

SUDARSHAN CHEMICAL INDUSTRIES

...a rising global giant in pigments

LKP
Since 1948

Trust • Invest • Grow

Sudarshan Chemicals (SCIL) is one of the largest pigment manufacturers with a 35% market share in its home market and third-largest player globally. Its strong brand equity, leadership position, regular capacity additions, high entry barriers owing to long approval cycles and focus on high-margin speciality portfolio with growing presence in the export market have been its key competitive strengths. We believe recent headwinds in the overall pigment industry will be transient and that shifting of global players away from pigment businesses (Top players like BASF & Clariant selling pigment biz), China +1 and sustained demand recovery will be some of the key tailwinds for the overall pigment industry and are likely to benefit SCIL as well. We believe that challenges like a) consolidation in pigment industry, b) high inflation in developed economies, c) weak geopolitical scenario, d) sharp volatility in commodity prices and e) supply chain disruptions are expected to hit mid-sized and small pigment players resulting in benefit to major players like SCIL. Despite all challenges, the company has successfully completed its largest capex and is waiting for the demand scenario to turn and key tailwinds like fall in commodity prices, freight expenses, energy prices and cost efficiencies to aid its recovery ahead. We expect SCIL's Revenue/EBITDA/PAT to increase by 11.2%/25.7%/76% CAGR over FY23-25E. We initiate with a BUY on SCIL with a target price of ₹605 valuing the company at 30.2x its FY25E earnings.

Third largest player in Pigments Globally

SCIL has established itself as a third-largest pigment player globally. SCIL has a wide portfolio of organic and inorganic product offerings, including azos, high-performance pigments, phthalocyanines (blue and green) and pearlescent pigments, among others, which are utilised in a range of finished products and applications. Over the last decade, SCIL has transformed itself from being a domestically oriented company to a leading global provider of colour solutions. This transformation was achieved by focussing on establishing a portfolio of specialty pigments, growing its international business and building a world-class organisation. The Company caters to international markets through globalised operations in countries such as Europe, North America, Mexico, China, Japan, and several other geographies.

Key Financials	FY 21	FY 22	FY 23	FY 24E	FY 25E
Total Income (₹ mn)	18,641	22,008	23,017	25,066	28,450
EBITDA margins (%)	15.4%	12.5%	9.2%	11.3%	11.7%
PAT margins (%)	7.6%	5.9%	1.9%	4.2%	4.9%
EPS (₹)	20.4	18.8	6.5	15.4	20.0
P/E (x)	25.4	27.7	75.1	31.6	24.2
P/BV (x)	4.8	4.3	4.1	3.6	3.1
EV/EBITDA (x)	14.1	16.0	19.7	13.9	10.9
ROE (%)	19.0%	15.6%	5.4%	11.4%	12.9%
ROCE (%)	17.6%	14.2%	6.9%	11.2%	11.3%

Rating	BUY
Current Market Price (₹)	478
12 M Price Target (₹)	605
Potential upside (%)	27

Stock Data

Sector :	Dyes & Pigments
FV (₹) :	2
Total Market Cap (₹ bn) :	34
Free Float Market Cap (₹ bn) :	21
52-Week High / Low (₹)	567 / 341
12M Avg. Dly Traded Volume (in lakh)	2.07
BSE Code / NSE Symbol	506655 / SUDARSCHEM
Bloomberg :	SCHI IN

Shareholding Pattern

(%)	Jun-23	Mar-23	Dec-22	Sep-22
Promoter	35.82	35.82	35.82	35.82
MFs	12.21	12.29	12.40	12.04
FPIs	3.48	3.12	2.80	4.15
Bodies Corporate	3.39	3.10	3.36	7.96
Insurance	2.06	1.88	1.92	1.88
Others	43.04	43.79	43.70	38.15

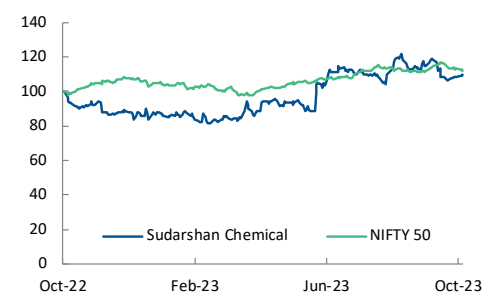
Source: BSE

Price Performance

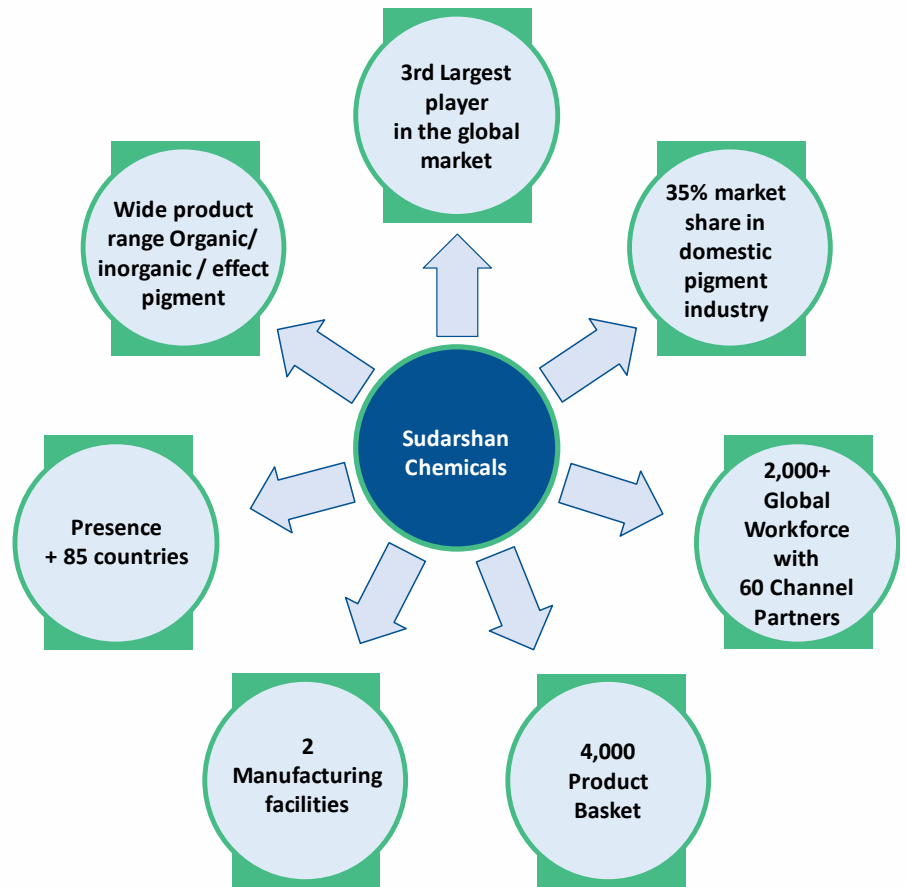
(%)	1M	3M	6M	12M
SCIL	-6.2%	-1.2%	17.6%	9.8%
Nifty 50	-0.1%	0.8%	11.3%	12.8%

* To date / current date : October 5, 2023

SCIL vs Nifty 50



Sudarshan in a Snapshot



Source: SCIL Annual Report

Manufacturing Site: Roha

Built in 1973; 1100+ trained team members.

Products Manufactured: AZO, HPP, Effect Pigments, Dispersions



Manufacturing Site: Mahad

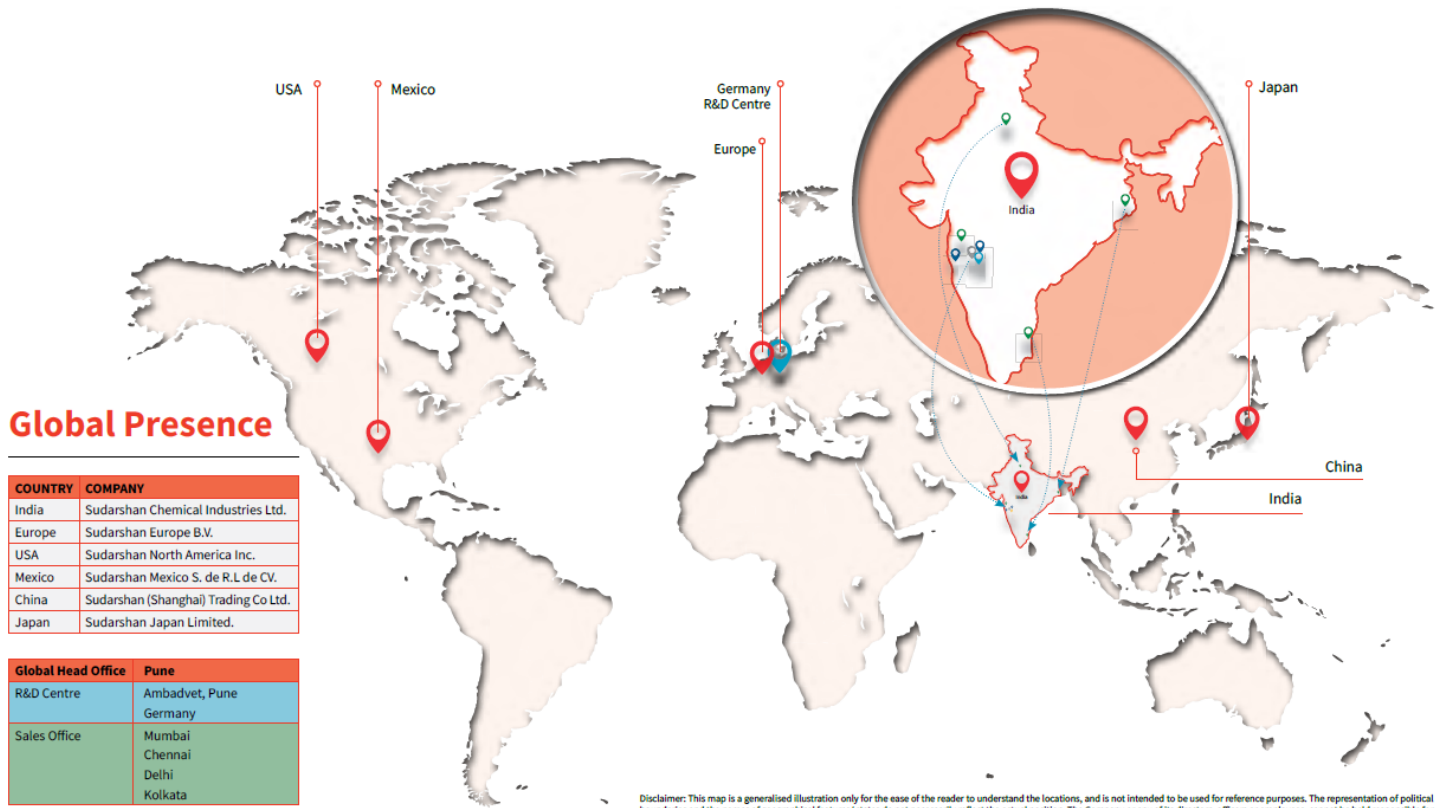
Built in 1993; 500+ trained team members.

Products Manufactured: B&G, HPP, Effect Pigments



Source: SCIL Annual Report

Significant Global Presence



Source: SCIL Annual Report

Comprehensive Product Portfolio

Particulars	Organic Pigments	Inorganic Pigments	Effect pigments
Nature	Colored materials made carbon chains with pigment properties	Chemical compounds not based on carbon	Consisting of metallic flakes acts as miniature mirrors
Sourcing	From natural and synthetic sources	Metallic compounds and salts such as chromates, metallic oxides, sulphates etc	Produced from silver, titanium, and platinum and can be natural and synthetics
Type	Azo, Phthalocyanine, Alizarin, Arylide and others	Titanium Dioxide, Iron Oxide, Carbon Black	Mica flake
Application	Printing Ink, Paints, Plastics, Rubber, Optoelectronics, Cosmetics	Building & Construction, Automotive, Packaging, Paper & Printing, Textiles, and Others	Automotive Industry, Coatings, Paintings and Personal Care Industry
Properties	Good chemical resistance, light fastness, chemical stability, bright & strong colors	Heat Stability, chemical inertness, durability and weather resistance	Transparent, durable and chemical resistance
Key players- Globally	BASF SE, Heubach GmbH (Germany), Clariant (Switzerland) Trust Chem Co., Changzhou Longyu pigments chemicals (China), Ferro Corporation(US), DIC corporation, Toyocolor co., Dainichiseika Color & Chemicals Mfg. Co. (Japan)	Venator (UK), The Chemours Company, Tronox Ltd, Kronos Worldwide, Inc., Ferro Corporation, Alabama Pigments Company, Cabot Corporation, DyStar, INEOS Pigments (US) LANXESS, Heubach GmbH, Carl Schlenk AG, ECKART GmbH (Germany) Cathay Industries, Lomon Billions, Jiangsu Yuxing Industry & Trade Co., Ltd. (China) Clariant (Switzerland) Dominion Colour Corporation (Canada)	BASF SE, Clariant AG, Huntsman Corp., Altana AG, Merck KGaA, DIC Corporation, Sensient Industrial Colours, Geotech International B.V., Kolortek Co., Ltd
Key players- Domestic	VOXCO Pigments and Chemicals Pvt Ltd, Meghmani organics, Asahi Songwon	Tata Pigments, VOXCO Pigments and Chemicals Pvt Ltd	
Expected CAGR over five years	3 - 5%	3 - 5%	-3 - 5%

Source: SCIL Annual Report

Brands with multiple applications

SCIL worked on strategy to diversify its product range. The company has been expanding its brands. With this, it has built a robust product portfolio which boosts the performance of end-application products. Below are some of its popular brands.

Brief details of brands

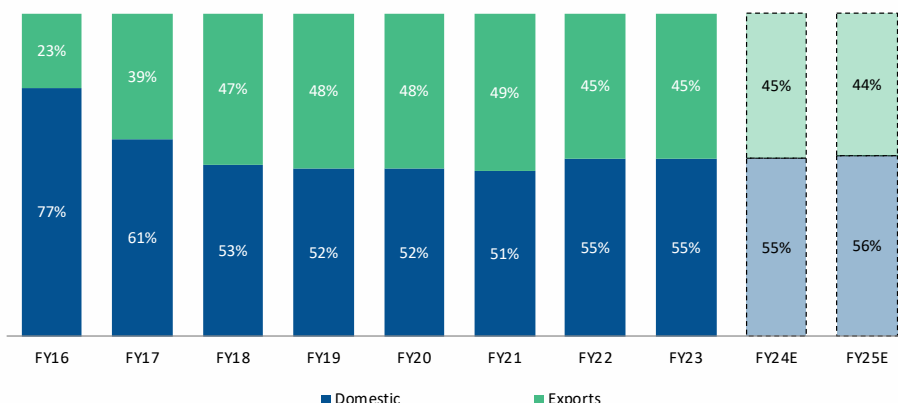
Brand Name	Category	Type	Application
Sudaperm	High-performance / premium range		Plastics and coatings
Sudafast	Medium performance / consistent high quality	Organic	Coloration
Sudacolor	Quality, value and easy-use pigments	Organic	Coatings
Sudadur	Extensive range	Inorganic	For durable colour
Sudafine	Complimentary range of high pigment		"Decorative paints, Other applications"
Sudatex	Concentrated water-based dispersions	Dispersion	Textiles
Sumica	Pearlescent pigments	HPP & effect	Plastics, coatings, inks.
Sumicos	Pearlescent pigments	HPP & effect	Colour, cosmetics

Source: SCIL Annual Report

Emerging as a potential leader in the global pigment market

In its seven-decade operational history, SCIL has fostered robust ties with customers and suppliers. The company spans various industry segments like azo, phthalocyanine, high-performance pigments, inorganic pigments, and effect pigments. Uniquely, SCIL has a footprint in all these segments, setting it apart from domestic competitors and securing a dominant 35% market share in the Indian pigment industry. Globally, post DIC Corp.'s acquisition of BASF's pigment division, SCIL has become the third-largest player with a 3%-3.5% market share in organic pigments. With major players BASF and Clariant AG exiting pigments, SCIL is poised to strengthen its global market position. Additionally, SCIL caters to diverse end-user industries, spanning coatings (decorative/auto/industrial), plastics, inks (packaging), and cosmetics. SCIL has rapidly expanded into overseas markets during the previous decade. The company wants to become a top pigment brand globally by leveraging its expanding global sales. With eight sales offices, about 60+ channel partners, 70+ sales members across over 85 countries, the company has a global distribution network. For the purpose of serving the developed markets of Europe, North America, and Mexico, the management has established marketing subsidiaries in these regions. We believe that the exit of both the pigment giants (BASF & Clariant) will assist SCIL to gain a larger foreign market share and grow its client base in the \$10 billion global pigment sector. The companies BASF and Clariant are well known for their organic pigments. But only 2% of the world's revenue in organic pigments belongs to SCIL. Its position would be strengthened by its ongoing focus on high-margin speciality pigments, launches, and new capacities.

Domestic versus Export



Source: SCIL, LKP Research

Then versus Now

FY11	FY23
Pigment, Agro Chemical, Masterbatch businesses	A pure play Pigment focus
Amongst Top 20 pigment player	3rd largest pigment producer globally
Domestic market share estimate ~ @ 30%	Domestic market share estimate ~ @ 35%
R&D lab: India	R&D labs: Dedicated R&D Lab
Organic and Inorganic pigments with revenues largely from Azo and Phthalo pigments	Development & strong growth of High Performance and Cosmetics product range
Renewable energy: 0%	Renewable energy: ~ 30%

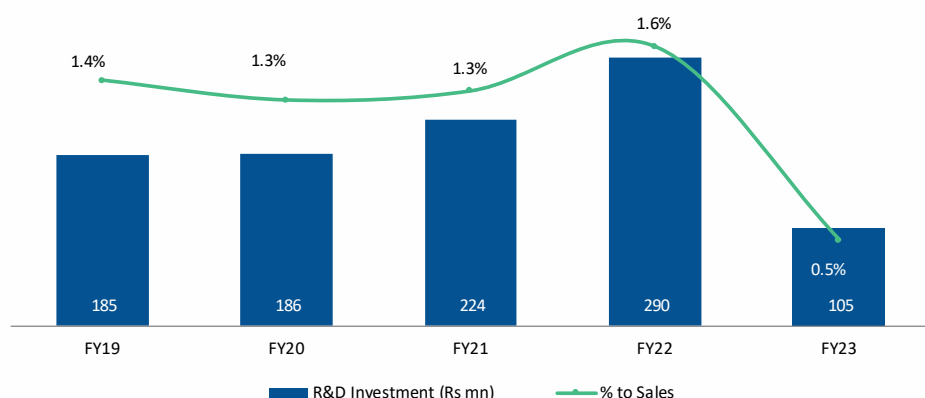
Source: SCIL

Strong R&D Capabilities

SCIL is on the path to make significant in-roads in the industry by strengthening its product portfolio, R&D and marketing capabilities. The Company has emphasised on innovation and world-class manufacturing. SCIL is investing in the right areas to enhance capabilities and deepen customer engagements in its Manufacturing Plants which will result in differentiation in the competitive pigment market. With three specialised R&D centres throughout the world, the company is constantly working on innovative products and customised solutions. The business enjoys widespread acclaim and recognition for its research and development capabilities, particularly in the specialised field of high-performance pigment. In FY23 the company launched 18+ products across High performance & Premium Pigments including Violet 23 which is a high performance pigment product with applications across coatings, plastics & printing and inks.

Its R&D centre in Pune has over 100 scientists and technical staff focusing on efficiency and innovation. Its labs are NABL-accredited and DSIR-approved. The company continues to invest in a comprehensive R&D Program leveraging its world-class infrastructure, benchmarked processes, state-of-the-art technology and a business-focused R&D strategy.

R&D Investments likely to bounce back to pre-covid levels



Source: SCIL, LKP Research

High Entry Barriers

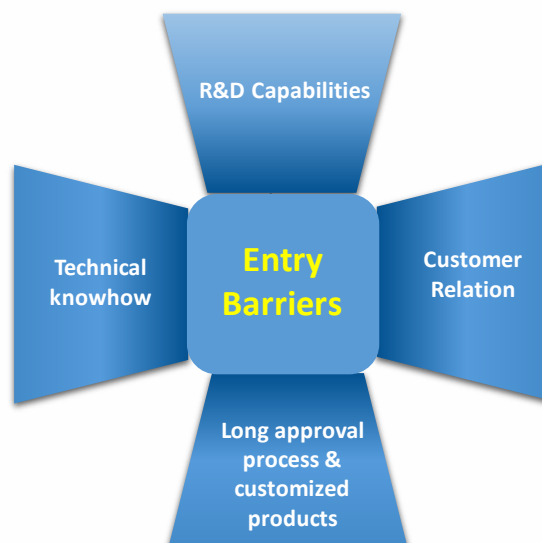
Overall, the chemical industry is termed as highly commoditised as well as highly regulated, the majority of manufacturers operate in the bulk chemical category, where economies of scale are vital to sustain low-margins. This requires significant upfront capital expenditure, which puts smaller businesses at a disadvantage. Today’s chemical business has undergone a transition from commoditization due to product diversification. The evolving demands of the market for specialty and high-performance pigments which call for strong R&D capabilities, technical expertise, lengthy gestation periods (6–24 months), and good customer relations—also serve as stiff entry barriers that prevent new competitors from entering the market. Being the market leader with almost seven decades’ experience, SCIL is well-established and has a competitive edge over peers.

Approval Cycle for Pigment Sales is a significant Entry Barrier

	COATINGS	PLASTICS	INKS	COSMETICS
Segment →				
Pigment type →	High performance	-	General purpose and high-performance pigments	Effect pigments
Approval time →	Automotive: 1 to 5 Years Decorative: 6 M to 1 Year	Plastics: 3 to 6 months	Inks: ~ 1 month	Cosmetics: 1 to 2 years
Position →	Coatings remains a prominent focus area with Automotive and Decorative being the key segments	Market leaders in multiple geographies offering wider spectrum of colours and pigment grades.	Focus on niche applications like liquid inks to build competency and strong market share	Proven track record with significant growth for SCIL’s progress

Source: SCIL, Investor Presentation

High Entry Barriers



Source: SCIL

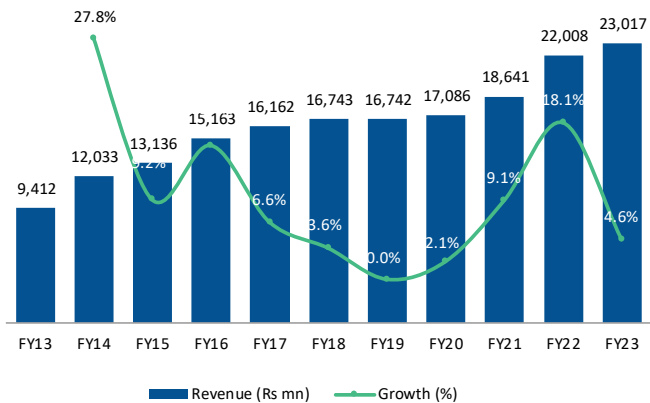
Tailwinds among Headwinds are largely visible

In the last few years and due to recent geopolitical events, the pigment sector has suffered several hurdles, as have other industries, including an increase in general inflation, depressed demand, supply chain interruptions, and an exponential increase in raw material, energy, and logistical prices. This has caused significant instability in the pigment business, which has resulted in production interruptions and plant closures.

Historically, SCIL had faced similar headwinds almost a decade back (2012-13) including recessionary environment in Europe, Anti-dumping duty threat by China coupled with Subdued demand despite which the company has weathered the storm and registered a 10 Year revenue CAGR of 10% whereas the industry grew between 3-5% CAGR range. Its profit CAGR between FY12-FY21 stood at 17% (except FY22 & 23 exceptional years due to Covid and high costs). We believe recent headwinds in the overall pigment industry will be transient and that shifting of global players away from pigment businesses (recent was a Canada based DCL Corporation sold pigment business to Blackstone), China +1 and sustained demand recovery will be some of the key tailwinds for the overall pigment industry and benefit SCIL as well.

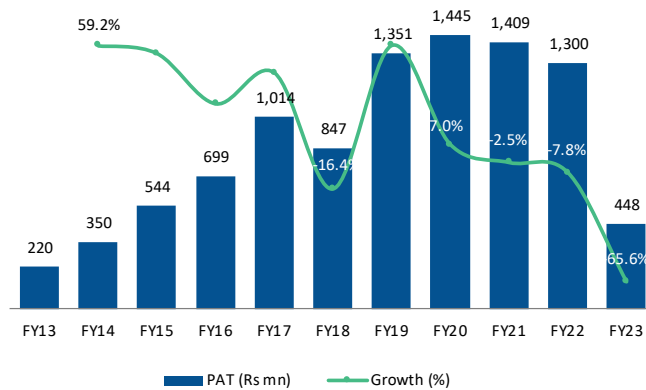
Historical Financials in Charts

Revenues and growth trend

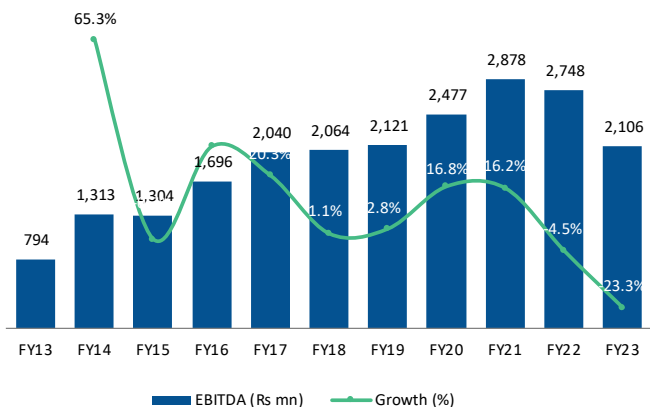


Source: SCIL, LKP Research

PAT and growth trend

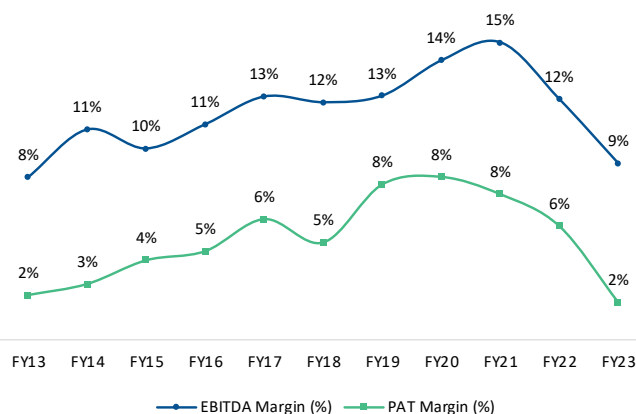


EBITDA and growth trend



Source: SCIL, LKP research

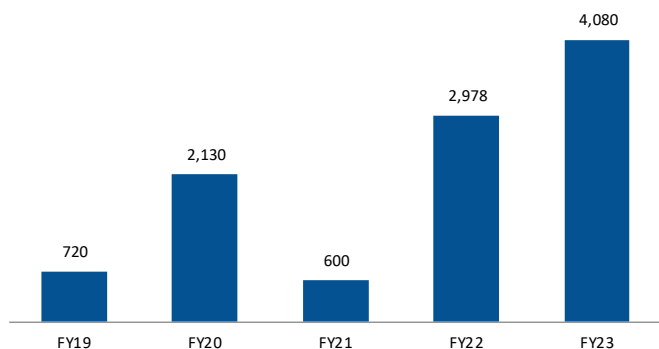
EBITDA Margin Vs PAT Margin (%)



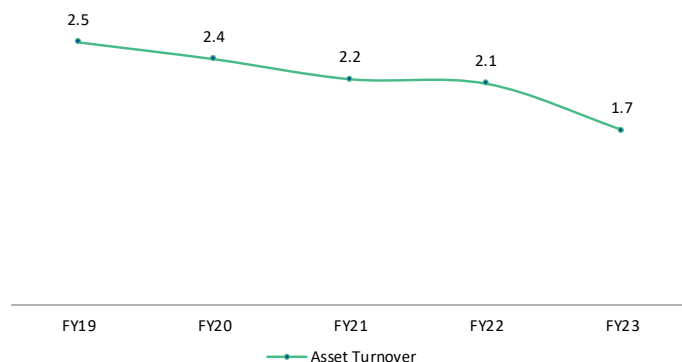
High Capex mode ends; ramping up remains the key

Initiating its capital expenditure cycle in FY17, the company strategized a ₹8 billion investment spread over five years, primarily allocated to drive growth and enhance margins. The focal points of this capital expenditure encompassed capacity expansion at Roha and Mahad plants, the introduction of new products, initiatives for cost optimization, and projects for value chain integration. By FY20, over ₹7.5 billion of this capex had been executed, reaching full implementation by FY23, marking the successful completion of all pending projects. This extensive investment has led to a profound transformation of SCIL’s product portfolio, positioning the company with a decisive advantage in international markets. A substantial portion of the recent capital expenditure targets the Specialty Portfolio, known for its margin accretive nature. As these new capacities for specialty products come online, we anticipate the realization of operating leverage. In a bid to diversify its product offering, the company plans an annual launch of 20-25 products, with a pronounced emphasis on specialty chemicals to drive higher margins. The anticipated asset turnover for newly commissioned projects is projected to range between 2 and 2.5 times at peak utilization, with an estimated payback period of 4-5 years.

Capex Trend (₹ mn)



Asset Turnover trend (x)



Source: SCIL, LKP Research

All about Pigments

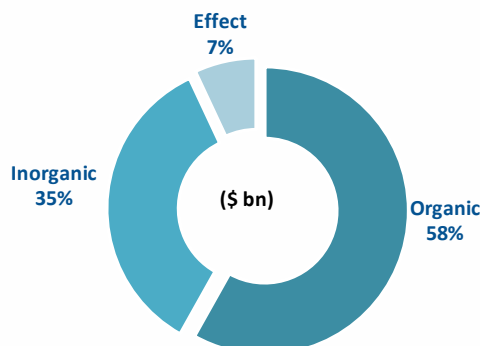
What are Pigments?

Pigments are compounds that provide colour to a given material by covering its surface (paints, coatings, printing inks) or mixing with it (plastic applications). Pigments are distinct from dyes, which engage in chemical reactions with the material they should colour. Types of Pigments based on the method of their formulation, pigments can be categorized into two types: **Inorganic pigments and Organic pigments.**

- Organic Pigments** - This type of pigment occurs naturally and they have been used for centuries. They are quite simple in their chemical structure, and named organic as they contain minerals and metals that give them their colour. Organic pigment manufacturers produce them through a simple process of washing, drying, powdering and combining into a formulation. Compared to inorganic pigments, the usages of these pigments are less frequent, so there are a limited number of organic pigment suppliers. These pigments are used when the required colour strength is not too much.
- Inorganic Pigments** - As you can guess by its name, this pigment is exactly the opposite type of organic pigment. These pigments are also known as “synthetic pigments.” They are formalized in labs and offer a great scope of control to inorganic pigment manufacturers. Inorganic pigments are manufactured by relatively simple chemical processes such as oxidation. Inorganic pigment suppliers supply this type of pigments mainly to paints, plastics, synthetic fibres, and ink. In uses where bright colours are required, organic pigments are used as they bolster high colour strength. Inorganic pigments include white opaque pigments commonly used to lighten other colours and provide opacity.
- Two other types of pigments are Metallic pigments and Industrial pigments** - Metallic pigments, as implied in the name, include metal pigments such as zinc and aluminium pigments. At the same time, industrial pigments are the pigments that are widely used in industrial applications and include organic, inorganic and metallic pigments.

Pigments Industry Overview

Global Colour Pigment Market



* Excludes Black, White and Metallic Pigments.

Based on internal Pigment industry study and various market research reports

Source: SCIL Annual Report

The market for dyes and pigments was estimated to be worth US\$ 38.2 billion in 2022 and is expected to grow at a CAGR of 5.3% between 2023 to 2030 reaching a market size of US\$ 57.8 billion by 2030. During the projection period, the Asia-Pacific region is predicted to experience the fastest CAGR growth in product demand. An expanding building sector, rapid industrialisation, and urbanisation, along with rising disposable income in the region's emerging economies, will be the main driving forces of this sector. The pigment industry has faced many challenges as other businesses due to current geopolitical events – increase in overall inflation, subdued demand, supply chain disruptions, exponential increase in prices of raw materials, energy, and logistics. This has led to major destabilizations in pigment industry leading to plant shutdowns and disruptions in production.

The Global Colour Pigments relevant to SCIL Market is ~\$ 10B, market opportunities open to SCIL are ~\$8.6B. The Global Organic Pigment market is expected to grow at ~3% CAGR over the next 5 years. India is set for strong, sustainable growth in pigment manufacturing with substantial export opportunities, SCIL is well placed to expand market share for all its applications on the back of massive capex done over the past few years and strong growth from its Coatings, Inks, Plastics and Cosmetics segments.

Global Market Consolidation continues

The last few years have also been marked by acquisitions and consolidation among major players in the pigments industry. This has been a key factor in the pigment industry. The China +1 movement, will benefit domestic producers as global end-use industries looking to de-risk their supply chains from Chinese suppliers look at establishing and diversifying outside of China. This is a positive for the Indian pigment industry which stands to gain immensely from this trend. Due to challenges obtaining raw materials and the fierce competition from Asian manufacturers, two market giants, BASF and Clariant, announced their exit from the pigment sector in 2020. Instead, they chose to concentrate on their core operations.

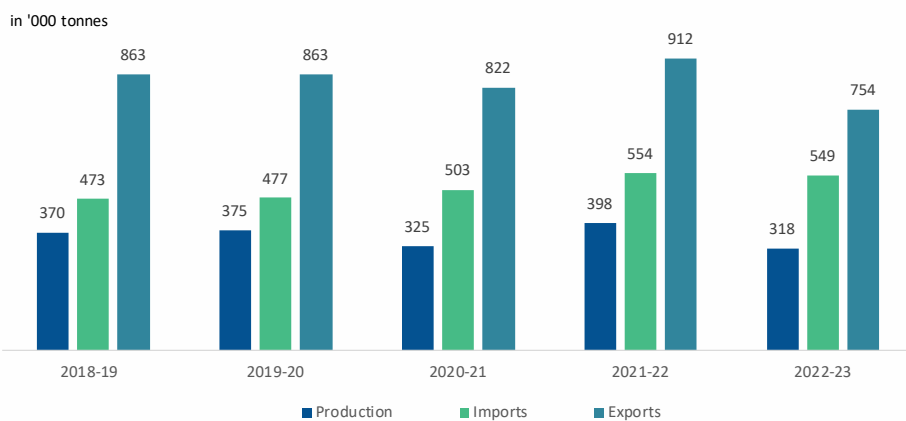
Since the value of speciality chemicals is frequently greater than the value of the combined firm, it is anticipated that sellers would keep trying to monetize such assets so they can concentrate on their core businesses. This would further aid Indian businesses like SCIL in increasing market share and diversifying their clientele abroad.

What dragged Pigment Companies in FY23 ?

India's status as a key global supplier of Dye and Pigments (D&P) is evident in robust exports to significant markets like Bangladesh (comprising 11% of total D&P exports in FY23), closely followed by China (6%), Turkey (6%), USA (6%), and Indonesia (3%). Despite this, the industry faced substantial hurdles in FY23, witnessing a marked downturn in exports (refer to the chart below) and a dip in profitability. These challenges were primarily attributed to escalating inflation and an unpredictable geopolitical landscape arising from the Russia-Ukraine conflict. This conflict led to economic sanctions on several nations, sharp swings in commodity prices (including crude oil), and disruptions in the supply chain.

As a result, major global economies, particularly the USA and Europe, grappled with recessionary trends that impacted the demand for D&P in the textile industry, which accounts for over 70% of total consumption. Additionally, the industry contended with competition from economical Chinese products, intensified by reduced Chinese consumption due to Covid-19-induced restrictions. This elevated competitive pressure on Indian exporters in the global market, resulting in a moderation of profitability and the need to navigate a challenging business landscape throughout FY23.

Dyes and Pigments: Revival likely in H2FY24 post subdued performance in FY23



Key Growth Drivers for Pigment Industry

Higher demand for pigments in various end-use applications - Pigments are widely used in a wide range of end-use applications, including paints, coatings, plastics, printing inks, textiles, and cosmetics, as they are essential for coloration and boosting the aesthetic appeal of products. Pigments are used in the construction industry to colour mortar and other building products. While pigments are used in the automobile industry to colour paints and vehicle coatings, they also have a place in the packaging business to colour plastic films and containers. The need for pigments will be significantly impacted by the growth of the building, automotive, packaging, consumer goods, and cosmetics industries.

Adoption of high-performance pigments - Growth of emerging economies- Superior colour strength, stability, and longevity are provided by high-performance pigments. They are utilised in situations when long-lasting, high-quality colour is required. Market expansion is anticipated to be fueled by the rising demand for high-performance pigments from sectors including automotive, aerospace, and electronics.

Growth of emerging economies - The need for pigments in a variety of applications is anticipated to increase in these areas due to growing populations, urbanisation, and higher living standards. Since pigments are used to enhance the aesthetic appeal of food products, the development of the food and beverage industry is also anticipated to open up new potential for the pigment market. The construction sector in the EMDEs is also growing as a result of supportive government policies, substantial aid, and investment, which is anticipated to support rising demand for goods across the Asia-Pacific region. The need for organic pigments would increase due to India's expanding personal care and cosmetics sector.

Key Raw Materials

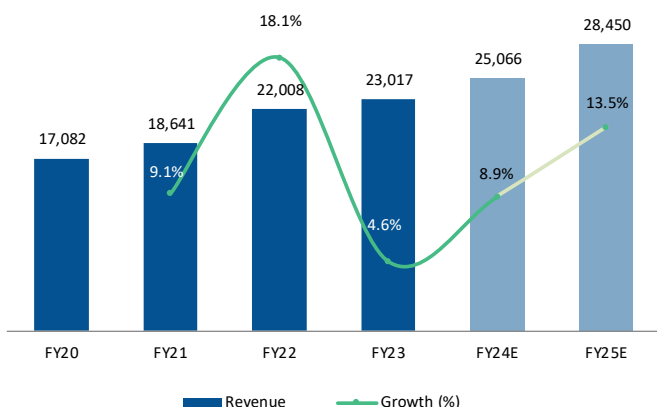
CPC blue, Litharge and Lead, Naphthols, 3,3 di chloro benzidine di hydro chloride, 5-amino, 6-methyl benzimidazolone, Di methyl succinyl succinate, Beta naphthols, Bon acid, Titanium oxy chloride, Uncalcined / calcined mica, Sodium bi chromate.

Financials

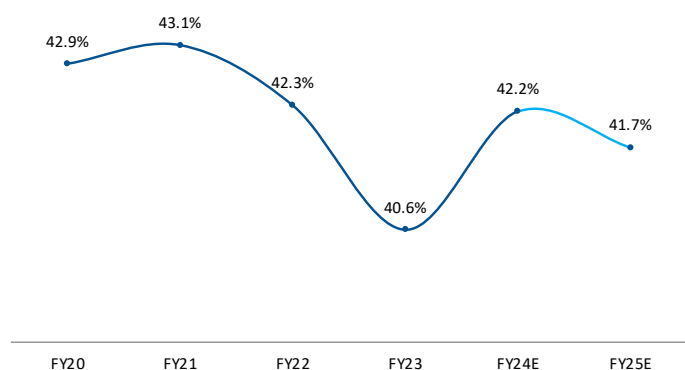
During the last five years SCIL's revenue has grown at a CAGR of 5% (Higher than industry growth rate of 3-4%) despite covid-19 and large capex cycle underway and bottom line has been volatile owing to volatility in raw material prices, supply chain disruptions and tighter monetary policies. However, From FY12-22 (Pre-covid years) its Revenue/EBITDA/PAT has grown at a CAGR of 9%/14%/17% despite several challenges we believe that due to its strong brand presence and hold in the domestic as well as export market the company can achieve similar growth rates over the long-term.

We expect SCIL to deliver 11.2% revenue CAGR over FY23-25E driven by the rising proportion of high-margin products, sweating of huge capex, launching of new products and expanding geographical reach. SCIL has maintained healthy EBITDA margins despite volatility in raw material prices, reflecting its efficient procurement practices we expect its EBITDA to grow at a CAGR of 25.7% over FY23-25E. We expect SCIL's return ratios (RoE and RoCE) to improve further with the acceleration of net profit on the back of healthy revenue growth as against the low base of last year and improving operating margins coupled with improving asset turns from the newly commissioned capex. The company's debt-to-equity ratio is expected to peak around 1x and fall to 0.5x by FY25E owing to utilisation of funds received from recent land sale.

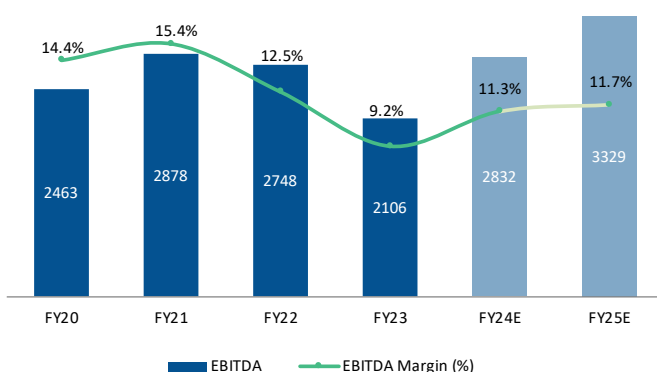
Revival in Revenue growth likely post subdued FY23



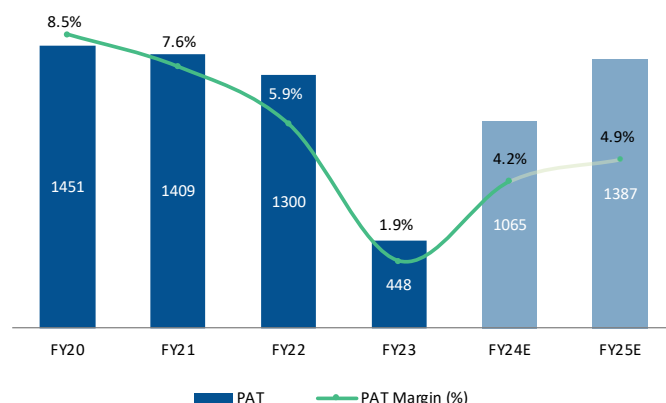
Gross Margin to remain stable post FY23



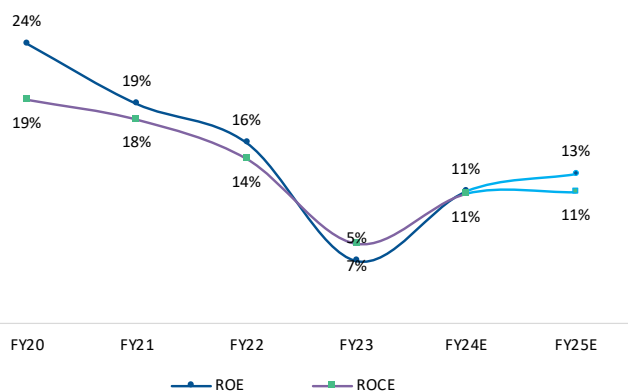
EBITDA Chart- EBITDA growth & Margin likely to improve further



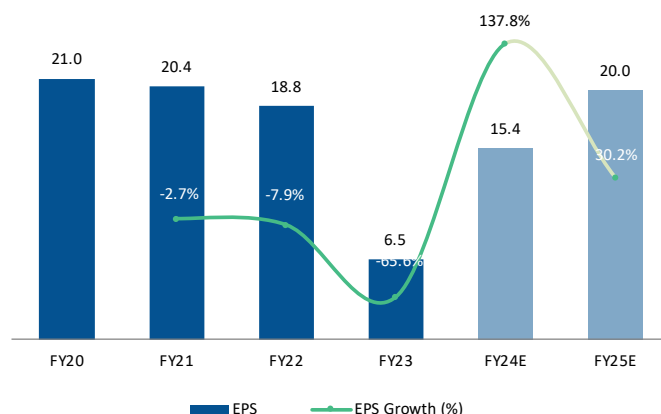
PAT & Margin chart- On the path of gradual recovery..



ROE Vs ROCE



EPS and growth trend



Our View

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Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22	FY23	FY 24E	FY 25E
Revenue from Operations	17,082	18,641	22,008	23,017	25,066	28,450
Raw Material Cost	9,762	10,605	12,704	13,683	14,488	16,586
Employee Cost	1,457	1,557	1,840	1,840	2,055	2,276
Other Exp	3,400	3,602	4,716	5,389	5,690	6,259
EBITDA	2,463	2,878	2,748	2,106	2,832	3,329
EBITDA Margin(%)	14.4%	15.4%	12.5%	9.2%	11.3%	11.7%
Depreciation	735	865	893	1,142	1,103	1,209
EBIT	1,728	2,012	1,855	964	1,729	2,119
EBIT Margin(%)	10.1%	10.8%	8.4%	4.2%	6.9%	7.4%
Other Income	47	70	50	48	50	53
Interest	142	179	194	415	358	298
PBT	1,633	1,904	1,711	597	1,421	1,874
PBT Margin(%)	9.6%	10.2%	7.8%	2.6%	5.7%	6.6%
Tax	353	493	412	150	357	487
Adjusted PAT	1,279	1,411	1,300	448	1,065	1,387
APAT Margins (%)	7.5%	7.6%	5.9%	1.9%	4.2%	4.9%
Exceptional items	0	-2	0	0	0	0
PAT	1,279	1,413	1,300	448	1,065	1,387
PAT Margins (%)	7.5%	7.6%	5.9%	1.9%	4.2%	4.9%

Balance Sheet

(₹ mn)	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E
Equity and Liabilities						
Equity Share Capital	138	138	138	138	138	138
Reserves & Surplus	5,869	7,297	8,193	8,144	9,208	10,595
Total Networth	6,008	7,436	8,332	8,282	9,347	10,733
Long term Borrowings	2,250	3,081	3,686	4,492	3,703	2,889
Deferred tax liability	501	529	595	716	827	2,000
Other Non-Current liabilities	193	395	438	496	1,585	3,131
Total non-current liab and provs	2,944	4,005	4,719	5,705	6,116	8,021
Current Liabilities						
Short term Borrowings & Provisions	2,329	1,813	4,526	3,710	3,451	3,024
Trade Payables	3,715	4,411	5,218	5,087	5,292	6,164
Other current liabilities	1,301	2,369	892	1,136	1,262	1,990
Total current liab and provs	7,344	8,593	10,636	9,933	10,005	11,177
Total Equity & Liabilities	16,296	20,034	23,687	23,920	25,467	29,931
Assets						
Gross block	8,268	8,910	11,866	15,681	17,287	19,621
Net block	5,988	5,768	7,915	10,733	11,236	12,361
Capital WIP	440	2,686	2,732	443	363	403
Other non current assets	1,231	1,264	989	1,095	1,271	1,828
Total fixed assets	7,659	9,718	11,636	12,271	12,870	14,592
Inventories	4,107	4,116	5,660	4,941	5,222	5,927
Trade receivables	3,641	4,847	5,007	4,861	5,152	5,769
Cash & Bank Balance	156	238	353	294	808	2,468
Other current assets	733	1,115	1,032	1,268	1,414	1,176
Total current Assets	8,637	10,316	12,051	11,364	12,597	15,340
Assets held for sale	-	-	-	285	-	-
Total Assets	16,296	20,034	23,687	23,920	25,467	29,931

Key Ratios

YE Mar	FY20	FY21	FY22	FY23	FY 24E	FY 25E
<u>Per Share Data (Rs)</u>						
Adj. EPS	21.0	20.4	18.8	6.5	15.4	20.0
CEPS	31.6	32.9	31.7	23.0	31.3	37.5
BVPS	86.8	107.4	120.4	119.6	135.0	155.0
<u>Growth Ratios(%)</u>						
Revenue	15.7%	9.1%	18.1%	4.6%	8.9%	13.5%
EBITDA	16.8%	16.8%	-4.5%	-23.3%	34.5%	17.5%
EBIT	18.4%	16.5%	-7.8%	-48.0%	79.4%	22.5%
PAT	7.4%	-2.9%	-7.8%	-65.6%	137.8%	30.2%
<u>Valuation Ratios (X)</u>						
PE	17.8	25.4	27.7	75.1	31.6	24.2
P/CEPS	11.8	15.8	16.5	21.1	15.5	13.0
P/BV	4.3	4.8	4.3	4.1	3.6	3.1
EV/Sales	1.8	2.2	2.0	1.8	1.6	1.3
EV/EBITDA	12.2	14.1	16.0	19.7	13.9	10.9
<u>Operating Ratios (Days)</u>						
Inventory days	86.5	79.5	92.6	77.3	75.0	75.0
Receivable Days	76.7	93.6	81.9	76.0	74.0	73.0
Payables day	78.3	85.2	85.3	79.6	76.0	78.0
Debt to Equity (x)	0.13	0.09	0.07	0.16	0.17	0.18
<u>Performance Ratios (%)</u>						
ROA (%)	8.9%	7.0%	5.5%	1.9%	4.2%	4.6%
ROE (%)	24.1%	19.0%	15.6%	5.4%	11.4%	12.9%
ROCE (%)	19.3%	17.6%	14.2%	6.9%	11.2%	11.3%
Asset Turnover(x)	2.35	2.16	2.12	1.67	1.45	1.45
Inventory Turnover(x)	4.2	4.5	3.9	4.7	4.8	4.8

Cash Flow

(₹ mn)	FY 20	FY 21	FY22	FY23	FY 24E	FY 25E
PBT	1,633	1,904	1,711	597	1,421	1,874
Depreciation	735	865	893	1,142	1,103	1,209
Interest	142	179	194	415	358	298
Other Adjustments	237	8	-46	23	358	1,109
Operating CF before WC changes	2,747	2,956	2,752	2,178	3,241	4,491
Changes in working capital	501	-907	-576	804	-103	-765
Tax paid	-616	-388	-381	-112	-357	-487
Cash flow from operations (a)	2,626	1,652	1,796	2,870	2,781	2,664
Capital expenditure	-2,554	-2,696	-3,102	-1,924	-1,526	-2,374
Other investing activities	355	37	22	31	-	790
Cash flow from investing (b)	-2,198	-2,658	-3,080	-1,893	-1,526	-1,584
Free cash flow (a+b)	428	-1,007	-1,284	978	1,255	1,080
Proceeds from long term borrowings	1,378	2,286	1,923	2,232	500	-
Repayment of long term borrowings	-740	-545	-1,373	-1,453	-789	-815
Other flows in financing activities	-1,031	-656	828	-1,805	-362	1,394
Cash flow from financing (c)	-394	1,085	1,378	-1,027	-650	580
Net chng in cash (a+b+c)	34	78	93	-49	605	1,659
Closing cash & cash equivalents	128	242	253	204	808	2,468

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