

Aarti Industries

Strong sequential recovery; improved visibility for FY25E

Unlike other large chemical companies, Aarti Industries (Aarti) reported strong sequential recovery in its Q2FY24 EBITDA supported by volumes and better margins. Thus, Q2 EBITDA/ PAT soared 16.5%/ 28.2% QoQ at Rs2.3bn / Rs0.9bn. Discretionary segments such as dyes, polymers, additives, and few specialty applications witnessed sequential recovery, which was prominent in exports market, benefitting overall performance. However, agrochemicals is still reeling under pressure in both domestic and exports market while pharma is lagging too. Nonetheless, management remained optimistic on sequential recovery in 2H with QoQ EBITDA expansion. Demand is expected to be normalised in FY25E based on which the management has guided EBITDA range of Rs14.5bn-16.1bn while guiding FY24E EBITDA at ~Rs10bn. Consequently, we have lowered our FY24E EBITDA estimates by 8% while marginally lowering FY25E EBITDA estimates by 2%. Introducing FY26E numbers and rolling over our valuations to 1HFY26E, we maintain Buy with a revised TP of Rs604 (earlier Rs561).

Volume growth, better margins in some products benefits Q2

During Q2, Aarti's revenues rose marginally by 2.8% QoQ at Rs14.5bn aided by volume gains in several products. EBITDA expanded substantially by 16.5% QoQ owing to volume expansion, product mix, recovery in regular markets, and better contribution from some of the products. Discretionary segments such as dyes, polymers, additives, and few specialty applications witnessed good sequential recovery.

FY25E to witness normalised demand

Management remained optimistic on Q2 recovery and expects the same to continue in ensuing quarters with normalised demand from Q1FY25E onwards. Additionally, new projects commissioned in FY23-24E coupled with some projects commissioning in early-FY25E are likely to contribute significantly to FY25E EBITDA resulting in robust YoY growth.

Capex guidance remains intact, project commissioning as per schedule

During Q2, Aarti commissioned its Phase I Acid Unit revamp project post capacity expansion of NCB. Ethylation and Nitrotoluene debottlenecking projects are likely to be commissioned in Q1FY25E. Aarti's large Chlorotoluenes project (Phase I capex at ~Rs15bn) is expected to come up by end-FY25E. The company has not deferred any projects and continues to maintain its FY24-25E capex guidance of Rs25-30bn.

Watch out for sequential improvement in EBITDA, maintain Buy

Post Aarti's QoQ improvement in EBITDA in Q2, management cited continued improvement in QoQ performance in ensuing quarters with demand normalisation in FY25E. Sequential growth in EBITDA remains a key trigger for the stock in near to medium term. We believe that alleviating global headwinds incrementally, may benefit Aarti's QoQ recovery as suggested by the management. The stock is currently trading at 48.2x/ 24.5x FY24E/ FY25E EPS of Rs10.6/ Rs20.9. Rolling over our valuations to 1HFY26E and valuing the company at 25x P/E, we maintain Buy with an increased TP of Rs604 (earlier Rs561).

Risks – Delay in demand recovery, project execution delays

Financial and valuation summary

YE Mar (Rs mn)	2QFY24A	2QFY23A	YoY (%)	1QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	14,540	16,850	(13.7)	14,140	2.8	60,175	72,960	83,583
EBITDA	2,330	2,670	(12.7)	2,000	16.5	10,020	15,112	18,714
EBITDA margin (%)	16.0	15.8	20bps	14.1	190bps	16.7	20.7	22.4
Adj. Net profit	910	1,245	(26.9)	710	28.2	3,834	7,561	9,956
Adj. EPS (Rs)	2.5	3.4	(26.9)	2.0	28.2	10.6	20.9	27.5
EPS growth (%)						(29.7)	97.2	31.7
PE (x)						48.2	24.5	18.6
EV/EBITDA (x)						21.4	14.5	11.8
PBV (x)						3.5	3.1	2.7
RoE (%)						7.5	13.5	15.5
RoCE (%)						7.1	10.3	11.7

Source: Company, Centrum Broking

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Result Update

India I Chemicals

06 November, 2023

BUY

Price: Rs510

Target Price: Rs604

Forecast return: 18%

Institutional Research

Market Data

Bloomberg:	ARTO IN
52 week H/L:	745/438
Market cap:	Rs184.9bn
Shares Outstanding:	362.5mn
Free float:	49.4%
Avg. daily vol. 3mth:	14,33,174
Source: Bloomberg	

Changes in the report

Rating:	BUY, unchanged
Target price:	Rs604; Up 7.7% from Rs561
EPS:	FY24E: Rs10.6; down 25.1% FY25E: Rs20.9; down 7.1%
Source: Centrum Broking	

Shareholding pattern

	Sep-23	Jun-23	Mar-23	Dec-22
Promoter	43.6	43.7	44.1	44.2
FII	10.6	12.2	12.3	12.1
DII	15.9	14.6	14.5	14.3
Public/other	29.9	29.6	29.1	29.5
Source: BSE				

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q2FY24	Actual Q2FY24	Variance (%)
Revenue	16,750	14,540	(13.2)
EBITDA	2,133	2,330	9.3
EBITDA margin %	12.7	16.0	330bps
Adj. PAT	666	910	36.6
Source: Bloomberg, Centrum Broking			



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Chemicals

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	60,175	58,284	3.2	72,960	71,360	2.2
EBITDA	10,020	10,857	(7.7)	15,112	15,485	(2.4)
PBT	4,190	5,689	(26.3)	9,109	9,809	(7.1)
PAT	3,834	5,120	(25.1)	7,561	8,142	(7.1)

Source: Centrum Broking

Aarti Industries versus NIFTY Midcap 100

	1m	6m	1 year
ARTO IN	4.4	(6.3)	(30.5)
NIFTY Midcap 100	(0.9)	24.2	26.0

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY24E	FY25E	FY26E
Revenue growth (%)	(9.1)	21.2	14.6
EBITDA margin (%)	16.7	20.7	22.4
EBITDA growth (%)	(8.0)	50.8	23.8
PAT growth (%)	(29.7)	97.2	31.7

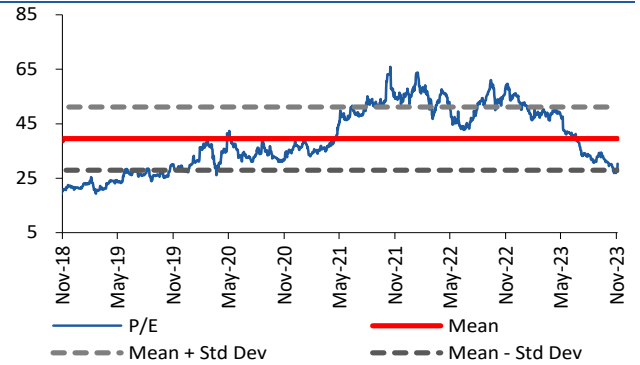
Source: Centrum Broking

Valuations

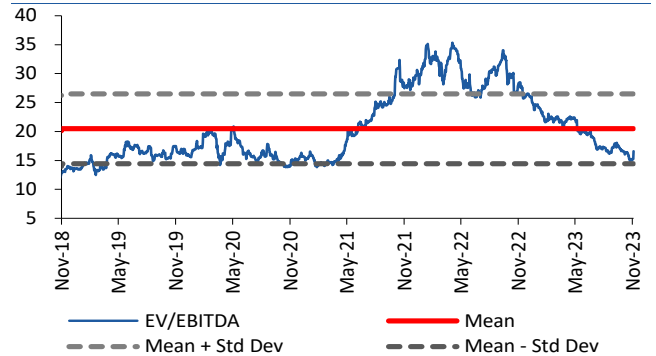
Based on 1H performance and management guidance, we have lowered our FY24E EBITDA estimates by 8% while marginally lowering FY25E EBITDA estimates by 2%. Our FY24E earnings cut is more than EBITDA cut considering higher interest cost and interest related one-off. The stock is currently trading at 48.2x/ 24.5x FY24E/ FY25E EPS of Rs10.6/ Rs20.9. Rolling over our valuations to 1HFY26E and valuing the company at 25x P/E, we maintain Buy with an increased TP of Rs604 (earlier Rs561)

Valuations	Rs/share
1HFY26E EPS	24.2
Target multiple (X)	25
Target Price	604
CMP	510
Upside/ (downside)	18.4

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Peer comparison

Company	Mkt Cap (Rs bn)	CAGR (FY23A-25E)			P/E (x)			EV/EBITDA (x)			ROE (%)		
		Sales	EBITDA	EPS	FY23A	FY24E	FY25E	FY23A	FY24E	FY25E	FY23A	FY24E	FY25E
Aarti Industries	184.9	5.0	17.8	17.8	33.9	48.2	24.5	19.4	21.4	14.5	11.6	7.5	13.5
Anupam Rasayan	97.7	22.7	22.7	27.9	53.9	44.5	32.9	23.1	20.0	15.9	8.8	8.8	10.9
Atul	197.7	4.7	12.5	6.0	38.5	47.2	34.3	25.6	27.3	20.3	11.3	8.7	10.9
Deepak Nitrite	292.1	10.6	28.2	29.2	34.2	37.5	20.4	22.6	24.4	13.7	22.9	17.5	26.4
Dhanuka Agritech	36.2	11.7	14.9	7.9	15.4	15.0	13.2	12.9	11.1	9.3	23.1	20.7	19.9
Galaxy Surfactants	100.7	(0.9)	0.4	(0.1)	26.6	29.2	26.7	17.9	18.4	16.9	22	17.2	16.4
Gujarat Fluorochemicals	298.4	(1.3)	(11.3)	(17.5)	22.5	61.1	33.0	15.2	30.6	19.4	27.2	8.5	14.1
Navin Fluorine	179.9	20.6	18.9	11.9	48.0	51.9	38.4	34.2	32.2	24.7	18.6	14.8	17.4
PI Industries	527.2	21.2	22.8	20.1	43.3	35.5	30.0	32.9	27.0	21.8	18.4	19	19.1
SRF	693.0	4.2	2.4	(2.3)	32.0	45.2	33.6	20.7	25.2	20.0	22.9	13.9	16.3
UPL	416.2	0.7	(4.8)	(7.7)	11.7	18.1	13.7	5.7	6.5	6.0	13.1	7.3	9.0
Vinati Organics	180.0	9.2	4.4	5.1	39.3	44.6	35.6	30.2	35.0	27.6	22.6	16.9	18.2

Source: Company, Centrum Broking

Q2FY24 Concall Highlights

Sequential improvement in EBITDA from hereon, significant jump in FY25E EBITDA led by volumes and ramp up of newly commissioned projects

Financial Performance – Debt not to go up significantly from hereon

- 1H capex – Rs5.8bn
- EBITDA margins – Product mix, recovery in traditional market which is better margin market, orders have come back, sustainable in subsequent quarters
- 1H net debt – ~Rs27bn, cash ~Rs4bn
- Other expenses – Benefit from reduction in freight costs
- No inventory gains in margin improvement

Business performance – Recovery seen in some discretionary segments

- Seen gradual recovery in some of products
- Recovery seen in discretionary segments such as Dyes, polymers, additives, and few speciality applications
- To take few more quarters to normalise performance
- Worst seems to be over in 1HFY24
- Value added products contribution is increasing
- Domestic demand impacted primarily from agrochemicals
- Agrochemicals – Still seeing more challenges, same with pharma
- Margins – Discretionary segment margins better QoQ, drag on agro and pharma margins
- Strong momentum in direct exports
- Indirect exports have got impacted more
- Per kg margins bottomed out in Q1
- MPDA – Domestic demand relatively slower
- Nitric Acid – Ammonia price based contract
- Lesser margins in non-regular markets
- RM volatility is not impacting much
- Impact of Chinese competition already there and no change
- Exports – Regular markets 90%, non-regular markets 10%

Contracts Update

- 1st contract – Still suffering due to demand challenges, expect product demand to come back after a couple of quarters
- 2nd contract – Capacity agnostic impact, EBITDA protected
- 3rd contract – Expect stabilisation in FY24E with major EBITDA contribution in FY25E

Long-term contracts, new capex (Status quo) – Good volume visibility for new projects to be commissioned in 1HFY25E

- NCB capacity expansion and specialty chemicals plants capex – Capacity expansion from 75,000MT to 108,000MT
- Ethylation – Capex of Rs2bn, expected to be commissioned by 1QFY25E, expanding capacity 3x from current 7-10,000MT
- Nitrotoluene debottlenecking – Capacity expansion by 50% from 30,000MT to 45,000MT, for agrochemicals, expected to come up by 1QFY25E
- Chlorotoluenes – Phase I Rs15bn capex, along with few downstream chemistry and MPP plants, initial plant commissioning by end-FY25E, most commissioning in FY26E, 90% value added products, minimum three steps
- Acid unit – 22% expansion in early FY25E

Volumes -Volume growth in Hydrogenation and Nitrotoluenes

- NCB volumes – 19,014MT (20,276MT)
- Hydrogenation – 3,136MT/ month (2,558MT/ month), higher margins than NCB
- Nitrotoluenes – 7,560MT/ qtr (4,954MT/ qtr), lower volumes due to weak agrochemicals demand, also under took a shutdown
- PDA – 316MT/ month (242MT/ month)

Guidance/ Outlook – FY25E EBITDA expected at ~Rs14.5-16bn

- FY24E EBITDA – Rs9.5-10bn
- FY25E EBITDA – Rs17bn as per earlier guidance, can be 5 to 15% lower than the guidance, primarily driven by volume growth and ramp up of new projects commissioned in FY23/ 24E
- FY24E debt – Rs27-28bn, not to increase materially, expect to peak out in FY26E
- Asset turn on new capex would be more towards 1.2x to 1.3x

Q2FY24 snippets from presentation

QoQ recovery expected in FY24E, normalisation from FY25E

Financial Performance

- Revenues – Performance improved QoQ due to volume gains in several products
- EBITDA – Volume expansion with stable-to-better realization for some products; saw balanced contribution from both regular and non-regular markets
- Interest cost – Higher on account of mark-to-market / revaluation loss of about Rs120mn with respect to unhedged long-term loans
- Lower tax liability – Benefits of higher tax depreciation and exemptions and also accrual of deferred tax assets of Rs90mn
- 1H capex – Rs5.8bn, FY24E Annual capex estimated to be ~Rs12-13bn

Business performance

- Headwinds related to inventory destocking, demand pressure from export markets and geopolitical uncertainties among others persisted during the quarter
- Witnessing gradual demand recovery QoQ, will take few more quarters for normalized demand across various end segments/product lines
- Chloro Toluene Base capacity – ~42,000TPA

Project update

- Commercialised Phase 1 of Scale-up of Acid Unit Revamp
- Capex of about: Rs25-30bn for Chemicals
- Site development work initiated on 100+ acre land at Jhagadia
- Capex to be completed by September 2024E
- NCB Capacity Expansion at Vapi Specialty Chemicals Blocks at various locations
- Expansion cum Asset Upgradation for Acid Unit at Vapi (Phase I commercialised in Q2FY24)
- Expansion of Ethylation and NT Capacities
- Expansion, Asset Restoration, Sustainability initiatives etc.

Guidance

- Medium-to-long term trend continue to be appealing backed by steady demand recovery in key end-user industries.
- H2 is anticipated being better than first half; foreseeing FY25E to be a normalizing year considering the current pace of recovery
- FY24E – Macro Concerns on demand continuing from FY23 and is expected to progressively improve in H2FY24
- FY25E – Recovery of Volumes across the sector, Ramp-up of capacities and higher operating leverages shall lead to EBITDA growth, Commissioning of expanded capacities of NT and Ethylation, Zone 4 to start gradually going on stream
- FY26E – EBITDA to grow by ~ 20-25% CAGR driven by, Zone 4 ramping up, New Strategic opportunities, Higher utilisation for existing capacities at Zone 1,2,3
- Project works already underway that will drive the growth from FY25E and beyond having End use majorly in Agrochemicals & Pharma
- Environmental Clearances obtained / in process

Growth Strategy

- Partnership with Global Companies – Collaborate with world's leading chemical companies, build on existing partnerships and build new ones, contract Manufacturing/ CDMO Opportunities
- New Product Development – Explore new value Chains, add new chemistry: e.g., Photochlorination, oxidation etc., Expansion of existing Value chain
- Bio and Sunrise sector – Sustainable/ green products with focus on biochemistry, Battery chemicals, Electronics chemicals, new age materials, high-end polymers etc.

Exhibit 1: Aarti Industries – Quarterly Review (Cons.)

Y/E March (Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1 FY24	H1 FY23	% chg.
Net sales	14,540	16,850	(13.7)	14,140	2.8	28,680	32,953	(13.0)
Cost of Goods	8,540	9,781	(12.7)	8,530	0.1	17,070	19,043	(10.4)
% of sales	58.7	58.0		60.3		59.5	57.8	
Employee benefit expenses	990	928	6.6	1,010	(2.0)	2,000	1,838	8.8
% of sales	6.8	5.5		7.1		7.0	5.6	
Other expenditure	2,680	3,471	(22.8)	2,600	3.1	5,280	6,586	(19.8)
% of sales	18.4	20.6		18.4		18.4	20.0	
Operating profit	2,330	2,670	(12.7)	2,000	16.5	4,330	5,485	(21.1)
OPM (%)	16.0	15.8		14.1		15.1	16.6	
Dep. and amor.	930	729	27.6	890	4.5	1,820	1,446	25.8
EBIT	1,400	1,941	(27.9)	1,110	26.1	2,510	4,039	(37.9)
Interest	580	437	32.6	400	45.0	980	883	11.0
Other income	0	0	-	0	-	0	4	-
Excp. Item	0	0		0		0	0	
PBT	820	1,504	(45.5)	710	15.5	1,530	3,160	(51.6)
Provision for tax	(90)	259	-	0		(90)	560	-
eff. tax rate	(11.0)	17.2		0.0		(5.9)	17.7	
PAT	910	1,245	(26.9)	710	28.2	1,620	2,600	(37.7)
Minority Interest	0	0		0		0	0	
PAT (rep.)	910	1,245	(26.9)	710	28.2	1,620	2,600	(37.7)
NPM (%)	6.3	7.4		5.0		5.6	7.9	
EPS (Rs)	2.5	3.4		2.0		4.5	7.2	

Source: Company, Centrum Broking

Exhibit 2: Quarterly trend

Quarterly (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Revenues	12,559	20,762	17,556	16,103	16,850	16,677	16,560	14,140	14,540	(13.7)	2.8
Q-o-Q gr. (%)	(4.6)	65.3	(15.4)	(8.3)	4.6	(1.0)	(0.7)	(14.6)	2.8		
Raw Mat. Cons.	6,135	7,295	8,268	8,656	9,200	8,492	8,930	7,690	8,310	(9.7)	8.1
% of net sales	48.9	35.1	47.1	53.8	54.6	50.9	53.9	54.4	57.2		
Purchase of prod.	488	762	950	606	581	1,265	690	840	230	(60.4)	(72.6)
% of net sales	3.9	3.7	5.4	3.8	3.4	7.6	4.2	5.9	1.6		
Employee Costs	731	955	1,201	910	928	927	1,090	1,010	990	6.6	(2.0)
% of net sales	5.8	4.6	6.8	5.6	5.5	5.6	6.6	7.1	6.8		
Others	2,656	2,852	3,747	3,116	3,471	3,107	3,330	2,600	2,680	(22.8)	3.1
% of net sales	21.1	13.7	21.3	19.4	20.6	18.6	20.1	18.4	18.4		
EBITDA	2,549	8,898	3,391	2,815	2,670	2,887	2,520	2,000	2,330	(12.7)	16.5
Q-o-Q growth (%)	(18.8)	249.1	(61.9)	(17.0)	(5.1)	8.1	(12.7)	(20.6)	16.5		
EBITDA Margin (%)	20.3	42.9	19.3	17.5	15.8	17.3	15.2	14.1	16.0		
Dep. & Amor.	574	572	772	718	729	821	840	890	930		
EBIT	1,975	8,326	2,619	2,098	1,941	2,066	1,680	1,110	1,400	(27.9)	26.1
Interest exp.	145	236	306	445	437	470	330	400	580	32.6	45.0
Other Income	5	1	2	4	0	3	0	0	0	-	-
EBT	1,835	8,091	2,314	1,656	1,504	1,599	1,350	710	820	(45.5)	15.5
Provision for tax	336	837	377	301	259	234	(140)	0	(90)	-	-
Eff. tax rate (%)	18.3	10.3	16.3	18.2	17.2	14.6	(10.4)	0.0	(11.0)		
Profit	1,500	7,254	1,938	1,355	1,245	1,365	1,490	710	910	(26.9)	28.2
Minority Interest	0	1	0	0	0	0	0	0	0		
PAT	1,500	7,253	1,937	1,355	1,245	1,365	1,490	710	910		
Q-o-Q gr. (%)	(9.0)	383.7	(73.3)	(30.0)	(8.2)	9.7	9.1	(52.3)	28.2		
PAT Margin (%)	11.9	34.9	11.0	8.4	7.4	8.2	9.0	5.0	6.3		

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	60,855	66,186	60,175	72,960	83,583
Operating Expense	28,545	38,417	35,584	41,045	45,450
Employee cost	3,570	3,853	4,162	4,911	5,795
Others	11,540	13,026	10,410	11,892	13,624
EBITDA	17,201	10,890	10,020	15,112	18,714
Depreciation & Amortisation	2,464	3,105	3,783	4,102	4,777
EBIT	14,737	7,785	6,237	11,010	13,937
Interest expenses	1,023	1,683	2,056	1,911	1,952
Other income	8	9	10	10	10
PBT	13,722	6,111	4,190	9,109	11,996
Taxes	1,863	659	356	1,549	2,039
Effective tax rate (%)	13.6	10.8	8.5	17.0	17.0
PAT	11,859	5,452	3,834	7,561	9,956
Minority/Associates	0	0	0	0	0
Recurring PAT	11,859	5,452	3,834	7,561	9,956
Extraordinary items	(6,171)	0	0	0	0
Reported PAT	5,688	5,452	3,834	7,561	9,956

Ratios					
YE Mar	FY22A	FY23A	FY24E	FY25E	FY26E
Growth (%)					
Revenue	35.1	8.8	(9.1)	21.2	14.6
EBITDA	75.2	(36.7)	(8.0)	50.8	23.8
Adj. EPS	38.9	(4.1)	(29.7)	97.2	31.7
Margins (%)					
Gross	53.1	42.0	41.9	44.7	46.6
EBITDA	28.3	16.5	16.7	20.7	22.4
EBIT	24.2	11.8	10.4	15.1	16.7
Adjusted PAT	9.3	8.2	6.4	10.4	11.9
Returns (%)					
ROE	29.6	11.6	7.5	13.5	15.5
ROCE	19.5	9.3	7.1	10.3	11.7
ROIC	17.7	8.9	6.7	9.5	10.9
Turnover (days)					
Gross block turnover ratio (x)	1.2	1.1	0.8	0.8	0.8
Debtors	57	56	54	46	47
Inventory	120	93	102	87	87
Creditors	59	36	43	42	44
Net working capital	130	106	94	85	82
Solvency (x)					
Net debt-equity	0.5	0.5	0.6	0.6	0.5
Interest coverage ratio	16.8	6.5	4.9	7.9	9.6
Net debt/EBITDA	1.4	2.5	3.0	2.3	1.9
Per share (Rs)					
Adjusted EPS	15.7	15.0	10.6	20.9	27.5
BVPS	124.6	135.7	145.4	164.5	189.8
CEPS	22.5	23.6	21.0	32.2	40.6
DPS	3.5	2.5	1.0	1.7	2.2
Dividend payout (%)	22.3	16.6	9.0	8.0	8.0
Valuation (x)					
P/E	32.5	33.9	48.2	24.5	18.6
P/BV	4.1	3.8	3.5	3.1	2.7
EV/EBITDA	12.1	19.4	21.4	14.5	11.8
Dividend yield (%)	0.7	0.5	0.2	0.3	0.4

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Equity share capital	1,813	1,813	1,813	1,813	1,813
Reserves & surplus	43,345	47,387	50,877	57,833	66,993
Shareholders fund	45,158	49,200	52,690	59,646	68,805
Minority Interest	7	7	7	7	7
Total debt	25,680	28,740	30,240	34,740	35,490
Non Current Liabilities	2,815	2,421	2,421	2,421	2,421
Def tax liab. (net)	0	0	0	0	0
Total liabilities	73,659	80,368	85,358	96,814	1,06,724
Gross block	50,160	62,531	75,031	89,031	1,02,031
Less: acc. Depreciation	(13,954)	(14,240)	(18,023)	(22,124)	(26,901)
Net block	36,207	48,292	57,009	66,907	75,131
Capital WIP	13,030	9,890	9,890	9,890	9,890
Net fixed assets	49,836	59,572	68,289	78,187	86,411
Non Current Assets	1,552	945	945	945	945
Investments	283	172	172	172	172
Inventories	9,341	10,311	9,231	10,079	11,154
Sundry debtors	10,915	9,405	8,358	10,133	11,609
Cash & Cash Equivalents	1,736	2,007	535	357	231
Loans & advances	0	0	0	0	0
Other current assets	4,996	2,870	2,870	2,870	2,870
Trade payables	3,449	4,049	4,179	5,067	5,804
Other current liab.	1,510	1,092	1,092	1,092	1,092
Provisions	317	299	299	299	299
Net current assets	21,713	19,153	15,425	16,982	18,669
Total assets	73,661	80,369	85,358	96,814	1,06,724

Cashflow					
YE Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	13,722	6,111	4,190	9,109	11,996
Depreciation & Amortisation	2,464	3,105	3,783	4,102	4,777
Net Interest	1,023	1,683	2,056	1,911	1,952
Net Change – WC	(11,631)	2,833	2,256	(1,735)	(1,812)
Direct taxes	(1,638)	(499)	(356)	(1,549)	(2,039)
Net cash from operations	3,932	13,223	11,920	11,828	14,862
Capital expenditure	1,327	(9,241)	(12,500)	(14,000)	(13,000)
Acquisitions, net	0	0	0	0	0
Investments	352	111	0	0	0
Others	8	9	10	10	10
Net cash from investing	1,687	(9,121)	(12,490)	(13,990)	(12,990)
FCF	5,619	4,102	(570)	(2,162)	1,872
Issue of share capital	941	0	0	0	0
Increase/(decrease) in debt	759	3,061	1,500	4,500	750
Dividend paid	(1,269)	(906)	(345)	(605)	(797)
Interest paid	(1,023)	(1,683)	(2,056)	(1,911)	(1,952)
Others	(8,213)	0	0	0	0
Net cash from financing	(8,806)	0	(901)	1,984	(1,998)
Net change in Cash	(3,187)	0	(1,472)	(178)	(126)

Source: Company, Centrum Broking

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Aarti Industries



Source: Bloomberg

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