

LOIs and fluorination capex to drive growth from 1HFY25E

During Q3FY24, Anupam Rasayan's (Anupam's) cons. Revenues/EBITDA/PAT plummeted 24.6%/26.4%/54.8% QoQ and 24.6%/28.9%/57.1% YoY impacted by year-end seasonality coupled with challenges in global agrochemicals. Nonetheless, the company was able to maintain its EBITDA margins at 26.8%. As per the management, headwinds in global agrochem are expected to impact near term performance while revenue pick up is expected from 1HFY25E. Anupam's product launch momentum continued in Q3 with six new molecules launches taking 9M total to 11 molecules. During the quarter, Anupam signed LOI of USD61mn (~Rs5bn) with a leading Japanese company to supply new age polymer intermediate for a period of nine years. With this LOI, the total LOIs stand at Rs81.8bn executable over the next few years. Management indicated FY24E to be challenging for the agrochemical industry while remained confident of demand resurgence and strong growth in FY25E for Anupam. Based on 9MFY24 numbers, we have lowered our FY24E/FY25E/FY26E earnings estimates substantially by 29%/22%/19%. We maintain Sell with a lowered TP of Rs652 (earlier Rs863).

Deteriorating standalone performance, Tanfac performance deteriorates too

In Q3, Anupam's standalone revenues plummeted 26.0% YoY at Rs2.2bn while EBITDA margins declined 460bps YoY 25.7% and EBITDA declined 37.1% YoY at Rs562mn. Tanfac performance too deteriorated with 11.1% YoY decline in revenues at Rs878mn while EBITDA margins declined 620bps YoY at 16.6% leading to significant 35.1% YoY drop in EBITDA at Rs146mn. During Q3, consolidated revenues declined 24.6% YoY at Rs3.0bn, EBITDA plummeted 28.9% YoY at Rs791mn, and PAT plummeted 57.1% YoY at Rs184mn.

Six new molecules commercialised in Q3, new LOI of USD61mn signed

In Q3, Anupam commercialised six new molecules, four from fluorination series and two from signed LOIs/ contracts, taking the total to 11 molecules commercialised in 9M. During the quarter, the company also signed a LOI of Rs5.1bn with a Japanese multinational chemical company to supply a new age polymer intermediate for a period of nine years. With this LOI, the total LOIs signed since Q1FY22 stand at Rs81.8bn.

Lowered debt, capexes on track

Recently, Anupam repaid long-term debt of ~Rs2bn from the funds raised through preference issues and warrants. The total fund raised through preferential allotment and warrants is Rs5.5bn. Rs6.7bn fluorination capex is on track and management expects no material capex post commissioning of this capex. It also targets to become debt free in next 18 months.

Subdued FY24E, strong growth expected in FY25E

Anupam expects tepid growth in near term with strong growth propelled by demand recovery, scale up in LOIs, and fluorination capex in FY25E. Funds raised through QIP, preferential issue, and warrants are sufficient for capexes and lowering debt. However, management deferred its FY24E WC reduction target. We estimate 24%/28% FY24E/ FY25E revenue growth coupled with strong 51%/41% EPS growth. The stock is trading at 41.8x/29.6x FY25E/FY26E EPS of Rs19.9/Rs28.1. Valuations still remain expensive with subdued return ratios at ~10% for FY26E. We thus maintain Sell with a lowered TP of Rs652 (earlier Rs863).

Risks – Strong recovery with better than expected growth, accelerated WC reduction

Financial and valuation summary

| YE Mar (Rs mn) | 3QFY24A | 3QFY23A | YoY (%) | 2QFY24A | QoQ (%) | FY24E | FY25E | FY26E |
|-------------------|---------|---------|----------|---------|---------|--------|--------|--------|
| Revenues | 2,955 | 3,921 | (24.6) | 3,921 | (24.6) | 14,172 | 17,592 | 22,496 |
| EBITDA | 791 | 1,112 | (28.9) | 1,075 | (26.4) | 3,756 | 4,880 | 6,353 |
| EBITDA margin (%) | 26.8 | 28.4 | (160bps) | 27.4 | (60bps) | 26.5 | 27.7 | 28.2 |
| Adj. Net profit | 184 | 429 | (57.1) | 407 | (54.8) | 1,492 | 2,255 | 3,187 |
| Adj. EPS (Rs) | 1.7 | 4.0 | (58.0) | 3.8 | (55.5) | 13.2 | 19.9 | 28.1 |
| EPS growth (%) | | | | | | (21.9) | 51.2 | 41.3 |
| PE (x) | | | | | | 63.1 | 41.8 | 29.6 |
| EV/EBITDA (x) | | | | | | 24.0 | 19.0 | 14.5 |
| PBV (x) | | | | | | 3.1 | 2.9 | 2.7 |
| RoE (%) | | | | | | 5.5 | 7.1 | 9.4 |
| RoCE (%) | | | | | | 6.4 | 7.8 | 10.0 |

Source: Company, Centrum Broking

Result Update

India I Chemicals

13 February, 2024

SELL

Price: Rs830

Target Price: Rs652

Forecast return: -21%

Institutional Research

Market Data

| | |
|-----------------------|-----------|
| Bloomberg: | ANURAS IN |
| 52 week H/L: | 1,250/602 |
| Market cap: | Rs91.1bn |
| Shares Outstanding: | 109.7mn |
| Free float: | 20.9% |
| Avg. daily vol. 3mth: | 2,61,728 |

Source: Bloomberg

Changes in the report

| | |
|---------------|------------------------------|
| Rating: | SELL, Unchanged |
| Target price: | Rs652; down 24.4% from Rs863 |
| | FY24E: Rs13.2; down 32.9% |
| EPS: | FY25E: Rs19.9; down 25.8% |
| | FY26E: Rs28.1; down 22.8% |

Source: Centrum Broking

Shareholding pattern

| | Dec-23 | Sep-23 | Jun-23 | Mar-23 |
|--------------|--------|--------|--------|--------|
| Promoter | 61.4 | 60.7 | 60.8 | 60.8 |
| FIIIs | 9.1 | 10.3 | 9.8 | 8.5 |
| DIIIs | 2.5 | 1.8 | 3.7 | 5.0 |
| Public/other | 27.0 | 27.3 | 25.7 | 25.7 |

Source: BSE

Centrum estimates vs Actual results

| YE Mar (Rs mn) | Centrum Q3FY24 | Actual Q3FY24 | Variance (%) |
|----------------|----------------|---------------|--------------|
| Revenue | 2,988 | 2,955 | (1.1) |
| EBITDA | 709 | 791 | 11.6 |
| EBITDA margin | 23.7 | 26.8 | 304bps |
| Adj. PAT | 157 | 184 | 17.6 |

Source: Bloomberg, Centrum Broking



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Chemicals

Thesis Snapshot

Estimate revision

| YE Mar (Rs mn) | FY25E New | FY25E Old | % chg. | FY26E New | FY26E Old | % chg. |
|-------------------|--------------|--------------|---------|--------------|--------------|---------|
| Revenue | 17,592 | 22,404 | (21.5) | 22,496 | 27,931 | (19.5) |
| EBITDA | 4,880 | 6,303 | (22.6) | 6,353 | 7,956 | (20.1) |
| EBITDA margin (%) | 27.7 | 28.1 | (40bps) | 28.2 | 28.5 | (30bps) |
| PAT | 2,255 | 2,888 | (21.9) | 3,187 | 3,920 | (18.7) |

Source: Centrum Broking

Anupam Rasayan versus NIFTY Midcap 100

| | 1m | 6m | 1 year |
|------------------|--------|--------|--------|
| ANURAS IN | (13.5) | (12.6) | 34.5 |
| NIFTY Midcap 100 | 0.3 | 26.0 | 53.6 |

Source: Bloomberg, NSE

Key assumptions

| Y/E Mar | FY24E | FY25E | FY26E |
|--------------------|--------|-------|-------|
| Revenue growth (%) | (11.5) | 24.1 | 27.9 |
| EBITDA margin (%) | 26.5 | 27.7 | 28.2 |

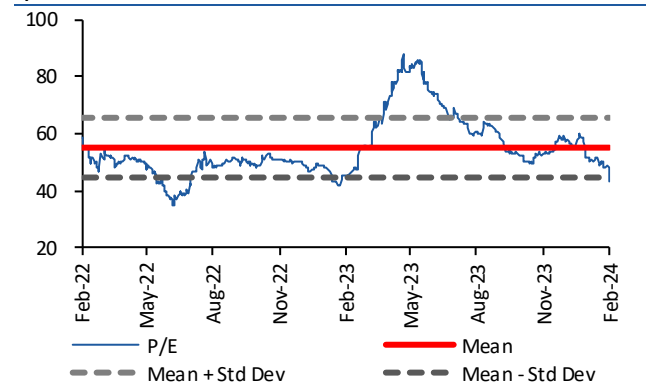
Source: Centrum Broking

Valuations

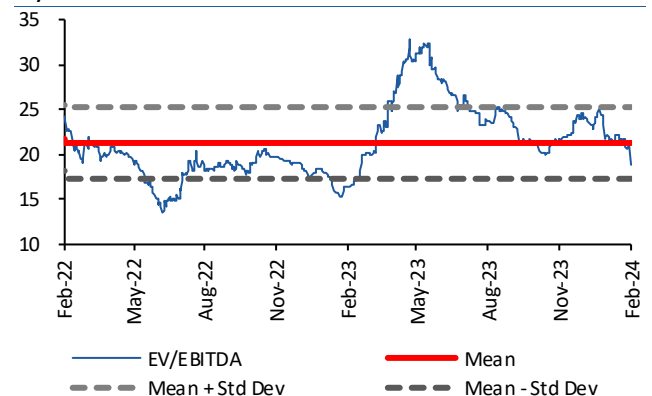
Based on 9MFY24 numbers, we have lowered our FY24E/FY25E/FY26E earnings estimates substantially by 29%/22%/19%. We estimate 24%/28% FY24E/ FY25E revenue growth coupled with strong 51%/41% EPS growth. The stock is trading at 41.8x/29.6x FY25E/FY26E EPS of Rs19.9/Rs28.1. Valuations still remain expensive with subdued return ratios at ~10% for FY26E. We thus maintain Sell with a lowered TP of Rs652 (earlier Rs863).

| SOTP | 1HFY26E EPS | PE (x) | Value (Rs/ share) |
|---------------------------|-------------|--------|-------------------|
| Anupam Rasayan | 22.0 | 28 | 616 |
| Tanfac | 1.7 | 22 | 36 |
| Target price | | | 652 |
| CMP | | | 830 |
| Upside/ (downside) | | | (21.5) |

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Peer comparison

| Company | Mkt Cap | CAGR (FY23A-26E) | | | P/E (x) | | | EV/EBITDA (x) | | | ROE (%) | | |
|-------------------------|-------------|------------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|------------|------------|------------|
| | (Rs bn) | Sales | EBITDA | EPS | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E |
| Aarti Industries | 244.7 | 10.1 | 19.8 | 22.1 | 63.7 | 32.4 | 24.6 | 27.5 | 18.5 | 15.0 | 7.5 | 13.4 | 15.5 |
| Anupam Rasayan | 91.1 | 12.0 | 13.8 | 18.6 | 63.1 | 41.8 | 29.6 | 24.0 | 19.0 | 14.5 | 5.5 | 7.1 | 9.4 |
| Atul | 187.7 | 6.9 | 12.8 | 9.5 | 50.7 | 36.2 | 27.8 | 27.9 | 20.9 | 16.7 | 7.6 | 9.9 | 11.8 |
| Deepak Nitrite | 299.3 | 11.2 | 23.7 | 24.0 | 38.9 | 21.9 | 18.4 | 26.0 | 14.7 | 12.2 | 17.4 | 25.4 | 24.2 |
| Dhanuka Agritech | 46.7 | 10.2 | 14.5 | 10.3 | 19.9 | 17.4 | 15.0 | 14.2 | 12.2 | 10.3 | 20.5 | 19.9 | 19.7 |
| Galaxy Surfactants | 93.2 | 1.9 | 2.2 | 0.8 | 29.8 | 26.5 | 24.1 | 18.1 | 16.2 | 14.5 | 15.7 | 15.6 | 15.2 |
| Gujarat Fluorochemicals | 375.1 | 16.2 | 5.6 | 1.1 | 87.4 | 42.7 | 28.5 | 41.3 | 25.0 | 17.6 | 7.7 | 14.2 | 18.2 |
| Navin Fluorine | 151.9 | 17.8 | 16.2 | 13.1 | 70.1 | 38.4 | 28.1 | 39.6 | 24.8 | 19.2 | 9.4 | 15.3 | 18.0 |
| PI Industries | 514.5 | 17.5 | 18.8 | 16.0 | 31.7 | 29.6 | 26.9 | 24.6 | 22.1 | 18.6 | 20.6 | 18.6 | 17.4 |
| Rossari biotech | 40.5 | 13.4 | 16.5 | 23.4 | 30.5 | 25.6 | 20.0 | 15.9 | 13.3 | 10.8 | 13.5 | 14.2 | 15.8 |
| SRF | 676.7 | 6.2 | 7.8 | 5.0 | 53.9 | 35.7 | 27.1 | 28.1 | 20.5 | 16.3 | 11.6 | 15.6 | 17.7 |
| UPL | 344.5 | (3.0) | (3.6) | (4.5) | - | 22.9 | 10.6 | 12.0 | 7.0 | 5.3 | (3.0) | 5.2 | 10.5 |
| Vinati Organics | 166.0 | 9.3 | 5.9 | 3.6 | 53.8 | 40.4 | 32.5 | 37.1 | 28.4 | 23.1 | 13.1 | 15.4 | 16.7 |

Source: Company, Centrum Broking

Q3FY24 Concall Highlights

Tepid environment for the next couple of quarters, ongoing capex sufficient for next 2-3 years' growth, expect to be debt free in next 18 months

Financial performance – Volume led impact, gross margins protected

- Revenues – 26% YoY decline, primarily due to volumes, little impact from pricing
- 9MFY24 cash – Rs5.8bn, sufficient for planned capex
- Repaid long term debt of Rs2bn from proceeds of fund raise
- Debt Long term – Less than Rs4bn, currently (Rs900mn promoter debt and external debt of Rs3.1bn), expect to repay completely from funds raised

Business performance - Support from polymers, pharma while agrochem tepid

- Top 10 customer – 77% of total revenues
- Total 23 products were supplied to top 10 customers
- Revenue break-up – Life science 91%, Specialities 9%
- Agrochem continues to witness demand issue + RM prices fall is impacting revenue
- Higher growth in Polymer and pharma set off tepid growth in Agrochem in Q3
- Revenue – Impacted due to challenging landscape + Inventory management by customer
- New LOI signed in Q3 for a Japanese customer – Fully backward integrated for the molecule
- Export – ~55-60% and Domestic ~40%
- Large part of demand is contractual in nature
- Q4 expected to be the end of the destocking period

Capex – No material capex required except ongoing one

- Current capex sufficient for growth of the next 2-3 years
- Base business – Revenue visibility of Rs14-18bn, excluding capacities for LOIs and fluorination

Outlook - Tepid growth in near term

- FY25E interest savings – Rs240mn
- Ambitious target to become debt free in next 18 months
- Industry demand will improve in 1HFY25E and will pose a strong FY25E
- Revenues to start picking up from 1HFY25E
- Good contribution from Pharma and Polymer from FY25-26E
- Good demand growth to be sustainable for the next 2-3 years post FY25E
- Pharma and polymer contribution to go up while Agrochem to come down
- WC guidance of 180-200 days by end-FY24E expected to move ahead

Q3FY24 snippets from presentation

Capex on track, 11 new molecules launched in 9MFY24

Business performance

- Chemical industry continues to face headwinds + client off-taking minimum quantities to manage year end WC has impacting company's performance for Q3
- Added 6 new products in Q3FY24 taking total to 64 products, total for 9MFY24 is 11 products.
- Six molecules commercialised in Q3 – Four fluorination molecules and two molecule is from signed LOIs and contracts
- New LOI – Signed a LOI worth USD61mn i.e.Rs5.07bn for next 9 years with one of the leading Japanese Chemical companies to supply new age polymer intermediate
- Japan business will see strong growth in the coming years and will likely to become a major business centre for Anupam
- To invest Rs590mn towards setting up a 9.6MW hybrid (Wind plus Solar) power plant
- 65% of the company's electricity consumption will be from green energy
- Issued equity shares worth Rs1.8bn and Rs3.7bn worth warrants to promoters and institutional investors through preferential issue
- Company received Rs2.725bn through equity shares and 1st tranche of warrants, out of which till date Rs1.984bn has been utilized towards repayment of term loans
- LOI/Contracts signed – Rs81.76bn in last three years hence strong visibility of revenue for coming years

Capex

- 9M Capex – Rs3811mn out of the Rs6.70bn announced, with balance capex to be incurred in the next 2 quarters
- Company to invest Rs590mn towards setting up of Hybrid (Solar plus wind) power plant of 9.6 MW capacity. This will result in savings of ~Rs150mn per year; this would translate to over 65% of Company's electricity consumption from green sources.

Outlook

- Execution of Signed LOIs and Contracts
- 90+ Number of molecules in R&D and Pilot
- 11+ Number of molecules to be commercialised in FY24E
- Expansion in Fluorination chemistry, potential revenue per segment- Polymers USD40-70mn, Pharmaceuticals USD80-90mn, Agrochem USD100mn
- FY25E will be a year of demand resurgence and strong growth

Exhibit 1: Anupam Rasayan long term contracts (LOIs)

| Signing Qtr | Value (Rs mn) | Customer | Segment | LOI/Contract | Tenure (years) |
|--------------|---------------|------------------------------------|-----------------|--------------|----------------|
| Q1FY22 | 11,000 | Multinational Life Science Company | Life Science | LOI | 5 |
| Q1FY22 | 5,400 | Two Multinational Companies | Life Science | Contract | 5 |
| Q2FY22 | 1,440 | European Multinational Company | Life Science | Contract | 5 |
| Q3FY22 | 1,350 | Japanese Multinational Company | Life Science | Contract | 4 |
| Q4FY22 | 7,000 | Multinational Crop Protection | Life Science | LOI | 5 |
| Q4FY23 | 9,840 | Company | Life Science | LOI | 6 |
| Q1FY24 | 15,000 | Japanese Chemical Company | Other Specialty | LOI | 7 |
| Q1FY24 | 3,800 | Japanese Multinational | Chemical | LOI | 5 |
| Q1FY24 | 21,860 | American Multinational | Other Specialty | LOI | 5 |
| Q3FY24 | 5,070 | Japanese Chemical Company | Chemical | LOI | 9 |
| Total | 81,760 | | | | |

Source: Company Data, Centrum Broking

Exhibit 2: Anupam Rasayan - Quarterly Review (Cons.)

| Y/E March (Rs mn) | Q3FY24 | Q3FY23 | YoY (%) | Q2FY24 | QoQ (%) | 9M FY24 | 9M FY23 | % chg. |
|-----------------------------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Net sales | 2,955 | 3,921 | (24.6) | 3,921 | (24.6) | 10,741 | 11,285 | (4.8) |
| Cost of Goods | 1,009 | 1,684 | (40.1) | 1,625 | (37.9) | 4,265 | 4,677 | (8.8) |
| % of sales | 34.2 | 43.0 | | 41.4 | | 39.7 | 41.4 | |
| Employee Benefit expense | 210 | 200 | 5.0 | 185 | 13.7 | 581 | 525 | 10.8 |
| % of sales | 7.1 | 5.1 | | 4.7 | | 5.4 | 4.6 | |
| Other expenditure | 945 | 924 | 2.3 | 1,036 | (8.8) | 3,014 | 2,877 | 4.8 |
| % of sales | 32.0 | 23.6 | | 26.4 | | 28.1 | 25.5 | |
| Operating profit | 791 | 1,112 | (28.9) | 1,075 | (26.4) | 2,880 | 3,206 | (10.2) |
| OPM (%) | 26.8 | 28.4 | | 27.4 | | 26.8 | 28.4 | |
| Dep. and amor. | 204 | 185 | 10.5 | 198 | 2.9 | 590 | 526 | 12.2 |
| EBIT | 587 | 928 | (36.8) | 876 | (33.1) | 2,290 | 2,681 | |
| Interest | 251 | 142 | 77.5 | 204 | 23.0 | 634 | 424 | 49.4 |
| Other income | 24 | (33) | - | 35 | (31.3) | 182 | (222) | - |
| Excp. Item | 0 | 0 | | 0 | | 0 | 0 | |
| PBT | 359 | 753 | (52.3) | 707 | (49.2) | 1,839 | 2,034 | (9.6) |
| Provision for tax | 99 | 209 | (52.8) | 220 | (55.0) | 569 | 607 | (6.2) |
| eff. tax rate | 27.5 | 27.8 | | 31.1 | | 30.9 | 29.8 | |
| PAT | 260 | 544 | (52.2) | 487 | (46.6) | 1,270 | 1,427 | (11.0) |
| Share of Prof./ (Loss) from Asso. | 0 | 0 | - | 0 | | 0 | 15 | - |
| Minority interest | 76 | 115 | | 80 | (4.9) | 293 | 200 | |
| Rep. PAT | 184 | 429 | (57.1) | 407 | (54.8) | 977 | 1,242 | (21.3) |
| NPM (%) | 6.2 | 11.0 | | 10.3 | | 8.9 | 11.2 | |
| EPS (Rs) | 1.7 | 4.0 | (58.0) | 3.8 | (55.5) | 8.9 | 11.6 | (23.0) |

Source: Centrum Broking, Company Data

Exhibit 3: Quarterly trend

| Cons. (Rs mn) | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 | Q2FY24 | Q3FY24 | YoY (%) | QoQ (%) |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Revenues | 3,436 | 3,862 | 3,921 | 4,800 | 3,864 | 3,921 | 2,955 | (24.6) | (24.6) |
| Q-o-Q gr. (%) | 5.8 | 12.4 | 1.5 | 22.4 | (19.5) | 1.5 | (24.6) | | |
| Raw Mat. Cons. | 1,376 | 1,617 | 1,684 | 2,359 | 1,630 | 1,625 | 1,009 | (40.1) | (37.9) |
| % of net sales | 40.0 | 41.9 | 43.0 | 49.1 | 42.2 | 41.4 | 34.2 | | |
| Employee Costs | 144 | 181 | 200 | 164 | 186 | 185 | 210 | 5.0 | 13.7 |
| % of net sales | 4.2 | 4.7 | 5.1 | 3.4 | 4.8 | 4.7 | 7.1 | | |
| Others | 931 | 1,023 | 924 | 1,104 | 1,033 | 1,036 | 945 | 2.3 | (8.8) |
| % of net sales | 27.1 | 26.5 | 23.6 | 23.0 | 26.7 | 26.4 | 32.0 | | |
| EBITDA | 986 | 1,042 | 1,112 | 1,173 | 1,014 | 1,075 | 791 | (28.9) | (26.4) |
| Q-o-Q growth (%) | (6.1) | 5.8 | 6.7 | 5.4 | (13.5) | 6.0 | (26.4) | | |
| EBITDA Margin (%) | 28.7 | 27.0 | 28.4 | 24.4 | 26.2 | 27.4 | 26.8 | | |
| Dep. & Amor. | 164 | 177 | 185 | 185 | 187 | 198 | 204 | 10.5 | 2.9 |
| EBIT | 822 | 865 | 928 | 988 | 827 | 876 | 587 | (36.8) | (33.1) |
| Interest exp. | 122 | 160 | 142 | 203 | 178 | 204 | 251 | 77.5 | 23.0 |
| Other Income | (93) | (31) | (33) | 243 | 124 | 35 | 24 | - | (31.3) |
| EBT | 607 | 674 | 753 | 1,028 | 773 | 707 | 359 | (52.3) | (49.2) |
| Provision for tax | 202 | 196 | 209 | 301 | 250 | 220 | 99 | (52.8) | (55.0) |
| Eff. tax rate (%) | 33.2 | 29.1 | 27.8 | 29.3 | 32.4 | 31.1 | 27.5 | | |
| Net Profit | 405 | 478 | 544 | 726 | 523 | 487 | 260 | (52.2) | (46.6) |
| Share of Prof./ (Loss) from Asso. | 15 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Minority interest | 23 | 62 | 115 | 160 | 136 | 80 | 76 | (33.9) | (4.9) |
| Rep. PAT | 397 | 416 | 429 | 567 | 386 | 407 | 184 | (57.1) | (54.8) |
| Q-o-Q gr. (%) | (13.9) | 4.7 | 3.2 | 32.1 | (31.9) | 5.4 | (54.8) | | |
| PAT Margin (%) | 11.9 | 10.8 | 11.0 | 11.2 | 9.7 | 10.3 | 6.2 | | |

Source: Centrum Broking, Company Data

| P&L | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| YE Mar (Rs mn) | FY22A | FY23A | FY24E | FY25E | FY26E |
| Revenues | 10,660 | 16,019 | 14,172 | 17,592 | 22,496 |
| Operating Expense | 3,699 | 7,036 | 5,624 | 7,195 | 9,076 |
| Employee cost | 485 | 689 | 808 | 912 | 1,118 |
| Others | 3,506 | 3,981 | 3,984 | 4,605 | 5,948 |
| EBITDA | 2,970 | 4,314 | 3,756 | 4,880 | 6,353 |
| Depreciation & Amortisation | 601 | 711 | 816 | 1,058 | 1,131 |
| EBIT | 2,369 | 3,603 | 2,940 | 3,822 | 5,222 |
| Interest expenses | 308 | 627 | 462 | 226 | 166 |
| Other income | 151 | 86 | 223 | 245 | 257 |
| PBT | 2,212 | 3,062 | 2,701 | 3,841 | 5,314 |
| Taxes | 697 | 908 | 837 | 1,152 | 1,594 |
| Effective tax rate (%) | 31.5 | 29.7 | 31.0 | 30.0 | 30.0 |
| PAT | 1,515 | 2,154 | 1,864 | 2,689 | 3,719 |
| Minority/Associates | 7 | (345) | (372) | (433) | (532) |
| Recurring PAT | 1,522 | 1,808 | 1,492 | 2,255 | 3,187 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 1,522 | 1,808 | 1,492 | 2,255 | 3,187 |
| Ratios | | | | | |
| YE Mar | FY22A | FY23A | FY24E | FY25E | FY26E |
| Growth (%) | | | | | |
| Revenue | 31.5 | 50.3 | (11.5) | 24.1 | 27.9 |
| EBITDA | 53.3 | 45.2 | (12.9) | 29.9 | 30.2 |
| Adj. EPS | 77.4 | 10.9 | (21.9) | 51.2 | 41.3 |
| Margins (%) | | | | | |
| Gross | 65.3 | 56.1 | 60.3 | 59.1 | 59.7 |
| EBITDA | 27.9 | 26.9 | 26.5 | 27.7 | 28.2 |
| EBIT | 22.2 | 22.5 | 20.7 | 21.7 | 23.2 |
| Adjusted PAT | 14.3 | 11.3 | 10.5 | 12.8 | 14.2 |
| Returns (%) | | | | | |
| ROE | 9.2 | 8.8 | 5.5 | 7.1 | 9.4 |
| ROCE | 7.8 | 8.9 | 6.4 | 7.8 | 10.0 |
| ROIC | 6.7 | 8.9 | 6.9 | 7.8 | 9.9 |
| Turnover (days) | | | | | |
| Gross block turnover ratio (x) | 0.8 | 1.0 | 0.7 | 0.7 | 0.9 |
| Debtors | 83 | 79 | 99 | 82 | 81 |
| Inventory | 669 | 466 | 558 | 435 | 413 |
| Creditors | 211 | 143 | 207 | 179 | 179 |
| Net working capital | 402 | 395 | 440 | 314 | 275 |
| Solvency (x) | | | | | |
| Net debt-equity | 0.4 | 0.1 | (0.1) | 0.0 | (0.1) |
| Interest coverage ratio | 9.6 | 6.9 | 8.1 | 21.6 | 38.3 |
| Net debt/EBITDA | 2.0 | 0.5 | (1.1) | (0.3) | (0.4) |
| Per share (Rs) | | | | | |
| Adjusted EPS | 15.2 | 16.8 | 13.2 | 19.9 | 28.1 |
| BVPS | 172.3 | 220.8 | 269.8 | 287.7 | 313.0 |
| CEPS | 21.2 | 23.4 | 20.3 | 29.2 | 38.1 |
| DPS | 1.0 | 1.9 | 1.1 | 2.0 | 2.8 |
| Dividend payout (%) | 6.6 | 11.3 | 8.0 | 10.0 | 10.0 |
| Valuation (x) | | | | | |
| P/E | 54.7 | 49.3 | 63.1 | 41.8 | 29.6 |
| P/BV | 4.8 | 3.8 | 3.1 | 2.9 | 2.7 |
| EV/EBITDA | 30.1 | 21.2 | 24.0 | 19.0 | 14.5 |
| Dividend yield (%) | 0.1 | 0.2 | 0.1 | 0.2 | 0.3 |

Source: Company, Centrum Broking

| Balance sheet | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| YE Mar (Rs mn) | FY22A | FY23A | FY24E | FY25E | FY26E |
| Equity share capital | 1,002 | 1,075 | 1,134 | 1,134 | 1,134 |
| Reserves & surplus | 16,266 | 22,651 | 29,465 | 31,495 | 34,364 |
| Shareholders fund | 17,269 | 23,726 | 30,600 | 32,630 | 35,499 |
| Minority Interest | 0 | 1,355 | 1,745 | 2,199 | 2,757 |
| Total debt | 8,167 | 7,876 | 3,326 | 2,326 | 1,326 |
| Non Current Liabilities | 195 | 280 | 280 | 280 | 280 |
| Def tax liab. (net) | 546 | 760 | 760 | 760 | 760 |
| Total liabilities | 26,177 | 33,997 | 36,710 | 38,195 | 40,622 |
| Gross block | 13,680 | 16,391 | 20,141 | 24,641 | 26,341 |
| Less: acc. Depreciation | (2,213) | (4,009) | (4,815) | (5,862) | (6,981) |
| Net block | 11,467 | 12,382 | 15,326 | 18,779 | 19,360 |
| Capital WIP | 437 | 1,203 | 1,203 | 1,203 | 1,203 |
| Net fixed assets | 12,459 | 15,376 | 18,320 | 21,772 | 22,351 |
| Non Current Assets | 492 | 1,277 | 1,277 | 1,277 | 1,277 |
| Investments | 1,488 | 14 | 14 | 14 | 14 |
| Inventories | 8,632 | 9,315 | 7,873 | 9,285 | 11,248 |
| Sundry debtors | 2,801 | 4,151 | 3,543 | 4,398 | 5,624 |
| Cash & Cash Equivalents | 2,097 | 5,643 | 7,385 | 3,911 | 3,659 |
| Loans & advances | 40 | 147 | 147 | 147 | 147 |
| Other current assets | 896 | 1,856 | 1,856 | 1,856 | 1,856 |
| Trade payables | 2,278 | 3,226 | 3,149 | 3,909 | 4,999 |
| Other current liab. | 359 | 423 | 423 | 423 | 423 |
| Provisions | 92 | 133 | 133 | 133 | 133 |
| Net current assets | 11,738 | 17,330 | 17,099 | 15,131 | 16,979 |
| Total assets | 26,177 | 33,997 | 36,710 | 38,195 | 40,622 |

| Cashflow | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| YE Mar (Rs mn) | FY22A | FY23A | FY24E | FY25E | FY26E |
| Profit Before Tax | 2,212 | 3,062 | 2,701 | 3,841 | 5,315 |
| Depreciation & Amortisation | 601 | 711 | 816 | 1,058 | 1,131 |
| Net Interest | 308 | 627 | 462 | 226 | 166 |
| Net Change – WC | (5,351) | (1,305) | 1,973 | (1,506) | (2,099) |
| Direct taxes | (394) | (726) | (837) | (1,152) | (1,594) |
| Net cash from operations | (2,769) | 2,298 | 4,909 | 2,243 | 2,686 |
| Capital expenditure | (1,373) | (3,520) | (3,760) | (4,510) | (1,710) |
| Acquisitions, net | 0 | 0 | 0 | 0 | 0 |
| Investments | (1,488) | 818 | 0 | 0 | 0 |
| Others | 151 | 86 | 223 | 245 | 257 |
| Net cash from investing | (2,710) | (2,617) | (3,537) | (4,265) | (1,453) |
| FCF | (5,479) | (319) | 1,372 | (2,022) | 1,233 |
| Issue of share capital | 3 | 72 | 5,501 | 0 | 0 |
| Increase/(decrease) in debt | 5,260 | (291) | (4,550) | (1,000) | (1,000) |
| Dividend paid | (100) | (205) | (119) | (226) | (319) |
| Interest paid | (308) | (627) | (462) | (226) | (166) |
| Others | (1,911) | 1,150 | 0 | 0 | 0 |
| Net cash from financing | 2,944 | 100 | 370 | (1,452) | (1,485) |
| Net change in Cash | (2,534) | (219) | 1,742 | (3,474) | (252) |

Source: Company, Centrum Broking

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Anupam Rasayan



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