27 June 2024

Company Update | Sector: Packaging

# EPL

| BSE SENSEX | S&P CNX |
|---|---|
| 79,243 | 24,045 |

**CMP: INR199** **TP: INR250 (+25%)** **Buy**

## Innovation & sustainability remain the key focus areas

**EPLL hosted the investing community, followed by a plant visit to its Vapi facility to showcase the technology, innovation, and processes used to improve its manufacturing efficiencies. The team was represented by Mr. Deepak Goyal (CFO), Mr. Srihari K Rao (President - AMESA), Mr. Harikaran (Creativity & Innovation –CNI), Mr. Santosh Ullal (Manufacturing Head – AMESA) and Mr. Alok Sharma (IR and Corporate Finance). At the Vapi plant, EPLL manufactures caps, tubes, and carries out lamination printing. The key takeaways from the visit are as follows:**

- **Management demonstrated EPLL's manufacturing efficiencies that are driven by the implementation of automation across machinery. Automation has been the key focus area across processes for the company.**
- **The company highlighted its CNI capabilities through which it aims to explore incremental business from the Beauty and Cosmetics (BNC) market across existing geographies, with a major focus on the EU – the largest market. CNI is focused on innovation and sustainability in developing new tubes.**
- **EPLL aims to drive growth through its BNC segment and the Brazilian market, with margins improving gradually. The EU, the largest BNC market (13.8b tubes – 49% global share), prioritizes aesthetics and sustainability over pricing, thereby challenging low-cost conversion efforts. The company's premium offerings by the CNI team target this market.**

### Driving efficiencies through automation

- The Vapi plant is spread across 62,000 sqm, with an employee strength of ~400 and a contractual staff of ~200.
- EPLL is focused on **building efficiencies through process automation across machines**. The plant is almost fully automated, barring a few machines that are 40 years old and where manual intervention is required.
- The old machines (mostly the Letterpress printers and tubing machines) are still required to serve locations where it makes no sense for the company to install new machines. Even in the older machines, EPLL has installed the unwinding (laminates are unwound for printing) and inspection equipment separately, which speeds up the printing process.
- The **manufacturing process flow** starts with brands providing their artwork to the company through EPLL's own software named **'e-ACT'** (run by 'ESKO'). The **artwork approval process** takes place, followed by the **development of plates** for the required artwork in their plating workshop. The plates, which are developed, are then used in the **lamination printing machines** (Letterpress and Flexo). For digital machines (HP Indigo), however, there is no requirement to develop plates.
- At this facility, EPLL has also established an **ink kitchen**, which allows it to acquire only base colors and **manufacture any color shade in-house**. The company used to buy required shades in the past, which also led to waste as they used to arrive in fixed quantities. However, about 80% of its clients use the shade card to determine the colors of their products, which makes EPLL's job easier with the installation of the ink kitchen.

### Stock Info

| | |
|---|---|
| Bloomberg | EPLL IN |
| Equity Shares (m) | 318 |
| M.Cap.(INRb)/(USDb) | 63.4 / 0.8 |
| 52-Week Range (INR) | 236 / 170 |
| 1, 6, 12 Rel. Per (%) | 0/-11/-31 |
| 12M Avg Val (INR M) | 182 |
| Free float (%) | 48.5 |

### Financials Snapshot (INR b)

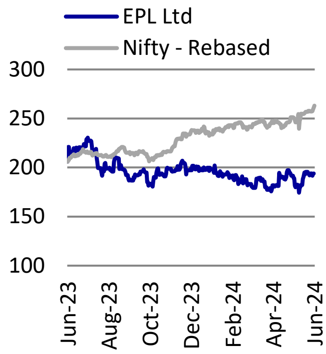
| Y/E MARCH | 2024 | 2025E | 2026E |
|---|---|---|---|
| Sales | 39.2 | 43.6 | 47.0 |
| EBITDA | 7.1 | 8.8 | 9.8 |
| Adj. PAT | 2.6 | 3.5 | 4.4 |
| EBITDA margin (%) | 18.2 | 20.2 | 20.9 |
| Cons. Adj. EPS (INR) | 8.2 | 11.0 | 14.0 |
| EPS Gr. (%) | 13.5 | 34.6 | 27.2 |
| BV/Sh. (INR) | 66.2 | 72.2 | 81.2 |
| **Ratios** | | | |
| Net D:E | 0.3 | 0.1 | -0.0 |
| RoE (%) | 12.7 | 15.9 | 18.3 |
| RoCE (%) | 12.2 | 14.6 | 15.9 |
| Payout (%) | 63.7 | 45.4 | 35.7 |
| **Valuations** | | | |
| P/E (x) | 24.5 | 18.2 | 14.3 |
| EV/EBITDA (x) | 9.7 | 7.5 | 6.4 |
| Div. Yield (%) | 2.1 | 2.5 | 2.5 |
| FCF Yield (%) | 2.0 | 7.7 | 8.1 |

### Shareholding pattern (%)

| As On | Mar-24 | Dec-23 | Mar-23 |
|---|---|---|---|
| Promoter | 51.5 | 51.5 | 51.5 |
| DII | 13.4 | 14.5 | 16.3 |
| FII | 10.9 | 9.9 | 12.0 |
| Others | 24.2 | 24.1 | 20.1 |

FII Includes depository receipts

### Stock Performance (1-year)




**Sumant Kumar - Research Analyst** (Sumant.Kumar@motilaloswal.com)

**Research Analyst: Meet Jain** (Meet.Jain@motilaloswal.com) | **Omkar Mangesh Shintre** (omkar.shintre@motilaloswal.com)

- The company's **plants and equipment are all imported** from leading global machinery manufacturers, adhering to the highest quality and safety standards.
- The Vapi facility is equipped with 24 injection molding machines for manufacturing caps, of which EPLL has an equal number of cap molds. Caps are then sent to the tubing machines where the printed laminate is converted into tubes (the shoulder is attached in the same machine).
- **Tubing is a fully automated process** that involves joining the laminates into a cylindrical shape, cutting them into individual tubes, attaching a shoulder and a cap, and finally packing them into boxes for customers.
- **Automation** can also be found at its raw material and finished goods storage. The company follows rack systems and uses Warehouse Management System (WMS) to locate the material. The raw materials for caps (PP polymer) and shoulders (HDPE) are stored in a silo, which are then directly sent to the required machine.
- Additionally, **Zero Defect Workflow** has been incorporated into the company's production process. As implied by the name, EPLL is concentrating on a smooth workflow across the whole production process, from graphics to tube manufacturing.
- **Through automation, EPLL has been able to streamline (standardize) its manufacturing process across its plants globally, thereby driving manufacturing efficiencies.**

## Ticking the boxes of innovation and sustainability

- EPLL has a dedicated ~16-member team in **CNI** headed by Mr. Harikaran, who is responsible for developing innovative and sustainable products.
- To better serve the customers in a more sustainable way, the team is **constantly innovating in the tubes segment**. To date, the company has carried out the following innovations: **1) improved flavor retention** (reduced up to 40% EVOH Layer thickness without compromising on flavor loss); **2) enhanced transparency and lower haziness in tubes** (~40% reduction in Haze values of HDPE tubes without losing the sustainability benefits); **3) improved chemical resistance in metallized PE tubes** (designed for recycling in code 2 HDPE Stream), and **lastly, 4) improved the haptics of tubes** (~30% reduction in stiffness of HDPE tubes without losing the sustainability benefits).
- The company is proactively working on further improvements, such as making the Neo Seam tubes softer, reducing the weight of tubes, and increasing gloss in metallized tubes.
- These innovations support EPLL in tapping newer businesses, such as BNC, which are more driven by aesthetics and sustainability than pricing.
- In terms of sustainability as well, EPLL has started using post-consumer recyclable polymers (PCR). However, this is currently only ~2% of the overall input material as it has certain challenges such as a strong odor, the presence of color content of the previous product, and inferior quality.
- To overcome these challenges, the company is designing tubes for incorporating/maximizing the use of PCR resin from the pre-existing HDPE CODE 2 bottle recycling streams to make the **model fully circular.**

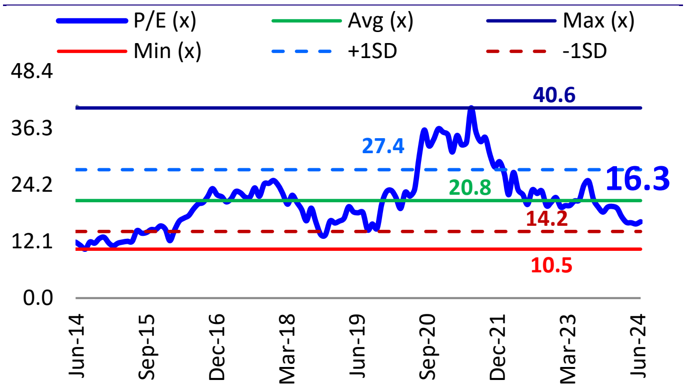
## BNC and Brazil to drive growth

- Management highlighted that its focus has been shifted towards topline growth rather than margins going forward. The BNC segment and Brazil market will drive growth, while margins will gradually improve.
- **The company guided to grow its revenue in low double digits for FY25, with marginal improvement in margins.**
- The BNC segment comes under the **Personal Care and Beyond (PCB)** category, which accounted for ~47% of the total revenue in FY24. **The overall global TAM of the PCB category was ~25b tubes, of which, BNC had 13.8b tubes, followed by pharma at 8.2b, and others at 3b. EPLL accounted for ~10% of the total PCB market share (~2.5b tubes).**
- Of the total BNC TAM, 49% is from the EU market, making it the largest target market for the company, with a tube market size of ~6.7b. The customers here are more driven by aesthetics and sustainability rather than pricing, thereby posing a challenge for EPLL to convert more customers through the low-cost proposition.
- This is where the company's CNI team plays a crucial role by offering more aesthetically appealing products. Hence, we expect the company to enhance its presence in this market soon.
- BNC tubes have 60-70% higher realization than oral care tubes. Thus, the increasing mix of BNC tubes in overall volumes will drive EPLL's revenue growth. Though margins are similar across the tube categories, absolute EBITDA will experience healthy growth.
- Another growth driver for EPLL is the **Brazil market,** where it has fulfilled 100% of the demand for its anchor customer (P&G) and has started accepting orders from other customers as well from May'24.

## Valuation and View

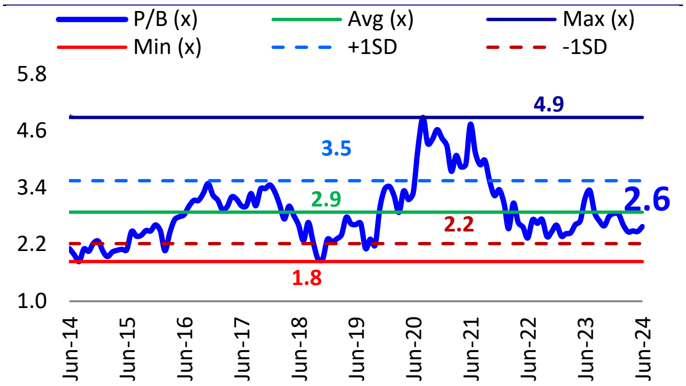
- We expect EPLL to report a healthy sales growth coupled with margin expansion, fueled by cost rationalization measures, margin improvement in Brazil, and operating leverage, thus boosting its earnings.
- We expect a revenue/EBITDA/adjusted PAT CAGR of 10%/17%/31% over FY24-26. We value the stock at 18x FY26E EPS to arrive at our TP of INR250. **Reiterate BUY.**

**Exhibit 1: One-year forward P/E**




Source: MOFSL, Company

**Exhibit 2: One-year forward P/B**




Source: MOFSL, Company

**Exhibit 3: Fully-integrated manufacturing presence**


Source: MOFSL, Company

**Exhibit 4: Key strategic roadmap…**

**Sustained Double Digit Revenue Growth**

In Short term
- Revenue Growth to be impacted by RM prices softening

Exciting Opportunity Going Ahead
- Aggressive 'Personal Care & Beyond' Play
  - Large Category Opportunity
  - Our 'Right To Win' has improved significantly through innovations
  - We are investing in Org and Backend capabilities
- Brazil Scale up

**Sustainability led Competitive Advantage**

- Strong Product portfolio with backend capability
- Customers have committed to ambitious sustainability targets
- We are prepared to partner them in the journey
- We are pitching for EcoVadis Platinum which will further establish us as leading sustainable packaging company

**Continued Margin Expansion to deliver 20%+ EBITDA**

- Strategic Price Management
- War On Waste
- Continued Insourcing
- Manufacturing Realignment
- Automation Investments

Source: Company, MOFSL

**Exhibit 5: …with focus on three key outcomes**

**Sustained Double Digit Revenue Growth**

- Aggressive 'Personal Care & Beyond' Play
- Brazil scale up; Exports

**Though, there would be RM prices softening impact in the short term**

**Sustainability Led Competitive Advantage**

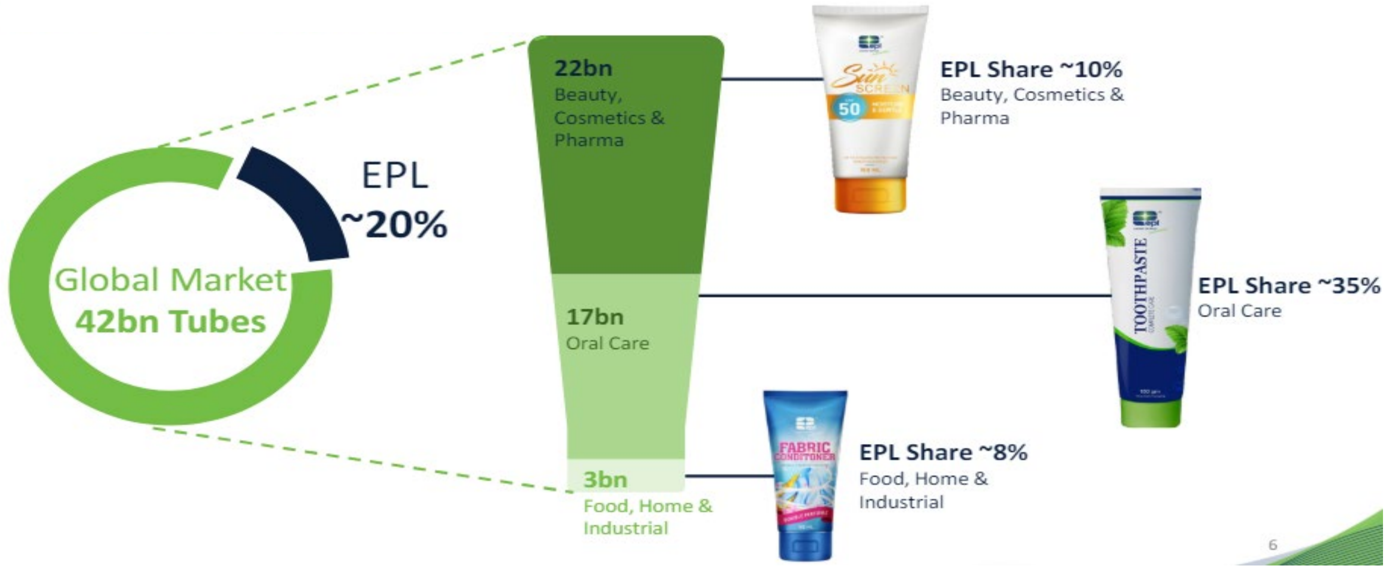
- Sustainable Portfolio
- Backend Capability
- EcoVadis Platinum

**Continued Margin Expansion**

- Strategic Price Management
- War On Waste
- Continued Insourcing
- Manufacturing Realignment
- Automation Investments

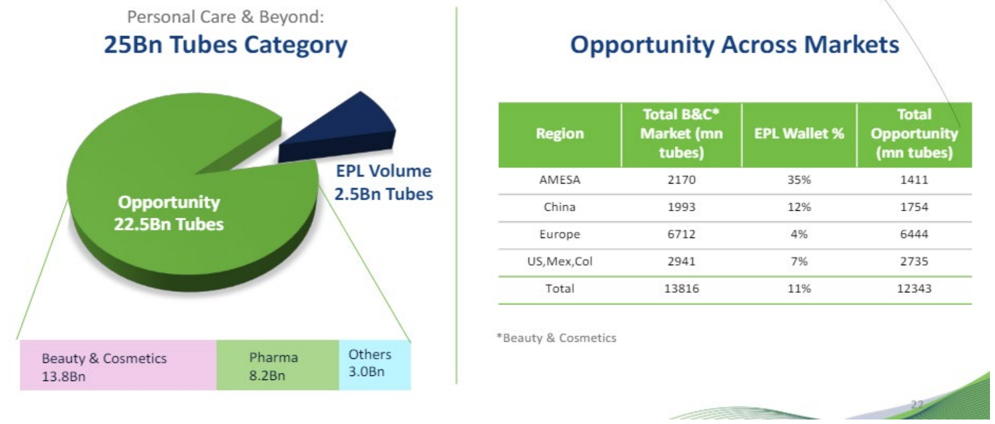
Source: Company, MOFSL

**Exhibit 6: Global packaging TAM and EPLL's dominance**




Source: MOFSL, Company

**Exhibit 7: PCB – a large opportunity**




| Region | Total B&C* Market (mn tubes) | EPL Wallet % | Total Opportunity (mn tubes) |
|---|---|---|---|
| AMESA | 2170 | 35% | 1411 |
| China | 1993 | 12% | 1754 |
| Europe | 6712 | 4% | 6444 |
| US,Mex,Col | 2941 | 7% | 2735 |
| Total | 13816 | 11% | 12343 |

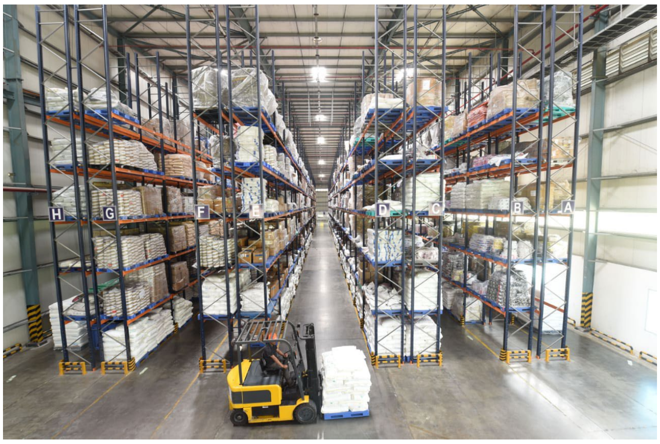
*Beauty & Cosmetics

**Exhibit 8: Innovation focused on sustainability (recyclable under Code 2 i.e. circular economy)**

| Flavor barriers in thinner tubes | New generation transparent tubes | Chemically resistant metallized tubes | Softer tubes for premium segments |
|---|---|---|---|


Source: Company, MOFSL

**Exhibit 9: Raw material warehouse equipped with WMS**

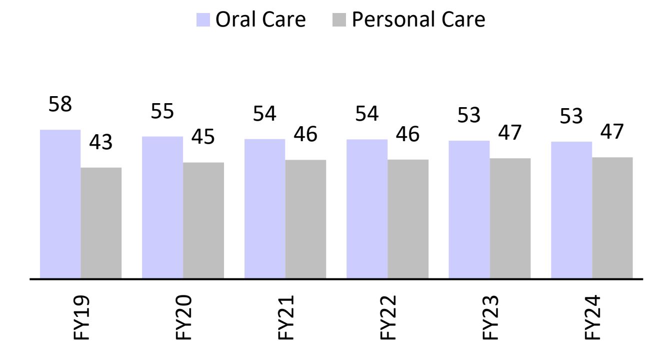



Source: MOFSL, Company

**Exhibit 10: Digital laminate printing machines**

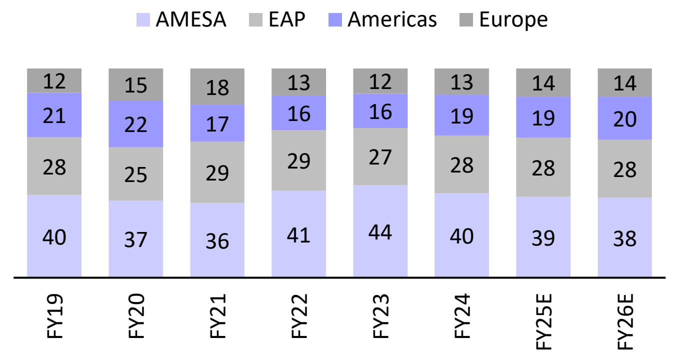
Source: MOFSL, Company

**Exhibit 11: Product category mix (%)**



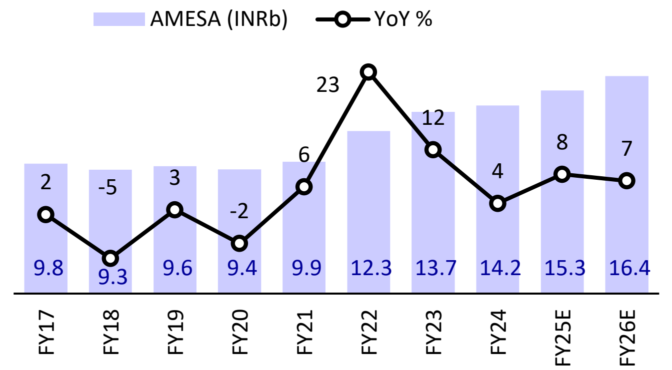

Source: MOFSL, Company

**Exhibit 12: Well-diversified geographical mix (%)**



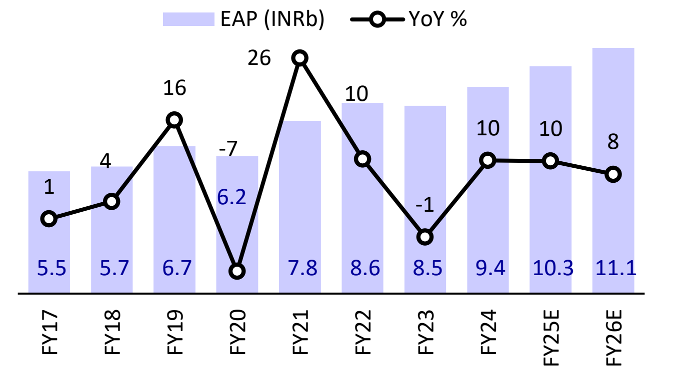

Source: MOFSL, Company

**Exhibit 13: Expect AMESA to post 7% CAGR over FY24-26**



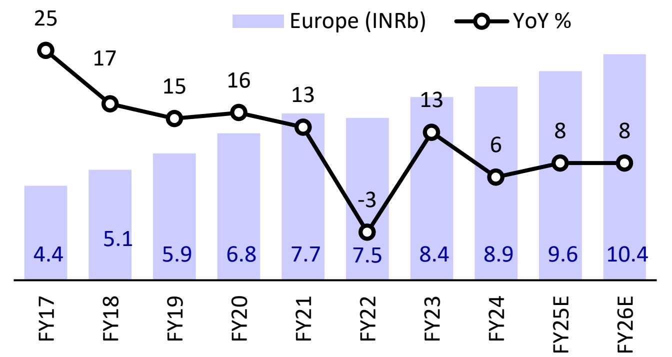

Source: MOFSL, Company

**Exhibit 14: Expect EAP to post 9% CAGR over FY24-26**



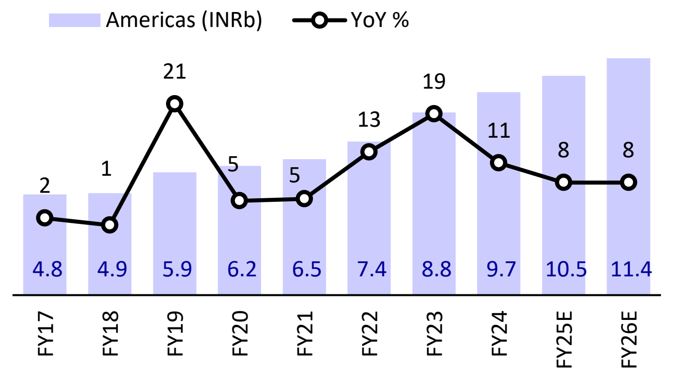

Source: MOFSL, Company

**Exhibit 15: Expect Europe to post 8% CAGR over FY24-26E**



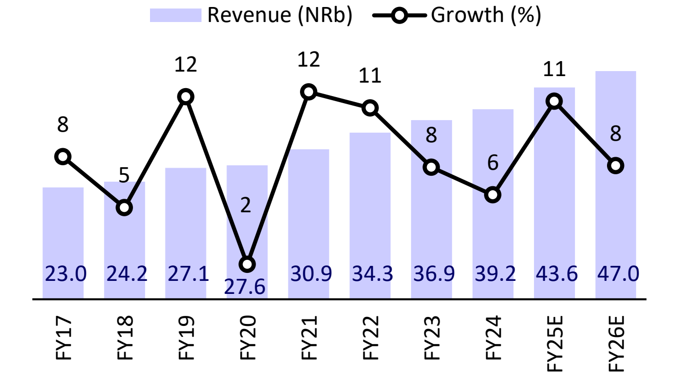

Source: Company, MOFSL

**Exhibit 16: Expect America to post 8% CAGR over FY24-26E**



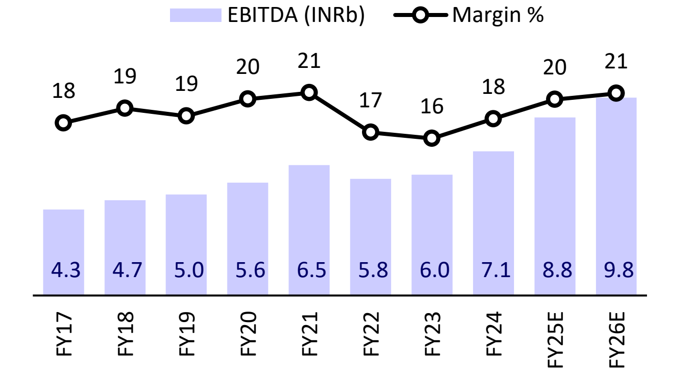

Source: Company, MOFSL

**Exhibit 17: EPLL Revenue to clock 10% CAGR over FY24-26E**



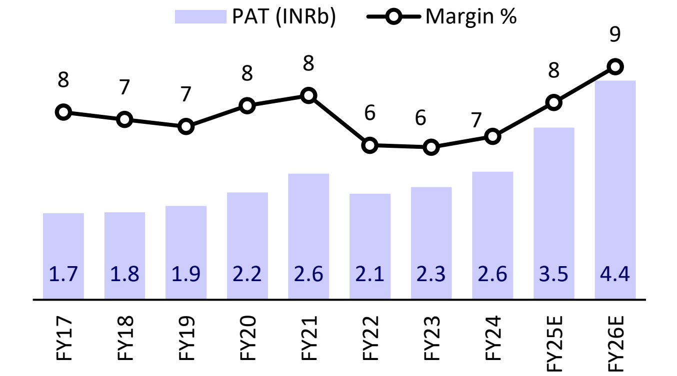

Source: Company, MOFSL

**Exhibit 18: EBITDA to post 17% CAGR over FY24-FY26E**



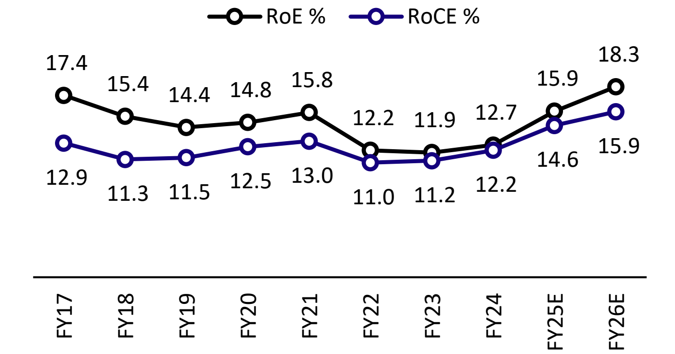

Source: Company, MOFSL

**Exhibit 19: PAT to post 31% CAGR over FY24-26E**



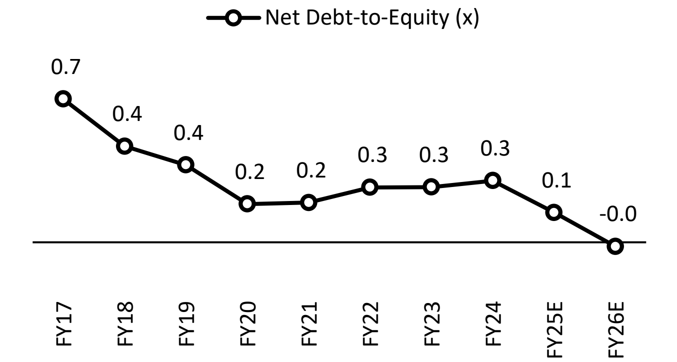

Source: Company, MOFSL

**Exhibit 20: Return ratios to improve going forward**



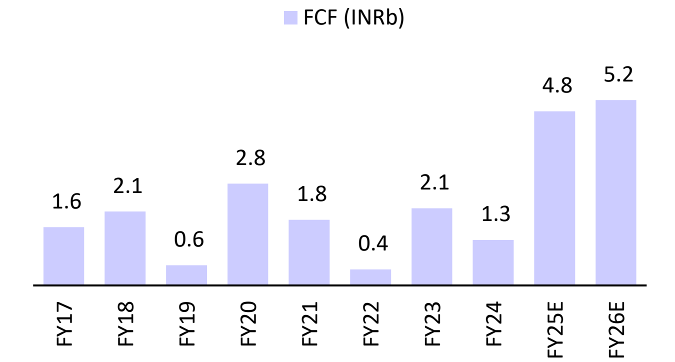

Source: Company, MOFSL

**Exhibit 21: Net debt-to-equity to contract further**




Source: Company, MOFSL

**Exhibit 22: Increase in FCF to reduce leverage**




Source: Company, MOFSL

# Financials and valuations

| Consolidated - Income Statement | | | | | | | | | (INRm) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY18** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** |
| **Total Income from Operations** | **24,239** | **27,069** | **27,614** | **30,916** | **34,328** | **36,941** | **39,161** | **43,631** | **46,993** |
| Change (%) | 5.3 | 11.7 | 2.0 | 12.0 | 11.0 | 7.6 | 6.0 | 11.4 | 7.7 |
| Raw material cost | 10,366 | 11,648 | 11,581 | 12,934 | 15,176 | 16,738 | 16,570 | 18,761 | 19,737 |
| Employees Cost | 4,338 | 5,006 | 5,311 | 6,064 | 6,500 | 6,895 | 7,725 | 7,854 | 8,365 |
| Other Expenses | 4,886 | 5,424 | 5,147 | 5,807 | 6,891 | 7,530 | 7,723 | 8,184 | 9,079 |
| **Total Expenditure** | **19,590** | **22,078** | **22,039** | **24,805** | **28,567** | **31,163** | **32,018** | **34,799** | **37,181** |
| **EBITDA** | **4,649** | **4,991** | **5,575** | **6,111** | **5,761** | **5,778** | **7,143** | **8,832** | **9,812** |
| Margin (%) | 19.2 | 18.4 | 20.2 | 19.8 | 16.8 | 15.6 | 18.2 | 20.2 | 20.9 |
| Depreciation | 1,671 | 1,861 | 2,298 | 2,346 | 2,514 | 2,805 | 3,328 | 3,680 | 3,878 |
| **EBIT** | **2,978** | **3,130** | **3,277** | **3,765** | **3,247** | **2,973** | **3,815** | **5,152** | **5,934** |
| Int. and Finance Charges | 550 | 613 | 556 | 429 | 403 | 674 | 1,156 | 1,091 | 490 |
| Other Income | 264 | 285 | 133 | 145 | 120 | 421 | 594 | 611 | 517 |
| **PBT bef. EO Exp.** | **2,691** | **2,802** | **2,854** | **3,481** | **2,964** | **2,720** | **3,253** | **4,672** | **5,961** |
| EO Items | -50 | 31 | -94 | -161 | 0 | -11 | -605 | 0 | 0 |
| **PBT after EO Exp.** | **2,642** | **2,833** | **2,760** | **3,320** | **2,964** | **2,709** | **2,648** | **4,672** | **5,961** |
| Total Tax | 889 | 932 | 638 | 868 | 675 | 373 | 582 | 1,261 | 1,609 |
| Tax Rate (%) | 33.7 | 32.9 | 23.1 | 26.1 | 22.8 | 13.8 | 22.0 | 27.0 | 27.0 |
| Profit/loss from associates | -10.4 | 53.2 | -6.0 | -9.0 | -76 | -29 | 35 | 37 | 39 |
| Minority Interest | 26 | 29 | 43 | 52 | 69 | 40 | -31 | -34 | -38 |
| **Reported PAT** | **1,716** | **1,925** | **2,073** | **2,391** | **2,144** | **2,267** | **2,132** | **3,481** | **4,428** |
| **Adjusted PAT** | **1,766** | **1,895** | **2,167** | **2,552** | **2,144** | **2,278** | **2,586** | **3,481** | **4,428** |
| Change (%) | 1.1 | 7.3 | 14.4 | 17.8 | -16.0 | 6.3 | 13.5 | 34.6 | 27.2 |
| Margin (%) | 7.3 | 7.0 | 7.8 | 8.3 | 6.2 | 6.2 | 6.6 | 8.0 | 9.4 |

| Consolidated - Balance Sheet | | | | | | | | | (INRm) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY18** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** |
| Equity Share Capital | 315 | 631 | 631 | 631 | 632 | 636 | 637 | 637 | 637 |
| Total Reserves | 12,191 | 13,249 | 14,695 | 16,350 | 17,613 | 19,256 | 20,278 | 22,179 | 25,027 |
| **Net Worth** | **12,506** | **13,880** | **15,326** | **16,981** | **18,245** | **19,892** | **20,915** | **22,816** | **25,664** |
| Minority Interest | 43 | 52 | 86 | 333 | 336 | 36 | -9 | -9 | -9 |
| Total Loans | 7,299 | 6,313 | 6,432 | 5,536 | 6,572 | 7,686 | 8,040 | 6,040 | 4,840 |
| Deferred Tax Liabilities | 357 | 510 | 475 | 543 | 619 | 632 | 634 | 634 | 634 |
| **Capital Employed** | **20,204** | **20,754** | **22,319** | **23,393** | **25,772** | **28,246** | **29,580** | **29,481** | **31,129** |
| Gross Block | 17,691 | 20,495 | 22,434 | 25,500 | 27,236 | 32,147 | 37,803 | 39,673 | 41,973 |
| Less: Accum. Deprn. | 5,992 | 7,564 | 9,862 | 12,208 | 14,722 | 17,527 | 20,855 | 24,535 | 28,413 |
| **Net Fixed Assets** | **11,699** | **12,931** | **12,572** | **13,292** | **12,514** | **14,620** | **16,948** | **15,138** | **13,560** |
| Goodwill on Consolidation | 142 | 142 | 142 | 1,159 | 1,159 | 1,159 | 1,159 | 1,159 | 1,159 |
| Capital WIP | 417 | 413 | 352 | 273 | 1,466 | 1,780 | 720 | 1,150 | 1,150 |
| **Total Investments** | **131** | **168** | **160** | **149** | **72** | **193** | **76** | **76** | **76** |
| Current Investments | 0 | 0 | 0 | 0 | 0 | 150 | 0 | 0 | 0 |
| **Curr. Assets, Loans&Adv.** | **12,032** | **11,547** | **14,833** | **15,241** | **17,715** | **18,552** | **19,184** | **21,228** | **25,024** |
| Inventory | 2,864 | 3,234 | 3,692 | 4,149 | 5,941 | 6,079 | 6,558 | 6,674 | 7,131 |
| Account Receivables | 4,590 | 4,934 | 4,903 | 5,891 | 6,367 | 6,430 | 6,953 | 7,650 | 8,240 |
| Cash and Bank Balance | 1,735 | 1,344 | 3,715 | 2,414 | 1,927 | 2,444 | 2,073 | 2,893 | 5,333 |
| Loans and Advances | 2,843 | 2,035 | 2,523 | 2,787 | 3,480 | 3,599 | 3,600 | 4,011 | 4,320 |
| **Curr. Liability & Prov.** | **4,217** | **4,447** | **5,740** | **6,721** | **7,154** | **8,058** | **8,507** | **9,270** | **9,840** |
| Account Payables | 1,884 | 2,065 | 3,538 | 4,222 | 4,547 | 4,999 | 5,659 | 5,911 | 6,316 |
| Other Current Liabilities | 2,037 | 2,113 | 1,942 | 2,163 | 2,268 | 2,728 | 2,457 | 2,923 | 3,055 |
| Provisions | 295 | 269 | 260 | 336 | 339 | 331 | 391 | 436 | 469 |
| **Net Current Assets** | **7,815** | **7,100** | **9,093** | **8,520** | **10,561** | **10,494** | **10,677** | **11,958** | **15,184** |
| **Appl. of Funds** | **20,204** | **20,754** | **22,319** | **23,393** | **25,772** | **28,246** | **29,580** | **29,481** | **31,129** |

## Financials and valuations

| Ratios | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY18** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** |
| **Basic (INR)** | | | | | | | | | |
| **EPS** | **5.6** | **6.0** | **6.9** | **8.1** | **6.8** | **7.2** | **8.2** | **11.0** | **14.0** |
| Cash EPS | 10.9 | 11.9 | 14.1 | 15.5 | 14.7 | 16.1 | 18.7 | 22.7 | 26.3 |
| BV/Share | 39.6 | 43.9 | 48.5 | 53.7 | 57.7 | 62.9 | 66.2 | 72.2 | 81.2 |
| DPS | 1.2 | 1.2 | 3.3 | 4.1 | 4.2 | 4.3 | 4.3 | 5.0 | 5.0 |
| Payout (%) | 26.4 | 23.6 | 56.7 | 54.2 | 61.9 | 59.9 | 63.7 | 45.4 | 35.7 |
| **Valuation (x)** | | | | | | | | | |
| P/E | 35.9 | 33.4 | 29.2 | 24.8 | 29.5 | 27.8 | 24.5 | 18.2 | 14.3 |
| Cash P/E | 18.4 | 16.9 | 14.2 | 12.9 | 13.6 | 12.5 | 10.7 | 8.8 | 7.6 |
| P/BV | 5.1 | 4.6 | 4.1 | 3.7 | 3.5 | 3.2 | 3.0 | 2.8 | 2.5 |
| EV/Sales | 2.8 | 2.5 | 2.4 | 2.2 | 2.0 | 1.9 | 1.8 | 1.5 | 1.3 |
| EV/EBITDA | 14.8 | 13.7 | 11.9 | 10.9 | 11.9 | 11.9 | 9.7 | 7.5 | 6.4 |
| Dividend Yield (%) | 0.6 | 0.6 | 1.6 | 2.0 | 2.1 | 2.1 | 2.1 | 2.5 | 2.5 |
| FCF per share | 6.5 | 1.8 | 9.0 | 5.8 | 1.4 | 6.8 | 4.0 | 15.3 | 16.3 |
| **Return Ratios (%)** | | | | | | | | | |
| RoE | 15.4 | 14.4 | 14.8 | 15.8 | 12.2 | 11.9 | 12.7 | 15.9 | 18.3 |
| RoCE | 11.3 | 11.5 | 12.5 | 13.0 | 11.0 | 11.2 | 12.2 | 14.6 | 15.9 |
| RoIC | 11.2 | 11.4 | 13.6 | 14.4 | 11.7 | 11.1 | 11.8 | 14.4 | 17.4 |
| **Working Capital Ratios** | | | | | | | | | |
| Fixed Asset Turnover (x) | 1.4 | 1.3 | 1.2 | 1.2 | 1.3 | 1.1 | 1.0 | 1.1 | 1.1 |
| Asset Turnover (x) | 1.2 | 1.3 | 1.2 | 1.3 | 1.3 | 1.3 | 1.3 | 1.5 | 1.5 |
| Inventory (Days) | 43 | 44 | 49 | 49 | 63 | 60 | 61 | 56 | 55 |
| Debtor (Days) | 69 | 67 | 65 | 70 | 68 | 64 | 65 | 64 | 64 |
| Creditor (Days) | 28 | 28 | 47 | 50 | 48 | 49 | 53 | 49 | 49 |
| **Leverage Ratio (x)** | | | | | | | | | |
| Current Ratio | 2.9 | 2.6 | 2.6 | 2.3 | 2.5 | 2.3 | 2.3 | 2.3 | 2.5 |
| Interest Cover Ratio | 5.4 | 5.1 | 5.9 | 8.8 | 8.1 | 4.4 | 3.3 | 4.7 | 12.1 |
| Net Debt/Equity | 0.4 | 0.4 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.1 | 0.0 |
| | | 82 | 67 | 69 | | | | | |

| Consolidated - Cash Flow Statement | | | | | | | | | (INRm) |
|---|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY18** | **FY19** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25E** | **FY26E** |
| OP/(Loss) before Tax | 2,631 | 2,886 | 2,854 | 3,311 | 2,888 | 2,680 | 3,253 | 4,672 | 5,961 |
| Depreciation | 1,671 | 1,861 | 2,298 | 2,346 | 2,514 | 2,805 | 3,328 | 3,680 | 3,878 |
| Interest & Finance Charges | 277 | 380 | 423 | 381 | 355 | 674 | 562 | 480 | -27 |
| Direct Taxes Paid | -816 | -901 | -638 | -866 | -776 | -449 | -582 | -1,261 | -1,609 |
| (Inc)/Dec in WC | -488 | -404 | -127 | -380 | -2,217 | 136 | -126 | -461 | -786 |
| **CF from Operations** | **3,276** | **3,821** | **4,811** | **4,792** | **2,764** | **5,846** | **6,435** | **7,110** | **7,416** |
| Others | 159 | -257 | -100 | 432 | 353 | 172 | -570 | 37 | 39 |
| **CF from Operating incl EO** | **3,435** | **3,564** | **4,711** | **5,224** | **3,117** | **6,018** | **5,865** | **7,146** | **7,455** |
| (Inc)/Dec in FA | -1,375 | -3,003 | -1,878 | -3,396 | -2,668 | -3,871 | -4,596 | -2,300 | -2,300 |
| **Free Cash Flow** | **2,060** | **561** | **2,833** | **1,828** | **449** | **2,147** | **1,269** | **4,846** | **5,155** |
| (Pur)/Sale of Investments | 1 | 2 | 8 | 5 | 4 | -147 | 117 | 0 | 0 |
| Others | 184 | 1,122 | 680 | 586 | 22 | 126 | 1,036 | 611 | 517 |
| **CF from Investments** | **-1,189** | **-1,879** | **-1,190** | **-2,805** | **-2,642** | **-3,892** | **-3,443** | **-1,689** | **-1,783** |
| Issue of Shares | 510 | 53 | 0 | 7 | 50 | 0 | 1 | 0 | 0 |
| Inc/(Dec) in Debt | -1,199 | -1,028 | 119 | -1,219 | 1,031 | 1,386 | 354 | -2,000 | -1,200 |
| Interest Paid | -372 | -485 | -556 | -321 | -278 | -575 | -1,156 | -1,091 | -490 |
| Dividend Paid | -478 | -478 | -1,176 | -1,341 | -1,380 | -1,362 | -1,359 | -1,580 | -1,580 |
| Others | -1 | -138 | 469 | -317 | -377 | -832 | -633 | 34 | 38 |
| **CF from Fin. Activity** | **-1,539** | **-2,076** | **-1,143** | **-3,191** | **-954** | **-1,383** | **-2,793** | **-4,637** | **-3,232** |
| **Inc/Dec of Cash** | **706** | **-391** | **2,377** | **-772** | **-479** | **743** | **-371** | **820** | **2,440** |
| Opening Balance | 1,028 | 1,735 | 1,344 | 3,116 | 2,414 | 1,927 | 2,444 | 2,073 | 2,893 |
| **Closing Balance** | **1,735** | **1,344** | **3,715** | **2,414** | **1,927** | **2,444** | **2,073** | **2,893** | **5,333** |

NOTES

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

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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