13 May 2024

4QFY24 Results Update | Sector: Agri

UPL

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	UPLL IN
Equity Shares (m)	765
M.Cap.(INRb)/(USDb)	400.6 / 4.8
52-Week Range (INR)	780 / 527
1, 6, 12 Rel. Per (%)	-11/-26/-47
12M Avg Val (INR M)	1565

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	431.0	466.1	511.6
EBITDA	55.2	81.6	96.2
PAT	2.8	21.3	35.7
EBITDA (%)	12.8	17.5	18.8
EPS (INR)	3.7	27.8	46.7
EPS Gr. (%)	(93.7)	660.8	67.5
BV/Sh. (INR)	491	512	562
Ratios			
Net D/E	1.0	0.9	0.7
RoE (%)	1.1	8.4	13.2
RoCE (%)	5.3	8.1	10.1
Payout (%)	(70.1)	50.3	30.0
Valuations			
P/E (x)	146.0	19.2	11.5
EV/EBITDA (x)	11.9	7.8	6.3
Div Yield (%)	2.1	2.7	2.7
FCF Yield (%)	(2.7)	15.2	18.0

Shareholding pattern (%)

As on	Dec-23	Sep-23	Dec-22
Promoter	32.4	32.4	30.7
DII	16.8	17.3	16.2
FII	37.7	37.6	42.7
Others	13.1	10.4	10.4

Note: FII includes depository receipts

CMP: INR534 TP: INR560 (+5%) Neutral

Higher rebates and high-cost inventory liquidation hit margin

Operating performance beats expectations

- UPLL reported a weak quarter as revenue declined 15% YoY, primarily due to lower agrochemical prices (down 15% YoY) and volume decline of 2% YoY. EBITDA margins contracted 450bp YoY largely due to higher rebates (~5% price impact) and liquidation of high-cost inventory, partly offset by an improved product mix and a lower cost of goods sold.
- Gross debt (excluding perpetual bonds) increased to INR284.4b as of Mar'24 from INR230b as of Mar'23. Net debt (excluding perpetual bonds) increased to INR222b as of Mar'24 from INR169b as of Mar'24.
- Factoring in a better-than-expected performance in 4Q and an improving operating scenario in FY25, we raise our FY25E EPS by 21% while maintaining our FY26E EPS. **Reiterate Neutral with a TP of INR560.**

Revenue declined YoY across regions except EU and ROW

- UPLL reported revenue of INR140.8b (est. INR114.7b) in 4QFY24, down 15% YoY (volume down 2%, price down 15%, exchange gain: 2%).
- EBITDA stood at INR19.3b (est. INR13.2b), down 36% YoY. EBITDA margin declined 450bp YoY to 13.7% (est. 11.5%), led by a decline in gross margins (down 470bp YoY). Contribution margin was impacted by high-cost inventory liquidation and higher rebates to support channel partners. Adjusted PAT stood at INR3.6b (est. loss of INR4b), down 65% YoY.
- **India** revenue declined 24% YoY to INR12b, led by the company's strategy to place products closer to the season (low product placement in 4Q) to optimize working capital and prioritize cash collections.
- **North America** revenue declined 49% YoY to INR15.3b, led by channel destocking, higher rebates, and challenges related to post-patent AI prices. **LATAM** revenue declined 23% YoY to INR49.7b, due to price decline, adverse weather, excess returns in Brazil. **Europe** revenue grew by 10% YoY to INR30.8b, due to improvement in volumes, while **RoW** revenue grew 21% YoY to INR33b, owing to higher volumes in Australia and Japan.
- For FY24, revenue/EBITDA declined 20%/51% YoY to INR431b/INR55b. Adjusted PAT stood at ~INR2.8b vs. ~INR44.7b in FY23. NWC days in FY24 increased to 86 vs. 64 days in FY23 due to reduced factoring (down ~USD400m YoY) on account of lower sales in NAM, EU, and Brazil.

Highlights from the management commentary

- **Guidance:** UPLL expects normalization of crop protection business in 2HFY25 and strong performance of seeds business in FY25. The management has guided for ~4-8% revenue growth in FY25, with absolute EBITDA growth of over 50% and CFO generation of USD300-400m.
- **Deleveraging**: UPLL targets to utilize entire FY25 CFO for debt reduction. It plans to further reduce debt through rights issue of maximum USD500m (by 2QFY25 end or early 3Q) and capital raise at platforms in FY25. It expects net debt-to-EBITDA ratio of less than 2x.

Sumant Kumar - Research Analyst (Sumant.Kumar@MotilalOswal.com)

Research Analyst: Meet Jain (Meet.Jain@MotilalOswal.com) | **Omkar Shintre** (Omkar.Shintre@MotilalOswal.com)

- **Outlook:** ~80% of the company's high-cost inventory was liquidated in FY24 and the balance will be liquidated in 1HFY25. The management indicated a weak 1HFY25 YoY due to a high base. Chinese agrochemical prices have stabilized and are expected to remain at the current level for a couple of quarters. However, the stabilized prices are still at lower levels.

Valuation and view

- We expect 1HFY25 to remain challenging for the global agrochemical industry due to: a) pending high-cost inventory across companies, which will be liquidated in 1HFY25 resulting in lower margins, and b) stabilization of agrochemical prices, albeit at lower levels. However, 2HFY25 is expected to witness recovery in overall demand and a pricing scenario globally.
- Considering short-term challenges, cash flow generation and debt repayments remain key monitorables.
- Factoring in a better-than-expected performance in 4Q and an improving operating scenario in FY25, we raise our FY25E EPS by 21% while maintaining our FY26E EPS. **Reiterate Neutral with a TP of INR560 (premised on 12x FY26E EPS; ~25% discount to its five-year average, and a one-year forward P/E of 16x)**.

Cons.: Quarterly Earning Model (INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	%
Net Sales	**108.2**	**125.1**	**136.8**	**165.7**	**89.6**	**101.7**	**98.9**	**140.8**	**535.8**	**431.0**	**114.7**	**23%**
YoY Change (%)	27.1	18.4	21.1	4.5	-17.2	-18.7	-27.7	-15.0	15.9	-19.6	-30.7	
Total Expenditure	84.8	97.4	106.5	135.5	73.7	86.0	94.7	121.5	424.2	375.8	101.5	
EBITDA	**23.4**	**27.7**	**30.3**	**30.2**	**15.9**	**15.8**	**4.2**	**19.3**	**111.6**	**55.2**	**13.2**	**46%**
Margins (%)	21.7	22.1	22.2	18.2	17.8	15.5	4.2	13.7	20.8	12.8	11.5	
Depreciation	5.9	6.1	6.2	7.3	6.4	6.6	6.8	7.9	25.5	27.6	6.9	
Interest	5.2	6.4	8.9	9.1	7.0	8.7	11.9	10.9	29.6	38.5	11.5	
Other Income	0.7	0.8	1.2	2.1	1.0	1.1	1.5	1.3	4.8	4.8	1.5	
Exch. difference on trade rec./payable	2.0	3.2	1.5	2.9	3.2	2.5	3.2	0.8	9.6	9.8	0.0	
PBT before EO expense	**11.1**	**12.7**	**14.8**	**13.0**	**0.4**	**-1.0**	**-16.2**	**0.9**	**51.6**	**-15.9**	**-3.7**	
Extra-Ord expense	0.8	0.4	0.2	0.3	0.4	0.9	0.2	1.1	1.7	2.5	0.0	
PBT	**10.3**	**12.3**	**14.6**	**12.7**	**0.0**	**-1.9**	**-16.4**	**-0.1**	**49.9**	**-18.5**	**-3.7**	**NA**
Tax	0.6	2.3	1.4	3.1	-1.6	-1.0	-0.6	1.1	7.4	-2.1	-0.7	
Rate (%)	5.7	18.8	9.2	24.5	3,280.0	51.9	3.6	-733.3	14.7	11.3	18.0	
MI & P/L of Asso. Cos.	1.0	1.8	2.4	1.7	-0.1	1.0	-3.6	-1.7	6.9	-4.4	1.0	
Reported PAT	**8.8**	**8.1**	**10.9**	**7.9**	**1.7**	**-1.9**	**-12.2**	**0.4**	**35.7**	**-12.0**	**-4.0**	**NA**
Adj PAT	**10.4**	**10.5**	**13.4**	**10.5**	**4.0**	**1.1**	**-5.9**	**3.6**	**44.7**	**2.8**	**-4.0**	**NA**
YoY Change (%)	2.9	40.3	11.1	-44.6	-61.7	-89.8	-144.2	-65.1	-7.8	-93.7	-138.5	
Margins (%)	9.7	8.4	9.8	6.3	4.5	1.0	-6.0	2.6	8.4	0.6	-3.5	

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

Key Performance Indicators

Y/E March	FY23				FY24				FY23	FY24
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Growth Split										
Volume (%)	**6.0**	**-7.0**	**1.0**	**1.0**	**-9.0**	**-7.0**	**-5.0**	**-2.0**	**0.2**	**-6.0**
Price (%)	**18.0**	**21.0**	**13.0**	**-3.0**	**-10.0**	**-15.0**	**-24.0**	**-15.0**	**10.0**	**-17.0**
Exchange Impact (%)	**3.0**	**4.0**	**7.0**	**6.0**	**2.0**	**3.0**	**1.0**	**2.0**	**5.0**	**2.0**
Cost Break-up										
RM Cost (% of sales)	43.1	46.2	48.4	59.3	43.8	51.4	64.0	64.0	**50.2**	**56.8**
Staff Cost (% of sales)	11.5	9.9	9.7	7.6	13.8	12.3	11.7	7.4	**9.4**	**10.9**
Other Cost (% of sales)	23.8	21.8	19.8	14.9	24.6	20.8	20.2	14.9	**19.5**	**19.5**
Gross Margins (%)	56.9	53.8	51.6	40.7	56.2	48.6	36.0	36.0	**49.8**	**43.2**
EBITDA Margins (%)	21.7	22.1	22.2	18.2	17.8	15.5	4.2	13.7	**20.8**	**12.8**
EBIT Margins (%)	16.2	17.3	17.6	13.8	10.7	9.0	-2.6	8.1	**16.1**	**6.4**

Key exhibits

Exhibit 1: Quarterly revenue trend

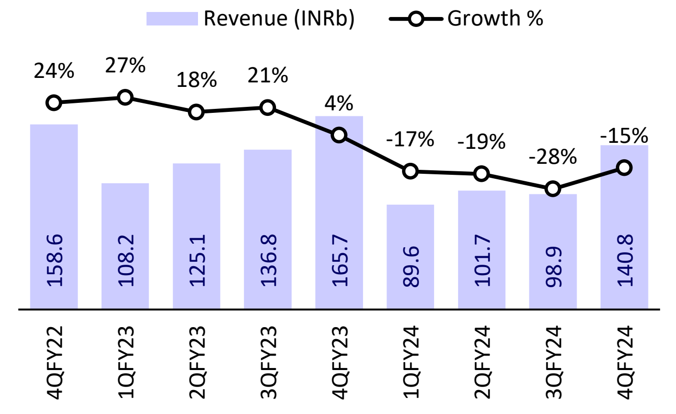


Exhibit 2: Quarterly EBITDA trend

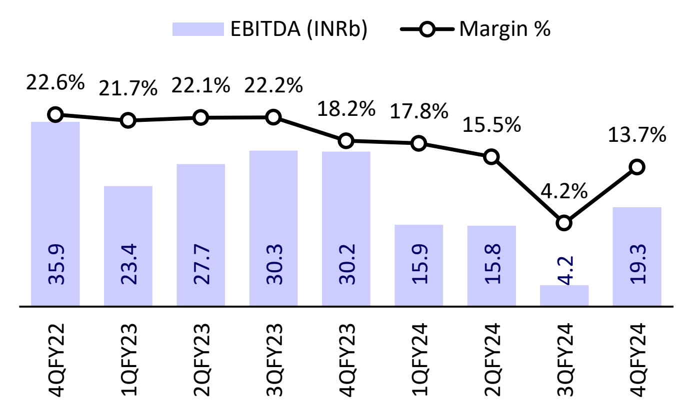


Exhibit 3: Quarterly adjusted PAT trend

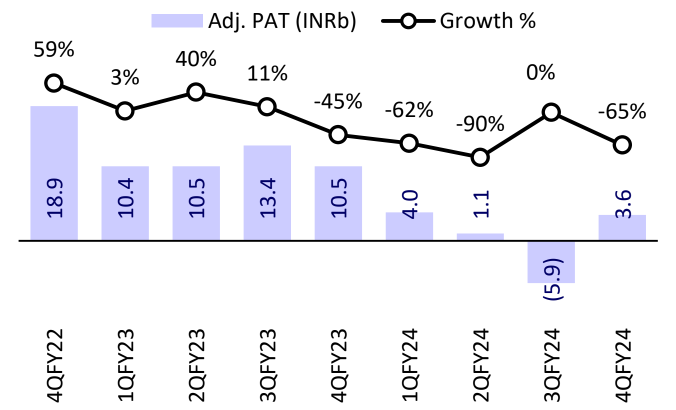


Exhibit 4: Quarterly and annual growth breakup

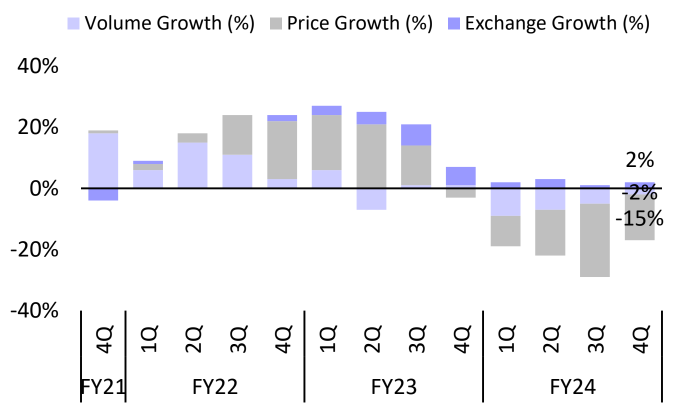


Exhibit 5: Quarterly revenue trend – India

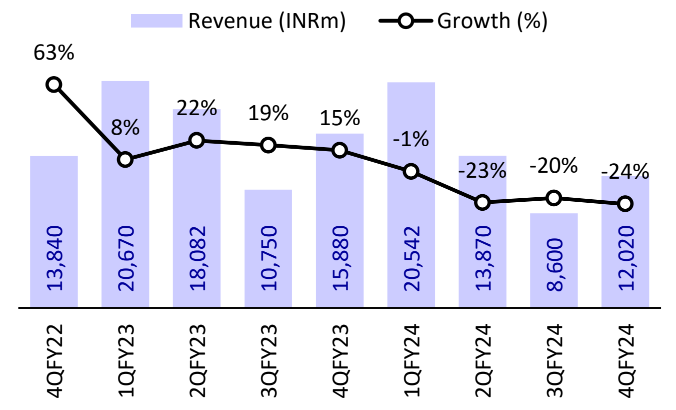


Exhibit 6: Quarterly revenue trend – LATAM

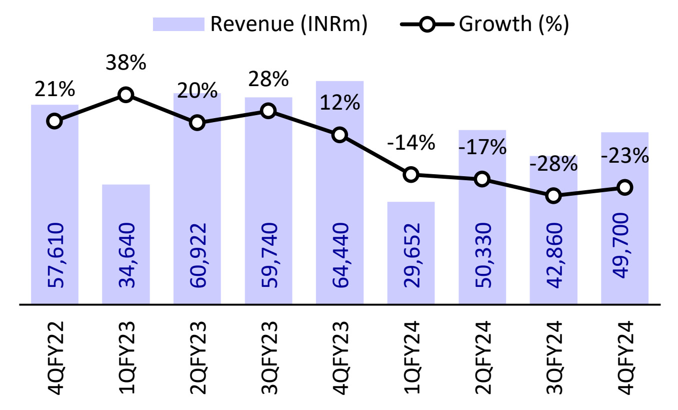
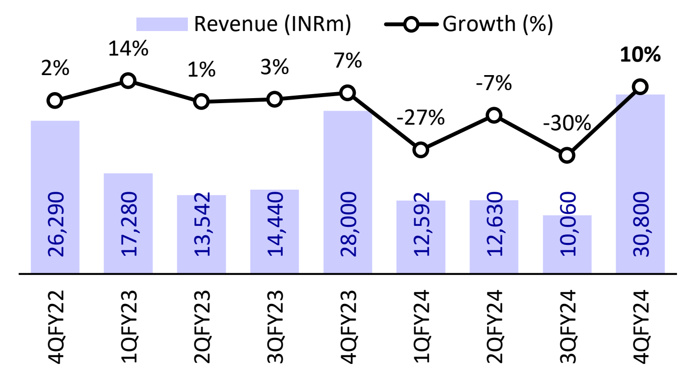
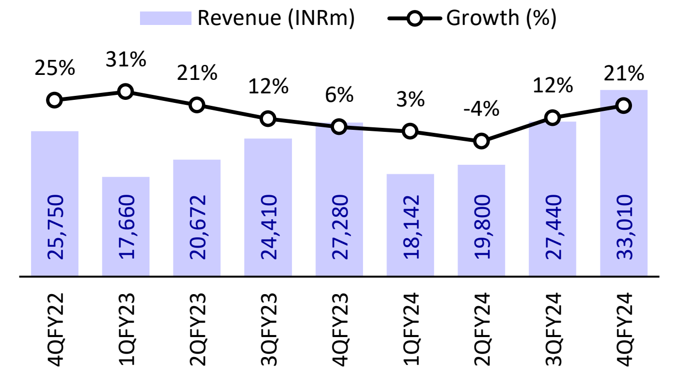


Exhibit 7: Quarterly revenue trend – Europe



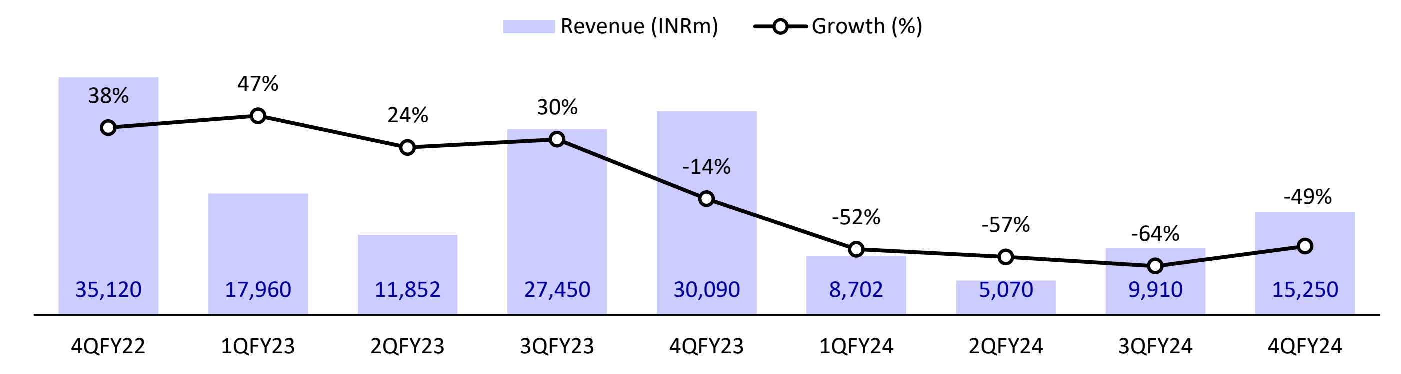
Source: Company, MOFSL

Exhibit 8: Quarterly revenue trend – RoW



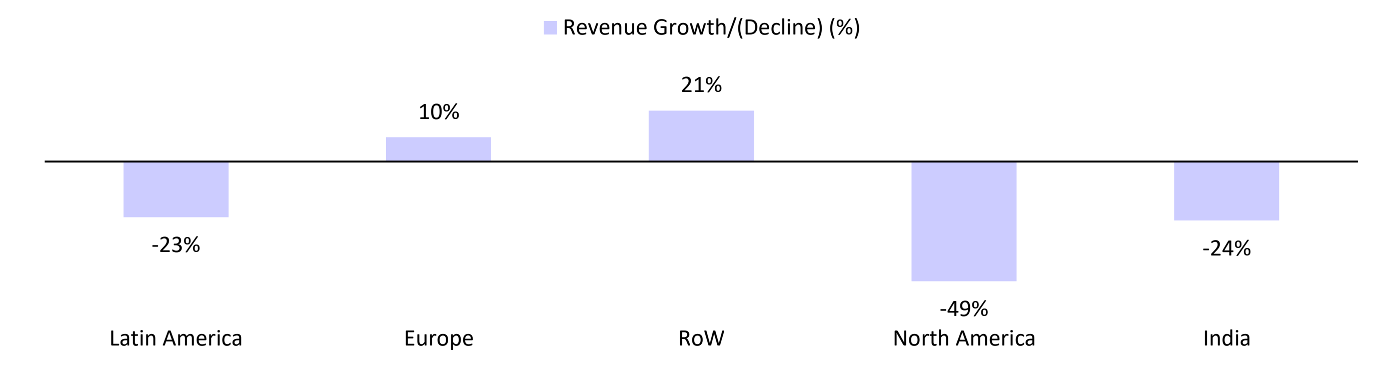
Source: Company, MOFSL

Exhibit 9: Quarterly revenue trend – North America



Source: Company, MOFSL

Exhibit 10: Revenue growth/decline by region in 4QFY24



Source: Company, MOFSL

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

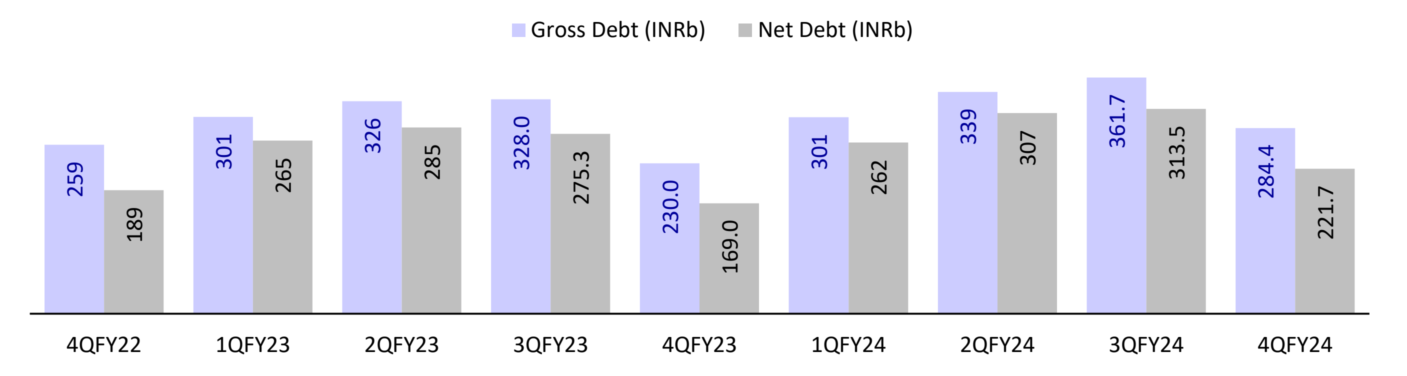


Exhibit 12: Working capital analysis (no. of days)

Source: Company, MOFSL

Exhibit 13: Recent Successful Launches

Offering	Type	Launch type	Key Regions	FY24 status
Weed management				
Preview®	2-way herbicide – pre-emergent	New launch	NA	✓
Triskele®	3-way herbicide	New launch	LATAM / ROW	✓
Winger®	Cereal herbicide	Geographic expansion	ROW	✓
Disease management				
Evolution®	3-way fungicide – ASR / SPOTS	Geographic expansion	LATAM	✓
Insect management				
Feroce®	2-way insecticide – broad spectrum	Geographic expansion	LATAM	✓
Shenzi® family	Leps, broad spectrum insecticide	Geographic expansion	LATAM / NA / ROW	✓
Kevuka®/ Imagine®	Broad spectrum insecticide	New launch	ROW	✓
NPP				
Nuvita®	Complementary to traditional N, positive carbon footprint	New launch	GLOBAL	✓
Seed Applied Technologies				
Nimaxxa®	Bionematicide	New launch	LATAM	✓

Source: Company, MOFSL

Exhibit 14: Robust R&D Pipeline (1/2)

Offering	Type	Key Regions	Current Status	Remarks
Weed management				
Kashmir®	3-way herbicide	LATAM	Phase 4	Launch ready
"AS 1"	Pre-plant burndown	LATAM	Phase 3	Reg. expected in FY26
"AM 1"	2-way herbicide - pre-emergent	NA	Phase 4	Launch ready
"NP mix"	Pre-emergent	EU / ROW	Phase 2	
"PM 1"	Pre-emergent	NA / LATAM / ROW	Phase 2	
"LG 1"	Non-selective	GLOBAL	Phase 4	Geographic expansion
"CF 1"	Pre-emergent	LATAM	Phase 2	
"TM 1"	Pre/ post emergent	EU	Phase 2	
Disease management				
Fluarys®	3-way fungicide – broad spectrum	LATAM	Phase 3	Reg. expected by FY25 end
Axios®	Foliar fungicide – broad spectrum	NA	Phase 4	Launch ready
"FL mix"	3-way fungicide	LATAM / NA / EU	Phase 2	

Source: Company, MOFSL

Exhibit 15: Robust R&D Pipeline (2/2)

Offering	Type	Key Regions	Current Status
Seed Applied Technologies			
Flupyrimin 500 FS	ST insecticide	LATAM	Phase 2
"CY ST"	ST fungicide	LATAM / NA	Phase 2
NPP			
Nitrogen Fixing	Improve N Fixation, positive carbon footprint		Phase 3
Phosphorous Solubilization	Phosphorous efficiency, positive carbon footprint		Phase 3
Soil Salinity	Crop resilience on salinity soils	GLOBAL	Phase 3
Submicron DAP	Improve fertilization efficiency		Phase 3
Nimaxxa®	Bionematicide		Phase 4
New Technologies			
RNAi based (3)	Multiple	GLOBAL	Phase 2
Insecticides peptides	LEPS, Sucking Pests	GLOBAL	Phase 2
New Ais			
Insecticide	Chewing pest – multi crop	LATAM / ROW	Phase 2
Insecticide (Kumkop®)	Chewing Pests – Multi-crop	GLOBAL ex EUROPE	Phase 2
Insecticide	Bionematicide	GLOBAL	Phase 2
Fungicide (3)	Multiple	LATAM / NA / ROW	Phase 2

Phase 2: Confirmed proof of concept
Phase 3: Dossier preparation and submission
Phase 4: Pre-registration and launch ready

Source: Company, MOFSL

Exhibit 16: UPL SAS - New launches to diversify crop profile

New Key Launches planned in FY25 **6**

New launches with focus on **Differentiated and Sustainable Portfolio** to help **strengthen presence in Rice, Vegetables and Maize.**

# New Launches	Portfolio & Composition (no. of product launches)	Pain Point & Crop Application	Peak Revenue
2	Insecticide	Targets Stripe and Chilo stem borer, and BPH in Rice	250 Crore
1	Insecticide	Complex and Mixed pest management - Lepidopteran and chewing pests in Vegetables and Pulses	80 Crore
1	Fungicide	Multi-site fungicide for complex disease management (Powdery mildew, Anthracnose and leaf spots) in Multiple crops	40 Crore
2	Herbicide	Differentiated mixtures to manage resistant weeds in Plantations/Non-crop area	40 Crore

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the conference call

UPL Corporation

- 4Q revenue and EBITDA continued to be impacted by pricing challenge, excess returns, unfavorable weather in key regions, and continued destocking in NA and Europe.
- LATAM (excluding Brazil) was flat YoY, driven by volumes, while Mexico and Argentina performed outpaced industry growth.
- Differentiated/sustainable mix improvement, led by ~8% volume growth.
- Contribution margins were down marginally YoY, adjusted for the short-term impact of high-cost inventory liquidation and higher rebates to channel partners. Margins improved sequentially and flat YoY on the normalized basis, led by fixed overheard optimization.
- Farmers also froze their purchases in FY24 to need basis in anticipation of a further decline in prices.
- As the company had high-cost inventory, it slowed down production and focused on releasing the existing inventory, thereby impacting 4Q revenue.
- Liquidation of high-cost inventory, higher rebates to support channel partners, and accepting failed returns impacted contribution margin.
- Destocking continued to weigh on the global agrochemical market. ~80% of the company's high-cost inventory has been liquidated in FY24, and the balance will be liquidated in 1HFY25.
- Overall, prices in China remained stable QoQ in the crop protection business (but at lower levels).
- The management expects normalized business performance in 2QFY25.
- It reduced SG&A expenses in 4Q and is on track to reduce SG&A by USD100m in FY25 (from the base of FY23). The major part of this reduction will be sustainable.
- The differentiated/sustainable segment continues to deliver higher volume, along with consistent margin. The recent launches, e.g., Evolution and Feroce in Brazil, generated revenue of USD56m, mainly driven by volume growth.
- Feroce/Evolution/Shenzi delivered volume growth of over 70%/ 80%/ 80% YoY in FY24.

Outlook for UPL Corporation

- The company is set to see business recovery in FY25 with following priorities:
- Focus on **margins improvement** vs. volumes through product mix, SKU rationalization, new product launches (NPLs), fresh inventory at lower COGS, and supply chain management excellence.
- Strong **cash generation** through sales closer to use, thereby improving working capital cycle; inventory optimization; and continued focus on receivable days.
- **Accelerate innovation** and leverage go-to-market with higher focus on the differentiated / sustainable segment. The company targets to generated revenue of ~USD85m from NPLs in FY25 and further increase by ~4x in four years. The company is on path to achieving ~50% revenues from differentiated / sustainable solutions by FY27.
- The company is also focused on increasing its sustainable offering by delivering new AIs, increasing its market footprint and an ambition to grow faster vs.

market (~14% CAGR in FY24-FY27). The management has guided for ~USD700M in risk-adjusted sales (excluding India) by FY27, with 10 new unique active ingredients (AIs) in the development pipeline.

- The company has ~26/17 new molecules/platforms under development pipeline and expects to generate sales of USD1.5b by FY27 and peak sales of ~USD5b. The company targets the innovation rate of 24% by FY27.

UPL SAS

- 4Q revenue declined 60% YoY, with volumes/prices down 57%/3%.
- In line with new strategy of realigning sales closer to the season to optimize working capital and release cash by going slow on product placement in Q4 and prioritized collections and rationalized credit terms.
- Contribution margins contracted 1750bp YoY in 4Q, led by impact of INR400m for unabsorbed factory costs as prioritized cash flows over higher plant utilization and product mix change with the realignment of sales of higher-margin products closer to the season.
- The company achieved a significant reduction of 36% YoY in SG&A.
- For FY24, revenue/EBITDA declined 34%/79% YoY.
- Revenue decline was led by lower cotton acreages in North India (~10% YoY) and rice in Andhra Pradesh and West Bengal in Rabi season (~10% YoY); key crops (cotton, pulses, oilseeds) impacted by erratic monsoon - dry spells in North India, Telangana and Karnataka; low Glufosinate demand YoY due to elevated channel stock carried forward from FY23 and dry Kharif and Rabi season; and delayed product placement to rationalize channel inventory and improve working capital.
- Generated cash of INR10b in FY24 with improvement in receivable days by ~55 days. This was due to the realignment of sales close to the season and improved collections.
- Digital platform ‘Nurture.retail’ turned positive at operational gross margin level. Also on-boarded 94k retailers and 110k orders served during FY24.
- Six key launches planned in FY25 with focus on the differentiated and sustainable Portfolio to help strengthen its presence in Rice, Vegetables and Maize. The peak revenue from these six launches will be ~INR4.1b.

Outlook for UPL SAS

- The company is focusing on achieving profitable growth by regaining volume in flagship products (Flonicamid+ Mixtures, Glufosinate); higher contribution from recent launches; volume growth from new launches; expanding differentiated & sustainable share (Increase to ~35% in FY25 from 25% in FY24); and continued SG&A rationalization.
- Reduce working capital by the realignment of sales closer to the season, rationalize credit terms, scale-up channel financing and tighter demand planning and inventory holding.

Advanta

- Revenue grew 34% YoY in 4QFY24, where prices increased 6%, volume 27% and FX by 0.5%.

- Volume growth was led by higher volumes and improved realizations in Canola, Corn, and Sorghum, and healthy volume traction in vegetables in India.
- EBITDA grew 38% YoY growth YoY. Contribution margins impacted by change in crop mix and higher production costs due to weather and lower recoveries in India, Australia, Thailand and Indonesia. However, lower fixed overheads and R&D costs as % of sales (32% in Q4FY24 vs. 39% in Q4FY23) led to EBITDA margin expansion of 40bp YoY to 15.6%.
- Revenue mix of key crops in FY24 were Field corn (45%), Grain forage & Sorghum (22%), Vegetables & Fresh corn (12%) and Sunflower & Canola (16%).

Working Capital and Debt

- Working capital days increased by 22 days YoY to 86 days as on Mar'24, primarily due to reduced factoring (lower by 7 days) (down ~USD400m YoY) on account of lower sales in North America, EU, and Brazil.
- The average cost of borrowing for FY24 was ~7% p.a.
- Net debt stood at USD2.7b as of Mar'24. Adjusted for lower factoring (down USD400m YoY), net debt increased YoY by USD602m.
- The company targets CFO generation of USD300-400m in FY25, which will be entirely used for debt reduction. Also, incremental debt reduction will be through rights issue (by end of 2QFY25 or early 3Q) and fundraise.
- The management targets a net debt-to-EBITDA ratio of <2x.

Guidance and Outlook

- The management expects normalization of crop protection business largely in H2FY25, with a turnaround expected in North America, Brazil and India.
- Seeds business is expected to sustain its strong growth momentum.
- UPLL is focusing on improving margins by bringing in operating efficiencies and cash generations
- **The management guided for ~4-8% revenue growth in FY25, with absolute EBITDA growth of over 50% and CFO generation of USD300-400m.**
- ~80% of high-cost inventory both in UPL Corp and India business has been liquidated in FY24 and the balance will be liquidated by 1HFY25. Higher rebates will not happen in FY25.
- Pricing in 1QFY25 will be a challenge in the post-patent market as the base quarter was going through declining prices. This will impact contribution margin.
- **There could be a loss in 1QFY25** and EBITDA decline YoY with margin contraction YoY. 2HFY25 will be much better.

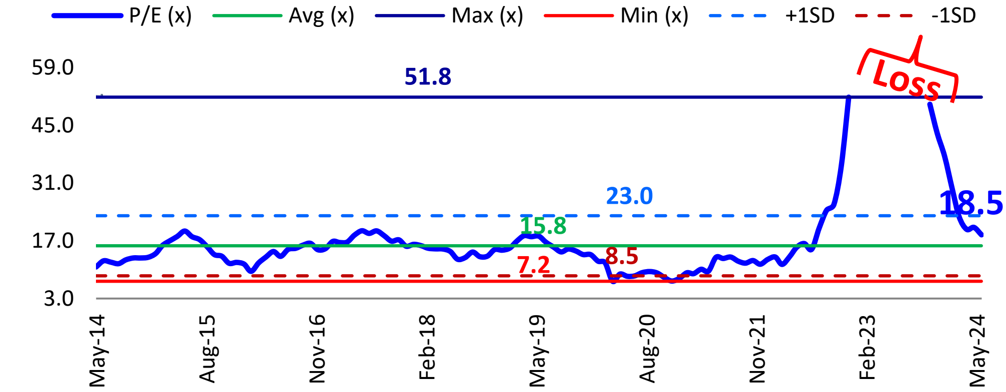
Other highlights

- UPLL started to produce Green hydrogen.
- The company has seen some stabilization of pricing in China. But the stabilization has been at lower level and is expected to remain at this level in medium term i.e. new normal.
- EU - post the destocking in 9MFY24, there was restocking happening in 4QFY24 with the spring season coming up.
- Flooding in southern parts of Brazil - None of the assets of the company's partners were significantly impacted. Also, the management is not expecting any major impact on crop production there.

Valuation and view

- We expect 1HFY25 to remain challenging for the global agrochemical industry due to: a) pending high-cost inventory across companies, which would be liquidated in 1HFY25, resulting in lower margins, and b) stabilization in agrochemical prices, albeit at lower levels. However, 2HFY25 is expected to witness recovery in overall demand and pricing scenario globally.
- Considering short-term challenges, cash flow generation and debt repayments remain the key monitorables.
- Factoring in better-than-expected performance in 4Q and an improving operating scenario in FY25, we raise our FY25E EPS by 21% while maintaining our FY26E EPS. **Reiterate Neutral with a TP of INR560 (based on 12x FY26E EPS; ~25% discount to its five-year average, and a one-year forward P/E of 16x)**.

Exhibit 17: One-year forward P/E



Source: MOFSL

Exhibit 18: Changes to our estimates

Particulars	Old		New		Change	
(INR b)	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	467	514	466	512	0%	0%
EBITDA	74	94	82	96	11%	2%
Adj. PAT	18	36	21	36	21%	0%

Source: MOFSL

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	**218**	**358**	**387**	**462**	**536**	**431**	**466**	**512**
Change (%)	25.7	63.7	8.2	19.5	15.9	-19.6	8.2	9.7
EBITDA	**46**	**74**	**86**	**102**	**112**	**55**	**82**	**96**
Margin (%)	20.8	20.8	22.3	22.0	20.8	12.8	17.5	18.8
Depreciation	9	20	22	24	25	28	29	31
EBIT	**37**	**54**	**65**	**78**	**86**	**28**	**53**	**65**
Int. and Finance Charges	10	15	21	23	30	39	35	31
Other Income	2	1	3	3	5	5	2	3
Exchange diff on trade rec. & payables	3	3	2	6	10	10	0	0
PBT bef. EO Exp.	**27**	**37**	**45**	**52**	**52**	**-16**	**20**	**37**
EO Items	9	10	3	3	2	3	0	0
PBT after EO Exp.	**18**	**28**	**41**	**48**	**50**	**-18**	**20**	**37**
Total Tax	2	6	7	5	7	-2	4	7
Tax Rate (%)	11.3	21.2	16.6	10.9	14.7	11.3	18.0	18.0
Prior Period Items - Income / (Expenses) - Net	0	0	0	0	0	0	0	0
Share of (profit)/loss of ass. & JV	0	0	0	-1	-2	2	3	3
Minority Interest	1	4	6	8	8	-7	-7	-8
Reported PAT	**15**	**18**	**29**	**36**	**36**	**-12**	**21**	**36**
Adjusted PAT	**25**	**27**	**35**	**49**	**45**	**3**	**21**	**36**
Change (%)	11.2	8.4	29.9	39.9	-7.8	-93.7	660.8	67.5
Margin (%)	11.3	7.5	9.0	10.5	8.4	0.6	4.6	7.0

Consolidated - Balance Sheet (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	1	2	2	2	2	2	2	2
Total Reserves	146	161	177	215	267	247	257	282
Net Worth	**147**	**163**	**179**	**217**	**269**	**248**	**259**	**284**
Minority Interest	35	33	37	46	56	49	42	33
Total Loans	291	288	238	259	230	284	259	239
Perpetual bonds	0	30	30	30	30	30	30	30
Total Loans (Including Perpetual bond)	**291**	**318**	**268**	**289**	**260**	**314**	**289**	**269**
Deferred Tax Liabilities	22	28	27	25	25	24	24	24
Capital Employed	**495**	**542**	**510**	**576**	**609**	**636**	**614**	**610**
Gross Block	230	260	281	311	345	370	403	426
Less: Accum. Deprn.	75	95	117	141	166	194	223	254
Net Fixed Assets	**155**	**164**	**164**	**170**	**179**	**176**	**181**	**172**
Goodwill on Consolidation	166	182	177	184	199	202	202	202
Capital WIP	19	21	21	25	28	30	16	13
Total Investments	**7**	**6**	**6**	**19**	**16**	**22**	**22**	**22**
Curr. Assets, Loans&Adv.	**285**	**328**	**337**	**429**	**463**	**446**	**437**	**462**
Inventory	91	79	94	131	140	128	127	133
Account Receivables	117	119	126	153	183	164	166	175
Cash and Bank Balance	29	68	49	61	61	60	51	62
Loans and Advances	48	63	68	83	80	95	93	92
Curr. Liability & Prov.	**137**	**159**	**194**	**250**	**277**	**240**	**243**	**261**
Account Payables	94	102	125	166	176	157	157	168
Other Current Liabilities	34	55	60	77	94	76	79	84
Provisions	9	1	9	8	7	7	7	8
Net Current Assets	**148**	**169**	**142**	**178**	**186**	**206**	**194**	**201**
Appl. of Funds	**495**	**542**	**510**	**576**	**609**	**636**	**614**	**610**

Financials and valuations

Ratios								
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Basic (INR)								
EPS	**32.2**	**34.9**	**45.4**	**63.5**	**58.5**	**3.7**	**27.8**	**46.7**
Cash EPS	43.7	61.2	73.8	142.8	139.0	60.3	99.6	132.3
BV/Share	192.4	213.0	234.0	429.2	531.8	491.2	512.2	561.7
DPS	5.4	6.1	10.2	10.2	10.2	11.2	14.3	14.3
Payout (%)	27.1	25.8	26.6	21.1	21.4	-70.1	50.3	30.0
Valuation (x)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
P/E	16.6	15.3	11.8	8.4	9.1	146.0	19.2	11.5
Cash P/E	12.2	8.7	7.2	3.7	3.8	8.9	5.4	4.0
P/BV	2.8	2.5	2.3	1.2	1.0	1.1	1.0	1.0
EV/Sales	3.0	1.8	1.6	1.4	1.1	1.5	1.4	1.2
EV/EBITDA	14.6	8.7	7.2	6.2	5.4	11.9	7.8	6.3
Dividend Yield (%)	1.0	1.1	1.9	1.9	1.9	2.1	2.7	2.7
FCF per share	-357.0	90.7	68.6	32.3	33.1	-14.3	81.5	96.1
Return Ratios (%)	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	8.4	13.2
RoCE	11.6	9.5	12.1	15.1	15.0	5.3	8.1	10.1
RoIC	12.0	9.6	12.2	15.4	15.1	4.8	8.2	10.3
Working Capital Ratios	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	1.2	1.2
Inventory (Days)	319	156	180	216	190	190	190	190
Debtor (Days)	195	121	119	121	125	139	130	125
Creditor (Days)	329	203	239	274	239	234	235	240
Leverage Ratio (x)	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	0.9	0.7

Consolidated - Cash Flow Statement								(INR m)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
OP/(Loss) before Tax	27	28	42	50	52	-21	20	37
Depreciation	9	20	22	24	25	28	29	31
Interest & Finance Charges	10	15	21	23	30	34	35	31
Direct Taxes Paid	-2	-8	-7	-10	-13	-11	-4	-7
(Inc)/Dec in WC	-10	31	-2	-18	-14	-13	3	3
CF from Operations	**32**	**85**	**75**	**68**	**81**	**16**	**84**	**95**
Others	-9	3	-3	-4	-3	2	-3	-3
CF from Operating incl EO	**24**	**87**	**72**	**65**	**78**	**18**	**81**	**92**
(Inc)/Dec in FA	-291	-19	-21	-41	-53	-29	-20	-20
Free Cash Flow	**-268**	**68**	**51**	**24**	**25**	**-11**	**61**	**72**
(Pur)/Sale of Investments	3	2	0	-13	3	-5	0	0
Others	-21	-9	0	16	35	9	0	0
CF from Investments	**-309**	**-26**	**-21**	**-38**	**-15**	**-25**	**-20**	**-20**
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	225	-29	-42	13	-46	48	-25	-20
Interest Paid	-10	-16	-17	-19	-23	-34	-35	-31
Dividend Paid	-4	-5	-5	-8	-8	-7	-11	-11
Others	74	28	-4	-5	15	-5	0	0
CF from Fin. Activity	**285**	**-22**	**-67**	**-19**	**-62**	**1**	**-70**	**-61**
Inc/Dec of Cash	**0**	**39**	**-19**	**10**	**2**	**-1**	**-9**	**11**
Opening Balance	29	29	68	51	59	61	60	51
Closing Balance	**29**	**68**	**49**	**61**	**61**	**60**	**51**	**62**

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Contact Person	**Contact No.**	**Email ID**
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.