

Our published reports

Chemicals
Sector Update | 18 February 2025

Not all as rosy as it appears to be!

- Despite expectations of a stronger 2H, performance has remained weak, with aggregate revenue, volume, and P&I tracking negatively in FY25 and continuing the trend in FY24. The coverage universe of 12 companies performed worse than the baseline scenario, with significant YoY and QoQ declines across key chemical metrics.
- Despite volume growth, pricing pressure kept margins subdued, with EBITDA declining 100% QoQ and 10% YoY. This was primarily due to the lack of coverage universe. Normalized other income led to a P&I margin contraction, with 45% of the companies reporting a P&I decline, up from 30% in FY24.
- EBITDA and P&I for the coverage universe showed volatility in Q4FY25, leading to increased volatility for some companies in an otherwise, while the coverage universe showed positive momentum in Q4FY25, with EBITDA at INR 2,214.1 Cr. and P&I at INR 1,071.4 Cr. Aggregate revenue of EBITDA for our coverage universe declined 2% YoY (2024 vs. 2023).
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Key coverage universe of 12 companies is facing a more challenging situation than the overall sector, with aggregate revenue/EBITDA/P&I declining 5%/23%/24% QoQ. EBITDA/P&I also declined 5%/23% YoY for our coverage universe in Q4FY25, revenue/EBITDA/P&I for our coverage universe declined 5%/23%/24% QoQ, compared to 3QFY25. Revenue/EBITDA/P&I declined for 10/12/10/10% of the companies in our coverage universe in Q4 FY25.

Margin pressure persists

- While companies have reported sequential volume growth, pricing pressure continues to persist, keeping margins subdued. Among the 12 companies we covered in Q4FY25, 45% reported QoQ decline in EBITDA, while 50% of companies reported a YoY decline. The aggregate EBITDA decline was 10% YoY and 100% QoQ for our coverage universe. The decline was 100% for YoY and QoQ.
- Other income was also higher than expected in Q4FY25, which led to earnings being slightly on the higher side. However, this has now returned to normalized levels, leading to a contraction in P&I margins in Q4FY25. Among the 12.

Investment Outlook

- For the next few weeks, companies have been projecting that 2H would be better than 1H, but this has not proven to be the case. For instance, in FY24, aggregate revenue was 100% in 2H vs. 100% in 1H, while EBITDA at INR 2,214.1 Cr. and P&I at INR 1,071.4 Cr. Aggregate revenue of EBITDA for our coverage universe declined 2% YoY (2024 vs. 2023).

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Short-term pricing in chemical prices unsustainable

- Most of the chemical stocks in the sector have seen a 3-4% decline in anticipation of a recovery in demand but some have seen a 10% decline. This is primarily due to the lack of coverage universe. Normalized other income led to a P&I margin contraction, with 45% of the companies reporting a P&I decline, up from 30% in FY24.
- EBITDA and P&I for the coverage universe showed volatility in Q4FY25, leading to increased volatility for some companies in an otherwise, while the coverage universe showed positive momentum in Q4FY25, with EBITDA at INR 2,214.1 Cr. and P&I at INR 1,071.4 Cr. Aggregate revenue of EBITDA for our coverage universe declined 2% YoY (2024 vs. 2023).

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Chemicals
Sector Update | 18 October 2024

India's vision for a thriving chemical industry!

- We recently attended an industry event, and below are the key highlights from the event:
- India's primary focus is becoming a global hub for chemical and petrochemical production, with manufacturing output expected to reach 1.5 billion tonnes by 2030, led by strategic petrochemical investment.
- Collaboration between government and industry is essential to streamline investment and for addressing a future in which similar practices transform the global chemical industry.
- The Secretary of the Department of Chemicals and Petrochemicals outlined the goal of meeting 1% of the global chemical market by FY26, positioning India as a major player in the domain. Supported by the start-up India initiative, efforts will be made to attract investment and create employment, with the aim of building chemical exports over the next decade.

Powerhouse of chemicals in India

- Organic, which contributes 55-60% of India's chemical exports, has rapidly developed over the past decade, driven by effective government and the Production-Linked Incentive (PLI) scheme. This enhances self-reliance in the chemical industry.
- Multiple Public-Private Partnerships (PPPs) are being established and 275 pharmaceutical units, making it India's fourth largest exporter of medicines. The state has launched the H&M Board Petrochemical Project in Bihar, highlighting its commitment to investment and innovation.
- India's potential to lead the transformation of the global chemical and petrochemical sectors is enormous, with Q&A playing a pivotal role due to its resources, strategic connectivity, and diverse industry profile. The state is transforming from a mere hub to a player in the chemical industry.

Government's commitment and future projections

- In view of COVID-19, India's chemical industry is set to reach USD 500 bn by FY28 and USD 1.5 bn by FY30. Currently, being the sixth largest globally and fourth in Asia, the industry contributes 8% to India's manufacturing and value-added output.
- The commitment from various state governments is crucial in this regard. The government is committed to providing a stable and supportive environment for the chemical industry, India's commitment to innovation, sustainability, and global leadership will help it make a major mark in the chemical industry. Research and innovation are key to the success of the industry.
- India is set to lead the global chemical and petrochemical sectors through leadership practices, strategic investments, and strong government support, aiming to achieve its ambitious goals and boost the global economy.

Global markets still in turmoil; export trends mixed

- The global chemicals sector would experience mixed conditions in CY25, with a selective recovery to be observed in the specialty, industrial, and life sciences segments, while macroeconomic and geopolitical headwinds continue to pose challenges. Companies focus on cost management, portfolio diversification, and sustainability to navigate pricing pressures and demand volatility.
- Exports displayed a mixed trend in Jan'25, with most companies reporting a MoM decline in volumes, while AACL, and VO witnessed strong YoY growth. Export realizations improved MoM but deteriorated YoY for many, with INR depreciation impacting revenue figures across companies.
- We currently prefer SRF, ATLP, and VO, while we maintain our Sell rating on FINEORG. SRF's chemicals business is recovering, with specialty chemicals and fluorochemicals driving strong growth, while packaging and technical textiles witness a steady expansion. ATLP and VO focus on capacity expansion and new product launches, with the latter benefiting from ATBS demand and integration synergies.

Cautious optimism amid market volatility

- The global chemical sector in CY25 is expected to face mixed conditions, with some recovery in demand but ongoing macroeconomic challenges. Companies such as LG Chem and Mitsubishi Chemical anticipate modest growth in specialty and high-value applications, although uncertainties persist due to geopolitical risks and global policy shifts. LyondellBasell and Dow Chemical expect a gradual improvement in polyolefin demand, while cost rationalization and operational efficiencies remain key priorities to navigate volatile raw material pricing.
- The industrial chemicals segment is likely to undergo selective recovery, with Eastman Chemical and Huntsman focusing on innovation and cost-cutting measures to offset weak construction and automotive demand. Honeywell and Chemours highlighted growth in long-cycle aerospace and building automation segments, but near-term industrial automation remains weak. Companies in electronics and life sciences, such as DuPont and Bayer, project stable growth, driven by innovation in semiconductor materials and pharmaceuticals despite regulatory and pricing pressures.
- The agricultural and packaging chemicals face headwinds, with Bayer and Corteva anticipating pricing pressure in crop protection, while FMC Chemical projects lower demand due to inventory destocking. Lotte Chemical and Borealis foresee stable polyolefin margins but constrained operating rates in certain regions. Overall, the sector outlook remains cautious, with companies focusing on strategic cost management, portfolio diversification, and sustainability-driven innovations to retain profitability amid a challenging macro landscape.

Export trends remain mixed in Jan'25

- Exports have displayed a mixed trend in Jan'25, with nine of the 12 companies we cover showing a MoM decline in export volumes and four experiencing a decline on a YoY basis. UPL's exports surged 103% MoM in Jan'25, while AACL and VO's exports jumped 61% each on a YoY basis. The highest decline MoM was recorded by ATLP (-37%), while on a YoY basis, the highest decline was registered by UPL (-31%).

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- Export realizations, on the other hand, appear to have improved MoM for most companies while the same declined for eight companies YoY. Realization improved the most for ATLP to the tune of 49% MoM, while it was also the highest for ATLP (+55%) on a YoY basis. The dip in realization was the highest for DN (-20%) MoM, while it declined the highest for UPL (-42%) on a YoY basis.
- Regarding the export value in INR terms, seven companies have shown a decline in export revenue in INR terms on a MoM basis, while the decline was only for three companies on a YoY basis. This might also have been because the INR vs. USD has depreciated ~4% on a YoY basis in Jan'25, which would leave the export revenue to be optically higher in the month. The highest increase on a MoM and YoY basis was for UPL (+156%) and VO (+82%), while the highest decline on a MoM and YoY basis was for DN (-40%) and UPL (-59%), respectively.

Valuation and view

- **SRF:** The chemicals business is recovering, with specialty chemicals experiencing a demand revival and fluorochemicals benefiting from export growth, driving an estimated CAGR of ~29% over FY25-27E. Margins are expected to improve due to operating leverage and a higher VAP mix, while the packaging and technical textiles businesses are expected to post ~14% and ~8% CAGR, respectively.
- **ATLP:** The end-user demand improved in 9MFY25, and ATLP is expanding capacities, debottlenecking operations, and increasing its global presence. Key projects, such as the 50ktpa liquid epoxy resins plant and the caustic soda facility, are ramping up, with risks tied to execution delays and margin pressures. We value the stock at 35x Dec'26E EPS to arrive at our TP of INR8,455.
- **VO:** VOPL's new products (MEHQ, Guaiacol, Anisole, 4- MAP, Iso Amylene) are likely to start in 4QFY25, driving growth. Meanwhile, VO, now India's only double-integrated AO maker following the VAPL merger, is expected to grow on the back of robust ATBS demand. We value VO at 45x Dec'26E EPS to arrive at our TP of INR2,600. We reiterate our BUY rating on the stock.

Exhibit 1: Export volumes (mt)

Export volumes (mt)	AACL	ATLP	CLEAN	DN-Consol	FINEORG	GALSURF	NFIL-Consol	NOCIL	PI	SRF	UPL	VO-Consol
Jan-24	1,397	10,498	769	6,062	2,688	6,844	1,459	1,355	960	9,093	2,075	3,412
Feb-24	1,864	7,675	933	8,486	2,937	6,617	1,944	1,323	946	10,763	718	5,475
Mar-24	1,656	10,539	878	7,654	3,450	7,748	2,558	1,225	696	11,101	1,282	6,157
Apr-24	1,935	8,822	786	4,831	2,773	5,597	1,583	1,359	922	12,043	1,147	6,162
May-24	2,184	10,781	965	6,289	3,504	4,229	1,952	1,274	1,052	11,821	1,878	4,410
Jun-24	1,733	8,346	795	6,694	3,153	5,842	2,019	1,569	1,046	11,032	2,268	4,416
Jul-24	1,913	11,593	934	4,466	3,727	6,622	1,078	1,171	917	12,469	2,488	4,696
Aug-24	2,092	13,611	1,047	4,689	4,180	6,937	2,065	1,550	1,035	10,440	1,782	5,158
Sep-24	2,286	10,415	1,123	6,689	4,100	6,332	2,027	1,621	1,057	10,676	729	4,655
Oct-24	2,188	10,929	880	5,120	3,679	7,239	1,490	1,005	950	8,657	634	4,355
Nov-24	1,482	8,979	796	5,063	2,436	5,959	2,071	911	952	9,710	263	4,398
Dec-24	1,971	13,883	960	8,022	3,225	6,991	2,187	1,853	738	10,219	708	4,368
Jan-25	2,246	8,741	815	6,293	3,205	6,913	1,607	1,196	734	9,759	1,436	5,506
MoM (%)	14%	-37%	-15%	-22%	-1%	-1%	-27%	-35%	0%	-5%	103%	26%
YoY (%)	61%	-17%	6%	4%	19%	1%	10%	-12%	-24%	7%	-31%	61%

Source: Industry, MOFSL

Exhibit 2: Export realizations (USD/kg)

Realization (USD/kg)	AACL	ATLP	CLEAN	DN-Consol	FINEORG	GALSURF	NFIL-Consol	NOCIL	PI	SRF	UPL	VO-Consol
Jan-24	1.9	1.6	6.8	1.6	3.7	1.7	6.5	3.5	78.3	6.1	7.8	2.7
Feb-24	2.1	2.1	6.1	1.7	3.6	1.6	5.5	3.3	61.7	4.8	7.3	2.5
Mar-24	1.9	2.0	6.5	2.1	3.7	1.7	9.5	3.3	58.6	4.1	4.9	2.7
Apr-24	1.8	2.3	7.0	1.9	3.8	1.6	4.8	3.4	64.2	3.4	5.2	2.4
May-24	1.5	2.0	6.8	1.9	3.7	1.6	6.0	3.6	65.1	3.3	7.1	2.5
Jun-24	1.6	2.3	6.4	1.9	3.6	1.8	9.5	3.4	62.8	3.9	6.4	2.6
Jul-24	1.8	2.0	6.3	1.7	3.7	1.7	5.1	3.6	61.6	4.1	6.7	2.4
Aug-24	2.1	1.5	6.3	2.1	3.6	1.7	6.6	3.4	65.2	3.5	7.4	2.6
Sep-24	1.7	2.3	6.4	1.8	3.7	1.8	6.0	3.3	63.2	3.8	7.6	2.5
Oct-24	1.6	1.7	6.6	1.6	3.7	1.8	9.4	3.6	63.1	4.3	6.7	2.6
Nov-24	1.5	1.9	7.1	1.9	3.5	1.8	7.2	3.5	49.3	3.6	6.7	2.5
Dec-24	2.0	1.7	6.2	1.9	3.8	1.9	7.7	3.3	49.3	4.5	3.6	2.4
Jan-25	1.7	2.5	6.6	1.5	3.6	1.9	8.3	3.2	65.6	6.2	4.5	2.6
MoM (%)	-15%	49%	8%	-20%	-5%	1%	8%	-3%	33%	38%	24%	11%
YoY (%)	-9%	55%	-2%	-2%	-4%	13%	28%	-9%	-16%	2%	-42%	-1%

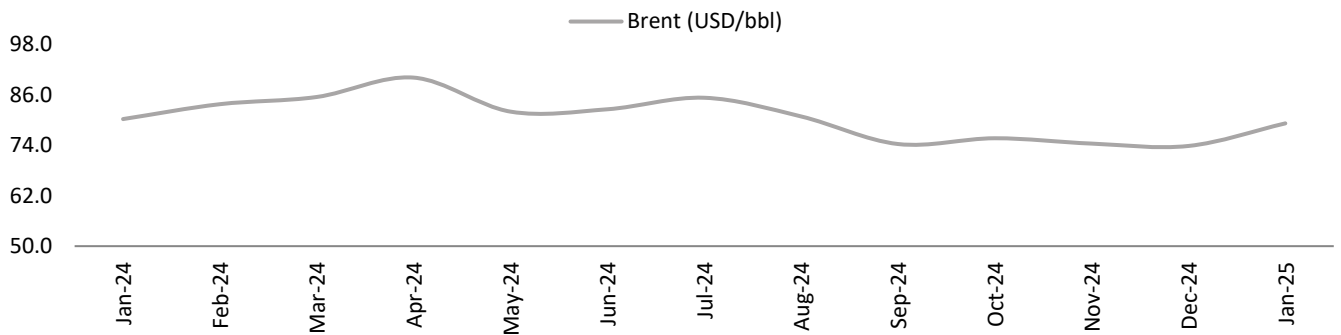
Source: Industry, MOFSL

Exhibit 3: Export values (INR b)

Export value (INR b)	AACL	ATLP	CLEAN	DN-Consol	FINEORG	GALSURF	NFIL-Consol	NOCIL	PI	SRF	UPL	VO-Consol
Jan-24	0.2	1.4	0.4	0.9	0.8	1.0	0.8	0.4	6.3	4.6	1.3	0.7
Feb-24	0.3	1.3	0.5	1.2	0.9	0.9	0.9	0.4	4.8	4.3	0.4	1.1
Mar-24	0.3	1.8	0.5	1.6	1.1	1.1	2.0	0.3	3.4	3.8	0.5	1.4
Apr-24	0.3	1.7	0.5	0.8	0.9	0.8	0.6	0.4	4.9	3.5	0.5	1.2
May-24	0.3	1.8	0.5	1.1	1.1	0.6	1.0	0.4	5.7	3.2	1.1	0.9
Jun-24	0.2	1.6	0.4	1.3	0.9	0.9	1.6	0.5	5.5	3.6	1.2	1.0
Jul-24	0.3	1.9	0.5	0.7	1.1	1.0	0.6	0.3	4.7	4.3	1.4	0.9
Aug-24	0.4	1.7	0.6	1.0	1.3	1.0	1.1	0.4	5.7	3.1	1.1	1.1
Sep-24	0.3	2.0	0.6	1.2	1.3	1.0	1.0	0.4	5.6	3.4	0.5	1.0
Oct-24	0.3	1.6	0.5	0.8	1.1	1.1	1.1	0.3	5.0	3.1	0.4	1.0
Nov-24	0.2	1.4	0.5	1.0	0.7	0.9	1.3	0.3	4.0	3.0	0.1	0.9
Dec-24	0.3	2.0	0.5	1.5	1.0	1.1	1.3	0.5	3.1	3.9	0.2	0.9
Jan-25	0.3	1.9	0.5	0.9	1.0	1.1	0.9	0.3	4.2	5.3	0.6	1.3
MoM (%)	-1%	-5%	-7%	-40%	-4%	1%	-28%	-37%	34%	34%	156%	42%
YoY (%)	52%	34%	7%	2%	18%	18%	24%	-16%	-34%	14%	-59%	82%

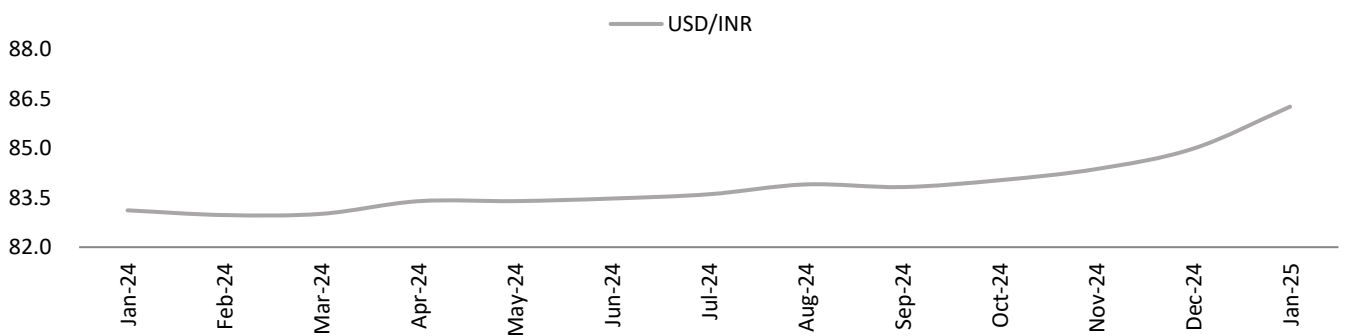
Source: Industry, MOFSL

Exhibit 4: Brent (USD/bbl) trend



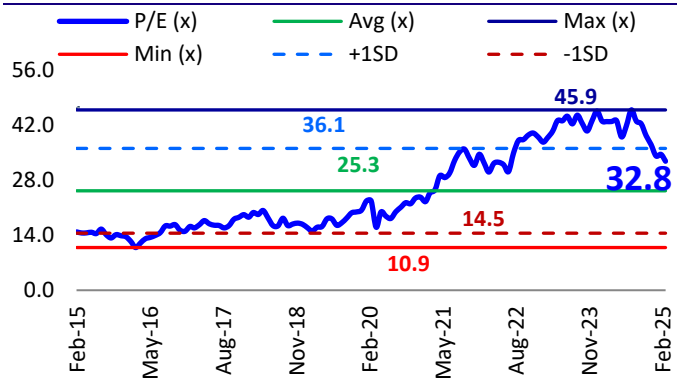
Source: Bloomberg, MOFSL

Exhibit 5: USD/ INR trend



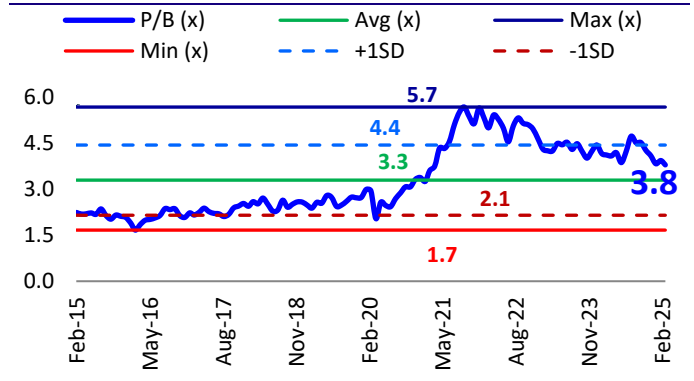
Source: Bloomberg, MOFSL

Exhibit 6: The sector trades at 32.8x one-year forward P/E



Source: MOFSL

Exhibit 7: The sector trades at 3.8x one-year forward P/B



Source: MOFSL

Exhibit 8: Peer comparison for our coverage universe

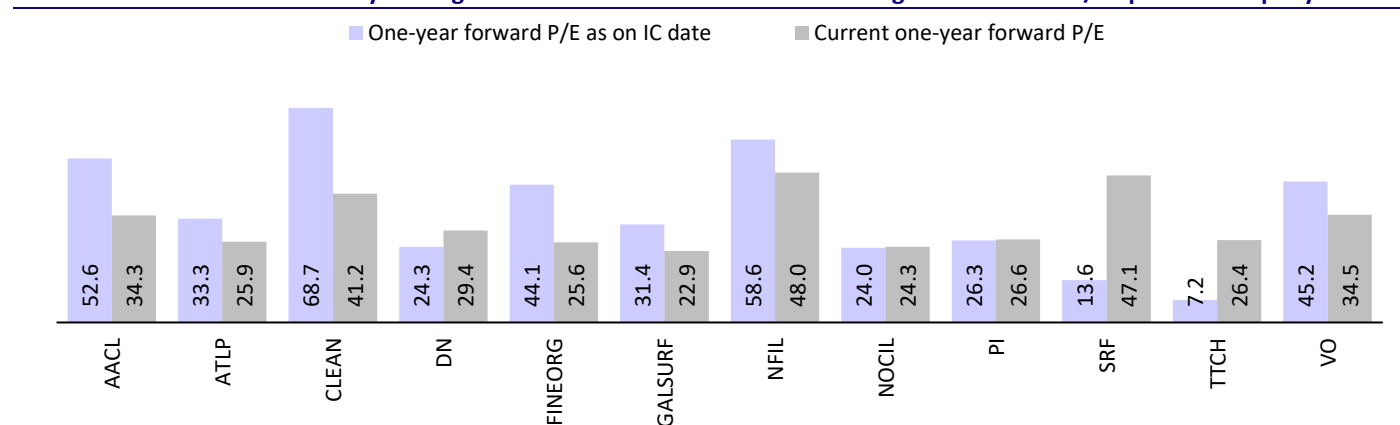
Company	Reco	TP (INR)	EPS (INR)			P/E (x)			P/BV (x)			EV/EBITDA (x)			ROE (%)		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Alkyl Amines	Neutral	1,900	36.2	51.4	67.3	46.9	33.0	25.2	6.2	5.6	4.9	28.9	21.2	16.3	13.9	17.8	20.6
Atul	Buy	8,455	164.2	210.6	251.8	33.5	26.1	21.8	2.9	2.7	2.4	18.4	15.4	13.1	9.1	10.8	11.7
Clean Science	Neutral	1,450	24.0	35.1	43.6	54.4	37.1	29.9	9.7	7.9	6.4	36.2	27.3	22.1	19.4	23.5	23.8
Deepak Nitrite	Neutral	1,835	44.8	66.2	73.4	43.1	29.2	26.3	4.9	4.3	3.8	28.0	19.2	17.3	12.1	15.8	15.3
Fine Organic Industries	Sell	3,570	132.6	118.1	119.3	29.0	32.5	32.2	5.3	4.6	4.1	21.7	23.8	22.8	19.9	15.1	13.4
Galaxy Surfactants	Buy	2,825	83.7	95.5	113.0	27.2	23.9	20.2	3.4	3.0	2.7	17.2	14.9	12.7	13.0	13.4	14.3
Navin Fluorine Int.	Neutral	3,715	59.4	81.0	92.9	67.9	49.8	43.4	7.7	6.9	6.2	40.4	31.2	27.4	11.8	14.6	15.1
NOCIL	Neutral	210	6.8	7.6	11.5	28.4	25.2	16.8	1.8	1.8	1.6	23.2	17.6	11.6	6.6	7.1	10.1
PI Industries	Buy	4,100	109.9	117.9	135.4	28.6	26.7	23.2	4.7	4.0	3.5	20.1	17.7	15.0	17.6	16.2	16.1
SRF	Buy	3,540	42.7	72.0	100.4	65.0	38.6	27.7	6.8	6.0	5.1	32.1	22.8	17.4	10.7	16.4	19.8
Tata Chemicals	Neutral	1,030	17.7	41.3	56.6	47.7	20.5	14.9	1.0	0.9	0.9	12.3	8.5	6.8	2.0	4.7	6.2
Vinati Organics	Buy	2,600	38.9	50.3	60.3	40.6	31.4	26.2	5.9	5.1	4.5	29.4	22.7	19.1	15.4	17.5	18.3

Source: Company, MOFSL

Exhibit 9: The sector is trading at a premium to historical averages, except for the 5-year average

Companies	Current P/E (x)	Average P/E (x)			Prem / Disc P/E (%)		
		15-YR	10-YR	5-YR	15-YR	10-YR	5-YR
Chemicals	32.8	19.6	25.3	34.1	67.5	29.8	-3.7
Alkyl Amines	35.0	25.7	35.4	58.9	36.0	-1.2	-40.5
Atul	28.2	22.8	30.9	43.7	23.7	-8.8	-35.6
Clean Science	40.2	-	61.5	61.5	NA	-34.7	-34.7
Deepak Nitrite	28.9	18.4	22.4	29.3	57.0	28.7	-1.6
Fine Organic	34.4	33.7	33.7	35.1	2.2	2.2	-2.0
Galaxy Surfactants	25.6	26.5	26.5	28.9	-3.3	-3.3	-11.5
Navin Fluorine	51.3	26.1	36.6	58.2	96.8	40.2	-11.8
NOCIL	27.2	16.5	20.1	27.1	64.9	35.6	0.4
P I Inds.	29.2	26.4	32.7	35.4	10.3	-10.8	-17.6
SRF	40.4	19.8	26.7	35.8	103.6	51.4	12.7
Tata Chemicals	22.5	12.2	16.1	24.1	84.0	39.3	-6.7
Vinati Organics	34.4	27.6	35.5	47.3	24.5	-2.9	-27.2

Source: Company, MOFSL

Exhibit 10: The sector is currently trading at a 10% discount to what it was trading as on our sector/respective company IC dates

Source: Bloomberg, MOFSL

SRF – Financial summary and assumptions (TP: INR3,540) – BUY

Exhibit 11: Expect 17% revenue CAGR over FY24-27

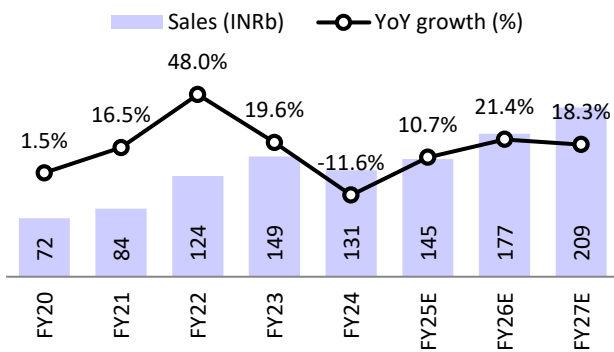


Exhibit 12: EBIT margin to improve

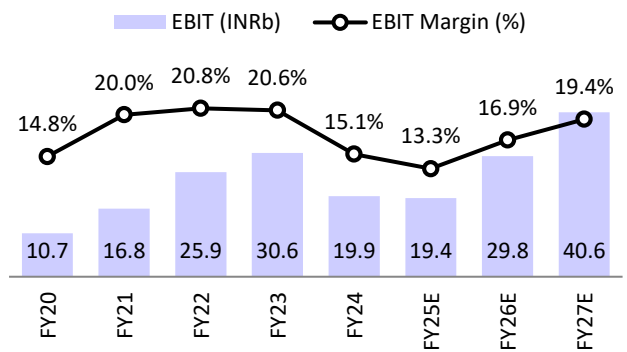
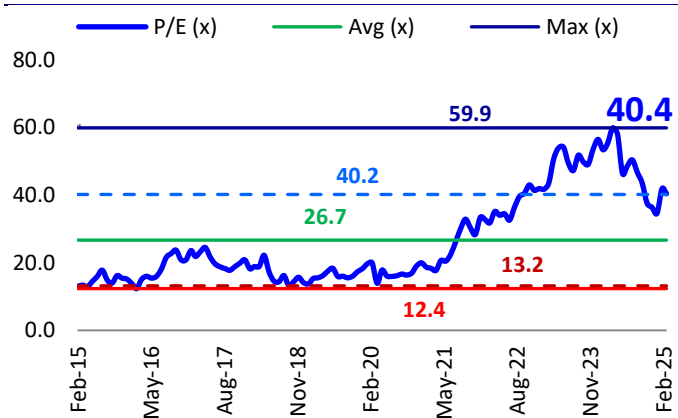


Exhibit 13: Financial summary

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sales	72.1	84.0	124.3	148.7	131.4	145.5	176.6	209.0
EBITDA	14.6	21.3	31.0	36.3	26.6	27.3	38.7	50.7
Adj. PAT	9.2	11.9	18.2	22.7	14.1	12.7	21.4	29.9
Cons. Adj. EPS (INR)	30.9	39.9	61.1	76.2	47.5	42.7	72.0	100.4
EPS Gr. (%)	49.4	29.0	53.1	24.8	(37.7)	(10.1)	68.5	39.5
BV/Sh. (INR)	166	231	288	347	386	411	466	549
Ratios								
Net D:E	0.8	0.4	0.3	0.3	0.4	0.4	0.4	0.3
RoE (%)	20.3	20.1	23.6	24.0	13.0	10.7	16.4	19.8
RoCE (%)	13.3	13.4	17.2	17.9	10.5	9.0	12.8	15.4
Payout (%)	9.6	12.1	26.4	9.9	16.0	37.3	23.6	16.9
Valuations								
P/E (x)	89.4	69.3	45.3	36.3	58.2	64.7	38.4	27.5
EV/EBITDA (x)	58.9	39.8	27.4	23.5	32.4	31.7	22.5	17.2
Div. Yield (%)	0.1	0.2	0.6	0.3	0.3	0.5	0.6	0.6
FCF Yield (%)	(0.1)	0.7	0.4	(0.0)	(0.2)	0.7	0.3	1.1

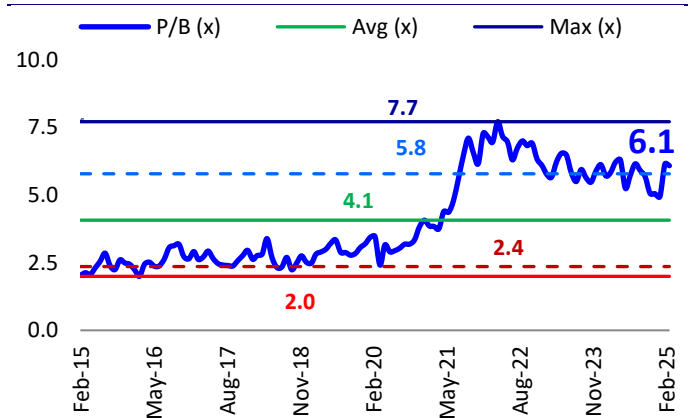
Source: Company, MOFSL

Exhibit 14: One year forward P/E trades at 40.4x



Source: Company, MOFSL

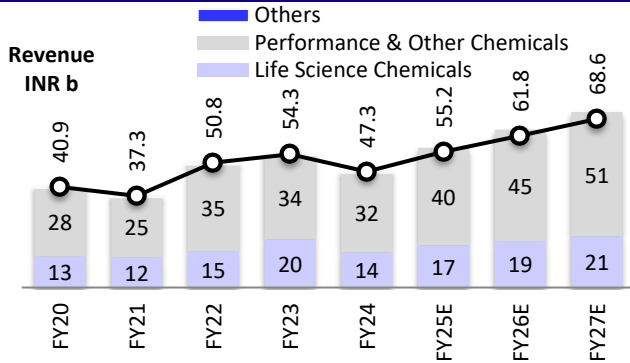
Exhibit 15: One year forward P/B trades at 6.1x



Source: Company, MOFSL

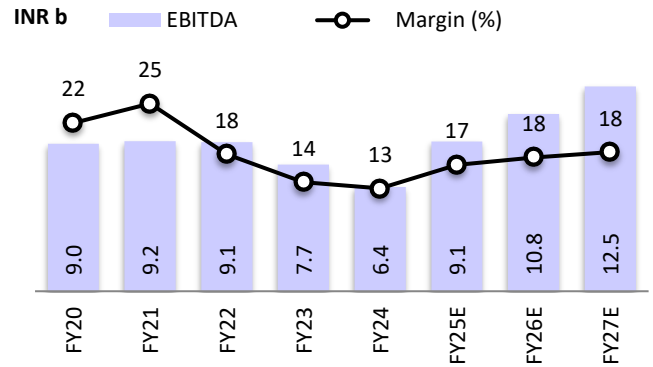
ATLP – Financial summary and assumptions (TP: INR8,455) – BUY

Exhibit 16: Expect 13% revenue CAGR over FY24-27



Source: Company, MOFSL

Exhibit 17: EBITDAM to improve



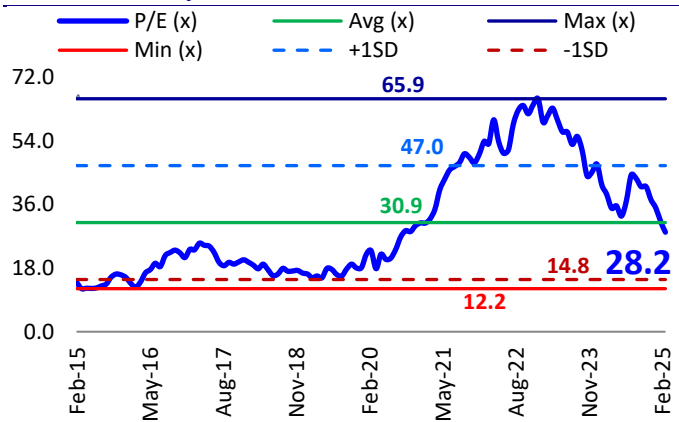
Source: Company, MOFSL

Exhibit 18: Financial summary

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sales	40.9	37.3	50.8	54.3	47.3	55.2	61.8	68.6
EBITDA	9.0	9.2	9.1	7.7	6.4	9.1	10.8	12.5
PAT	6.7	6.6	6.0	5.1	3.2	4.8	6.2	7.4
EPS (INR)	226.6	222.9	204.2	171.6	110.0	164.2	210.6	251.8
EPS Gr. (%)	53.9	-1.6	-8.4	-16.0	-35.9	49.2	28.3	19.6
BV/Sh.(INR)	1,065.5	1,292.3	1,495.8	1,581.9	1,736.0	1,870	2,043	2,249
Ratios								
Net D:E	0.0	(0.1)	0.0	-0.0	0.0	0.1	0.0	-0.0
RoE (%)	22.8	18.9	14.7	11.1	6.6	9.1	10.8	11.7
RoCE (%)	21.2	17.7	13.7	10.5	6.2	8.3	9.8	11.0
Payout (%)	16.7	8.9	12.2	14.5	18.2	18.2	18.2	18.2
Valuations								
P/E (x)	23.2	23.6	25.7	30.6	47.7	32.0	24.9	20.8
P/BV (x)	4.9	4.1	3.5	3.3	3.0	2.8	2.6	2.3
EV/EBITDA (x)	17.3	16.7	17.1	20.0	24.5	17.3	14.4	12.3
Div. Yield (%)	0.7	0.4	0.5	0.5	0.4	0.6	0.7	0.9
FCF Yield (%)	3.3	2.6	(2.3)	-1.1	1.1	-0.4	2.0	2.8

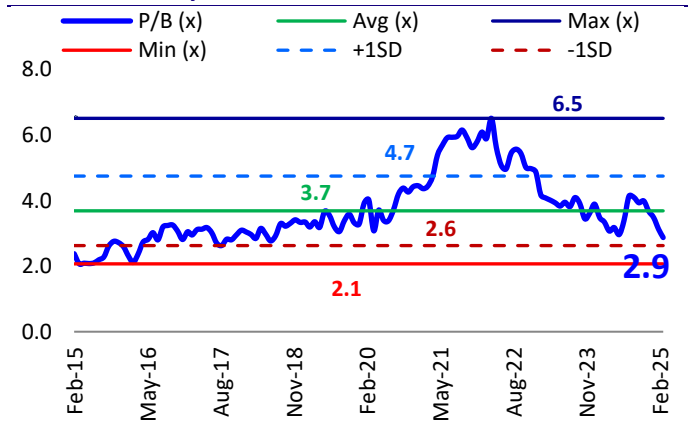
Source: Company, MOFSL

Exhibit 19: One year forward P/E trades at 28.2x



Source: Company, MOFSL

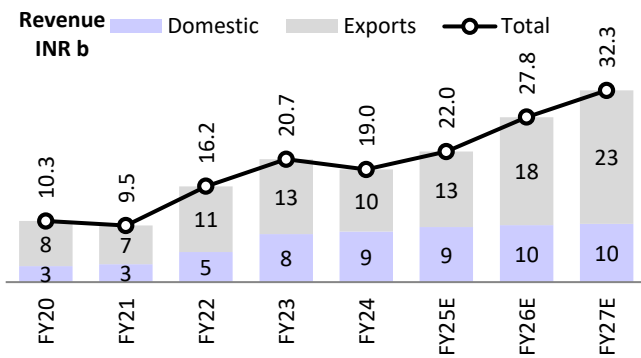
Exhibit 20: One year forward P/B trades at 2.9x



Source: Company, MOFSL

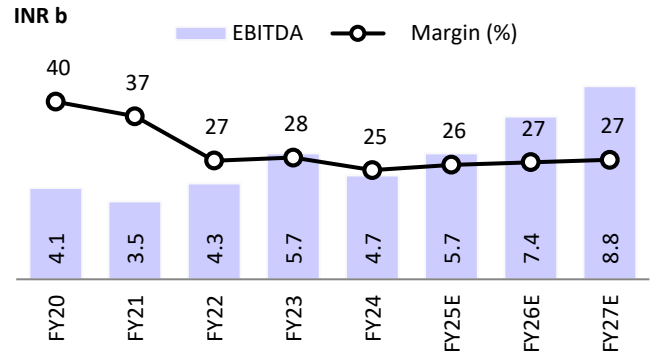
VO – Financial summary and assumptions (TP: INR2,600) – BUY

Exhibit 21: : Expect 19% revenue CAGR over FY24-27



Source: Company, MOFSL

Exhibit 22: EBITDAM to gradually improve during FY25-27



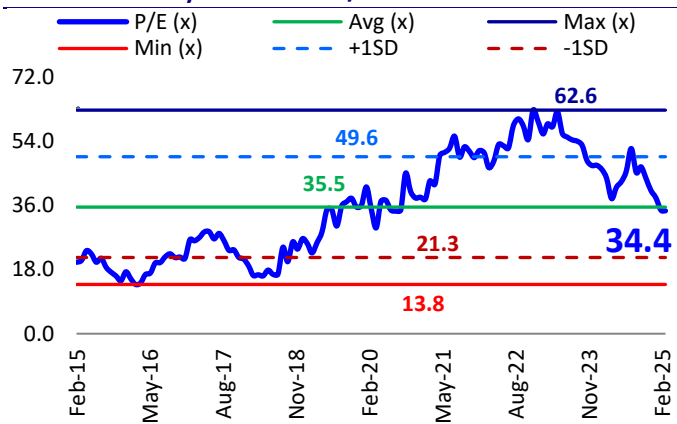
Source: Company, MOFSL

Exhibit 23: Financial summary

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sales	10.3	9.5	16.2	20.7	19.0	22.0	27.8	32.3
EBITDA	4.1	3.5	4.3	5.7	4.7	5.7	7.4	8.8
PAT	3.3	2.7	3.5	4.2	3.2	4.0	5.2	6.3
EPS (INR)	32.2	26.0	33.4	40.4	31.2	38.9	50.3	60.3
EPS Gr. (%)	18.2	-19.3	28.7	20.9	-22.8	24.6	29.3	20.0
BV/Sh.(INR)	123.4	148.9	176.3	213.5	237.7	267.9	306.9	353.6
Ratios								
Net D:E	-0.0	-0.0	0.0	0.0	-0.0	0.1	0.1	0.0
RoE (%)	28.6	19.1	20.6	20.7	13.8	15.4	17.5	18.3
RoCE (%)	26.9	18.1	19.5	19.6	13.1	13.7	15.1	16.6
Payout (%)	31.6	23.1	19.4	17.3	22.4	22.4	22.4	22.4
Valuations								
P/E (x)	48.0	59.5	46.2	38.2	49.5	39.7	30.7	25.6
P/BV (x)	12.5	10.4	8.8	7.2	6.5	5.8	5.0	4.4
EV/EBITDA (x)	38.6	45.4	36.9	28.1	34.1	28.5	22.0	18.3
Div. Yield (%)	0.4	0.4	0.4	0.5	0.5	0.6	0.7	0.9
FCF Yield (%)	0.7	1.1	-0.2	1.4	0.7	-0.9	1.6	2.5

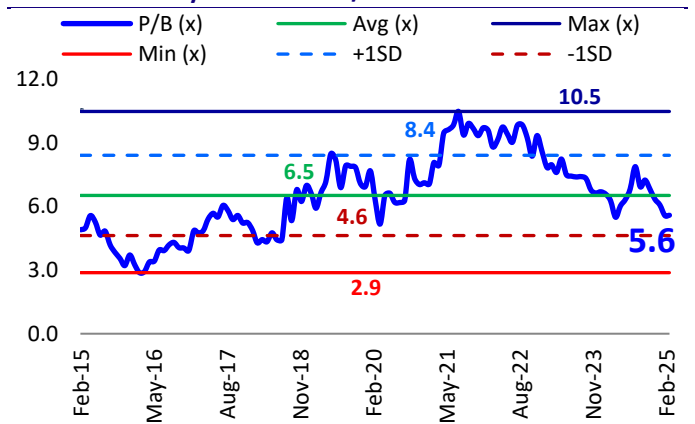
Source: Company, MOFSL

Exhibit 24: One year forward P/E trades at 34.4x



Source: Company, MOFSL

Exhibit 25: One year forward P/B trades at 5.6x



Source: Company, MOFSL

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