

01 August 2024

India | Equity Research | Q1FY25 results review

## Clean Science & Technology

Speciality Chemicals

### More capex plans unveiled

Clean Science's Q1FY25 EBITDA rose 24.3% YoY, while EBITDA margin, at 42.3%, increased 70bp QoQ despite rising HALS volumes, which has lower margins. Revenue rose 19% YoY, which was largely driven by volumes while prices are stable. The company introduced three more products in HALS; another product addition is expected in Aug'24, which will address the significant demand in HALS. With its entire product basket, company anticipates approvals and off-takes for HALS to accelerate in India and in international markets. Clean Science has announced capex of INR 1.5bn in the performance segment with another announcement anticipated in Sep'24, which will further aid revenue growth. We have kept our estimates unchanged but increased the target price to INR 1,545 (from INR 1,350), as we raise FY26E P/E multiple to 40x (from 35x). Maintain **HOLD**.

### Volume-led revenue growth; prices stable

In Q1FY25, Clean Science revenue was up 19% YoY/down 1.5% QoQ to INR 2.2bn. Revenue growth was largely driven by volume while prices have been largely stable. Company is encouraged with volume recovery, and HALS' volumes have increased to 125te/month (from 80-90te/month in Q4FY24). CFCL (subsidiary) revenue stood at INR 67mn, which is largely from sales of HALS 770. HALS 701 is sold through its parent entity only.

Performance chemicals segment's revenue was up 22.6% YoY/+1.4% QoQ to INR 1.5bn, driven by volumes, and growth has come from all products. Pharmaceutical intermediates' revenue up 12.8% YoY/down 6.7% QoQ to INR 403mn had growth in both volumes and realisation. FMCG chemicals' revenue up 19% YoY/down 1.5% QoQ to INR 291mn was aided by volumes.

China geography's revenue rose 30.4% YoY (down 7.5% QoQ) to INR 515mn, it has started exporting HALS to China. India revenue grew 19% YoY to INR 829mn. Europe revenue was up 65% YoY/26.6% QoQ to INR 403mn on a low base, and HALS exports have started contributing. Americas revenue, at INR 269mn, declined 25% YoY/1.9% QoQ, as destocking impact continues.

Clean Science has commercialised three more products in HALS – HALS 622, HALS 944 and HALS 783 during July'24; and anticipates to introduce HALS 119 in Aug'24. Cumulatively the HALS series addresses significant demand within HALS range; and with the basket of products, the company expects approval and off-takes in HALS to accelerate both in India and international markets.

### Financial Summary

| Y/E March (INR mn) | FY23A | FY24A  | FY25E  | FY26E  |
|--------------------|-------|--------|--------|--------|
| Net Revenue        | 9,358 | 7,915  | 10,801 | 14,314 |
| EBITDA             | 4,021 | 3,321  | 4,267  | 5,617  |
| EBITDA Margin (%)  | 43.0  | 42.0   | 39.5   | 39.2   |
| Net Profit         | 2,952 | 2,441  | 3,048  | 4,097  |
| EPS (INR)          | 27.8  | 23.0   | 28.7   | 38.6   |
| EPS % Chg YoY      | 29.2  | (17.3) | 24.9   | 34.4   |
| P/E (x)            | 56.2  | 68.0   | 54.4   | 40.5   |
| EV/EBITDA (x)      | 40.4  | 49.0   | 38.1   | 28.8   |
| RoCE (%)           | 30.7  | 19.3   | 21.7   | 25.2   |
| RoE (%)            | 33.2  | 22.1   | 23.5   | 26.9   |

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#### Market Data

|                     |              |
|---------------------|--------------|
| Market Cap (INR)    | 166bn        |
| Market Cap (USD)    | 1,982mn      |
| Bloomberg Code      | CLEAN IN     |
| Reuters Code        | CLEA BO      |
| 52-week Range (INR) | 1,690 /1,243 |
| Free Float (%)      | 21.0         |
| ADTV-3M (mn) (USD)  | 3.3          |

| Price Performance (%) | 3m   | 6m    | 12m   |
|-----------------------|------|-------|-------|
| Absolute              | 18.3 | 5.7   | 20.1  |
| Relative to Sensex    | 8.4  | (8.6) | (3.1) |

#### Previous Reports

16-05-2024: [Q4FY24 results review](#)

05-02-2024: [Q3FY24 results review](#)

### EBITDA margin up 70bp QoQ to 42.3%

Clean Science's gross profit margin declined 30bps QoQ to 65.4%, gross profit increased 27% YoY/dipped 2% QoQ to INR 1.5bn. Other expenses were up 40.6% YoY, on increase in capacity utilisation, and commissioning of new facilities; but it dipped 6.3% QoQ as the previous quarter had saw CSR expenses. Employee expenses were up 11% YoY to INR 130mn. EBITDA was up 24.3% YoY to INR 947mn. Net profit increased 11.8% YoY to INR 659mn, which was restricted from higher depreciation cost of 46% YoY to INR 158mn and lower other income (down 26% YoY). Company believes margins may see some moderation as it ramps up its HALS and pharmaceuticals intermediates businesses, where margins are relatively lower.

### Update on HALS progress

- Clean Science received an encouraging response to its HALS-770 and 701 series from domestic buyers and exports buyers. HALS' volume has increased to 125te/month from 80–90te/month in Q4FY24. The company expects to gradually increase HALS' volumes to 200te/month by Mar'25. It expects to reach 50% utilisation in FY26 (4-4.5kte). It has commissioned HALS capacity of 10.5ktpa at CFCL with optimal utilisation at 80% and anticipate average realisation at USD 7–8/kg. This implies peak revenue from HALS in Clean Fino-Chem (CFCL) at ~INR 5bn.
- CFCL has been producing only HALS 770, and recently commissioned three more products; and is expected to add another product soon. HALS 701 is manufactured at Clean Science, and capacity utilisation has reached 70%; and may require to be added at CFCL also. Clean Science will have total six products out of nine products in the HALS series. These six products are bulk of demand; the remaining products have niche application. Realisation of HALS-770 and HALS-701 is USD 5 while HALS-944 is USD 9–10.
- Clean Science aspires to have 70–75% market share in HALS in India; however, it would need its entire basket of products commissioned to accelerate market share win. These products are bought in combinations, and customers prefer buying a range of HALS products compared to only two currently.

### Update on capex plans

- Clean Science has already started work on its pharmaceutical intermediate facility; the total outlay is anticipated at INR 300mn with potential revenue of INR 1bn. The company estimates plant commissioning by Q3FY25.
- The company has announced another capex of INR 1.5bn in the performance segment with peak revenue potential of INR 3.5bn. It will add capacity, which will be 15% of global demand. The product finds application as a stabiliser, and an agro input. It is already produced in India by a few players; however, Company has the advantage of a differentiated process, which should make it commercially better.
- Clean Science plans to announce another capex of INR 1–1.5bn by Sep'24, which has application in water treatment. Again, this product is already being produced in India.
- The company will evaluate capacity requirement in existing products by Dec'24.

### Key risks

**Upside:** 1) Higher-than-expected sales from HALS; and 2) better-than-expected margins.  
**Downside:** 1) Slower-than-expected acceptance of HALS in international markets; and 2) higher-than-expected discounting in HALS, which can hurt margins.

**Exhibit 1: Clean Science consolidated financials**

| INR mn                | Q1FY24       | Q2FY24       | Q3FY24       | Q4FY24       | Q1FY25       | QoQ (%)      | YoY (%)     |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Revenue               | 1,881        | 1,811        | 1,947        | 2,275        | 2,240        | (1.5)        | 19.1        |
| COGS                  | 726          | 618          | 646          | 780          | 775          | (0.7)        | 6.7         |
| <b>Gross profit</b>   | <b>1,155</b> | <b>1,193</b> | <b>1,301</b> | <b>1,495</b> | <b>1,465</b> | <b>(2.0)</b> | <b>26.9</b> |
| <b>GPM (%)</b>        | <b>61.4</b>  | <b>65.9</b>  | <b>66.8</b>  | <b>65.7</b>  | <b>65.4</b>  |              |             |
| Employee cost         | 117          | 119          | 116          | 135          | 130          | (3.7)        | 10.9        |
| % of revenue          | 6.2          | 6.6          | 6.0          | 5.9          | 5.8          |              |             |
| Other expenses        | 277          | 326          | 319          | 415          | 389          | (6.3)        | 40.6        |
| % of revenue          | 14.7         | 18.0         | 16.4         | 18.3         | 17.4         |              |             |
| <b>Total expenses</b> | <b>394</b>   | <b>445</b>   | <b>435</b>   | <b>550</b>   | <b>519</b>   | <b>(5.7)</b> | <b>31.8</b> |
| <b>EBITDA</b>         | <b>761</b>   | <b>748</b>   | <b>866</b>   | <b>945</b>   | <b>947</b>   | <b>0.2</b>   | <b>24.3</b> |
| <b>EBITDA (%)</b>     | <b>40.5</b>  | <b>41.3</b>  | <b>44.5</b>  | <b>41.5</b>  | <b>42.3</b>  |              |             |
| Depreciation          | 108          | 111          | 113          | 127          | 158          | 24.3         | 46.2        |
| <b>EBIT</b>           | <b>653</b>   | <b>637</b>   | <b>753</b>   | <b>818</b>   | <b>789</b>   | <b>(3.6)</b> | <b>20.7</b> |
| Other income          | 134          | 60           | 78           | 141          | 99           | (29.4)       | (26.1)      |
| Finance cost          | 0            | 3            | 1            | 6            | 1            |              |             |
| <b>PBT</b>            | <b>787</b>   | <b>695</b>   | <b>830</b>   | <b>953</b>   | <b>887</b>   | <b>(6.9)</b> | <b>12.7</b> |
| Tax                   | 198          | 173          | 204          | 250          | 228          | (9.0)        | 15.2        |
| <b>ETR (%)</b>        | <b>25.1</b>  | <b>24.9</b>  | <b>24.6</b>  | <b>26.3</b>  | <b>25.7</b>  |              |             |
| Exceptional item      | -            | -            | -            | -            | -            |              |             |
| <b>Net profit</b>     | <b>590</b>   | <b>522</b>   | <b>626</b>   | <b>703</b>   | <b>659</b>   | <b>(6.2)</b> | <b>11.8</b> |
| <b>Net profit (%)</b> | <b>31.3</b>  | <b>28.8</b>  | <b>32.2</b>  | <b>30.9</b>  | <b>29.4</b>  |              |             |
| EPS (INR )            | 5.6          | 4.9          | 5.9          | 6.6          | 6.2          |              |             |

Source: I-Sec research, Company data

**Exhibit 2: Clean Science standalone financials**

| INR mn                | 1QFY24       | 2QFY24       | 3QFY24       | 4QFY24       | 1QFY25       | QoQ (%)      | YoY (%)     |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Revenue               | 1,881        | 1,811        | 1,947        | 2,255        | 2,173        | (3.6)        | 15.5        |
| COGS                  | 726          | 618          | 646          | 764          | 730          | (4.4)        | 0.5         |
| <b>Gross profit</b>   | <b>1,155</b> | <b>1,193</b> | <b>1,301</b> | <b>1,491</b> | <b>1,443</b> | <b>(3.2)</b> | <b>24.9</b> |
| <b>GPM (%)</b>        | <b>61.4</b>  | <b>65.9</b>  | <b>66.8</b>  | <b>66.1</b>  | <b>66.4</b>  |              |             |
| Employee cost         | 115          | 115          | 117          | 118          | 118          | (0.5)        | 2.7         |
| % of revenue          | 6.1          | 6.3          | 6.0          | 5.3          | 5.4          |              |             |
| Other expenses        | 275          | 323          | 320          | 385          | 347          | (9.8)        | 26.4        |
| % of revenue          | 14.6         | 17.8         | 16.4         | 17.1         | 16.0         |              |             |
| <b>Total expenses</b> | <b>389</b>   | <b>437</b>   | <b>437</b>   | <b>503</b>   | <b>465</b>   | <b>(7.6)</b> | <b>19.4</b> |
| <b>EBITDA</b>         | <b>765</b>   | <b>756</b>   | <b>864</b>   | <b>987</b>   | <b>978</b>   | <b>(1.0)</b> | <b>27.7</b> |
| <b>EBITDA (%)</b>     | <b>40.7</b>  | <b>41.7</b>  | <b>44.4</b>  | <b>43.8</b>  | <b>45.0</b>  |              |             |
| Depreciation          | 107          | 110          | 112          | 110          | 111          | 0.9          | 4.1         |
| <b>EBIT</b>           | <b>659</b>   | <b>646</b>   | <b>752</b>   | <b>877</b>   | <b>867</b>   | <b>(1.2)</b> | <b>31.6</b> |
| Other income          | 124          | 51           | 75           | 134          | 96           | (28.1)       | (22.0)      |
| Finance cost          | 0            | 2            | 0            | 5            | 1            |              |             |
| <b>PBT</b>            | <b>782</b>   | <b>694</b>   | <b>827</b>   | <b>1,006</b> | <b>962</b>   | <b>(4.3)</b> | <b>23.0</b> |
| Tax                   | 197          | 175          | 203          | 258          | 241          | (6.6)        | 22.4        |
| <b>ETR (%)</b>        | <b>25.0</b>  | <b>25.2</b>  | <b>24.5</b>  | <b>27.1</b>  | <b>27.1</b>  |              |             |
| Exceptional item      | -            | -            | -            | -            | -            |              |             |
| <b>Net profit</b>     | <b>585</b>   | <b>519</b>   | <b>624</b>   | <b>748</b>   | <b>722</b>   | <b>(3.6)</b> | <b>23.3</b> |
| <b>Net profit (%)</b> | <b>31.1</b>  | <b>28.7</b>  | <b>32.1</b>  | <b>33.2</b>  | <b>33.2</b>  |              |             |

Source: I-Sec research, Company data

**Exhibit 3: Clean Science – consolidate minus standalone financials**

| INR mn                | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24      | 1QFY25      | QoQ (%)      | YoY (%) |
|-----------------------|--------|--------|--------|-------------|-------------|--------------|---------|
| Revenue               |        |        |        | 20          | 67          | 227.4        |         |
| COGS                  |        |        |        | 16          | 45          | 174.9        |         |
| <b>Gross profit</b>   |        |        |        | <b>4</b>    | <b>22</b>   | <b>428.1</b> |         |
| GPM (%)               |        |        |        | 20.7        | 33.4        |              |         |
| Employee cost         |        |        |        | 16          | 12          | (26.8)       |         |
| % of revenue          |        |        |        | 0.7         | 0.5         |              |         |
| Other expenses        |        |        |        | 30          | 42          | 37.4         |         |
| % of revenue          |        |        |        | 1.3         | 1.9         |              |         |
| <b>Total expenses</b> |        |        |        | <b>47</b>   | <b>54</b>   | <b>14.9</b>  |         |
| <b>EBITDA</b>         |        |        |        | <b>(42)</b> | <b>(31)</b> |              |         |
| EBITDA (%)            |        |        |        | (207.4)     | (46.6)      |              |         |
| Depreciation          |        |        |        | 17          | 47          | 176.2        |         |
| <b>EBIT</b>           |        |        |        | <b>(59)</b> | <b>(78)</b> |              |         |
| Other income          |        |        |        | 7           | 3           | (55.4)       |         |
| Finance cost          |        |        |        | 0           | 0           |              |         |
| <b>PBT</b>            |        |        |        | <b>(53)</b> | <b>(75)</b> | <b>42.0</b>  |         |
| Tax                   |        |        |        | (8)         | (13)        |              |         |
| ETR (%)               |        |        |        | (0.8)       | (1.5)       |              |         |
| Exceptional item      |        |        |        | -           | -           |              |         |
| <b>Net profit</b>     |        |        |        | <b>(46)</b> | <b>(62)</b> |              |         |
| Net profit (%)        |        |        |        | (222.4)     | (93.0)      |              |         |

Source: I-Sec research, Company data

**Exhibit 4: Clean Science segmental performance**

| INR mn                       | Q1FY24       | Q2FY24       | Q3FY24       | Q4FY24       | Q1FY25       | QoQ (%)      | YoY (%)     |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| <b>Segment revenue</b>       |              |              |              |              |              |              |             |
| Performance chemicals        | 1,260        | 1,213        | 1,305        | 1,524        | 1,546        | 1.4          | 22.6        |
| Pharmaceutical intermediates | 357          | 344          | 370          | 432          | 403          | (6.7)        | 12.8        |
| FMCG chemicals               | 245          | 272          | 216          | 296          | 291          | (1.5)        | 19.1        |
| Others                       | 19           | (19)         | 56           | 23           | -            |              |             |
| <b>Total</b>                 | <b>1,881</b> | <b>1,811</b> | <b>1,947</b> | <b>2,275</b> | <b>2,240</b> | <b>(1.5)</b> | <b>19.1</b> |
| <b>Mix (%)</b>               |              |              |              |              |              |              |             |
| Performance chemicals        | 67.0         | 67.0         | 67.0         | 67.0         | 69.0         |              |             |
| Pharmaceutical intermediates | 19.0         | 19.0         | 19.0         | 19.0         | 18.0         |              |             |
| FMCG chemicals               | 13.0         | 15.0         | 11.1         | 13.0         | 13.0         |              |             |
| Others                       | 1.0          | (1.0)        | 2.9          | 1.0          | -            |              |             |

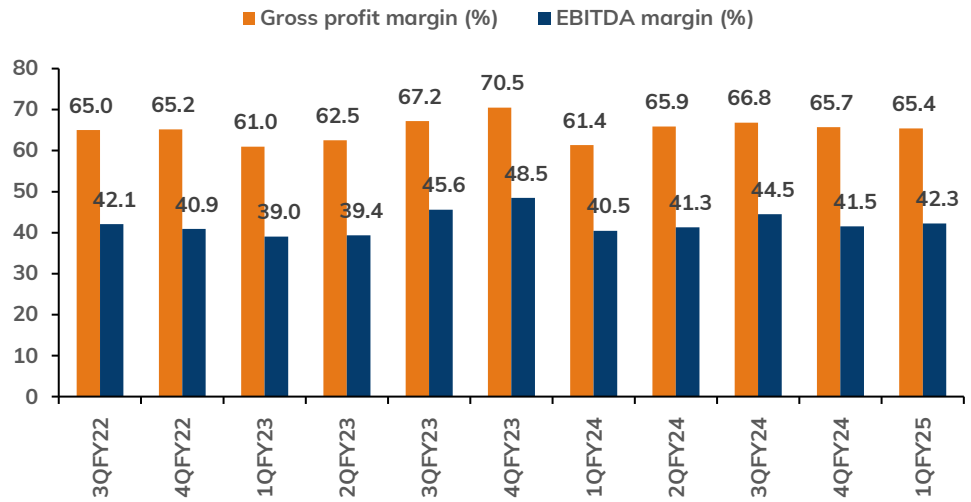
Source: I-Sec research, Company data

**Exhibit 5: Clean Science geographical revenue breakdown**

| INR mn         | Q1FY24 | Q2FY24 | Q3FY24 | Q4FY24 | Q1FY25 | QoQ (%) | YoY (%) |
|----------------|--------|--------|--------|--------|--------|---------|---------|
| India          | 696    | 633    | 701    | 819    | 829    | 1.2     | 19.1    |
| Export         | 1,185  | 1,178  | 1,246  | 1,456  | 1,411  | (3.1)   | 19.1    |
| Americas       | 357    | 344    | 370    | 274    | 269    | (1.9)   | (24.8)  |
| Europe         | 245    | 309    | 236    | 319    | 403    | 26.6    | 64.9    |
| China          | 395    | 343    | 446    | 557    | 515    | (7.5)   | 30.4    |
| ROW            | 188    | 181    | 195    | 228    | 224    | (1.5)   | 19.1    |
| <b>Mix (%)</b> |        |        |        |        |        |         |         |
| India          | 37.0   | 35.0   | 36.0   | 36.0   | 37.0   |         |         |
| Export         | 63.0   | 65.0   | 64.0   | 64.0   | 63.0   |         |         |
| Americas       | 19.0   | 19.0   | 19.0   | 12.0   | 12.0   |         |         |
| Europe         | 13.0   | 17.1   | 12.1   | 14.0   | 18.0   |         |         |
| China          | 21.0   | 19.0   | 22.9   | 24.5   | 23.0   |         |         |
| ROW            | 10.0   | 10.0   | 10.0   | 10.0   | 10.0   |         |         |

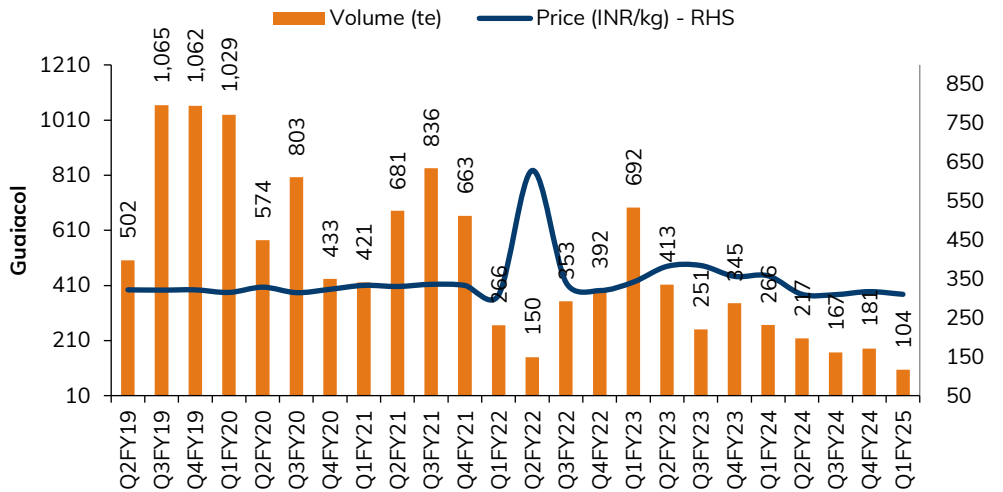
Source: I-Sec research, Company data

**Exhibit 6: Gross profit and EBITDA margin trends**



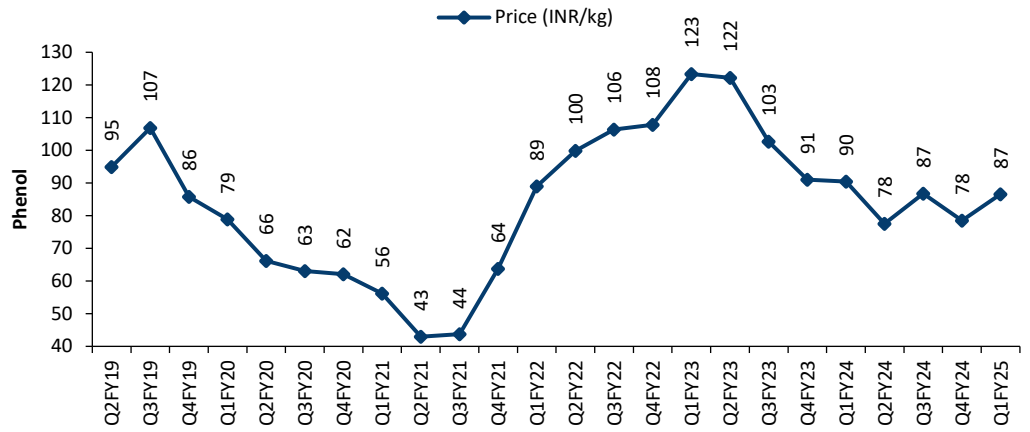
Source: I-Sec research, Company data

**Exhibit 7: Guaiacol export prices dip 13.3% YoY**



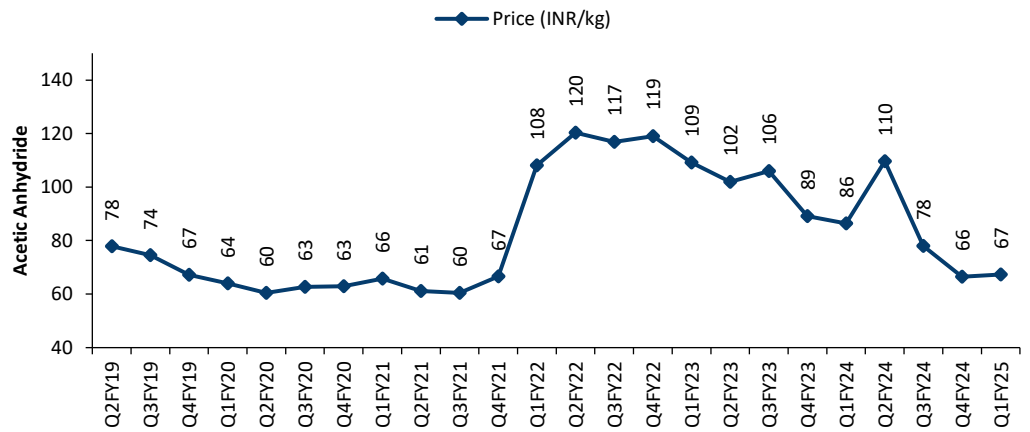
Source: I-Sec research, Company data; Note: Q1FY25 numbers includes data for only Apr & May'24

**Exhibit 8: Phenol (raw material) prices dip 4.4% YoY**



Source: I-Sec research, Company data; Note: Q1FY25 numbers includes data for only Apr & May'24

**Exhibit 9: Acetic anhydride (raw material) prices fell 22.1% YoY**



Source: I-Sec research, Company data; Note: Q1FY25 numbers includes data for only Apr & May'24

**Exhibit 10: Shareholding pattern**

| %                       | Dec'23 | Mar'24 | Jun'24 |
|-------------------------|--------|--------|--------|
| Promoters               | 75.0   | 75.0   | 75.0   |
| Institutional investors | 11.1   | 10.9   | 10.7   |
| MFs and others          | 4.6    | 4.2    | 3.6    |
| FIs/Banks               | 0.0    | 0.0    | 0.0    |
| Insurance               | 0.5    | 0.7    | 0.9    |
| FIIIs                   | 5.8    | 5.9    | 6.2    |
| Others                  | 14.0   | 14.1   | 14.2   |

Source: Bloomberg

**Exhibit 11: Price chart**



Source: Bloomberg

## Financial Summary

### Exhibit 12: Profit & Loss

(INR mn, year ending March)

|  | FY23A        | FY24A        | FY25E        | FY26E        |
|--|--------------|--------------|--------------|--------------|
| Net Sales                              | 9,358        | 7,915        | 10,801       | 14,314       |
| <b>Operating Expenses</b>              | <b>5,337</b> | <b>4,594</b> | <b>6,535</b> | <b>8,697</b> |
| EBITDA                                 | 4,021        | 3,321        | 4,267        | 5,617        |
| <b>EBITDA Margin (%)</b>               | <b>43.0</b>  | <b>42.0</b>  | <b>39.5</b>  | <b>39.2</b>  |
| Depreciation & Amortization            | 361          | 459          | 546          | 613          |
| EBIT                                   | 3,660        | 2,861        | 3,721        | 5,004        |
| Interest expenditure                   | 2            | 9            | 9            | 9            |
| Other Non-operating Income             | 298          | 413          | 313          | 344          |
| Recurring PBT                          | 3,956        | 3,265        | 4,025        | 5,339        |
| <b>Profit / (Loss) from Associates</b> | -            | -            | -            | -            |
| <b>Less: Taxes</b>                     | <b>1,005</b> | <b>825</b>   | <b>976</b>   | <b>1,242</b> |
| PAT                                    | 2,952        | 2,441        | 3,048        | 4,097        |
| Less: Minority Interest                | -            | -            | -            | -            |
| Extraordinary (Net)                    | -            | -            | -            | -            |
| Net Income (Reported)                  | 2,952        | 2,441        | 3,048        | 4,097        |
| <b>Net Income (Adjusted)</b>           | <b>2,952</b> | <b>2,441</b> | <b>3,048</b> | <b>4,097</b> |

Source Company data, I-Sec research

### Exhibit 13: Balance sheet

(INR mn, year ending March)

|  | FY23A         | FY24A         | FY25E         | FY26E         |
|--|---------------|---------------|---------------|---------------|
| Total Current Assets                   | 3,027         | 3,572         | 5,570         | 8,023         |
| of which cash & cash eqv.              | 125           | 105           | 980           | 1,934         |
| Total Current Liabilities & Provisions | 1,155         | 1,601         | 1,890         | 2,507         |
| <b>Net Current Assets</b>              | <b>1,873</b>  | <b>1,971</b>  | <b>3,680</b>  | <b>5,516</b>  |
| Investments                            | 3,531         | 3,394         | 2,894         | 2,894         |
| Net Fixed Assets                       | 4,433         | 6,568         | 7,249         | 7,986         |
| ROU Assets                             | 373           | 366           | 366           | 366           |
| Capital Work-in-Progress               | 205           | 573           | 300           | 300           |
| Total Intangible Assets                | -             | -             | -             | -             |
| Other assets                           | 125           | 26            | 29            | 32            |
| Deferred Tax Assets                    | -             | -             | -             | -             |
| <b>Total Assets</b>                    | <b>11,518</b> | <b>13,963</b> | <b>16,158</b> | <b>19,366</b> |
| <b>Liabilities</b>                     |               |               |               |               |
| <b>Borrowings</b>                      | <b>1</b>      | -             | -             | -             |
| <b>Deferred Tax Liability</b>          | <b>234</b>    | <b>299</b>    | <b>299</b>    | <b>299</b>    |
| Provisions                             | 6             | 8             | 9             | 10            |
| Other Liabilities                      | 23            | 23            | -             | -             |
| Equity Share Capital                   | 106           | 106           | 106           | 106           |
| Reserves & Surplus                     | 9,994         | 11,925        | 13,853        | 16,444        |
| <b>Total Net Worth</b>                 | <b>10,100</b> | <b>12,032</b> | <b>13,959</b> | <b>16,550</b> |
| Minority Interest                      | -             | -             | -             | -             |
| <b>Total Liabilities</b>               | <b>11,518</b> | <b>13,963</b> | <b>16,158</b> | <b>19,366</b> |

Source Company data, I-Sec research

### Exhibit 14: Quarterly trend

(INR mn, year ending March)

|                     | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
|---------------------|--------|--------|--------|--------|
| Net Sales           | 1,811  | 1,947  | 2,275  | 2,240  |
| % growth (YOY)      | (26.8) | (18.0) | 4.9    | 19.1   |
| EBITDA              | 748    | 866    | 945    | 947    |
| Margin %            | 41.3   | 44.5   | 41.5   | 42.3   |
| Other Income        | 60     | 78     | 141    | 99     |
| Extraordinary       | 0      | 0      | 0      | 0      |
| Adjusted Net Profit | 522    | 626    | 703    | 659    |

Source Company data, I-Sec research

### Exhibit 15: Cashflow statement

(INR mn, year ending March)

|  | FY23A        | FY24A        | FY25E        | FY26E        |
|--|--------------|--------------|--------------|--------------|
| <b>Operating Cashflow</b>              | <b>3,222</b> | <b>2,666</b> | <b>3,290</b> | <b>4,375</b> |
| Working Capital Changes                | (428)        | (295)        | (871)        | (900)        |
| Capital Commitments                    | (1,834)      | (2,323)      | (1,227)      | (1,350)      |
| <b>Free Cashflow</b>                   | <b>960</b>   | <b>48</b>    | <b>1,192</b> | <b>2,125</b> |
| <b>Other investing cashflow</b>        | <b>(864)</b> | <b>464</b>   | <b>813</b>   | <b>344</b>   |
| Cashflow from Investing Activities     | (864)        | 464          | 813          | 344          |
| Issue of Share Capital                 | 9            | -            | -            | -            |
| Interest Cost                          | (1)          | (8)          | (9)          | (9)          |
| Inc (Dec) in Borrowings                | -            | 9            | -            | -            |
| Dividend paid                          | (558)        | (531)        | (1,121)      | (1,507)      |
| Others                                 | -            | (2)          | -            | -            |
| Cash flow from Financing Activities    | (550)        | (532)        | (1,130)      | (1,516)      |
| <b>Chg. in Cash &amp; Bank balance</b> | <b>(454)</b> | <b>(19)</b>  | <b>875</b>   | <b>954</b>   |
| Closing cash & balance                 | 124          | 104          | 981          | 1,935        |

Source Company data, I-Sec research

### Exhibit 16: Key ratios

(Year ending March)

|                             | FY23A | FY24A  | FY25E | FY26E |
|-----------------------------|-------|--------|-------|-------|
| <b>Per Share Data (INR)</b> |       |        |       |       |
| Reported EPS                | 27.8  | 23.0   | 28.7  | 38.6  |
| Adjusted EPS (Diluted)      | 27.8  | 23.0   | 28.7  | 38.6  |
| Cash EPS                    | 31.2  | 27.3   | 33.8  | 44.3  |
| Dividend per share (DPS)    | 5.0   | 5.0    | 10.6  | 14.2  |
| Book Value per share (BV)   | 95.1  | 113.2  | 131.4 | 155.8 |
| Dividend Payout (%)         | 18.0  | 21.8   | 36.8  | 36.8  |
| <b>Growth (%)</b>           |       |        |       |       |
| Net Sales                   | 36.6  | (15.4) | 36.5  | 32.5  |
| EBITDA                      | 34.1  | (17.4) | 28.5  | 31.6  |
| EPS (INR)                   | 29.2  | (17.3) | 24.9  | 34.4  |
| <b>Valuation Ratios (x)</b> |       |        |       |       |
| P/E                         | 56.2  | 68.0   | 54.4  | 40.5  |
| P/CEPS                      | 50.1  | 57.2   | 46.2  | 35.2  |
| P/BV                        | 16.4  | 13.8   | 11.9  | 10.0  |
| EV / EBITDA                 | 40.4  | 49.0   | 38.1  | 28.8  |
| EV/SALES                    | 17.4  | 20.6   | 15.0  | 11.3  |
| Dividend Yield (%)          | 0.3   | 0.3    | 0.7   | 0.9   |
| <b>Operating Ratios</b>     |       |        |       |       |
| Gross Profit Margins (%)    | 65.2  | 65.0   | 62.5  | 60.5  |
| EBITDA Margins (%)          | 43.0  | 42.0   | 39.5  | 39.2  |
| Effective Tax Rate (%)      | 25.4  | 25.3   | 24.3  | 23.3  |
| Net Profit Margins (%)      | 31.5  | 30.8   | 28.2  | 28.6  |
| NWC / Total Assets (%)      | 16.3  | 14.1   | 22.8  | 28.5  |
| Net Debt / Equity (x)       | (0.3) | (0.3)  | (0.3) | (0.3) |
| Net Debt / EBITDA (x)       | (0.8) | (0.9)  | (0.8) | (0.8) |
| <b>Profitability Ratios</b> |       |        |       |       |
| RoCE (%)                    | 30.7  | 19.3   | 21.7  | 25.2  |
| RoE (%)                     | 33.2  | 22.1   | 23.5  | 26.9  |
| RoC (%)                     | 62.4  | 36.7   | 38.4  | 44.4  |
| Fixed Asset Turnover (x)    | 1.7   | 1.0    | 1.2   | 1.3   |
| Inventory Turnover Days     | 42.4  | 57.0   | 52.0  | 52.0  |
| Receivables Days            | 57.0  | 75.5   | 75.5  | 75.5  |
| Payables Days               | 31.4  | 50.0   | 40.0  | 40.0  |

Source Company data, I-Sec research

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