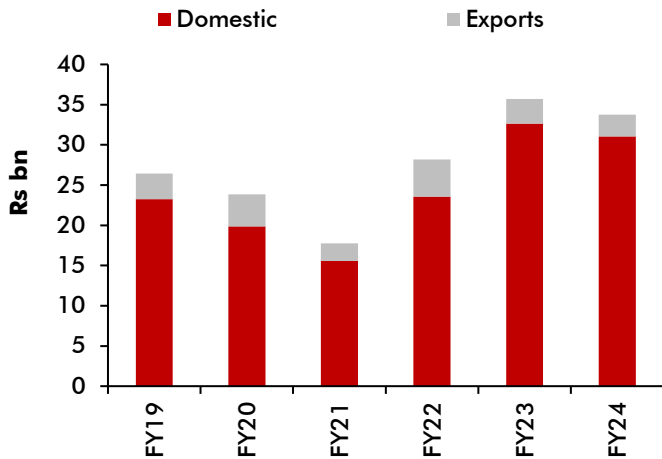


Source: Company, Ambit Capital research

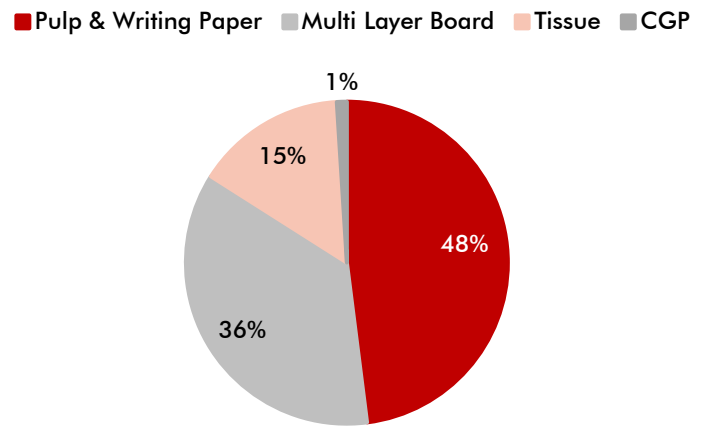
**Exhibit 59: Average realization has exceeded the levels observed before the Covid-19 pandemic**



Source: Company, Ambit Capital research

**Exhibit 60: Proportion of revenue from domestic markets is on the rise**


Source: Company, Ambit Capital research

**Exhibit 61: Pulp & writing paper and multi-layer board comprise 84% of revenues**


Source: Company, Ambit Capital research

Despite being a commodity business, the pulp & paper industry is a major source of profit (cash cow) for Century Textiles. Management highlighted that 0.5mn production capacity and EBITDA of ₹15 per kg can translate into EBITDA ₹7.5bn.

**Exhibit 62: DCF of the pulp & paper business**

₹ mn	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Total Revenue	28,180	35,720	33,753	46,687	49,648	51,137	52,671	54,251	55,879	57,555	59,282	61,060	62,892	64,779
EBITDA	4,240	5,910	4,170	6,536	7,447	7,671	7,901	8,138	8,382	8,633	8,892	9,159	9,434	9,717
Depreciation				1,273	1,353	1,394	1,436	1,479	1,523	1,569	1,616	1,664	1,714	1,766
EBIT	-	-	-	5,264	6,094	6,277	6,465	6,659	6,859	7,065	7,276	7,495	7,720	7,951
Income tax expense				1,322	1,531	1,577	1,624	1,673	1,723	1,775	1,828	1,883	1,939	1,997
(EBIT - Income tax)				3,941	4,563	4,700	4,841	4,986	5,136	5,290	5,449	5,612	5,780	5,954
Depreciation benefit				1,273	1,353	1,394	1,436	1,479	1,523	1,569	1,616	1,664	1,714	1,766
Less: Capital Expenditure	1,100	830	920	1,273	1,353	1,394	1,436	1,479	1,523	1,569	1,616	1,664	1,714	1,766
Less: Increase/(decrease) in NWC	170	1,530	720	996	1,059	1,091	1,071	1,049	1,024	998	968	936	901	864
Less: Interest	100	110	100	100	100	100	100	100	100	100	100	100	100	100
Free Cash flow	2,870	3,440	2,430	2,846	3,404	3,509	3,670	3,838	4,012	4,192	4,380	4,576	4,779	4,990
<b>Present Value (FCF)</b>				<b>2,892</b>	<b>3,109</b>	<b>2,880</b>	<b>2,706</b>	<b>2,542</b>	<b>2,388</b>	<b>2,242</b>	<b>2,105</b>	<b>1,976</b>	<b>1,854</b>	<b>1,740</b>

Source: Company, Ambit Capital research

**Exhibit 63: Pulp & paper valuation at ₹45bn**

Metric for the valuation	
WACC	11.3%
Terminal growth rate	3%
Present value of discrete cash flows	23,541
Present value of terminal value	21,633
<b>Total (₹ mn)</b>	<b>45,174</b>

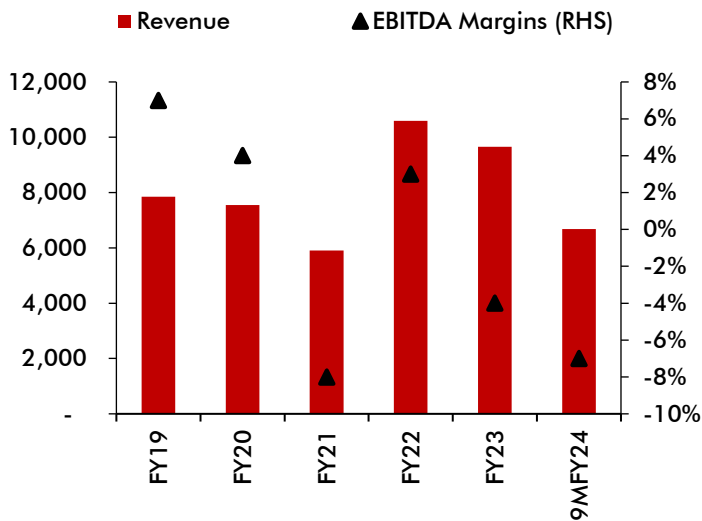
Source: Company, Ambit Capital research



**Textile Business: Net asset value nil**

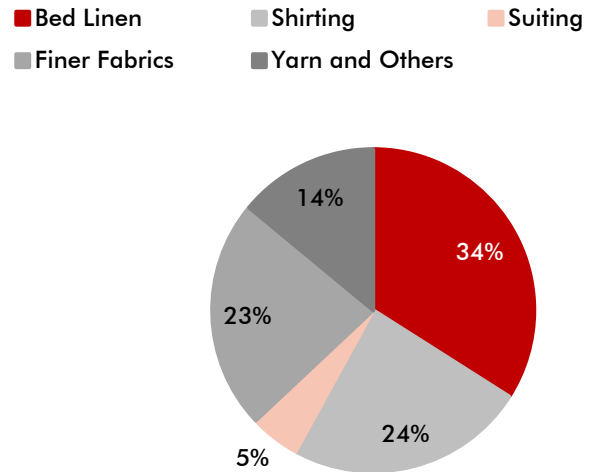
- Birla Century, a textile manufacturing facility established by Century Textiles & Industries Limited in Jhagadia, Gujarat, boasts state-of-the-art technology and strategic location for efficient production and distribution. Spread over 100 acres, the plant utilizes advanced equipment to create high-quality cotton fabrics in various finishes, including wrinkle-resistant, water-resistant, and eco-friendly options.
- Century Textiles and Industries Limited announced a major restructuring of its Birla Century textile plant in Bharuch, Gujarat. Spinning and weaving operations have already been discontinued. To utilize the remaining processing facilities, Century plans to increase outsourcing of fabric and offers a voluntary retirement scheme to most spinning and weaving department employees.
- The board meeting on March 22, 2024, approved the discontinuation of most operations at the plant. However, some minor manufacturing and activities related to yarn supply for a JV will continue.
- In terms of restructuring, spinning and weaving departments at the said plant were discontinued to continue optimum utilization. Outsourcing of specialized Greige fabric was proposed to be increased from 45,000 meters per day to 1,05,000 meters per day and a VRS scheme was also implemented for workers/employees of such processes; most workers/employees in the spinning and weaving departments opted for the scheme.
- Due to ongoing losses in the textile division, management has decided to outsource production. This decision significantly impacts the valuation of the textile business as it's no longer a core competency and future cash flows are uncertain. We do not ascribe any valuation to the textile business.

**Exhibit 64: After Covid, the textile business of Century turned loss-making**



Source: Company, Ambit Capital research

**Exhibit 65: Product mix of the company by revenue until Dec'23**



Source: Company, Ambit Capital research

## Birla Estates is where GPL was a decade back

We believe Birla Estates is at a similar stage of evolution that GPL was a decade back. Over the decades, GPL successfully expanded across geographies (NCR, MMR, Bengaluru and Pune) and asset classes (click [here](#) to read more). Moreover, over the last 10 years (FY14-24), GPL's RE sales grew 7x/9x to 20msf/₹225bn.

- Birla Estates has a unique advantage in its leadership team, with some key employees having prior experience at Godrej Properties. This connection goes beyond just personnel and translates into strategic benefits for Birla Estates's expansion.
- **Proven strategies:** Mr. K.T Jithendran's experience likely includes successful strategies implemented at Godrej Properties. Birla Estates can leverage this knowledge to replicate those successful approaches in their own projects.
- **Market understanding:** Having honed their expertise at Godrej Properties, the Birla Estates team brings a deep understanding of the Indian real estate market. This translates into informed decision-making regarding project locations, target demographics, and product offerings which is visible in their ongoing and planned projects.
- **Network and reputation:** Godrej Properties is a well-established player in the Indian real estate sector. Birla Estates may benefit from the existing network and reputation associated with some of its leaders' experience. This can provide a head-start in establishing trust with potential customers and partners.

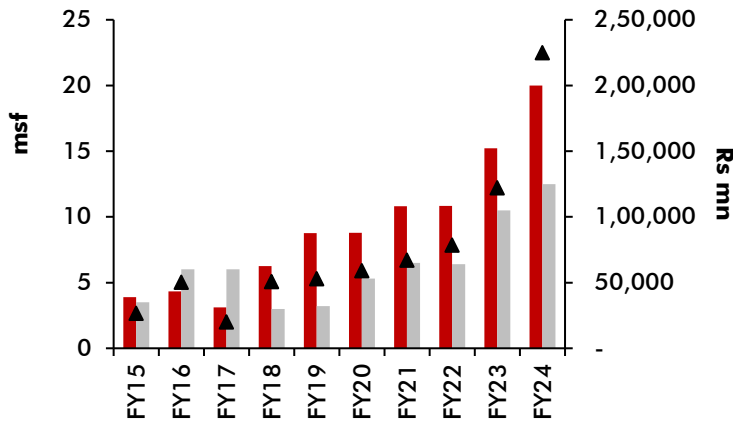
### Exhibit 66: Key hiring from Godrej Properties

Name	Designation	Education	Responsibilities and prior experience	With BEL since
Mr. K. T. Jithendran	Chief Executive Officer	Civil engineer from IIT Kharagpur; PGDM from IIM Kolkata; Advanced Management Program from Harvard Business School.	<ul style="list-style-type: none"> <li>▪ With more than 26 years of experience in the realty sector, he was an Executive Director at Godrej Properties Limited before becoming part of Birla Estates. He has successfully led diverse functions, overseen growth initiatives, and established a strong talent team.</li> <li>▪ He successfully transformed a real estate start-up into a leading player in the category.</li> </ul>	2016
Mr. Gaurav Jain	Chief Operating Officer	B.Tech from NDIT; PGDBM from IIM Lucknow; Senior Executive Leadership from Harvard Business School	<ul style="list-style-type: none"> <li>▪ He has over 21 years of work experience in the realty sector. Prior to joining Birla Estates, he served as Business Head - North at Godrej Properties (GPL), overseeing residential and commercial business. This role involved leading the entire value chain of the business.</li> <li>▪ He has worked with Mahindra life Spaces as a national sales head and manager at Unitech Group</li> </ul>	2016
Mr. Sachin Sinnarkar	Head - Liaison	Education from Dr. Bedekar Vidya Mandir	<ul style="list-style-type: none"> <li>▪ Over 25 years of experience. Commenced career with Godrej Properties in 1996 and exited in 2013 as a GM - Liaison.</li> <li>▪ Before joining Birla Estates, he served as Head of Raymond Realty and House of Hiranandani.</li> </ul>	2016
Mr. Rakesh Kumar	Head - Design	B.Arch Indian Institute of Technology, Kharagpur	<ul style="list-style-type: none"> <li>▪ 29 years of experience in the real estate sector. Worked with top companies in USA and India.</li> <li>▪ Before joining Birla Estates, he held the position of Chief Design Officer - Design Strategy in Godrej Properties. He also gained work experience with K Raheja Corp and Indian Hotels Company.</li> </ul>	2023

Source: Company, Ambit Capital research. Note: That above exhibit is not exhaustive.

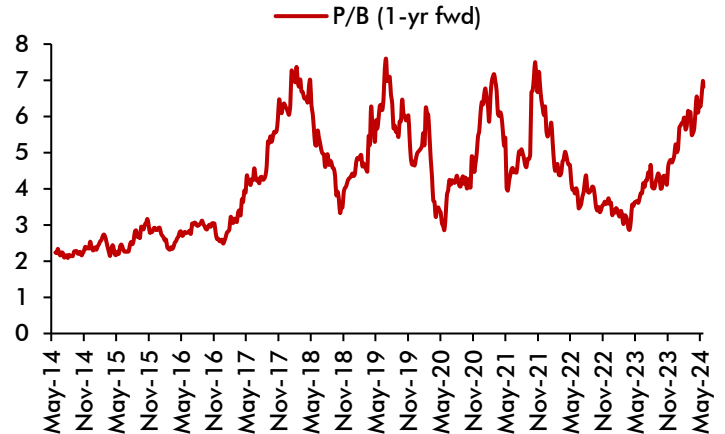
**Exhibit 67: Increased scale in pre-sales and execution over last 10 years...**

■ Pre-sales Area in (msf) ■ Delivery (msf) ▲ Pre-sales Rs mn (RHS)



Source: Company, Ambit Capital research

**Exhibit 68: ...led to sharp re-rating for Godrej; whilst valuations have remained range-bound past few years, GPL continues to command premium valuations vs peers**



Source: Bloomberg, Ambit Capital research

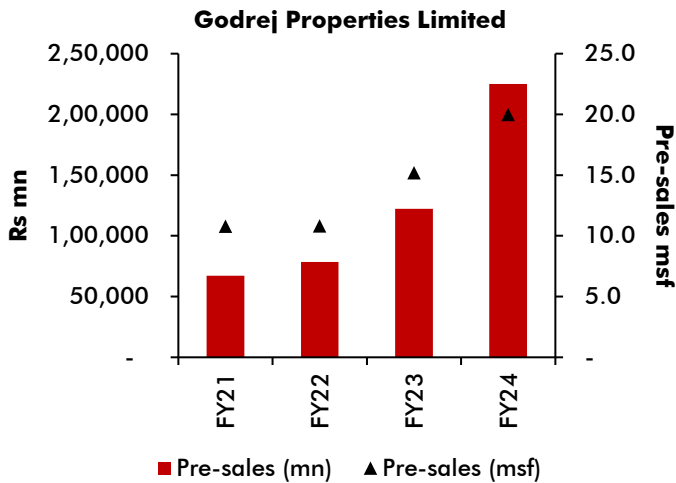
**Why CENT makes for a structural compounding play in RE over the next decade**

Birla Estates is where GPL was a decade back. Scale-led geographical expansion drove re-rating for the latter and we expect the same for Century given its robust launch pipeline in the coming years. Transition into a leading pan-India RE developer will narrow the valuation gap vs peers. Ambitious plans to add projects worth ₹200bn annually in the coming years would make Century a structural compounding play in RE over the next decade.

Whilst current sales figures for some established RE developers in India exceeds that of Birla Estates by more than five times, their potential for exponential growth might be limited. Birla Estates's strategic advantage lies in its robust GDV pipeline. This pipeline offers greater visibility into future sales, positioning Birla Estates for a potentially faster growth trajectory than peers.

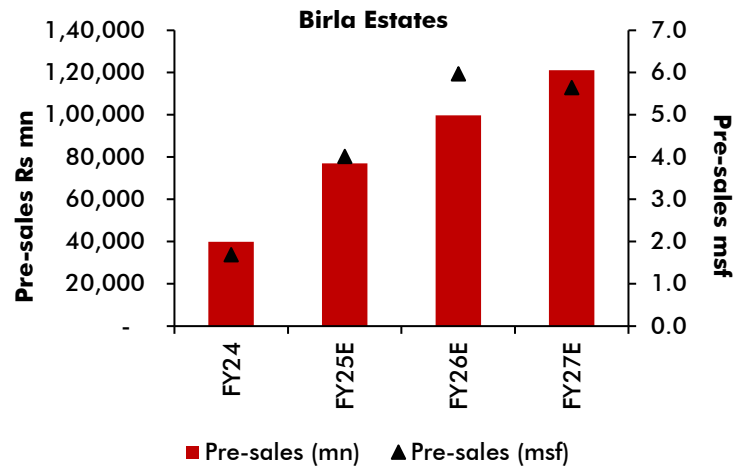
The company achieved ₹4.5bn pre-sales in FY20. It anticipates a substantial increase to ₹80bn by FY25E, reflecting 18x growth over five years. This trajectory positions the company as one of the fastest-growing pan-India developers in the real estate sector. Note that despite starting with a modest base of projected pre-sales of ~₹80bn in FY25, with GDV pipeline of ₹450bn, management has outlined ambitious plans to consistently add projects worth ₹200bn annually in the coming years. The business development achievement in FY24, totalling ~₹160bn, provides confidence that this ambitious target is attainable.

**Exhibit 69: Godrej Properties pre-sales CAGR from FY21-24 was 50% with FY24 pre-sales of ₹225bn and FY25 guidance of ₹270bn**



Source: Company, Ambit Capital research

**Exhibit 70: Birla Estates to replicate the same trajectory with expected pre-sales CAGR: 45% and FY27E pre-sales at ₹121bn (50%+ of Godrej Properties current pre-sales)**



Source: Company, Ambit Capital research

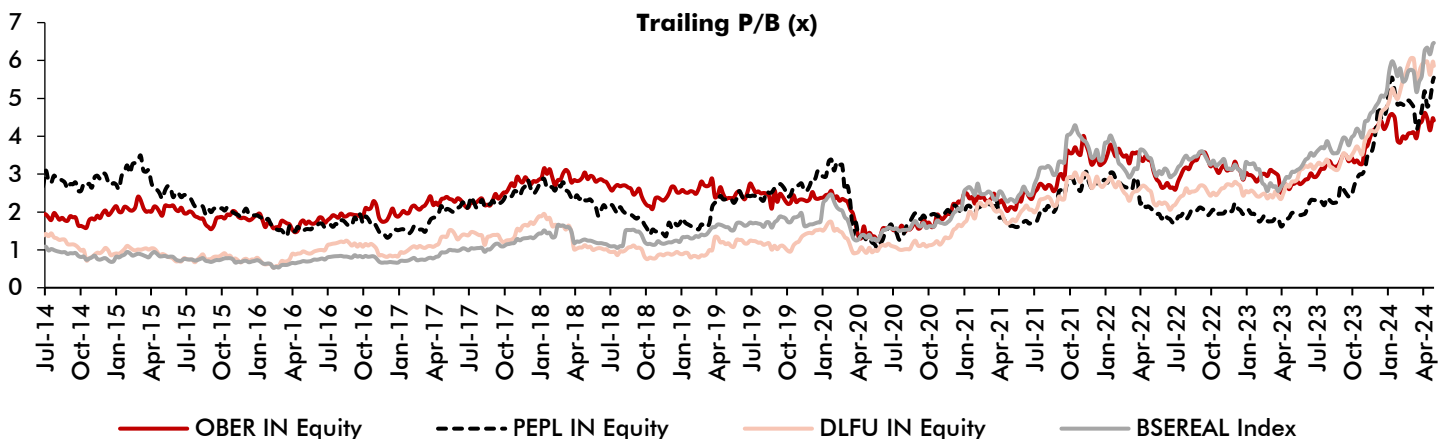
**Transition into RE developer to drive re-rating**

Historically, RE sector valuations evolved from promised execution (noughties) to actual execution in the 2010s. Over the last decade (2010-19), sector valuations started to normalize due to listing of more developers, resulting in increased formalization of the sector. Sectoral developments like demonetization, RERA and the NBFC liquidity crisis were other factors that accelerated the formalization. However, whilst a few of the developers got impacted by high leverage, developers with high land bank continued to enjoy higher valuations, albeit with clarity on execution. That said, in the current decade, as a new class of home buyers (millennials) drive the market and as the asset class increasingly becomes a proxy consumption story, we believe only developers with a strong brand recall and customer trust will benefit. So, the market will be willing to pay a premium to such developers

**Who will continue to command premium valuations?**

Developers moving to asset-light/JV/JDA models along with manageable debt will continue to command premium valuations. Also, over the last two years, given resilient sales momentum, valuations for the sector re-rated. Currently, sector valuations are at 6.4x trailing P/B, implying 2x valuation re-rating in the last two years, with developers that have been able to execute well commanding a premium.

**Exhibit 71: Sector valuation evolution from 'land grab' to 'execution based' and now 'brand monetization'; re-rated over the last four years after Covid given resilient RE sales momentum**



Source: Company, Ambit Capital research

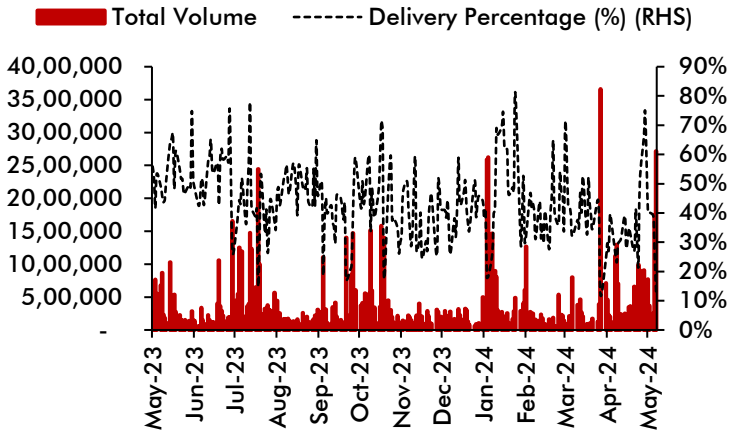
**Exhibit 72: At 4.3x FY26E P/B, Birla Estates trades at 9% discount to other mid-cap and large-cap RE developers; multiples should rerate with scale; we expect FY25 pre-sales at ~₹77bn and 45% CAGR over FY24-27E**

Particulars	Mcap (USD mn)	3m MDV (USD mn)	PB(x)				EV/EBITDA				ROE				RE pre-sales (₹ bn)				FY24-27E CAGR (%)		
			FY23	FY24 E	FY25 E	FY26 E	FY23	FY24 E	FY25 E	FY26 E	FY23	FY24 E	FY25 E	FY26E	FY23	FY21-24 CAGR (%)	FY24	FY24 (% of FY23)	SALES	EBITDA	EPS
<b>Century Textiles</b>	2,908	6.9	6.0	5.9	5.1	4.3	48	37	21	16	5	1	16	19	22	68%	40	183%	9	18	120
<b>RE developers - Large cap</b>																					
DLF	25,315	41.8	5.6	5.3	5.1	4.7	52	96	68	55	5	7	8	10	151	69%	148	98%	23	35	32
Macrotech Developers	14,837	14.4	9.5	7.1	6.3	5.6	25	43	34	28	4	10	13	15	121	34%	145	120%	21	29	27
Godrej Properties	9,308	20.2	8.4	7.5	6.9	6.2	339	nmf	75	47	7	7	9	11	122	50%	225	184%	48	nmf	31
Prestige Estates	7,694	13.7	6.2	5.3	4.6	3.9	34	25	17	14	11	16	14	16	129	57%	210	163%	22	30	13
Oberoi Realty	7,529	10.9	5.1	4.5	3.9	3.3	30	27	20	13	16	14	15	19	32	7%	40	124%	41	37	33
<b>Median</b>	<b>9,308</b>	<b>14.4</b>	<b>6.2</b>	<b>5.3</b>	<b>5.1</b>	<b>4.7</b>	<b>34</b>	<b>35</b>	<b>34</b>	<b>28</b>	<b>7</b>	<b>10</b>	<b>13</b>	<b>15</b>	<b>122</b>	<b>50%</b>	<b>148</b>	<b>124%</b>	<b>23</b>	<b>33</b>	<b>31</b>
<b>RE developers - Mid cap</b>																					
Brigade Enterprises	3,302	4.0	8.7	7.8	6.6	5.5	9	7	5	4	7	13	16	19	41	26%	55	135%	12	DNA	DNA
Mahindra Life	1,154	3.0	5.3	5.1	4.7	4.3	DNA	DNA	DNA	112	6	5	8	9	18	50%	23	128%	DNA	DNA	DNA
Sobha Ltd	2,085	5.9	7.0	6.9	5.7	4.7	15	54	25	17	4	2	14	19	52	20%	54	104%	32	90	207
<b>Median</b>	<b>6,541</b>	<b>13</b>	<b>7.0</b>	<b>6.9</b>	<b>5.7</b>	<b>4.7</b>	<b>12</b>	<b>30</b>	<b>15</b>	<b>17</b>	<b>6</b>	<b>5</b>	<b>14</b>	<b>19</b>	<b>41</b>	<b>26%</b>	<b>54</b>	<b>128%</b>	<b>22</b>	<b>90</b>	<b>207</b>

Source: Bloomberg, Ambit Capital research, Note: Ambit estimates for Oberoi Realty, Brigade, Prestige, DNA stands for data not available/applicable

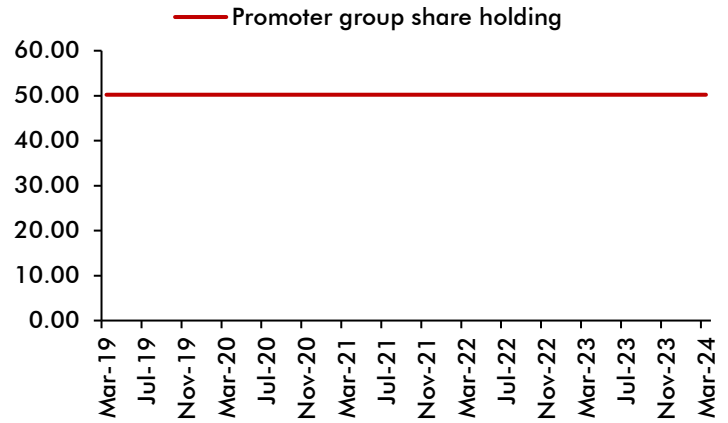
# Other monitorables w.r.t the stock

**Exhibit 73: 44% average delivery % in the last one year...**



Source: Bloomberg, Ambit Capital research

**Exhibit 74: ...whilst promoter holding stands at 50.21%**



Source: Ace Equity, Ambit Capital research

**Exhibit 75: No material insider transaction observed in the last five years**



Source: Bloomberg, Ambit Capital research

**Exhibit 76: We did not find any material adverse observations on any of the promoters or the company on Watchout Investors**

ENTITY	PERSON	COMPETENT AUTHORITY	REGULATORY CHARGES	REGULATORY ACTION(S) / DATE OF ORDER	FURTHER DEVELOPMENTS
CENTURY TEXTILES & INDUSTRIES LTD.		CDSL	HIGH PENDING DEMAT REQUESTS	<a href="#">PUT UP ON CDSL WEBSITE FOR PUBLIC NOTICE</a> 15-AUG-2023	NOT APPEARING IN THE LIST DATED 31/08/2023
CENTURY TEXTILES & INDUSTRIES LTD.		NSDL	HIGH PENDING DEMAT REQUESTS	<a href="#">PUT UP ON NSDL WEBSITE FOR PUBLIC NOTICE</a> 01-DEC-2008	NOT APPEARING IN THE LIST DATED 15/12/2008
CENTURY TEXTILES & INDUSTRIES LTD.		DSE	NOT AVAILABLE	<a href="#">COMPANY DELISTED</a> 08-MAR-2004	

Source: Watchout Investors, Ambit Capital research

## Accounting checks and flags

### Provisioning for doubtful checks

**Exhibit 77: Doubtful debt is not significant, whilst provisioning is high implying conservative accounting**

₹ mn	FY20	FY21	FY22	FY23
Secured, considered good	260	244	320	103
Unsecured, considered good	1565	1392	1848	1461
Unsecured, considered doubtful	17	50	8	6
Sub-total	1843	1686	2176	1570
Less: considered doubtful	17	50	8	6
Trade receivables at the end of the year	1,825	1,636	2,168	1,564
<b>Provision at the end of the year</b>	<b>67</b>	<b>67</b>	<b>125</b>	<b>236</b>
<b>as a % total receivables</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>	<b>15%</b>

Source: Company, Ambit Capital research

### Contingent Liabilities as a proportion of net worth

**Exhibit 78: Contingent liabilities increased from 3% to 5% primarily due to income tax matters**

₹ mn	FY20	FY21	FY22	FY23
Claims against the Group not acknowledged as debts	267	229	273	285
Claims not acknowledged as debts jointly with other members of "Business Consortium of Companies" in which the Group had an interest	240	249	249	265
Disputed income tax matters under appeal	618	602	1,154	1,333
Net Worth	34,795	36,474	38,769	40,390
<b>Contingent liabilities as a % of Net Worth</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>

Source: Company, Ambit Capital research

### Audit quality checks

**Exhibit 79: Audit free as a % of revenue remains insignificant; the company has a big-4 auditor in place**

₹ mn	FY20	FY21	FY22	FY23	FY20-FY23 CAGR
Auditors	M/s. R. Batliboi & Co. LLP				
Audit fee	15	14	14	16	2%
Net revenue	34,234	26,166	41,310	47,997	12%
<b>Audit fee as a % of net revenue</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	

Source: Company, Ambit Capital research

### Miscellaneous expenses as a portion of total revenue

**Exhibit 80: Miscellaneous expenses are not material**

₹ mn	FY20	FY21	FY22	FY23
Misc. expenses	1,234	1,213	1,418	1,469
Net revenue	34,234	26,166	41,310	47,997
Misc. expenses/ Net revenue	4%	5%	3%	3%

Source: Company, Ambit Capital research

### Exhibit 81: Explanation of our flags

Segment	Score	Comments
<b>Accounting</b>	<b>GREEN</b>	Contingent liability increased from 3% to 5% due to income tax matters. Further, doubtful debt is not significant, whilst provisioning is high, implying conservative accounting. Also, we do not see any material related-party transactions. Hence, we assign a 'GREEN' FLAG.
<b>Predictability</b>	<b>AMBER</b>	Considering higher exposure of MMR in the Worli micro-market and overall tailwinds of the real estate sector, we are assigning an 'AMBER' rating to earnings predictability.
<b>Earnings momentum</b>	<b>AMBER</b>	We assign an 'AMBER' FLAG for earnings momentum given, whilst earnings are likely to see positive momentum, inherent cyclicality in real estate business and different revenue recognition practices vs traditional businesses are likely to cause volatility in reported earnings.

Source: Ambit Capital research

# Risks & Catalysts

## Risks

### Execution and dependency on Birla Niyaara

Project Niyaara is a pivotal undertaking for the company's long-term success. Any delays or unforeseen challenges could have a significant negative impact. Historical data suggests that constructing buildings exceeding 50 stories can lead to cost overruns. These escalating costs could strain Century's finances and potentially damage its reputation.

### Failure to succeed in other micro-markets

The competitive landscape poses challenges as the company contends with strong regional players such as Oberoi and Lodha in MMR, DLF in the National Capital Region (NCR), and Prestige and Brigade in the southern regions.

### Inability to enter the right JDA/JVs

Owing to its recent entry into real estate development, the company's inability to get into the right set of JDA/JVs can challenge the scale-up of the business.

### Mumbai redevelopment supply

With ~1,800 [redevelopment projects](#) and Asia's largest slum Dharavi undergoing SRA, ~130k new homes will hit the market in the next 3-10 years – most of them in South/Central MMR and western suburbs which face low supply given land constraints. The influx of redevelopment projects in the MMR region presents a potential challenge. With these projects increasing overall supply, this could lead to an oversupply situation. This could dampen anticipated price growth and slow down sales velocity.

## Catalysts

### Success of Birla Niyaara phase 2

Birla Niyaara Phase 2 is primed for a stellar performance, with estimations of a potential ~100% sell-through by FY25 translating into pre-sales of ₹55bn. This flagship project's success is envisioned as a key catalyst that will propel Birla Estates to a leadership position in the market.

### Delhi and Bengaluru launches in FY25

Birla Estates is poised for a prominent role in Delhi's residential market with the launch of its IHP Delhi and Sarjapur in Bengaluru, with a combined value of ₹55bn. The success of the launch and acceptance of these projects would be key for Birla Estates to establish itself as a prominent player of repute in the residential segment.



## **Century Textiles and Industries (CENT IN, BUY)**

### **Valuation Methodology**

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- We use a project-based NAV methodology (for residential portfolio), DCF (for annuity and pulp & paper portfolios) to arrive at our SOTP valuation.
  - We assume CoE of 13.5%, a target debt ratio of 45% and terminal growth rate of 5%.
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### **Risks**

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- Failure to execute flagship project Niyaara on time.
  - Owing to its recent entry into real estate development, inability to get into the right set of JDA/JVs can challenge scale-up of Birla Estate's business.
-

## Financials - Consolidated

### Income statement

Year to March (₹ mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>47,997</b>	<b>45,535</b>	<b>58,689</b>	<b>67,859</b>	<b>58,912</b>
-growth (Rev)	16.2%	(5.1%)	28.9%	15.6%	(13.2%)
Depreciation	2,271	2,099	1,393	1,433	1,483
Other income	275	-	587	679	-
Finance costs	539	355	3,185	4,299	4,187
<b>Profit before tax</b>	<b>4,062</b>	<b>4,334</b>	<b>8,535</b>	<b>11,240</b>	<b>6,245</b>
<b>PAT</b>	<b>2,053</b>	<b>438</b>	<b>6,391</b>	<b>8,416</b>	<b>4,676</b>
EPS (basic) (₹)	24	3.9	57	75	42

Source: Ambit Capital research, Company

### Balance sheet

Year to March (₹ mn)	FY23	FY24	FY25E	FY26E	FY27E
Property, plant and equipment	40,979	37,436	37,122	37,389	38,106
Current investments	2,016	4,082	4,082	4,082	4,082
Cash and cash equivalents	1,511	4,015	24,625	32,645	31,143
Other current assets	40,010	59,568	88,196	152,784	249,953
<b>Total assets</b>	<b>84,516</b>	<b>105,102</b>	<b>154,026</b>	<b>226,900</b>	<b>323,286</b>
<b>Total equity</b>	<b>40,390</b>	<b>40,947</b>	<b>47,338</b>	<b>55,754</b>	<b>60,431</b>
Long-term borrowings	10,377	24,815	54,815	59,815	59,815
Other non-current liabilities	33,750	39,339	51,872	111,330	203,040
<b>Total equity and liabilities</b>	<b>84,516</b>	<b>105,102</b>	<b>154,026</b>	<b>226,900</b>	<b>323,286</b>

Source: Ambit Capital research, Company

### Cash flow statement

Year to March (₹ mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Profit before tax</b>	<b>4,062</b>	<b>738</b>	<b>8,535</b>	<b>11,240</b>	<b>6,245</b>
Working capital changes	(2,073)	(7,655)	(16,980)	(5,130)	(5,460)
<b>Cash flow from operations</b>	<b>2,709</b>	<b>(3,153)</b>	<b>(5,711)</b>	<b>9,318</b>	<b>5,186</b>
(Net) capital expenditure	(720)	2,296	(1,952)	(2,000)	(2,500)
<b>Cash flow from investments</b>	<b>1,385</b>	<b>(5,241)</b>	<b>(494)</b>	<b>(2,000)</b>	<b>(2,500)</b>
Net long-term borrowings	(923)	15,488	30,000	5,000	-
<b>Cash flow from financing</b>	<b>(5,535)</b>	<b>12,722</b>	<b>26,815</b>	<b>701</b>	<b>(4,187)</b>
<b>Free cash flow to firm</b>	<b>1,989</b>	<b>(857)</b>	<b>(7,662)</b>	<b>7,318</b>	<b>2,686</b>

Source: Ambit Capital research, Company

### Preferred Ratios

Year to March (₹ mn)	FY23	FY24	FY25E	FY26E	FY27E
EBITDA margin	11.0%	15.4%	21.9%	24.5%	19.7%
Net profit margin	4.3%	1.0%	10.9%	12.4%	7.9%
ROE (%)	5.5%	1.1%	15.7%	19.1%	9.1%
pre-tax RoCE	4.2%	0.9%	11.0%	10.0%	4.3%
Net debt/equity	0.2	0.5	0.6	0.5	0.5
pre-tax CFO/EBITDA	65.6%	(25.6%)	(27.8%)	73.2%	58.1%

Source: Ambit Capital research, Company

**Ratio analysis**

Year to March (₹ mn)	FY23	FY24	FY25E	FY26E	FY27E
EBITDA margin	11.0%	15.4%	21.9%	24.5%	19.7%
Net profit margin	4.3%	1.0%	10.9%	12.4%	7.9%
Net debt/equity	0.2	0.5	0.6	0.5	0.5
pre-tax CFO/EBITDA	65.6%	(25.6%)	(27.8%)	73.2%	58.1%
pre-tax RoCE	4.2%	0.9%	11.0%	10.0%	4.3%
ROE (%)	5.5%	1.1%	15.7%	19.1%	9.1%

Source: Ambit Capital research, Company

**Valuation parameters**

Year to March (₹ mn)	FY23	FY24	FY25E	FY26E	FY27E
P/B	6.0	5.9	5.1	4.3	4.0
PE	89	553	40	29	52
EV/EBITDA	48	37	21	16	23

Source: Ambit Capital research, Company

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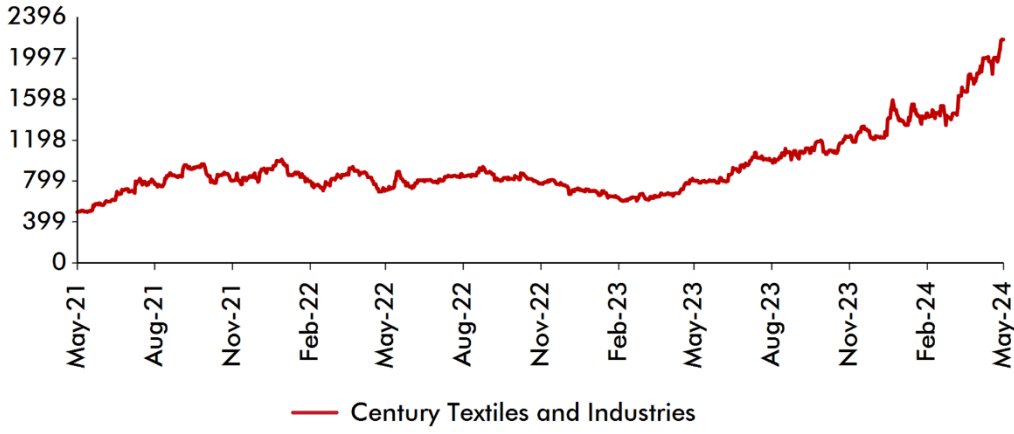
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**Century Textiles and Industries (CENT IN, BUY, CMP: ₹ 2,169)**



Source: ICE, Ambit Capital research

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