# UPL

| | |
|---|---|
| Estimate change | ⟷ |
| TP change | ⟷ |
| Rating change | ⟷ |

| | |
|---|---|
| Bloomberg | UPLL IN |
| Equity Shares (m) | 751 |
| M.Cap.(INRb)/(USDb) | 386.7 / 4.6 |
| 52-Week Range (INR) | 625 / 448 |
| 1, 6, 12 Rel. Per (%) | -8/-7/-30 |
| 12M Avg Val (INR M) | 1771 |

**Financials & Valuations (INR b)**

| Y/E Mar | 2025E | 2026E | 2027E |
|---|---|---|---|
| Sales | 461.7 | 506.7 | 545.3 |
| EBITDA | 77.8 | 93.2 | 106.3 |
| PAT | 19.2 | 36.0 | 50.1 |
| EBITDA (%) | 16.8 | 18.4 | 19.5 |
| EPS (INR) | 25.1 | 47.1 | 65.5 |
| EPS Gr. (%) | 587.0 | 87.2 | 39.2 |
| BV/Sh. (INR) | 497 | 547 | 625 |
| **Ratios** | | | |
| Net D/E | 1.0 | 0.8 | 0.6 |
| RoE (%) | 7.7 | 13.7 | 16.9 |
| RoCE (%) | 5.2 | 9.9 | 11.6 |
| Payout (%) | 78.6 | 29.7 | 21.4 |
| **Valuations** | | | |
| P/E (x) | 20.4 | 10.9 | 7.8 |
| EV/EBITDA (x) | 8.1 | 6.4 | 5.3 |
| Div Yield (%) | 2.8 | 2.8 | 2.8 |
| FCF Yield (%) | 15.3 | 18.8 | 17.9 |

**Shareholding Pattern (%)**

| | Sep-24 | Jun-24 | Sep-23 |
|---|---|---|---|
| Promoter | 32.5 | 32.5 | 32.5 |
| DII | 17.7 | 15.7 | 17.3 |
| FII | 37.5 | 37.8 | 37.6 |
| Others | 12.3 | 13.9 | 12.6 |

Note: FII includes depository receipts

**CMP: INR515 TP: INR550 (+7%) Neutral**

## Pricing pressure continues to hurt operating performance

### Operating performance below expectations

- UPL Ltd (UPLL) reported a muted quarter as EBITDA remained flat on a YoY basis, largely due to a price decline (down 7% YoY) led by overcapacity in China. Volume grew 16% (indicating a healthy demand environment), resulting in revenue growth of 9% YoY.
- UPLL is expecting improvement in the global business, with inventory destocking nearing completion. Further, margins are expected to witness a significant uptick in 2H, led by the benefit of lower-cost inventory, increase in high-margin product sales, favorable regional mix, and margin expansion in the Indian business.
- We largely retain our FY25E/ FY26E EPS on the back of positive commentary on the outlook (expected margin recovery and mid-single digit volume growth in 2HFY25) and unchanged guidance. **Reiterate Neutral with a TP of INR550.**

### Strong volume growth drives revenue

- UPL reported revenue of INR110.9b (est. INR106.5b) in 2QFY25, up 9% YoY (volume growth: 16%, price decline: 7%). EBITDA stood at INR15.8b (est. INR16.8b), flat YoY. EBITDA margin was 14.2% vs. 15.5% in 2QFY24, due to a 110bp contraction in gross margin. The contribution margin was hit due to pricing pressure and a change in the regional mix.
- Net loss came in at INR630m (est. Adj. PAT INR635m) vs. net profit of INR1.1b in 2QFY24. The company witnessed a higher loss on account of the impact of income tax charge due to non-recognition and the reversal of DTA in some countries.
- **India** revenue increased 13% YoY to INR15.7b, led by higher volume on account of better demand closer to application seasons. **North America** revenue grew 10% YoY to INR5.5b on account of the continued strong in-season demand. **LATAM** revenue was flat at INR50.4b, as the strong volume growth was offset by price softening. **Europe** revenue rose 8% YoY to INR13.6b, aided by strong volume growth in Fungicides, while **RoW** revenue grew 29% YoY to INR25.5b, owing to volume-led growth in Africa.
- Advanta revenue increased 4% YoY to INR11.1b, driven by grain sorghum in Argentina and Australia and corn in India, Thailand, and ASEAN, while UPL specialty Chemical revenue remained flat at INR26b as growth in the non-captive business was offset by a decline in the captive business.
- Gross debt (excluding perpetual bonds) declined to INR318.4b in Sep'24 vs. INR339.3b as of Sep'23, Net debt declined to INR275.3b in Sep'24 vs INR307b in Sep'23.
- In 1HFY25, revenue increased 5% to INR201.6b. However, EBITDA declined 14% YoY to INR27.2b. Net loss stood at INR2.7b vs Adj Pat of INR5.1m in 1HFY24. For 2HFY25, implied Revenue/EBITDA growth is 9%/2.2x, led by margin expansion.

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## Highlights from the management commentary

- **Guidance:** The company expects mid-single-digit volume growth in 2H. Management has maintained its guidance of ~4-8% revenue growth in FY25, with an absolute EBITDA growth of ~50%. It expects FCF generation of USD300-400m.
- **Outlook**: UPLL is expecting improvement in the global business with inventory destocking nearing completion. However, the pricing pressure continues due to overcapacity in China. Management expects it to abate going forward.
- **Capex:** UPLL will incur a capex of ~INR18b in FY25, with ~INR7b already incurred in 1HFY25.

## Valuation and view

- We expect 2HFY25 to witness a recovery in margins, aided by the benefit of lower-cost inventory and a favorable regional mix. Demand is expected to be normalized with a major part of global inventory destocking being completed.
- However, any short-term challenges due to price volatility, cash flow generation, and debt repayments remain the key monitorables.
- **We reiterate Neutral with a TP of INR550 (based on 10x Sep'26E EPS)**

**Cons.: Quarterly Earning Model** (INRb)

| Y/E March | FY24 | | | | FY25E | | | | FY24 | FY25E | FY25E | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2Q | % |
| **Net Sales** | **89.6** | **101.7** | **98.9** | **140.8** | **90.7** | **110.9** | **106.8** | **153.4** | **431.0** | **461.7** | **106.5** | **4%** |
| YoY Change (%) | -17.2 | -18.7 | -27.7 | -15.0 | 1.2 | 9.0 | 8.0 | 8.9 | -19.6 | 7.1 | 4.7 | |
| Total Expenditure | 73.7 | 86.0 | 94.7 | 121.5 | 79.2 | 95.2 | 85.9 | 123.7 | 375.8 | 383.9 | 89.7 | |
| **EBITDA** | **15.9** | **15.8** | **4.2** | **19.3** | **11.5** | **15.8** | **20.9** | **29.7** | **55.2** | **77.8** | **16.8** | **-6%** |
| Margins (%) | 17.8 | 15.5 | 4.2 | 13.7 | 12.6 | 14.2 | 19.5 | 19.4 | 12.8 | 16.8 | 15.8 | |
| Depreciation | 6.4 | 6.6 | 6.8 | 7.9 | 6.6 | 7.0 | 7.5 | 8.6 | 27.6 | 29.7 | 6.7 | |
| Interest | 7.0 | 8.7 | 11.9 | 10.9 | 9.1 | 10.7 | 9.0 | 8.5 | 38.5 | 37.3 | 9.0 | |
| Other Income | 1.0 | 1.1 | 1.5 | 1.3 | 1.0 | 1.1 | 1.4 | 1.3 | 4.8 | 4.8 | 1.0 | |
| Exch. difference on trade rec./payable | 3.2 | 2.5 | 3.2 | 0.8 | 0.5 | 2.2 | 0.0 | 0.0 | 9.8 | 2.7 | 0.0 | |
| **PBT before EO expense** | **0.4** | **-1.0** | **-16.2** | **0.9** | **-3.7** | **-3.0** | **5.8** | **13.9** | **-15.9** | **12.9** | **2.1** | |
| Extra-Ord expense | 0.4 | 0.9 | 0.2 | 1.1 | 0.5 | 0.1 | 0.0 | 0.0 | 2.5 | 0.6 | 0.0 | |
| **PBT** | **0.0** | **-1.9** | **-16.4** | **-0.1** | **-4.2** | **-3.1** | **5.8** | **13.9** | **-18.5** | **12.3** | **2.1** | |
| Tax | -1.6 | -1.0 | -0.6 | 1.1 | 0.7 | 1.4 | 1.0 | 2.5 | -2.1 | 5.6 | 0.4 | |
| Rate (%) | 3,280.0 | 51.9 | 3.6 | -733.3 | -17.0 | -44.2 | 18.0 | 18.0 | 11.3 | 45.7 | 18.0 | |
| MI & P/L of Asso. Cos. | -0.1 | 1.0 | -3.6 | -1.7 | -1.1 | -0.1 | -4.0 | -1.7 | -4.4 | -6.9 | 1.1 | |
| **Reported PAT** | **1.7** | **-1.9** | **-12.2** | **0.4** | **-3.8** | **-4.4** | **8.7** | **13.2** | **-12.0** | **13.6** | **0.6** | |
| **Adj PAT** | **4.0** | **1.1** | **-5.9** | **3.6** | **-2.0** | **-0.6** | **8.7** | **13.2** | **2.8** | **19.2** | **0.6** | **NA** |
| YoY Change (%) | -61.7 | -89.8 | -144.2 | -65.1 | -150.8 | -159.3 | -248.0 | 260.5 | -93.7 | 587.0 | -40.2 | |
| Margins (%) | 4.5 | 1.0 | -6.0 | 2.6 | -2.2 | -0.6 | 8.2 | 8.6 | 0.6 | 4.2 | 0.6 | |

Note: Adjusted PAT = Reported PAT + forex adjustment + exceptional item

**Key Performance Indicators**

| Y/E March | FY24 | | | | FY25E | | | | FY24 | FY25E |
|---|---|---|---|---|---|---|---|---|---|---|
| Consolidated | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| **Sales Growth Split** | | | | | | | | | | |
| Volume (%) | **-9.0** | **-7.0** | **-5.0** | **-2.0** | **16.0** | **16.0** | **0.0** | **0.0** | **-6.0** | **8.0** |
| Price (%) | **-10.0** | **-15.0** | **-24.0** | **-15.0** | **-14.0** | **-7.0** | **0.0** | **0.0** | **-17.0** | **-0.9** |
| Exchange Impact (%) | **2.0** | **3.0** | **1.0** | **2.0** | **-1.0** | **0.0** | **0.0** | **0.0** | **2.0** | **0.0** |
| **Cost Break-up** | | | | | | | | | | |
| RM Cost (% of sales) | 43.8 | 51.4 | 64.0 | 64.0 | 49.9 | 52.5 | 48.2 | 54.5 | **56.8** | **51.7** |
| Staff Cost (% of sales) | 13.8 | 12.3 | 11.7 | 7.4 | 14.7 | 12.1 | 12.3 | 8.7 | **10.9** | **11.5** |
| Other Cost (% of sales) | 24.6 | 20.8 | 20.2 | 14.9 | 22.8 | 21.2 | 20.0 | 17.4 | **19.5** | **20.0** |
| Gross Margins (%) | 56.2 | 48.6 | 36.0 | 36.0 | 50.1 | 47.5 | 51.8 | 45.5 | **43.2** | **48.3** |
| EBITDA Margins (%) | 17.8 | 15.5 | 4.2 | 13.7 | 12.6 | 14.2 | 19.5 | 19.4 | **12.8** | **16.8** |
| EBIT Margins (%) | 10.7 | 9.0 | -2.6 | 8.1 | 5.4 | 7.9 | 12.5 | 13.8 | **6.4** | **10.4** |

## Key exhibits

**Exhibit 1: Quarterly revenue trend**

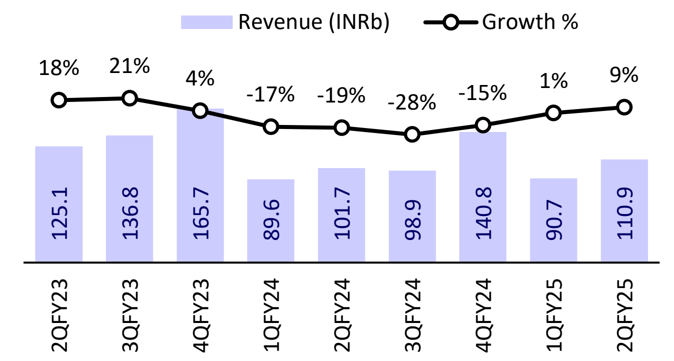



**Exhibit 2: Quarterly EBITDA trend**

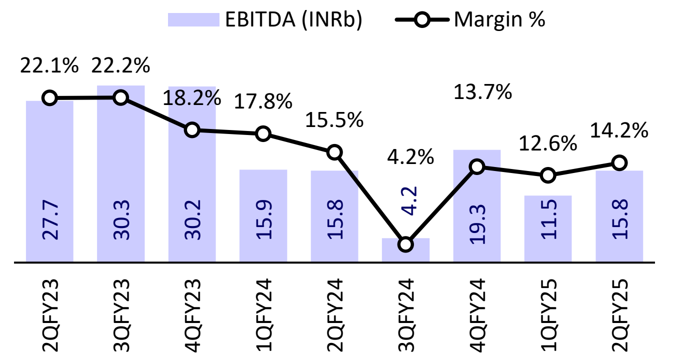



**Exhibit 3: Quarterly adjusted PAT trend**

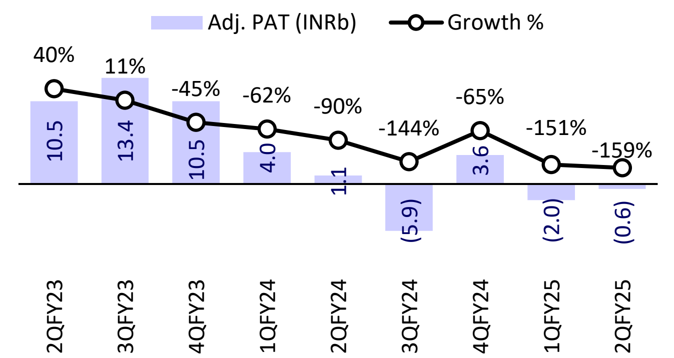



**Exhibit 4: Quarterly and annual growth breakup**

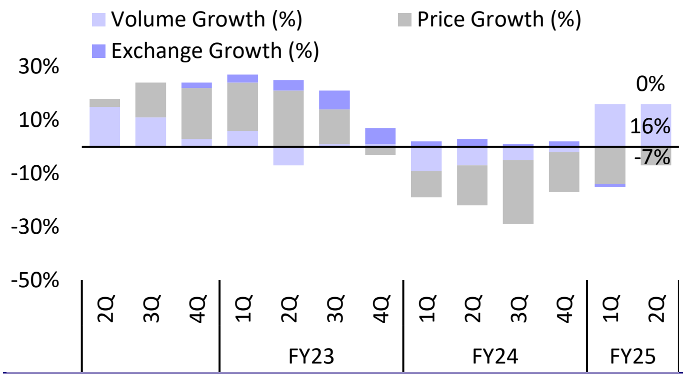


**Exhibit 5: Quarterly revenue trend – India**

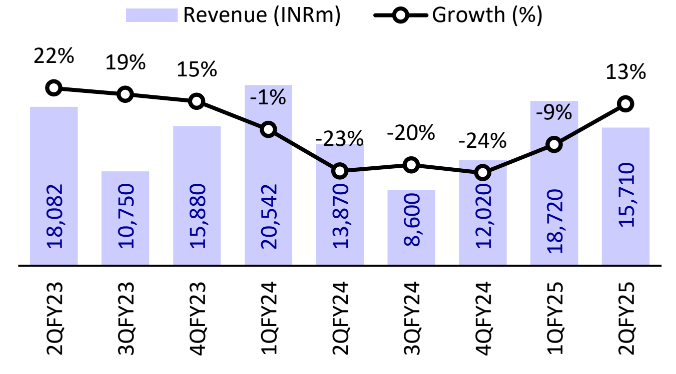



**Exhibit 6: Quarterly revenue trend – LATAM**

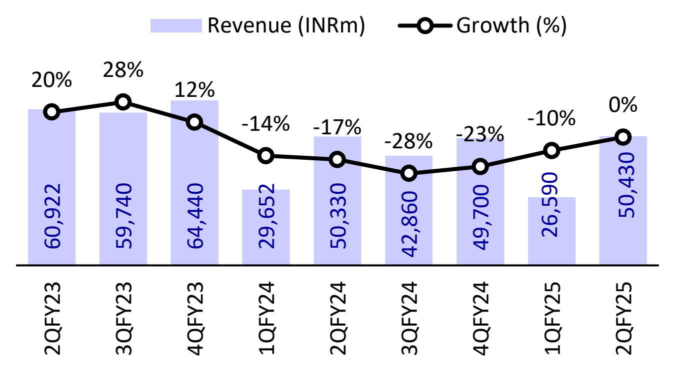
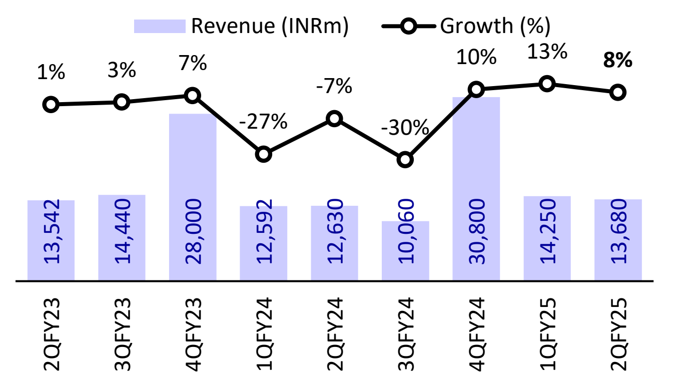
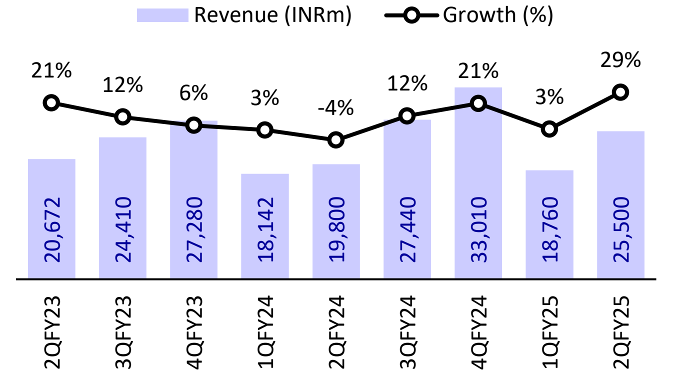



**Exhibit 7: Quarterly revenue trend – Europe**



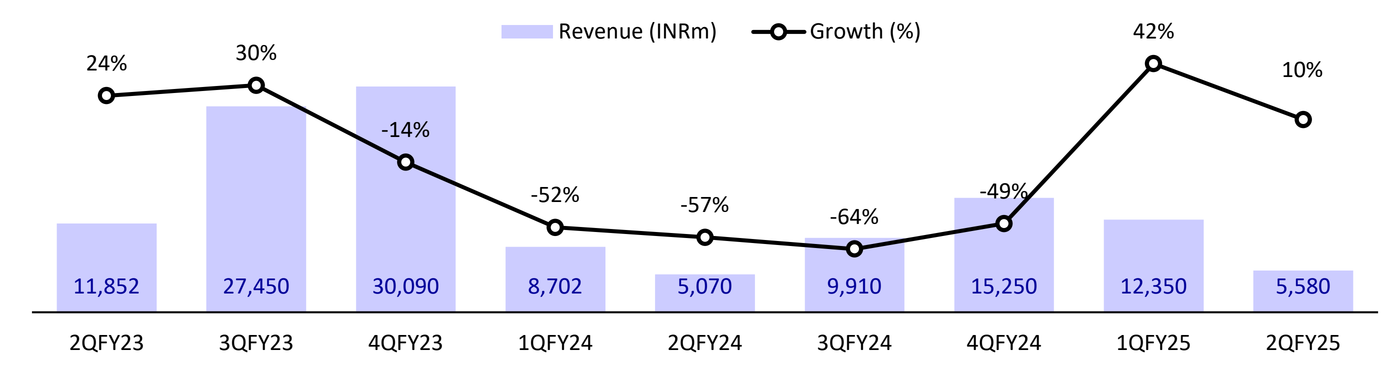

Source: Company, MOFSL

**Exhibit 8: Quarterly revenue trend – RoW**



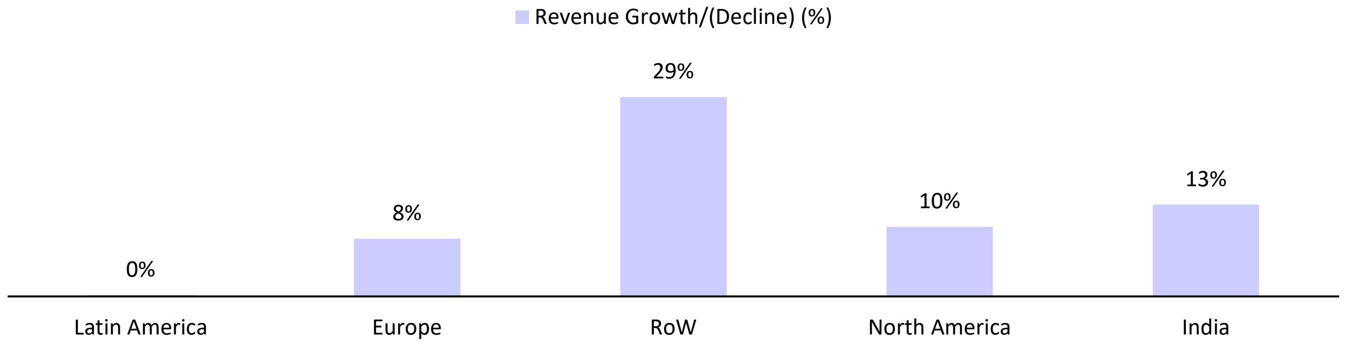

Source: Company, MOFSL

**Exhibit 9: Quarterly revenue trend – North America**




Source: Company, MOFSL

**Exhibit 10: Revenue growth/decline by region in 2QFY25**




Source: Company, MOFSL

**Exhibit 11: Gross and net debt trends (excluding perpetual bond of INR29.86b)**

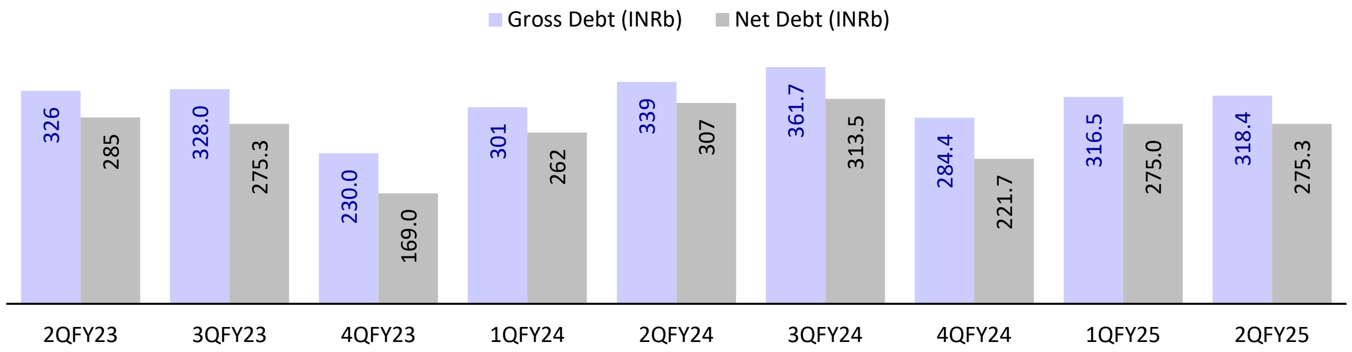
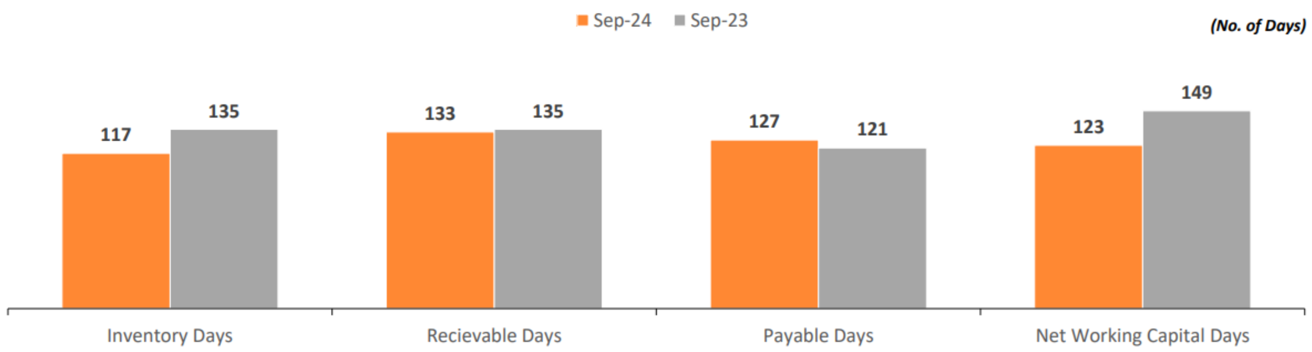



**Exhibit 12: Working capital analysis (no. of days)**




Source: Company, MOFSL

CONFERENCE CALL

## Highlights from the conference call

### Operating Performance

- UPLL witnessed strong volume recovery across all geographies. However, the pricing pressure continued during the quarter.
- There was strong growth in Europe, primarily driven by increased fungicide and NPP volumes, with additional support from Brazil and North America. In India, growth was fueled by higher volumes, accompanied by margin expansion.
- The contribution margin stood at 37.7% (down 220bp) due to a drop in realizations and change in the regional mix.
- SG&A expense grew 5% YoY on account of one of the customers filing for bankruptcy, resulting in increased credit loss.
- The company witnessed a higher loss on account of the impact of income tax charge due to the non-recognition and reversal of DTA in some countries.
- Foreign exchange charge stood at ~INR3.75b due to higher revenue and significantly higher cost of hedging in some countries.
- Net working capital saw a significant reduction from 149 days in 1HFY24 to 123 days in 1HFY25.

### Guidance and Outlook

- The company is witnessing strong recovery. The management maintains revenue growth guidance of ~4-8% in FY25.
- The company expects mid-single-digit volume growth in 2H. However, pricing pressure will abate going forward.
- Management expects ~50% YoY growth in EBITDA in FY25.
- EBITDA margins is expected to witness expansion, led by lower cost inventory, increase in high-margin product sales, favorable regional mix (US and Europe are margin geography), and a higher margin in India.
- 2H is a stronger period for the global crop protection business, providing the benefit of operating leverage.
- The company is well-positioned to generate USD300-400m of free cash flows, which will be used to repay debt.
- The company expects to incur a capex of ~INR18b in FY25, with ~INR7b already incurred in 1HFY25.

### UPL Corporation

- Destocking of the global crop protection market is majorly complete and orders are coming in normally. However, price pressure continues due to overcapacity in China.
- UPL continues to perform well in maintaining and growing its market share in most regions.
- Margins were impacted in 2Q due to a price decline in LATAM, along with an unfavorable product mix in Europe.
- Growth of Fungicides volumes was led by Brazil and Europe, while the Herbicide performance was impacted in Argentina and North America. The Insecticide portfolio was impacted by pricing pressure.
- NPP witnessed a strong performance in 2QFY25, led by biocontrol in LATAM and Europe, along with key biostimulants in Brazil.
- Pricing pressure in key AIs will continue to be a key headwind for the company.
- With lower input costs, the company will continue to focus on margin improvement. It expects to witness a positive outcome from 2HFY25 onwards.

- **LATAM:** Strong volume growth in Brazil was offset by price softening, while Argentina was adversely impacted due to the shift of purchases closer to the season.
- **NAM:** It continued to witness strong season demand and experienced strong volume growth mainly in insecticides and fungicides.
- **EU:** It witnessed strong volume-led growth in fungicides; NPP revenue increased 25% on a YoY basis, primarily driven by volumes.
- **ROW:** Volume growth in Africa was offset by a decline in the APAC region; growth in fungicide was offset by a decline in insecticides and herbicides.

### UPL SAS

- UPL's 2QFY25 revenue increased 20% YoY, primarily led by higher volumes.
- The growth was primarily on account of sales taking place closer to the application season, helping optimize working capital and minimizing the likelihood of sales return.
- Contribution margins expanded compared to last year, which were driven by new launches and the strong performance of key brands.
- Going forward, the continued focus on stricter credit, inventory norms, and margins will drive better cash flows, and the complete impact of these will be seen post the Kharif season.
- The company expects to witness a strong Rabi season going forward.

### Advanta

- Revenue increased 4% YoY in 2QFY25, where prices increased 2%; volume remained flat and FX had a positive impact of 2%. Revenue was primarily driven by grains in Argentina and Australia and corn in India, Thailand, and ASEAN.
- Higher input costs were offset by the price increase due to production shortages. Contribution margin expanded 117bp YoY due to growth in grain sorghum and corn.
- Looking forward, continued strategic investments in 2HFY25 are expected to support growth, with sustained business momentum anticipated to yield favorable results.

### UPL Specialty Chemical

- Revenue remained stable in 2QFY25, reflecting a slight decline in captive revenue primarily due to changes in the revenue mix. Captive margins remained flat, showing no significant variation during the period.
- Non-captive revenue grew 26% YoY, led by volume growth of ~33% YoY. Prices declined during the quarter by 7% YoY. EBITDA increased 7% YoY, led by operating leverage and better mix.
- Going forward, the company expects a strong demand outlook in the captive business.

### Working Capital and Debt

- Working capital days declined 26 days YoY to 123 as of Sep'24, primarily due to better inventory management days  (lower by 18 days), while the days reduced by 2 days and days payables increased by 6 days.
- Net debt stood at USD3.3b as of Sept'24. Adjusted for lower factoring, net debt stood at USD3.11b, down by USD586m compared to 2QFY24.

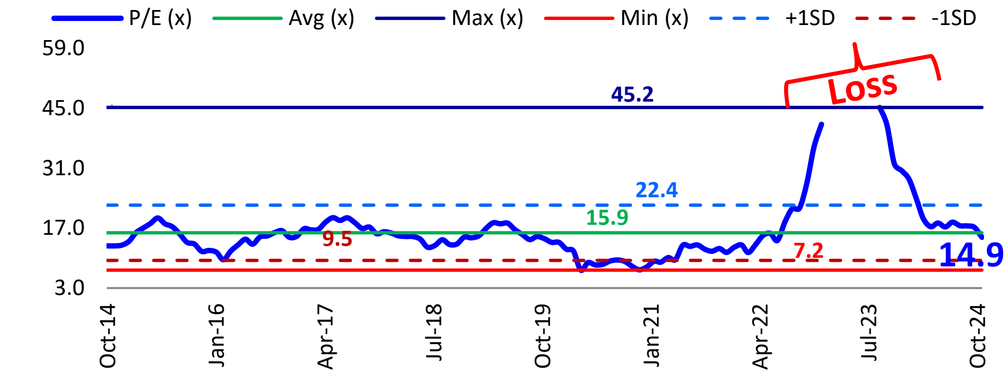
## Other Highlights

- The company witnessed strong growth in the Biologicals business. It has a strong product portfolio and a strong pipeline. Over 75% of the pipeline is of differentiated products. The company expects this business to outpace other businesses going forward.
- The company expects prices to have bottomed out and is likely to stay at this level in the near term. Increase in prices are difficult to predict.
- The company will shortly announce updates on the rights issue (~USD400m issue). Net debt to EBITDA will go below 2x once the company receives proceeds from the rights issue.
- The average cost of debt in 2Q was ~7% in 2QFY25 vs 6.25% in 2QFY24.
- One of the large distributors has filed for bankruptcy. The company had ~USD15m outstanding from that distributor, of which ~USD8m has been recovered from the insurance company.
- The company is focusing on better inventory management, which is expected to result in the reduction of inventory days going forward.

## Valuation and view

- We expect 2HFY25 to witness a recovery in margins, aided by the benefit of lower cost inventory and favorable regional mix. Demand is expected to be normalized with major part of global inventory destocking being completed.
- However, any short-term challenges due to price volatility, cash flow generation, and debt repayments remain key monitorables.
- **We reiterate Neutral with a TP of INR550 (based on 10x Sep'26E EPS).**

**Exhibit 13: One-year forward P/E**




Source: MOFSL

**Exhibit 14: Changes to our estimates**

| Particulars | Old | | New | | Change | |
|---|---|---|---|---|---|---|
| (INR b) | FY25E | FY26E | FY25E | FY26E | FY25E | FY26E |
| Revenue | 458 | 502 | 462 | 507 | 1% | 1% |
| EBITDA | 78 | 92 | 78 | 93 | 0% | 1% |
| Adj. PAT | 20 | 35 | 19 | 36 | -4% | 4% |

Source: MOFSL

# Financials and valuations

| Consolidated - Income Statement | | | | | | | | | (INRm) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** | **FY27E** |
| **Total Income from Operations** | **218** | **358** | **387** | **462** | **536** | **431** | **462** | **507** | **545** |
| Change (%) | 25.7 | 63.7 | 8.2 | 19.5 | 15.9 | -19.6 | 7.1 | 9.7 | 7.6 |
| **EBITDA** | **46** | **74** | **86** | **102** | **112** | **55** | **78** | **93** | **106** |
| Margin (%) | 20.8 | 20.8 | 22.3 | 22.0 | 20.8 | 12.8 | 16.8 | 18.4 | 19.5 |
| Depreciation | 9 | 20 | 22 | 24 | 25 | 28 | 30 | 31 | 33 |
| **EBIT** | **37** | **54** | **65** | **78** | **86** | **28** | **48** | **62** | **73** |
| Int. and Finance Charges | 10 | 15 | 21 | 23 | 30 | 39 | 37 | 31 | 26 |
| Other Income | 2 | 1 | 3 | 3 | 5 | 5 | 5 | 4 | 4 |
| Exchange diff on trade rec. & payables | 3 | 3 | 2 | 6 | 10 | 10 | 3 | 0 | 0 |
| **PBT bef. EO Exp.** | **27** | **37** | **45** | **52** | **52** | **-16** | **13** | **35** | **51** |
| EO Items | 9 | 10 | 3 | 3 | 2 | 3 | 1 | 0 | 0 |
| **PBT after EO Exp.** | **18** | **28** | **41** | **48** | **50** | **-18** | **12** | **35** | **51** |
| Total Tax | 2 | 6 | 7 | 5 | 7 | -2 | 6 | 6 | 9 |
| Tax Rate (%) | 11.3 | 21.2 | 16.6 | 10.9 | 14.7 | 11.3 | 45.7 | 18.0 | 18.0 |
| Share of (profit)/loss of ass. & JV | 0 | 0 | 0 | -1 | -2 | 2 | 1 | 2 | 2 |
| Minority Interest | 1 | 4 | 6 | 8 | 8 | -7 | -8 | -9 | -10 |
| **Reported PAT** | **15** | **18** | **29** | **36** | **36** | **-12** | **14** | **36** | **50** |
| **Adjusted PAT** | **25** | **27** | **35** | **49** | **45** | **3** | **19** | **36** | **50** |
| Change (%) | 11.2 | 8.4 | 29.9 | 39.9 | -7.8 | -93.7 | 587.0 | 87.2 | 39.2 |
| Margin (%) | 11.3 | 7.5 | 9.0 | 10.5 | 8.4 | 0.6 | 4.2 | 7.1 | 9.2 |

| Consolidated - Balance Sheet | | | | | | | | | (INR m) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** | **FY27E** |
| Equity Share Capital | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Reserves | 146 | 161 | 177 | 215 | 267 | 247 | 249 | 275 | 314 |
| **Net Worth** | **147** | **163** | **179** | **217** | **269** | **248** | **251** | **276** | **316** |
| Minority Interest | 35 | 33 | 37 | 46 | 56 | 49 | 41 | 32 | 21 |
| Total Loans | 291 | 288 | 238 | 259 | 230 | 284 | 259 | 239 | 204 |
| Perpetual bonds | 0 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| **Total Loans (Including Perpetual bond)** | **291** | **318** | **268** | **289** | **260** | **314** | **289** | **269** | **234** |
| Deferred Tax Liabilities | 22 | 28 | 27 | 25 | 25 | 24 | 24 | 24 | 24 |
| **Capital Employed** | **495** | **542** | **510** | **576** | **609** | **636** | **605** | **601** | **595** |
| Gross Block | 230 | 260 | 281 | 311 | 345 | 370 | 402 | 424 | 447 |
| Less: Accum. Deprn. | 75 | 95 | 117 | 141 | 166 | 194 | 223 | 255 | 288 |
| **Net Fixed Assets** | **155** | **164** | **164** | **170** | **179** | **176** | **179** | **170** | **159** |
| Goodwill on Consolidation | 166 | 182 | 177 | 184 | 199 | 202 | 202 | 202 | 202 |
| Capital WIP | 19 | 21 | 21 | 25 | 28 | 30 | 15 | 13 | 15 |
| **Total Investments** | **7** | **6** | **6** | **19** | **16** | **22** | **22** | **22** | **22** |
| **Curr. Assets, Loans&Adv.** | **285** | **328** | **337** | **429** | **463** | **446** | **427** | **455** | **475** |
| Inventory | 91 | 79 | 94 | 131 | 140 | 128 | 124 | 133 | 142 |
| Account Receivables | 117 | 119 | 126 | 153 | 183 | 164 | 164 | 174 | 187 |
| Cash and Bank Balance | 29 | 68 | 49 | 61 | 61 | 60 | 46 | 57 | 54 |
| Loans and Advances | 48 | 63 | 68 | 83 | 80 | 95 | 92 | 91 | 93 |
| **Curr. Liability & Prov.** | **137** | **159** | **194** | **250** | **277** | **240** | **239** | **260** | **278** |
| Account Payables | 94 | 102 | 125 | 166 | 176 | 157 | 154 | 168 | 179 |
| Other Current Liabilities | 34 | 55 | 60 | 77 | 94 | 76 | 78 | 84 | 90 |
| Provisions | 9 | 1 | 9 | 8 | 7 | 7 | 7 | 8 | 9 |
| **Net Current Assets** | **148** | **169** | **142** | **178** | **186** | **206** | **188** | **195** | **197** |
| **Appl. of Funds** | **495** | **542** | **510** | **576** | **609** | **636** | **605** | **601** | **595** |

# Financials and valuations

| Ratios | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** | **FY27E** |
| **Basic (INR)** | | | | | | | | | |
| **EPS** | **32.2** | **34.9** | **45.4** | **63.5** | **58.5** | **3.7** | **25.1** | **47.1** | **65.5** |
| Cash EPS | 43.7 | 61.2 | 73.8 | 142.8 | 139.0 | 60.3 | 96.8 | 133.5 | 164.8 |
| BV/Share | 192.4 | 213.0 | 234.0 | 429.2 | 531.8 | 491.2 | 497.0 | 547.1 | 625.1 |
| DPS | 5.4 | 6.1 | 10.2 | 10.2 | 10.2 | 11.2 | 14.3 | 14.3 | 14.3 |
| Payout (%) | 27.1 | 25.8 | 26.6 | 21.1 | 21.4 | -70.1 | 78.6 | 29.7 | 21.4 |
| **Valuation (x)** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| P/E | 15.9 | 14.7 | 11.3 | 8.1 | 8.8 | 140.2 | 20.4 | 10.9 | 7.8 |
| Cash P/E | 11.7 | 8.4 | 7.0 | 3.6 | 3.7 | 8.5 | 5.3 | 3.8 | 3.1 |
| P/BV | 2.7 | 2.4 | 2.2 | 1.2 | 1.0 | 1.0 | 1.0 | 0.9 | 0.8 |
| EV/Sales | 3.0 | 1.8 | 1.6 | 1.3 | 1.1 | 1.5 | 1.4 | 1.2 | 1.0 |
| EV/EBITDA | 14.2 | 8.5 | 7.0 | 6.0 | 5.2 | 11.6 | 8.1 | 6.4 | 5.3 |
| Dividend Yield (%) | 1.1 | 1.2 | 2.0 | 2.0 | 2.0 | 2.2 | 2.8 | 2.8 | 2.8 |
| FCF per share | -357.0 | 90.7 | 68.6 | 32.3 | 33.1 | -14.3 | 78.4 | 96.5 | 91.8 |
| **Return Ratios (%)** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| RoE | 20.6 | 17.2 | 20.3 | 24.5 | 18.4 | 1.1 | 7.7 | 13.7 | 16.9 |
| RoCE | 11.6 | 9.5 | 12.1 | 15.1 | 15.0 | 5.3 | 5.2 | 9.9 | 11.6 |
| RoIC | 12.0 | 9.6 | 12.2 | 15.4 | 15.1 | 4.8 | 5.0 | 9.8 | 11.8 |
| **Working Capital Ratios** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed Asset Turnover (x) | 0.9 | 1.4 | 1.4 | 1.5 | 1.6 | 1.2 | 1.1 | 1.2 | 1.2 |
| Inventory (Days) | 319 | 156 | 180 | 216 | 190 | 190 | 190 | 190 | 190 |
| Debtor (Days) | 195 | 121 | 119 | 121 | 125 | 139 | 130 | 125 | 125 |
| Creditor (Days) | 329 | 203 | 239 | 274 | 239 | 234 | 235 | 240 | 240 |
| **Leverage Ratio (x)** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Debt (incl perpetual bonds)/Equity | 1.8 | 1.5 | 1.2 | 1.0 | 0.7 | 1.0 | 1.0 | 0.8 | 0.6 |

| Consolidated - Cash Flow Statement | | | | | | | | | (INR m) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** | **FY27E** |
| OP/(Loss) before Tax | 27 | 28 | 42 | 50 | 52 | -21 | 13 | 35 | 51 |
| Depreciation | 9 | 20 | 22 | 24 | 25 | 28 | 30 | 31 | 33 |
| Interest & Finance Charges | 10 | 15 | 21 | 23 | 30 | 34 | 37 | 31 | 26 |
| Direct Taxes Paid | -2 | -8 | -7 | -10 | -13 | -11 | -6 | -6 | -9 |
| (Inc)/Dec in WC | -10 | 31 | -2 | -18 | -14 | -13 | 5 | 3 | -5 |
| **CF from Operations** | **32** | **85** | **75** | **68** | **81** | **16** | **79** | **94** | **96** |
| Others | -9 | 3 | -3 | -4 | -3 | 2 | -2 | -2 | -2 |
| **CF from Operating incl EO** | **24** | **87** | **72** | **65** | **78** | **18** | **77** | **92** | **94** |
| (Inc)/Dec in FA | -291 | -19 | -21 | -41 | -53 | -29 | -18 | -20 | -25 |
| **Free Cash Flow** | **-268** | **68** | **51** | **24** | **25** | **-11** | **59** | **72** | **69** |
| (Pur)/Sale of Investments | 3 | 2 | 0 | -13 | 3 | -5 | 0 | 0 | 0 |
| Others | -21 | -9 | 0 | 16 | 35 | 9 | 0 | 0 | 0 |
| **CF from Investments** | **-309** | **-26** | **-21** | **-38** | **-15** | **-25** | **-18** | **-20** | **-25** |
| Issue of Shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | 225 | -29 | -42 | 13 | -46 | 48 | -25 | -20 | -35 |
| Interest Paid | -10 | -16 | -17 | -19 | -23 | -34 | -37 | -31 | -26 |
| Dividend Paid | -4 | -5 | -5 | -8 | -8 | -7 | -11 | -11 | -11 |
| Others | 74 | 28 | -4 | -5 | 15 | -5 | 0 | 0 | 0 |
| **CF from Fin. Activity** | **285** | **-22** | **-67** | **-19** | **-62** | **1** | **-73** | **-61** | **-72** |
| **Inc/Dec of Cash** | **0** | **39** | **-19** | **10** | **2** | **-1** | **-14** | **11** | **-3** |
| Opening Balance | 29 | 29 | 68 | 51 | 59 | 61 | 60 | 46 | 57 |
| **Closing Balance** | **29** | **68** | **49** | **61** | **61** | **60** | **46** | **57** | **54** |

| Explanation of Investment Rating | |
|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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