Margin and volume woes for Balkrishna Industries

It'll be tough for firm in near term, but market share will grow: Analysts

RAM PRASAD SAHU
Mumbai, 11 August

From its highs in August, the stock of Balkrishna Industries is down about 12 per cent. India's largest listed tyre maker by market capitalisation dropped on account of a weak margin performance in the June quarter (Q1FY23) and macro challenges. Some brokerages have cut their earnings per share estimates by as much as a fifth for FY23 to reflect the pressure on volumes and margins.

While the near-term outlook remains uncertain, demand in the June quarter was strong, with the firm's revenues rising 11 per cent sequentially.

This was led by a 8 per cent growth in overall volumes and the rest of the gains coming from price hike-led increase in average realisations.

The company expects sluggish demand in September (current quarter) given macro challenges in Europe and inflationary trends in the US. Europe is Balkrishna's single largest market, accounting for half of its revenues.

Though retail demand is robust, distributors are reducing their inventory given macro uncertainties. Varun Baxi, of Nirmal Bang Research, expected volume growth to taper off going ahead.

Demand in FY22 was exceptional and mainly driven by higher agriculture and mining commodity prices, besides an element of pent-up demand. Add to it the lingering geopolitical and inflationary challenges, he said.

The company, which hit volumes of 83,153 tonnes in the quarter (Q1), has stuck to its FY23 volume guidance of 320,000-330,000 tonnes. This will translate into a growth of 10-14 per cent y-o-y. Rishi Vora and Eswar Bavineni, of Kotak Institutional Equities, said heat waves in the European Union are downside risks to the company's volume guidance.

They pegged growth in the current financial year at a lower rate of 9 per cent. Balkrishna recently commissioned a brown field unit in Bhuj, Gujarat, adding 50,000 tonnes. The unit should take the total production capacity to 360,000 tonnes by the end of the year.

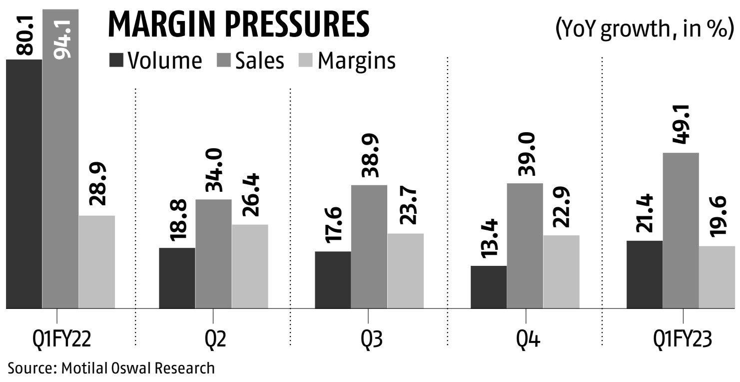
Even as revenues were slightly better than street estimates, margins saw a sharp drop of 383 basis points on a sequential basis to 17.2 per cent due to high rubber, freight, energy and advertisement costs.The company expected inflationary trends to continue in the current quarter.

Given inventory levels and the fact that the long-term contracts are at unfavourable rates, gains from prices cooling could accrue towards the last quarter of the current year.

Balkrishna managed Q1 by hiking prices, but with demand being sluggish it may not be able to pass on higher costs quickly and that could impair margins.

While the near term will be tough, most brokerages believe that the company will continue to gain market share (current share at 6 per cent) in the medium term in the $15 billion global speciality tyre market. Motilal Oswal Research expected the company's performance to continue given its competitive positioning and edge in cost and pricing, product portfolio expansion and expanding reach. Motilal has a neutral rating for Balkrishna due to valuations that factor in gains.

Kotak Securities, however, has a sell rating and believes valuations (27 times FY24 earnings) is expensive given the cyclical nature of the industry and cost headwinds. Investors should await gains on the volume and margin fronts before considering the stock.



Source: Motilal Oswal Research

MUTED GROWTH IN FY23

(₹cr)

	FY22	FY23E	FY24E
Volume (tonnes)	288,795	317,675	343,088
YoY growth (%)	27.1	10.0	8.0
Net sales	8,504	9,159	10,206
YoY growth (%)	45.8	8.1	11
Operating profit margin (%)	26.0	24.8	26.9
Net profit	1,406	1,475	1,780
YoY growth (%)	12.6	4.9	20.7

E: Estimates Source: Nirmal Bang Research

Invest in residential realty with at least a seven-year horizon

While market is on the mend, a steep increase in prices may not happen in near future

SANJAY KUMAR SINGH

After about a decade of slow sales and largely stagnant housing prices, the market appears to be on the growth path once again. The big question before investors is whether after a long downturn, this is the start of a new upward cycle, and if they should enter this asset class now to reap the maximum benefit.

Sales, prices picking up

Sales volumes are recovering.

According to Santhosh Kumar, vice-chairman, ANAROCK Group: "In calendar year 2020, when Covid-19 was at its peak, 127,000 new units were added across the top seven cities, while 138,000 units were sold. In 2021, new launches rose to 237,00 units (an 87 per cent increase) and sales to 237,000 units (72 per cent increase). The momentum has continued in 2022 with 170,000 new units being launched and 184,000 units being sold during the first half of the calendar year."

Property registration figures, too, point to a recovery. According to Subhankar Mitra, managing director, advisory services, Colliers India, "In the April-June quarter, property registration rose 13 per cent year-on-year (YoY) in Hyderabad, 15 per cent in the Mumbai Metropolitan Region (MMR), and around 10-12 per cent in Pune."

Prices rose between 5 and 9 per cent YoY, on an average, in the top eight cities, according to Proptiger Research's April-June quarter report on residential realty.

"The market is still largely end-user driven. The kind of price rise one witnessed around 2010 is now a thing of the past. Price rise will be more sedate in the future," says Ankita Sood, head of research, Housing.com.

Sood adds that in recent times, steep price rise has been witnessed in Gurugram in the ready-to-move (RTM) segment for apartments in quality locations. "This has happened due to the dearth of RTM inventory in such locations. But in under-construction properties, the pace has been more gradual," she says.

YOUR MONEY

Attractive micro markets

According to PropTiger Research, micro markets, where demand was buoyant in the April-June quarter, include Thane West, Dombivali, Vasai, and Panvel in Mumbai; Tellapur and Kokapet in Hyderabad; Ravet in Pune; sectors 79 and 150 in Noida and sectors 89 and 106 in Gurgaon.

Pay heed to location, infrastructure

The investor must evaluate the target micro market's stage of evolution. "Check whether it has already peaked, or is in an early stage of development, and hence offers more scope for growth," says Mitra.

Infrastructure also determines price growth. "The existing, upcoming, and planned physical and social infrastructure developments around a project decide growth prospects," says Kumar.

Highways, flyovers, metro rail, airport, and even office complexes and IT parks improve an area's profile. Their completion can provide a one-time boost to prices.

At the time of investing, however, the basic infrastructure — connectivity, social and healthcare facilities — must be in place. "Don't go just by promises that infrastructure will come up soon. If you buy at a high price, thinking that the completion of a project will boost prices further, and it doesn't come up for years, you may have to exit at a loss," says Sood.

"Proximity to a central business district (CBD) or an educational hub also improves the occupancy of housing in the vicinity," says Mitra.

An investor can earn 3-4 per cent rental yield from such a property. Once its capital value has appreciated, he can sell it.

Check developer's credentials

Next, zero in on the right project and developer. "All the necessary approvals along with RERA (Real Estate Regulatory Authority) registration are necessary to mitigate execution risk," says Kumar.

The developer must have clear title to the land and there should be no encumbrances on the apartments. "Ensure that the developer hasn't mortgaged the project to a lender. If that's the case and he defaults on his loan, the bank could take over the apartment," says Mitra.

Check the developer's track record. Speak to people who have purchased a property in his earlier projects. Ask them whether he had offered possession on time and had delivered all the amenities and specifications as promised.

Finally, according to Sood, those entering residential realty right now mustn't expect quick gains and should have a long-term horizon.

SEDATE GROWTH

City/Region	Price (₹ per sq ft) *	YoY growth (%)
Chennai	5,700–5,900	9
Pune	5,400–5,600	9
Ahmedabad	3,500–3,700	8
Bengaluru	5,700–5,900	7
Hyderabad	6,100–6,300	7
Delhi-NCR	4,600–4,800	6
Mumbai	9,900–10,100	6
Kolkata	4,400–4,600	5
India	**6,600 – 6,800**	**7**

*Prices as of June 2022. These are weighted average prices, based on new supply and inventory Source: Real Insight Residential – April–June 2022, PropTiger Research

Pidilite Industries Limited

Pidilite

Extract of Financial Results for the Quarter Ended 30.06.2022

(₹ In crores)

Sr. No.	Particulars	Standalone				Consolidated			
		Quarter ended 30.06.2022 (Unaudited)	Quarter ended 31.03.2022 (Unaudited) (Refer Note 2)	Quarter ended 30.06.2021 (Unaudited) (Refer Note 2)	Year ended 31.03.2022 (Audited) (Refer Note 2)	Quarter ended 30.06.2022 (Unaudited)	Quarter ended 31.03.2022 (Unaudited)	Quarter ended 30.06.2021 (Unaudited)	Year ended 31.03.2022 (Audited)
1	Total income from operations	2789.74	2229.84	1719.37	8895.62	3101.11	2507.10	1936.79	9920.96
2	Net Profit for the period (before Tax and Exceptional items)	443.08	341.93	278.95	1590.74	473.23	345.87	289.74	1613.78
3	Net Profit for the period before tax (after Exceptional items)	443.08	341.93	278.95	1590.74	473.23	345.87	289.74	1613.78
4	Net Profit for the period after tax (after Exceptional items)	333.35	252.03	207.48	1191.41	357.52	254.35	217.64	1206.76
5	Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	333.99	248.52	206.20	1182.35	367.94	235.70	223.19	1184.65
6	Equity Share Capital	50.83	50.83	50.82	50.83	50.83	50.83	50.82	50.83
7	Reserves excluding Revaluation Reserve (as shown in the Audited Balance Sheet of the previous year)				6292.87				6352.88
8	Earnings Per Share (of ₹ 1/- each)								
	Basic:	@6.56	@4.96	@4.08	23.45	@6.96	@5.00	@4.33	23.76
	Diluted:	@6.55	@4.96	@4.08	23.43	@6.95	@5.00	@4.33	23.75

@ For the period only and not annualised.

Notes:

1. The above is an extract of the detailed format of Unaudited Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 10th August, 2022. The full format of the Unaudited Financial Results are available on the Stock Exchange websites (www.nseindia.com and www.bseindia.com) and on Company's website www.pidilite.com.
2. During previous year, the Company had filed two merger applications with National Company Law Tribunal (NCLT) with respect to merger of its wholly owned subsidiaries namely Pidilite Adhesives Pvt. Ltd. (PAPL) and Cipy Polyurethanes Pvt. Ltd. (CIPY). Consequent to the filing of NCLT orders approving the mergers with Registrar of Companies, mergers have become effective from Appointed date being 1st April, 2022. Accordingly, the previous periods in standalone results have been restated for the accounting impact of merger, as if the merger had occurred from the beginning of the comparative periods.

Place : Mumbai
Date : 10th August, 2022

Bharat Puri
Managing Director

Regd. Office: 7th Floor, Regent Chambers, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai - 400 021. | Tel.: 91 22 2835 7000 | Email: investor.relations@pidilite.co.in | www.pidilite.com | CIN: L24100MH1969PLC014336

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हिमाचलमध्ये ढगफुटी

दोघींचा मृत्यू; दुकाने वाहून गेली, गाड्या पाण्यात

सिमला, ता. ११ (पीटीआय): हिमाचल प्रदेशच्या काही भागात गेल्या चोवीस तासांत पावसाने हाहा:कार माजविला. कुलू जिल्ह्यातील अणी आणि निरमंड येथे ढगफूटी झाल्याने दोन्ही भागांचा जिल्हा मुख्यालयाशी संपर्क तुटला आहे. पावसामुळे भूस्खलन झाल्याने घर कोसळून झालेल्या दुर्घटनेत ज्येष्ठ महिला आणि मुलीचा मृत्यू झाला. बियास नदीच्या पाण्याची पातळी अचानक वाढल्याने पंडोह धरणाचे सर्व दरवाजे उघडण्यात आले आहे. तसेच पंडोह धरणावरची वीजनिर्मिती थांबविण्यात आली आहे.

कुलूच्या अणी आणि देवठी पंचायत हद्दीत गुरुवारी पहाटे तीनच्या सुमारास ढगफूटी झाल्याने पूर आला. पावसामुळे डोंगरावरची माती वाहून आल्याने आणि मातीचा ढिगारा एका घरावर पडल्याने ६० वर्षाची महिला आणि १६ वर्षाच्या मुलीचा ढिगाऱ्याखाली दबून मृत्यू झाला. बागीपूल येथे स्वाह आणि चनाड गाड येथे ढगफूटी झाल्याने पूर आला. परिणामी अणी आणि निरमंडचा कुलू जिल्हा मुख्यालयाशी संपर्क तुटला. लाहोल स्पिटी, मंडी, सिमला जिल्ह्यातील रामपूर आणि चंबा जिल्ह्यातही ढगफूटी झाल्याने प्रचंड नुकसान झाले आहे. कुलू जिल्ह्यातील देवठी येथे ढगफूटी झाल्याने अणी बाजारात पळापळ झाली. भाजीपाला बाजारातील दहा दुकाने वाहून गेली. दुसरीकडे सिमला जिल्ह्यातील रामपूर आणि नेरवात देखील प्रचंड नुकसान झाले आहे. रामपूरच्या इंदिरा बाजारात डझनभर गाड्या ढिगाऱ्याखाली दबल्या गेल्या. चार वाहून गेल्या.

कुलू : कुलू जिल्ह्यात गुरुवारी ढगफुटी झाल्याने ठिकठिकाणी भूस्खलन झाले. भूस्खलनमुळे ढिगाऱ्याखाली दबलेले वाहन.

१७० रस्ते बंद

राज्यात पाच राष्ट्रीय महामार्गासह १७० रस्ते आणि ८७० वीज ट्रान्सफॉर्मर बंद पडले आहेत. मुसळधार पावसामुळे जनजीवन विस्कळित झाले आहे. मंडी येथे ८२, चंबा येथे ३१, कुल्लू येथे २८ आणि सिरमौर येथे १९ रस्ते बंद झाले आहेत. तसेच मंडी येथे ४०२ आणि सिरमौर येथे ३६७ ट्रान्सफॉर्मर बंद पडल्याने वीज पुरवठा विस्कळीत झाला आहे.

जम्मू येथे दोन महिला पुरात बुडाल्या

जम्मू : जम्मूमधील रामबन जिल्ह्यात गुरुवारी मुसळधार पावसामुळे आलेल्या पुरामध्ये दोन महिला वाहून गेल्या. शमीमा बेगम आणि त्यांची कन्या रोझिया बेगम अशी त्यांची नावे असून, जम्मू काश्मीर पोलिस आणि लष्कराच्या जवानांनी त्यांचा शोध घेण्यासाठी मोहीम हाती घेतली आहे.

भाजप नेते नेत्तारू यांच्या खूनप्रकरणी तिघांना अटक

बंगळूर, ता. ११ : भाजप युवा मोर्चाचे नेते प्रवीण नेत्तारू खून प्रकरणातील तीन मुख्य आरोपींना अटक करण्यात आली आहे, अशी माहिती अतिरिक्त पोलिस महासंचालक (कायदा व सुव्यवस्था) आलोककुमार यांनी गुरुवारी येथे दिली. संशयित आरोपी शियाबुद्दीन अली, सुळ्या येथील बशीर आणि सुब्रमण्यम येथील रियाझ अशी अटक केलेल्यांची नावे आहेत.

काश्मीरमध्ये तीन जवान हुतात्मा

जावेद मात्झी : सकाळ न्यूज नेटवर्क

श्रीनगर, ता.११ : जम्मू-काश्मीरमधील दारहाल भागातील लष्करी तळावर उरीप्रमाणे हल्ला करण्याचा दहशतवाद्यांचा कट लष्कराने गुरुवारी उधळून लावला. यावेळी झालेल्या चकमकीत दोन दहशतवादी ठार झाले तर तीन जवानांना वीरमरण आले. हा आत्मघाती हल्ला असल्याचे सांगण्यात आले.

मनोज कुमार

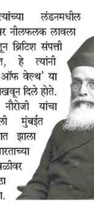
राजेंद्र प्रसाद

लक्ष्मणन डी.

हल्ल्यात हुतात्मा झालेल्या जवानांमध्ये सुभेदार राजेंद्र प्रसाद, जवान मनोज कुमार आणि लक्ष्मणन डी. यांचा समावेश आहे. मृत दहशतवाद्यांची ओळख अद्याप पटलेली नाही. जम्मू विभागातील राजौरी परगल भागातील दारहालमधील लष्कराच्या तळावर घुसण्याचा प्रयत्न दोन दहशतवादी पहाटे करीत होते. या दहशतवाद्यांना हटकले असता त्यांनी गोळीबार सुरू केला. जवानांनीही त्याला प्रत्युत्तर दिले. यामध्ये तीन जवान हुतात्मा झाले.

भारताच्या पितामहांचा ब्रिटनमध्ये गौरव

दादाभाई नौरोजी यांच्या लंडनमधील घरावर नीलफलक



लंडन, ता. ११ (पीटीआय) : स्वातंत्र्य चळवळींच्या काळात भारताचे पितामह म्हणून ओळखले जाणारे आणि ब्रिटिश संसदेचे पहिले भारतीय सभासद दादाभाई नौरोजी यांच्या सन्मानार्थ येथील सरकारने त्यांच्या लंडनमधील निवासस्थानावर नीलफलक लावला आहे. भारतातून ब्रिटिश संपत्ती लुटत आहेत, हे त्यांनी त्यांच्या 'ड्रेन ऑफ वेल्थ' या सिद्धांताद्वारे दाखवून दिले होते. दादाभाई नौरोजी यांचा १८२५ साली मुंबईत पारशी कुटुंबात झाला होता. भारताच्या स्वातंत्र्य चळवळीवर त्यांचा मोठा प्रभाव होता. ब्रिटिशांच्या धोरणांमुळे भारत गरीबीत लोटला जात आहे, हे त्यांनी सप्रमाण दाखवून दिले होते. यासाठी त्यांनी मांडलेला सिद्धांत ब्रिटिशांविरुद्ध आरसा दाखविणारा ठरला होता. त्यांनी सात वेळा इंग्लंडचा दौरा करत एकूण तीस वर्षे लंडनमध्ये व्यतीत केली होती. इंग्लिश हेरिटेज चॅरिटी संस्थेने हा नीलफलक लावला.

ब्रिटनमधील कार्य

भारताला पूर्ण स्वातंत्र्य दिले जावे, असे १८९७ च्या सुमारास दादाभाई नौरोजी यांना वाटू लागले होते. ब्रिटनमध्ये संसद सदस्य असताना तत्कालीन ब्रिटिश सरकारने भारतात होणाऱ्या अवाजवी खर्चाचा तपास करण्यासाठी वेल्बी आयोगाची स्थापना केली होती. या आयोगाच्या कामात त्यांनी स्वतःला गुंतवून टाकले होते. लंडनमध्ये असतानाच त्यांनी १९०१ मध्ये 'पॉव्हर्टी अँड अन-ब्रिटिश रूल इन इंडिया' हा सिद्धांत मांडून ब्रिटिश सरकार भारताला लुटत असल्याचे दाखवून दिले होते.

राजस्थानमध्ये गुरांच्या बाजारावर निर्बंध

जयपूर, ता. ११ : राजस्थानात गुरांमध्ये लम्पी विषाणूचा प्रादुर्भाव वाढल्याने राजस्थान सरकारने राज्यात गुरांच्या बाजारावर निर्बंध घातले आहेत. लम्पी विषाणूमुळे त्वचेच्या संसर्ग होऊन आतापर्यंत सुमारे १२ हजार ८०० गुरांच्या मृत्यूची नोंद करण्यात आली आहे. आतापर्यंत दोन लाख ८१ हजार ४८४ गुरांना संसर्ग झाला आहे.