

# Initiating Coverage

## MSTC Ltd

Smallcap (High Risk)

April 22, 2022





Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Red Flag level	Time Horizon
Trading & Distributors	Rs.376	Buy between Rs.370-380 & add more on dips of Rs.333	Rs.416	Rs.457	Rs.304	2 quarters

HDFC Scrip Code	MSTLTDEQNR
BSE Code	542597
NSE Code	MSTC
Bloomberg	MSTCLTD IN
CMP Apr 21, 2022	376
Equity Capital (Rs Cr)	70.4
Face Value (Rs)	10
Equity Share O/S (Cr)	7.0
Market Cap (Rs Cr)	2,647
Book Value (Rs)	91
Avg. 52 Wk Volumes	809728
52 Week High	542
52 Week Low	242
<b>Share holding Pattern % (Mar, 2022)</b>	
Promoters	64.75
Institutions	2.70
Non Institutions	32.55
Total	100.0



HDFCsec Retail research  
stock rating meter

for details about the ratings, refer at the end of the report

\* Refer at the end for explanation on Risk Ratings

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### Our Take:

MSTC limited (formerly known as Metal Scrap Trade Corporation Limited), is government owned Mini Ratna Category-I PSU under the administrative control of the Ministry of Steel. The core activity of the company is diversified mainly into providing e-auction/e-Procurement services and trading of bulk products like ferrous and non-ferrous scrap, coke, finished steel, coal and petroleum products.

In the past, the company had reported losses due to large provisions for unpaid trade receivables from the trading business. It has changed the policy and now it does business with customers who are ready to procure products backed by 110% Bank Guarantee. Further, looking at the opportunity in e-commerce business, the company has guided that it is reducing trading business. This will boost up the margins and the past receivables issues will be solved too. The company has in the recent past added many products/services in the e-commerce segment. The company has developed most sophisticated and robust IT infrastructure which enables it to take up e-commerce services in a secure and transparent manner.

MSTC has also entered into the recycling business through a 50:50 joint venture with Mahindra Intertrade Ltd (MIL) for setting up a shredding plant and collection centres across the country. We believe that with the introduction of new scrappage policy, this JV will be in the position to add significant valuation in the company's overall value. Ferro Scrap Nigam Limited (FSNL) renders custodian services for warehouse/stockyard management to its holding company (MSTC). The GoI intends to divest 100% of the share capital in this company which can result in one-time special dividend from MSTC.

High reliance on Government entities for business, cybersecurity threat and high competition in the e-commerce industry are the key risks for the company.

### Valuation & Recommendation:

We have envisaged 11% CAGR in the consolidated revenue between FY21-24E. The share of e-commerce business will increase gradually in the total revenue. The margins should improve gradually as the management has guided that they are looking to reduce trading business. Further, we expect the net profit of the company could grow at 20% CAGR between FY21-24E. The company is almost debt free and has huge cash and cash equivalent (34% of market cap). It is also paying healthy dividend to its shareholders like many other PSUs. It is currently trading at 13.5x FY24E earnings.



We feel that investors can BUY MSTC Ltd between Rs.370-380 band (13.6x FY24E EPS) and add further on dips to Rs.333 band (12x FY24E EPS) for the Base case target of Rs.416 (15x FY24E EPS) and Bull Case target of Rs.457 (16.5x FY24E EPS) over period of six months.

### Financial Summary (Rs.Cr)

	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	FY21	FY22E	FY23E	FY24E
Total Income	189.0	158.0	19.6	227.7	-17.0	994.1	985.3	1037.5	1107.4
EBITDA	73.6	36.7	100.4	51.7	42.3	162.6	250.1	283.0	314.5
APAT	41.3	11.2	270.4	28.3	45.9	113.9	143.2	168.9	194.9
EPS	5.9	1.6	271.5	4.0	46.0	16.1	20.3	24.0	27.7
RoE						22.1	23.9	24.6	24.4
P/E						23.4	18.4	15.6	13.5
P/BV						4.7	4.1	3.6	3.1

(Source: Company, HDFC sec)

### Q3FY22 Result Update

The consolidated revenue from operations for Q3FY22 stood at Rs.188.9 Cr, down 17% QoQ and up 19.6% YoY. Revenue from e-commerce was Rs.81.3 Cr while Rs.9.4 Cr worth of revenue came from trading segment. Scrap Recovery & Allied Jobs generated Rs.107 worth revenue. The EBITDA margin has gone up to 34% compared to 20% in last quarter and 19% in same quarter last year. The company has made provisions of Rs.8.9 Cr in Q3FY22 vs Rs.30.7 Cr in Q3FY21. The net profit during the quarter came at Rs.41 Cr which was up by 46.4% QoQ and 273% YoY (lower base due to high share of trading business). The company has also given second interim dividend of Rs.6.5 per share in addition to Rs.2 paid out in Nov 2021. Total value of goods traded through MSTC ecosystem as of 9MFY22 was Rs.1,05,328 Cr.

### Investment Rationales

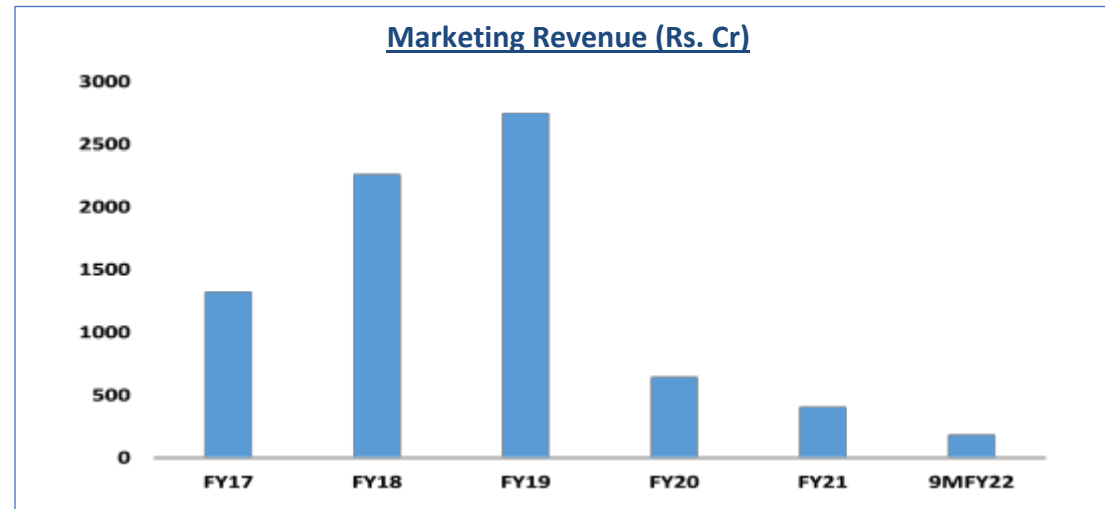
#### Diversified business

MSTC was incorporated in 1964 as a trading company to regulate the export of scrap and today has grown into a large diversified, multi-product services and trading company. It was a canalizing agent for import of ferrous scrap until 1992 after which MSTC established itself as one of the leading e-commerce service providers and one of the major players in trading of bulk raw material. The company has three main business verticals:

- 1) Trading:** The Trading division is engaged in import as well as domestic sourcing of bulk industrial raw material for actual users as well as traders. This division looks after sourcing, purchase and sale of industrial raw materials like low ash metallurgical coke, HR coil, Naphtha,



crude oil, coking coal, steam coal, line pipes etc. on behalf of the customers. The customers are across steel, oil and gas, power sectors in private and public sector. In 9MFY22, this segment contributed 26% in the total revenue. Total traded goods were Rs.1,05,328 Cr. The management has informed that in the coming time, the revenue contribution from the segment will be coming down gradually.



(Source: Company, HDFC sec)

**2) E-commerce:** MSTC is a major standalone e-Commerce service provider in the country. The company has introduced e-Commerce in various commodities such as scrap, coal, Iron ore, minerals, Agro/ forest produce, fly-ash etc. Apart from this, MSTC has also undertaken the e-Auction of land, buildings, apartment, banks' NPAs and also assets under DRT, organic Agriculture produce etc.

**a) E-Auction / E-Sale:** The e-auction/e-sale is an e-business between seller and bidders, which takes place on an electronic marketplace. Electronic auctions are forward auction in which several buyers bid for one seller's goods. The company has been providing services to a large number of government departments. It comprises of forward e-auction for scraps, condemned items, old plant and machinery, surplus stores, land parcels, etc. and e-sales for minerals and various other raw materials. It started with sale of coal through e-Auction in 2004 and now it is a nominated agency for majority of mineral blocks in various states/UTs. The company charges service fees as well as registration fees.

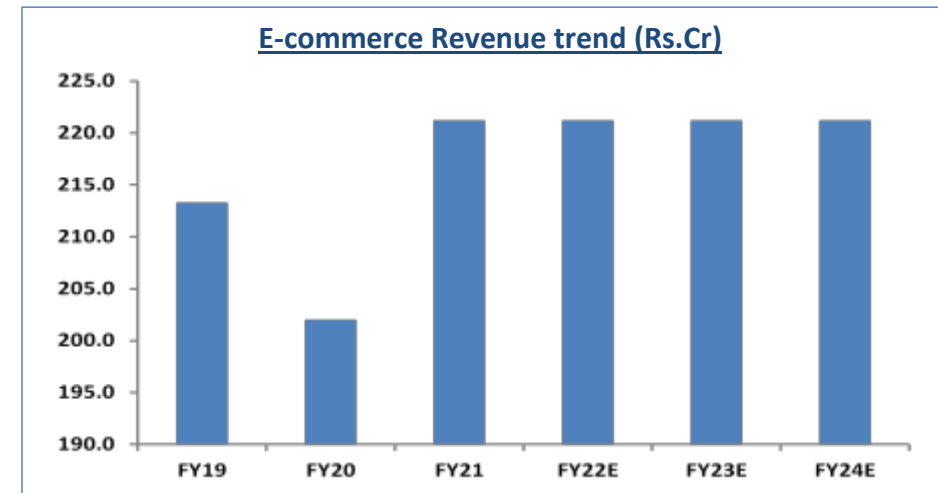
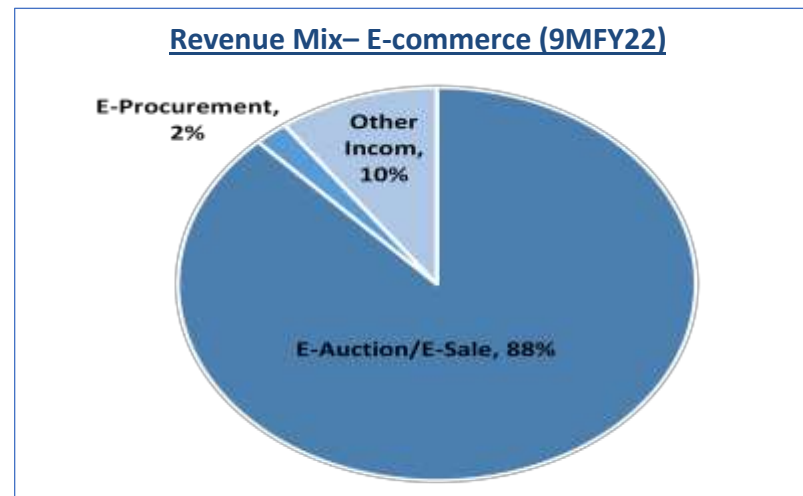
**b) E-Procurement:** E-procurement is the electronic transaction between a buyer who is looking for several sellers to fulfil their purchase requirement. In e-procurement, MSTC provides e-Tender and e-Reverse auction services backed by mandatory STQC





certificate or quality requirements. A new application has been launched last year which provides various advantages like common vendor base that can be used by all the clients, no downtime for development of independent portals and simple role based activation of buyers is required, added security measures etc. Service charges are collected from the buyer or transaction fees are collected from the vendor/supplier before participation in the event.

- c) **E –Solutions (Retail Software):** This department was launched in 2017 under which the company develops various ERP solutions software, i.e. inventory management, P&A (Personnel and Administration) & F&A (Finance and Accounts) packages, dashboards, etc. The development of application software portals is done in-house and the ownership of the application software remains with the company and the company customises it from time to time to suit the requirement of various principals. Over the years, MSTC has delivered certain key e-bidding packages for various ministries of Government of India. Some of the platforms for e-bidding solutions are DEEP, TCB, SHAKTI, eBKray portal etc.



(Source: Company, HDFC sec)

- 3) **Recycling through MMRPL:** To expand the spectrum of operation and to support the steel industry in India, in FY17, the company through Mahindra MSTC Recycling Private Limited (MMRPL) forayed into the recycling sector. It is 50:50 JV with Mahindra Intertrade Ltd. It has operationalized Collection & Dismantling centres at Chennai and Pune. Currently, this segment contributes insignificant amount to the total revenue but the scope for the growth is huge.



### Volume of Business (Rs. Cr)

Business Segment	FY19	FY20	FY21
<b>A) E-commerce</b>	<b>103588.1</b>	<b>126238.9</b>	<b>128796.3</b>
Scrap Disposal	5155.6	4220.9	4570.4
e-Sale	24035.2	23862.2	84910.4
Coal e-Auction	9801.1	7040.0	7429.7
Iron ore e-Auction	6440.8	6918.5	8191.1
E- Procurement	58155.4	84197.3	23694.7
<b>B) Trading</b>	<b>7685.6</b>	<b>1152.3</b>	<b>189.6</b>
<b>Total (A+B)</b>	<b>111273.7</b>	<b>127391.2</b>	<b>128985.9</b>

(Source: Company, HDFC sec)

### Divestment of FSNL could translate into a special dividend for share holders

Ferro Scrap Nigam Limited (FSNL) is a Mini Ratna II Certified Public Sector Enterprise (CPSE), a 100% subsidiary of MSTC, incorporated in 1979 to provide steel mill services including processing steel mills slag for recovery of iron scrap and other metallics. FSNL is also providing custodian service for warehouse management to the clients of MSTC and valuation services for plant and machinery/scrap, movable and immovable material/ properties.

The GoI intends to divest 100% of the share capital of FSNL held through MSTC by strategic divestment along with transfer of management control. The bids have already been invited and the planned divestment should conclude in coming months. As per street, the deal could be in the range of Rs.250-300 Cr. This could translate into a special dividend for the shares holders of MSTC. Deal at a good valuation could bring decent immediate run up in the stock price of MSTC.

In FY21, FSNL has an authorised capital of Rs.50 Cr and paid-up share capital of Rs.32 Cr. The company has reported revenue of Rs.365 Cr and net profit of Rs.22.75 Cr. As on March 31, 2021, the cash balance stood at Rs.140.15 Cr and has zero debt. Their interim financial results reflect total revenues of Rs. 300.6 cr and Rs. 103.1 cr, total net Profit after Tax of Rs.31.9 cr and Rs.11.3 cr and Total Comprehensive Income of Rs.17.1 cr and Rs 13.7 cr for the Nine-month Period and Quarter ended 31 December 2021 respectively.

We have incorporated the FSNL's numbers into our consolidated projections; we will update the revised estimates at the time when the actual sale happens.



### **Robust, advanced and scalable technology platform**

For an e-commerce service provider, transparent platform with maximum security are the pre requisites. MSTC has the most sophisticated and robust IT infrastructure which enables it to take up e-commerce services in a secure and transparent manner for more than 1,50,000 clients across the globe. It has proven track record of offering e-auction platform for products across a variety of user industries, which we can consider as the competitive edge for the company in the industry with high entry barriers.

Its IT department is equipped with the powerful servers having robust processing power and can handle thousands of concurrent hits. The software has several in-built provisions which prevent cartel formation and ensures transparency and fairness. Further, the company has in-house Java Team developed and implemented many customized ecommerce solutions like Spectrum auction portal, CCI Cotton Bales/Export e-auction portal, Coal Block Auction portal for Commercial Mining, HSIIDC e-auction portal, IT TDS implementation, Rajasthan Liquor Shop Licencing e-auction portal, etc. For information security issues it has installed different OEM Next Generation Firewall, Intrusion Prevention System (IPS), Managed Distributed Denial of Service (MDDoS), SSL etc. The much needed security features 'Write Once Media' which captures the Audit trails on a non-editable tamperproof media, has been the hallmark of MSTC's e-Commerce system. MSTC also has integrated payment gateway with e-Wallet.

### **Changing focus from trading business to e-commerce segment**

Earlier, MSTC was doing trading business via cash carry model in which many times it had to report losses due to large provisions for unpaid trade receivables. After facing losses several times and understanding the risk associated with the segment, it has completely stopped this model. The company now does business with the only customers who are ready to procure products backed by 110% Bank Guarantee (BG). This is a good sign as the receivables problems will be sorted out.

In the recent past, the management have several times communicated that MSTC is primarily now into E-commerce and they are gradually reducing trading business. Even in the last 9 months when the marketing revenue increased from Rs.97 Cr to Rs.186 Cr, the management has clearly indicated that the rise is because of few obligations from the earlier entered contracts and going forward, the Marketing's volumes will be comparatively lesser and lesser.

The company has over the years spread its portfolio wider and wider in the e-commerce segment. From providing services for the traditional segment like commodities to now adding spectrum, non-performing assets for banks, liquor licence, sand blocks etc. into its portfolio. Auctions has become the default mode for the Government's sale or purchase of contracts (which has more transparency) we feel that MSTC has huge potential lying ahead as it is already an established service provider in the segment.



The 13th Tranche of Coal mine Auction under CM(SP) Act, 2015 and 3rd Tranche of Coal mine Auction under MMDR Act 1957 for commercial mining has been launched. Total 88 coal mines/ blocks are offered in these tranches of auction, which will be auctioned in coming months.

Some of the recent big achievements includes;

- Auction of share has been conducted to sale 26000 Nos. of unlisted share of Woodland Speciality hospital owned by Andrew Yule CO Ltd at a price of Rs 905 per share. Total sale value realized is Rs. 2.35 Cr.
- Under new agreement signed with Odisha Coal And Power Limited, 1 Lakh MT of coal has been sold successfully realizing Rs.18.54 Cr. This is the first time MSTC has conducted e-Auction of Coal for any State Govt. Entity.
- On behalf of Kerala Forest department Sandal Wood has been sold through auction fetching Rs.40 Cr for the Kerala Government.
- Two limestone blocks have been successfully auctioned in December 2021 for the State of Karnataka.
- In December, a record 941 NPAs of nationalised banks valuing Rs.730 Cr were sold.
- Successful e-auctions for the Sale of Pond Ash from various plants of NTPC across the country were conducted for a total quantity of 80.25 lakhs MT with approx. Rs.176 crores value.

**Scrap and Recycle business**

MSTC has set up India's first authorised Collection and Dismantling center at Greater Noida, for the scientific recycling of End of Life Vehicles (ELVs) and white goods through its Joint Venture, Mahindra MSTC Recycling Private Limited (MMRPL) with Mahindra Intertrade Ltd, wherein the ELVs are purchased for de-polluting, dismantling and converting the metallic parts into bales in an environmental friendly manner. MMRPL has further operationalized Collection & Dismantling centres at Chennai and Pune and intends to set up more Collection & Dismantling centres in the coming year. This JV has not shown any fruitful result so far but we feel that there is huge potential given the implementation of new Scrappage Policy.

The Scrappage Policy was introduced in 2021, under which vehicles that are older than the prescribed age in the country will have to undergo their fitness test. The test will be based on a number of checks like engine condition of the vehicles, their emission status fuel efficiency, safety etc. Registration of vehicles that fail in the test will be cancelled and such vehicles will be scrapped. According to the vehicle scrap policy, commercial vehicles older than 10 years and private passenger vehicles older than 15 years will have to give this fitness test. Management has informed that they are not investing heavily in this segment currently as they would like to observe the progress on the roll out of the policy. We feel that next 3-4 years down the line this JV will be in the position to add significant valuation in the company's overall value.





### Tentative timelines for the application of the proposed vehicle scrappage policy 2021:

Aspects	Tentative Dates
Rules for fitness tests and scrapping centers	01-Oct-21
Scrapping of the government and PSU vehicles above 15 years	01-Apr-22
Fitness testing for heavy commercial vehicle	01-Apr-23
Fitness testing for other categories	01-Jun-24

(Source: pib.gov.in, HDFC sec)

### Risks & Concerns:

#### **Client concentration risk**

Majority of the company's clients are Government entities only. MSTC relies heavily on the government projects to generate its revenues so any change in Gov policies or regulations could impact the business. The company is actively looking to acquire private clients. It has also signed big ticket agreements with Reliance Industries, Indus Tower, Tata Power, L&T, Jindal Group, Vedanta etc.

#### **Cybersecurity threat**

Cybersecurity threat is becoming more and more critical with technological advancements. Security breach could result in reputational damage, penalties and legal and financial liabilities. Measures to tackle competition and changes in latest technology are important in this business.

#### **E-commerce has low entry barriers**

India's B2B e-commerce industry is characterized by low entry barriers. There are new companies which are venturing into B2B e-commerce and may engage themselves in conducting e-auction and/or e-procurement without proper infrastructure. It may lead to an increase in the competition in the segment.

MSTC's e-procurement business could get impacted by the Govt pushing its entities to source goods from Government's e-Marketplace (GeM) portal.

#### **Volume fluctuation**

The company's majority of the volume comes from the commodities like coal, metal, chemicals etc. which are inherently volatile and are cyclical by nature. This brings fluctuation in the overall volume of the company. As explained above, MSTC has launched many new products/services in its portfolio.



### **Provisions**

The company had incurred losses in the past due to large provisions for unpaid trade receivables in its trading business segment. The company now claims that majority of the doubtful provisions are already done but any incremental provisions going ahead could jeopardize management credibility.

### **Litigation**

The company has been involved in the many litigations in the past. Any adverse rulings can result in substantive damages financially as well as reputation wise.

In one of the cases, MSTC is contesting a claim by Standard Chartered Bank and in turn has filed a case against ICICI Lombard Insurance for a sum of Rs.143.6 cr for which MSTC has deposited Rs.55.6 cr. This sum has not been provided in the books by MSTC.

### **Working capital intensive business**

The company requires high working capital for running business due to high debtor period (recoveries pending from government authorities). In the past also, debtor's days was high primarily on account of debtors from trading operations which the company has reduced over time.

### **Company Background:**

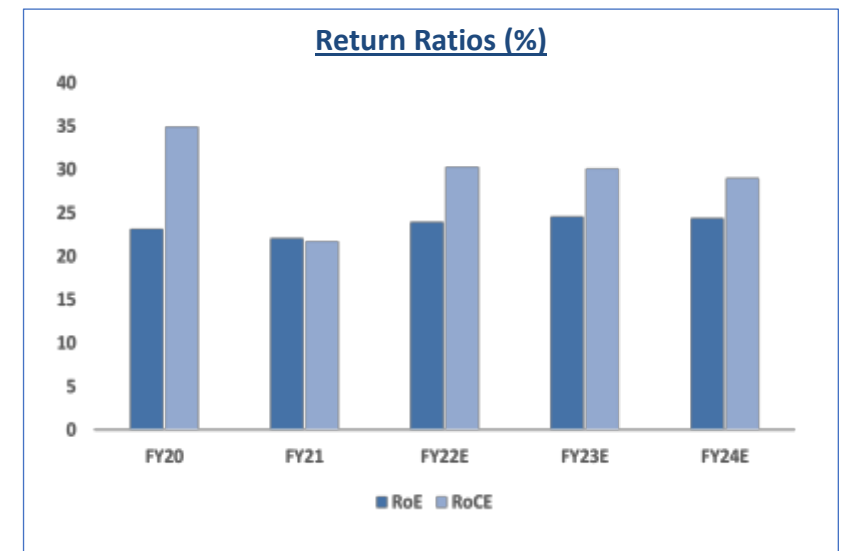
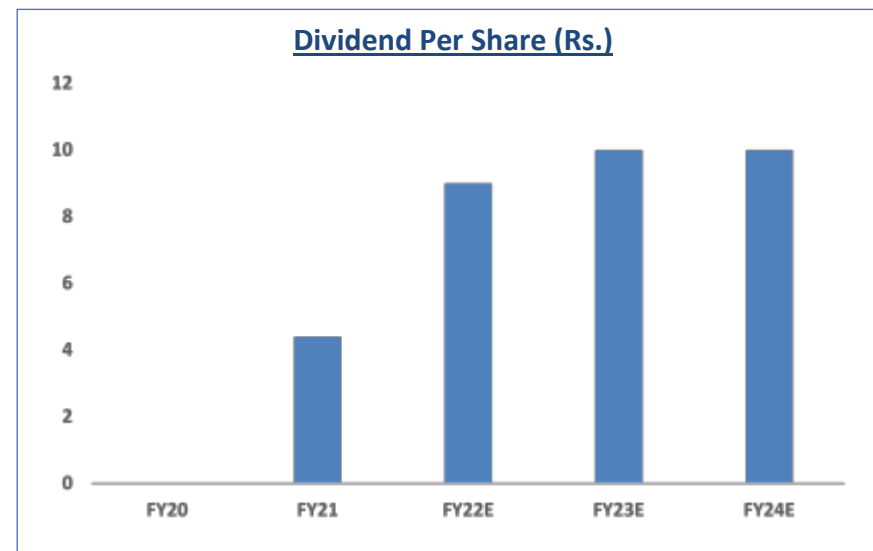
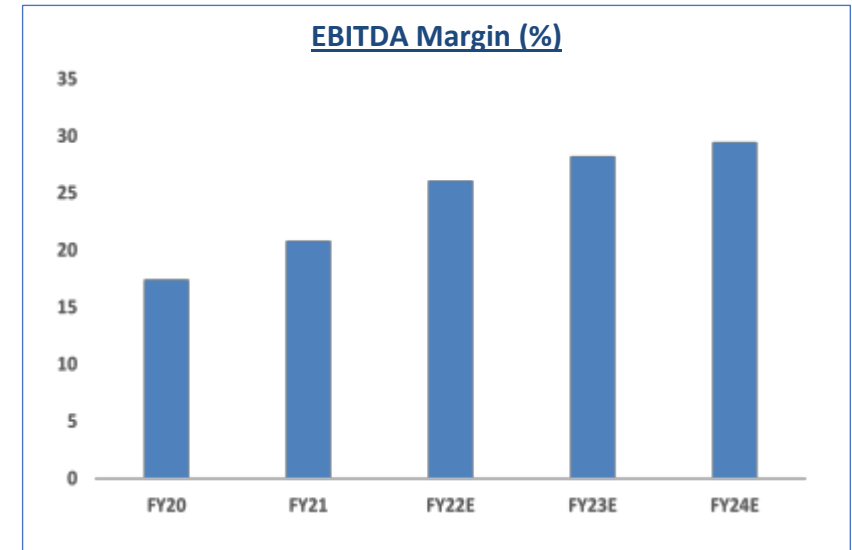
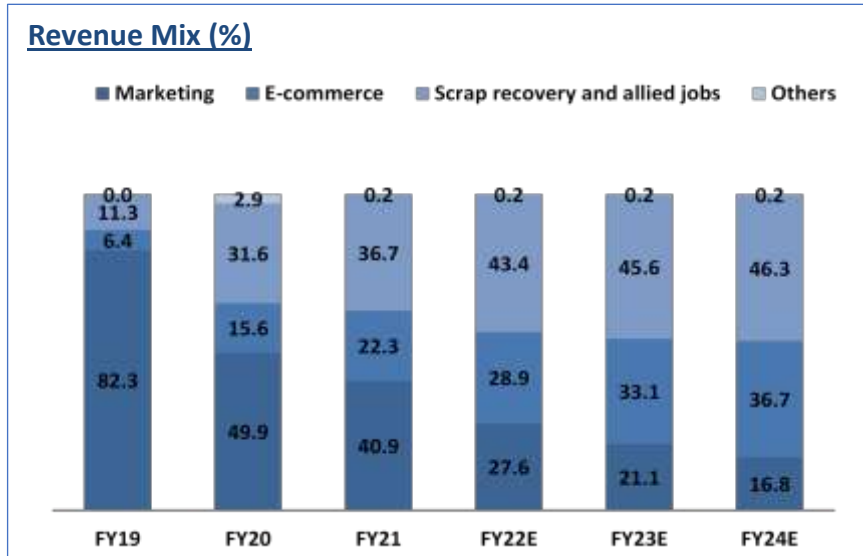
MSTC limited (formerly known as Metal Scrap Trade Corporation Limited), is government owned Mini Ratna Category-I PSU under the administrative control of the Ministry of Steel.

It is a West Bengal based company and was incorporated in September 1964 for export of ferrous scrap. The status of the company underwent change in February, 1974 to that of a subsidiary of Steel Authority of India Limited (SAIL). In 1982-83, the corporation was converted into a Government of India (GoI) company transferring the shares of SAIL to the President of India under administrative control of Ministry of Steel (MoS). Since its incorporation till the decanalisation of metal scrap by the GoI in 1992, the company was mainly engaged in import of metal scrap as a canalising agency of the GoI. After de-canalisation, it has established itself as one of the leading B2B e-commerce service providers in the country and also in trading of bulk raw materials. In March 2019, GoI diluted 25% of its stake through Initial Public Offer (IPO) and currently holds 65% stake.

The core activity of the company is diversified mainly into providing e-auction/e-Procurement services and trading of bulk products like ferrous and non-ferrous scrap, coke, finished steel, coal and petroleum products. MSTC has also entered into the recycling business through a 50:50 joint venture with Mahindra Intertrade Ltd (MIL) for setting up a shredding plant and collection centres across the



country. Ferro Scrap Nigam Limited (FSNL) renders custodian services for warehouse/stockyard management to its holding company (MSTC).





## Financials

### Income Statement

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
<b>Total Income</b>	<b>1296.0</b>	<b>994.1</b>	<b>985.3</b>	<b>1037.5</b>	<b>1107.4</b>
Growth (%)	-61.2	-23.3	-0.9	5.3	6.7
Operating Expenses	1081.2	831.5	735.2	754.5	792.9
<b>EBITDA</b>	<b>214.8</b>	<b>162.6</b>	<b>250.1</b>	<b>283.0</b>	<b>314.5</b>
<b>Growth (%)</b>	<b>-232.5</b>	<b>-24.3</b>	<b>53.8</b>	<b>13.2</b>	<b>11.1</b>
<b>EBITDA Margin (%)</b>	<b>17.4</b>	<b>20.8</b>	<b>26.1</b>	<b>28.2</b>	<b>29.5</b>
Depreciation	16.6	18.7	21.5	22.2	22.8
<b>EBIT</b>	<b>198.2</b>	<b>143.9</b>	<b>228.5</b>	<b>260.8</b>	<b>291.7</b>
Interest	28.7	7.2	4.8	4.9	5.1
Exceptional Items	0.0	0.0	0.0	0.0	0.0
<b>PBT</b>	<b>169.5</b>	<b>136.7</b>	<b>223.7</b>	<b>255.8</b>	<b>286.6</b>
Tax	69.7	22.9	80.5	87.0	91.7
<b>RPAT</b>	<b>99.7</b>	<b>113.8</b>	<b>143.2</b>	<b>168.9</b>	<b>194.9</b>
<b>APAT</b>	<b>99.8</b>	<b>113.9</b>	<b>143.2</b>	<b>168.9</b>	<b>194.9</b>
EPS	13.8	16.1	20.3	24.0	27.7

### Balance Sheet

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
<b>SOURCE OF FUNDS</b>					
Share Capital	<b>70.4</b>	<b>70.4</b>	<b>70.4</b>	<b>70.4</b>	<b>70.4</b>
Reserves	403.5	487.6	567.4	665.8	790.3
<b>Shareholders' Funds</b>	<b>473.9</b>	<b>558.0</b>	<b>637.8</b>	<b>736.2</b>	<b>860.7</b>
Long-Term Borrowings	3.4	4.3	3.5	3.7	4.1
Other non-Current Liab & Provisions	90.0	99.9	112.7	126.2	140.7
<b>Total Source of Funds</b>	<b>567.3</b>	<b>662.1</b>	<b>753.9</b>	<b>866.1</b>	<b>1005.4</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	96.0	89.3	112.7	97.5	80.7
Capital Work-in-Progress	29.3	51.8	3.0	3.3	3.6
Non-Current Investments	11.2	14.4	14.4	14.4	14.4
Deferred Tax Assets (net)	229.7	228.7	220.0	200.0	180.0
Long Term Loans & Advances	96.3	168.4	144.8	134.8	125.7
<b>Total Non Current Assets</b>	<b>462.6</b>	<b>552.5</b>	<b>494.9</b>	<b>450.0</b>	<b>404.3</b>
Short-Term Loans and Advances	30.4	35.3	30.0	27.0	24.3
Inventory	7.0	5.2	7.0	8.5	10.2
Trade Receivables	1462.6	889.7	695.7	714.1	731.1
Cash & Equivalents	233.2	759.7	887.3	1020.5	1225.4
Other Current Assets	5.4	5.4	11.0	12.0	13.0
<b>Total Current Assets</b>	<b>1738.6</b>	<b>1695.2</b>	<b>1631.1</b>	<b>1782.1</b>	<b>2004.1</b>
Short-Term Borrowings	255.3	150.1	157.6	160.7	165.5
Trade Payables	653.7	430.8	280.0	252.0	257.1
Other Current Liab & Provisions	725.0	1004.7	934.5	953.2	980.4
<b>Total Current Liabilities</b>	<b>1633.9</b>	<b>1585.6</b>	<b>1372.1</b>	<b>1366.0</b>	<b>1403.0</b>
Net Current Assets	104.7	109.6	258.9	416.2	601.1
<b>Total Application of Funds</b>	<b>567.3</b>	<b>662.1</b>	<b>753.9</b>	<b>866.1</b>	<b>1005.4</b>





## Cash Flow

(Rs Cr)	FY20	FY21	FY22E	FY23E	FY24E
Reported PBT	166.7	135.9	223.7	255.8	286.6
Non-operating & EO items	30.7	57.4	128.0	-5.6	-14.2
Interest Expenses	14.6	-6.1	4.8	4.9	5.1
Depreciation	16.7	18.8	21.5	22.2	22.8
Working Capital Change	28.1	498.6	-95.6	-8.3	43.5
Tax Paid	-34.6	-23.4	-80.5	-87.0	-91.7
<b>OPERATING CASH FLOW ( a )</b>	<b>222.2</b>	<b>681.1</b>	<b>201.9</b>	<b>182.1</b>	<b>252.1</b>
Capex	-35.6	-34.6	-45.0	-7.0	-6.0
Free Cash Flow	186.7	646.6	156.9	175.1	246.1
Investments	0.0	0.0	32.2	30.0	29.1
Non-operating income	291.0	45.8	0.0	0.0	0.0
<b>INVESTING CASH FLOW ( b )</b>	<b>255.5</b>	<b>11.3</b>	<b>-12.8</b>	<b>23.0</b>	<b>23.1</b>
Debt Issuance / (Repaid)	-203.2	-77.1	6.6	3.4	5.2
Interest Expenses	-28.7	-7.2	-4.8	-4.9	-5.1
FCFE	-45.2	562.3	158.7	173.6	246.2
Share Capital Issuance	0.0	0.0	0.0	0.0	0.0
Dividend & Other	-1.3	-23.2	-63.4	-70.4	-70.4
<b>FINANCING CASH FLOW ( c )</b>	<b>-233.2</b>	<b>-107.5</b>	<b>-61.6</b>	<b>-71.9</b>	<b>-70.3</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>244.5</b>	<b>584.9</b>	<b>127.6</b>	<b>133.2</b>	<b>204.9</b>
Opening cash Balance	-83.8	160.8	759.7	887.3	1,020.5
Closing cash Balance	160.8	745.7	887.3	1,020.5	1,225.4

(Source: Company, HDFC sec)

## Key Ratios

	FY20	FY21	FY22E	FY23E	FY24E
<b>Profitability (%)</b>					
EBITDA Margin	17.4	20.8	26.1	28.2	29.5
EBIT Margin	16.1	18.4	23.8	26.0	27.3
APAT Margin	8.1	14.6	14.9	16.8	18.3
RoE	23.2	22.1	23.9	24.6	24.4
RoCE	34.9	21.7	30.3	30.1	29.0
<b>Solvency Ratio</b>					
D/E	0.5	0.3	0.3	0.2	0.2
Net D/E	0.1	-1.1	-1.1	-1.2	-1.2
<b>PER SHARE DATA</b>					
EPS	13.8	16.1	20.3	24.0	27.7
BV	67	79	91	105	122
DPS	0.0	4.4	9.0	10.0	10.0
<b>Turnover Ratios (days)</b>					
Debtor days	433.5	416.1	265.0	260.0	250.0
Inventory days	2.1	2.4	2.7	3.1	3.5
Creditors days	387.8	722.1	344.1	339.8	374.1
<b>VALUATION</b>					
P/E	27.2	23.4	18.4	15.6	13.5
Dividend Yield	0.0	1.2	2.4	2.7	2.7
P/BV	5.6	4.7	4.1	3.6	3.1
EV/EBITDA	8.7	11.5	7.5	6.6	6.0