

Camlin Fine Sciences (CFIN)

Chemicals | 4QFY24 Result Update

BUY

CMP: Rs97 | Target Price (TP): Rs130 | Upside: 34%

May 21, 2024

Pain continues

Key Points

- CFIN's overall 4QFY24 earnings performance came significantly below our and consensus estimates. EBITDA loss of Rs133mn came on the back of demand pressure in the ex-Blends portfolio and pricing erosion (inventory write down of Rs368mn).
- Vanillin, one of the major earnings driver for CFIN, has been facing significant pricing pressure due to increased competition from China. Catechol prices have also fallen further. Blends business has been the clear outperformer for CFIN which was up ~43% YoY in 4QFY24 & FY24.
- CFIN's earnings and return ratios can improve only if the overall pricing scenario improves and the company executes well on Vanillin, potential MPP at Italy. Maintain Buy with a revised TP of Rs130 (15x PE on FY26E)

4QFY24 performance update: CFIN's revenue came 6% lower YoY on account of subdued demand environment, closure of CFS Europe facility (Aug'23), pricing erosion (mainly in Vanillin and Catechol) and slower ramp up of the Vanillin plant. Underperformance of all other segments has masked the strong performance from the Blends business (up 43% YoY) during 4QFY24. Inventory write down pertaining to price decline in Vanillin and Catechol of Rs368mn, led to loss at the EBITDA level. CFIN has also booked impairment loss totalling to Rs498mn pertaining to 1) Wanglong plant related assets, inventory etc. 2) Write down of unique catalyst and inventory of Italy factory as CFIN is planning to manufacture new products there.

Segment-wise and region-wise update: During the quarter, Performance Chemicals witnessed the maximum decline in revenue of 50% YoY on account of Italy closure and overall price decline. However, sequentially, revenue came higher by ~45%. The Blends business remains an exception (revenue up 43% YoY but down 2% QoQ) as it continued its strong growth trajectory in the last few quarters. The Shelf life solutions business declined by 4%/5% YoY/QoQ. The Aroma segment's revenue was weak on lower than expected scale up in the Vanillin plant. India business revenue was flat YoY; however was up 25% QoQ. Standalone EBITDA fell significantly. Overseas revenue grew by 10%/2% YoY/QoQ.

Back ended recovery in FY25: The management expects the Vanillin plant to operate at ~40% utilisation during FY25 wherein the revenue potential could be Rs1.9bn at current pricing. For the overall portfolio, while it expects the pricing to normalise for HQ and downstream products in the 2HFY25 led by Agrochemicals recovery, catechol and derivatives (including Vanillin) should take longer for price improvement. Overall EBITDA is expected at Rs2bn for FY25. Debt level is expected to be at the same level like that of FY24.

Valuation: We cut our TP by 13% after downward revision of earnings and valuation multiple (15x PE vs 18x earlier). Maintain Buy.

Est Change	Downward
TP Change	Downward
Rating Change	No change

Company Data and Valuation Summary

Reuters:	CAMF.BO
Bloomberg:	CFIN IN Equity
Mkt Cap (Rsbn/US\$mn):	16.2 / 194.1
52 Wk H / L (Rs):	186 / 88
ADTV-3M (mn) (Rs/US\$):	111.1 / 1.3
Stock performance (%) 1M/6M/1yr:	(10.7) / (25.3) / (43.9)
Nifty 50 performance (%) 1M/6M/1yr:	1.7 / 1.8 / 22.8

Shareholding	2QFY24	3QFY24	4QFY24
Promoters	48.0	48.0	48.0
DILs	3.9	3.8	4.5
FILs	1.6	1.0	1.7
Others	46.5	47.2	45.7
Pro pledge	0.0	0.0	33.2

Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24	FY25E	FY26E
Net Sales	16,816	16,131	19,108	24,336
Growth YoY%	19.1	(4.1)	18.5	27.4
Gross margin %	51.6	43.4	51.4	52.0
EBITDA	2,053	739	2,003	3,368
EBITDA margin %	12.2	4.6	10.5	13.8
Adj PAT	569	(401)	425	1,454
Growth YoY%	(6.2)	(170.5)	(205.8)	242.3
Adj EPS	3.6	(2.4)	2.5	8.7
RoCE (pre-tax) %	9.6	(0.3)	7.9	16.1
RoCE %	4.8	(0.3)	6.1	11.9
RoE %	7.3	(4.8)	4.8	14.8
P/E	26.8	(40.5)	38.2	11.2
EV/EBITDA	10.8	28.1	10.4	6.1
P/BV	1.9	1.8	1.7	1.4

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links –

[4QFY24 Presentation](#)

Please refer to the disclaimer towards the end of the document.

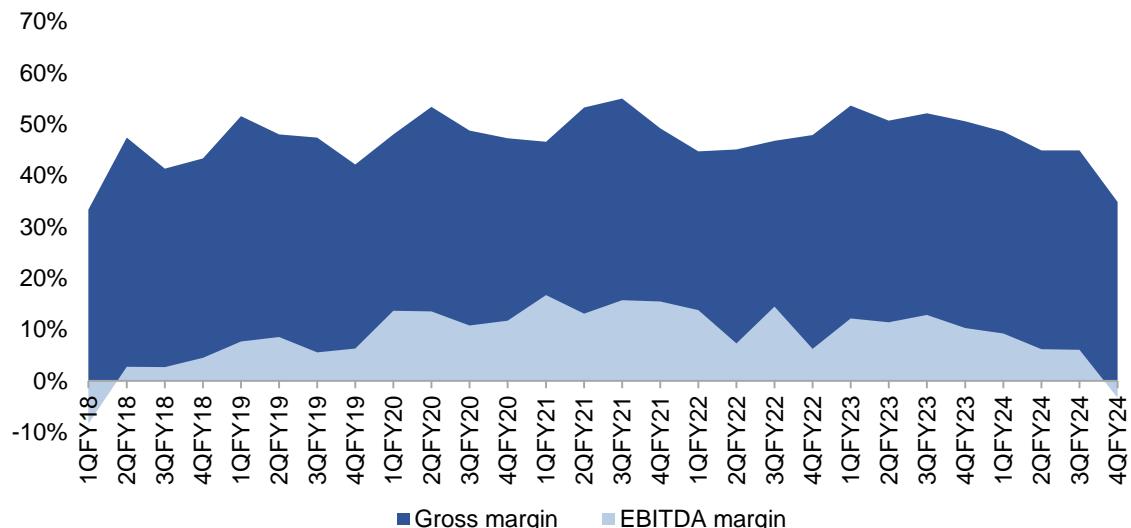
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Exhibit 1: 4QFY24 consolidated performance

Particulars (Rsmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	FY23	FY24
Net Sales	3,838	4,832	3,878	4,267	4,196	4,059	3,859	4,017	16,816	16,131
YoY Change (%)	16.0	55.3	1.8	9.6	9.3	-16.0	-0.5	-5.9	19.1	-4.1
Gross Profit	2,056	2,448	2,022	2,157	2,038	1,823	1,733	1,401	8,683	6,994
Margin (%)	53.6	50.7	52.1	50.6	48.6	44.9	44.9	34.9	51.6	43.4
EBITDA	466	552	498	438	387	251	233	-133	2,053	739
YoY Change (%)	2.3	143.0	-9.8	80.1	-17.0	-54.5	-53.1	-130.2	34.3	-64.0
Margin (%)	12.1	11.4	12.8	10.3	9.2	6.2	6.0	-3.3	12.2	4.6
Depreciation	144	140	162	179	188	192	206	200	625	786
Interest	187	184	115	98	102	198	141	162	585	603
Other income	10	29	98	20	64	18	17	58	58	156
Extraordinary Items	-	-	-	-97	-	-	-	-498	-97	498
PBT (bei)	145	256	318	181	161	-121	-97	-437	901	-494
PBT	145	256	318	84	161	-121	-97	-935	804	-992
Tax	109	157	89	49	41	87	45	-117	406	56
ETR (%)	75.3	61.5	28.1	58.7	25.3	-72.4	-46.7	12.5	50.5	-5.7
Reported PAT	59	130	240	92	156	-194	-118	-771	521	-928
Adj. PAT	59	130	240	132	156	-194	-118	-336	569	-401
YoY Change (%)	-73.5	-335.3	-16.3	-39.5	162.6	-248.9	-149.0	-942.1	-6.2	-170.5
Adj. EPS	0.5	1.1	2.0	0.6	0.9	-1.2	-0.7	-4.6	3.6	-2.4

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Consolidated Gross margin & EBITDA margin quarterly trend


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: Quarterly segment-wise and subsidiary-wise performance

Consol revenue mix (%)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Performance Chemicals	37%	44%	43%	36%	44%	43%	42%	35%	43%	36%	23%	17%	23%
Blends	27%	25%	31%	32%	28%	32%	27%	33%	30%	38%	48%	49%	46%
Shelf Life Extension	24%	24%	24%	31%	27%	24%	30%	30%	25%	23%	26%	28%	25%
Aroma	12%	2%	1%	1%	0%	1%	0%	0%	0%	2%	1%	2%	4%
Others	0%	5%	1%	0%	0%	1%	1%	2%	1%	0%	3%	5%	1%
Consol revenue (Rsmn)													
Performance Chemicals	1,183	1476	1,331	1,377	1,687	1,636	2,021	1,369	1,855	1,511	923	638	928
Blends	850	909	971	1,208	1,086	1,243	1,296	1,274	1,291	1,608	1,957	1,890	1,843
Shelf Life Extension	753	809	759	1,192	1,056	913	1,450	1,156	1,058	979	1,043	1,073	1,017
Aroma	386	64	32	25	14	21	9	10	14	78	31	63	174
Others	-1	50	19	6	-1	25	56	69	49	20	105	195	55
Total	3,171	3,308	3,112	3,808	3,842	3,838	4,832	3,878	4,267	4,196	4,059	3,859	4,017
Growth YoY (%)													
Performance Chemicals	39%	66%	93%	84%	43%	11%	52%	-1%	10%	-8%	-54%	-53%	-50%
Blends	-6%	6%	35%	31%	28%	37%	33%	5%	19%	29%	51%	48%	43%
Shelf Life Extension	26%	10%	4%	73%	40%	13%	91%	-3%	0%	7%	-28%	-7%	-4%
Aroma	-11%	-88%	-92%	-96%	-96%	-67%	-72%	-60%	0%	271%	244%	530%	1143%
Others	-101%	64%	-25%	-79%	0%	-51%	194%	1022%	-5008%	-19%	86%	181%	12%
Total	8%	8%	21%	28%	21%	16%	55%	2%	11%	9%	-16%	-1%	-6%
Subs Revenue break-up (%)													
CFS India	42%	40%	39%	48%	45%	37%	45%	42%	48%	33%	42%	41%	46%
Global	58%	60%	61%	52%	55%	63%	55%	58%	52%	67%	58%	59%	54%
CFS Europe	25%	29%	31%	21%	30%	31%	29%	24%	22%	23%	9%	7%	9%
CFS Mexico	17%	21%	21%	22%	17%	21%	17%	21%	19%	24%	25%	29%	25%
CFS Brazil	5%	6%	6%	5%	6%	6%	6%	7%	5%	8%	9%	8%	8%
CFS Wanglong	9%	-	-	-	-	-	-	-	-	-	-	-	-
CFS North America	2%	5%	3%	3%	2%	4%	3%	6%	6%	12%	14%	15%	13%
Subs Revenue break-up (Rsmn)													
CFS India	1,685	1,457	1,382	2,002	2,014	1,554	2,400	1,727	2,182	1,611	1,994	1,763	2,203
Global	2,326	2,181	2,197	2,142	2,495	2,660	2,943	2,415	2,374	3,289	2,698	2,547	2,610
CFS Europe	996	1,060	1,117	874	1,343	1,323	1,552	993	1,015	1,124	422	311	413
CFS Mexico	695	751	762	913	772	899	899	884	849	1,169	1,192	1,244	1,217
CFS Brazil	218	203	197	221	282	266	330	291	240	390	413	336	361
CFS Wanglong	347	-	-	-	-	-	-	-	-	-	-	-	-
CFS North America	70	167	121	134	98	172	162	247	270	606	671	656	619
Less: Implied inter-party transactions	840	330	467	336	667	376	511	264	289	704	633	451	796
Total Revenue	3,171	3,308	3,112	3,808	3,842	3,838	4,832	3,878	4,267	4,196	4,059	3,859	4,017
Growth YoY (%)													
CFS India	21%	20%	-6%	22%	20%	7%	74%	-14%	8%	4%	-17%	2%	1%
Global	15%	-19%	3%	-4%	7%	22%	34%	13%	-5%	24%	-8%	5%	10%
CFS Europe	35%	-5%	17%	25%	35%	25%	39%	14%	-24%	-15%	-73%	-69%	-59%
CFS Mexico	-7%	4%	26%	29%	11%	20%	18%	-3%	10%	30%	33%	41%	43%
CFS Brazil	24%	29%	24%	21%	29%	31%	68%	32%	-15%	47%	25%	15%	50%
CFS Wanglong	19%	-	-	-	-	-	-	-	-	-	-	-	-
CFS North America	-8%	90%	25%	70%	40%	3%	34%	84%	176%	252%	314%	166%	129%
Less: Implied inter-party transactions	69%	-60%	-54%	-63%	-21%	14%	9%	-21%	-57%	87%	24%	71%	176%
Total Revenue	8%	8%	21%	28%	21%	16%	55%	2%	11%	9%	-16%	-1%	-6%

Source: Company, Nirmal Bang Institutional EquitiesResearch

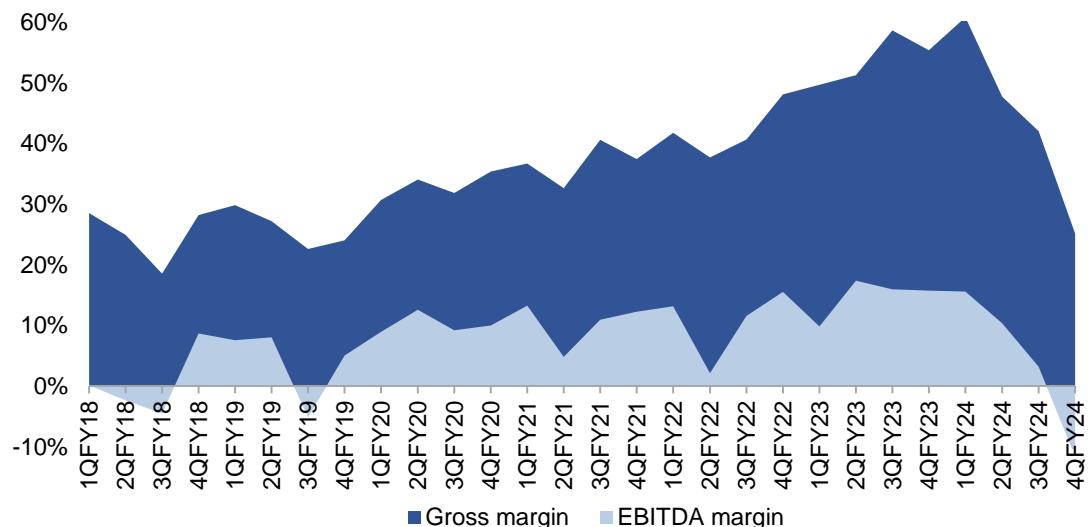
Exhibit 4: 4QFY24 standalone performance

Particulars (Rs mn)	4QFY23	3QFY24	4QFY24	YoY%	QoQ%	FY23	FY24	YoY%
Net Sales	2,182	1,856	2,203	1.0%	18.7%	7,894	7,733	-2.0%
COGS	975	1,076	1,650	69.3%	53.3%	3,657	4,437	21.3%
Gross Profit	1,207	780	553	-54.2%	-29.1%	4,237	3,296	-22.2%
Staff costs	165	162	165	0.2%	1.9%	597	659	10.4%
Other expenses	699	559	644	-7.8%	15.3%	2,447	2,370	-3.2%
Total expenses	1,839	1,797	2,460	33.8%	36.9%	6,701	7,466	11.4%
EBITDA	343	59	-256	-174.8%	-535.7%	1,193	267	-77.6%
Depreciation	107	124	128	19.3%	3.1%	328	494	50.5%
EBIT	236	-65	-384	-263.0%	490.0%	865	-227	-126.3%
Interest	134	133	139	3.7%	4.3%	569	543	-4.6%
Other income	12	21	56	348.4%	161.2%	371	193	-47.9%
Exceptional items	-	-	-19	-	-	-	-19	#DIV/0!
PBT (bei)	114	-177	-468	-508.9%	164.3%	666	-577	-186.6%
PBT	114	-177	-487	-525.7%	175.2%	666	-596	-189.5%
Tax	36	-60	-46	-226.9%	-23.8%	191	-82	-143.2%
PAT	78	-116	-441	-664.8%	278.6%	476	-514	-208.1%
Adj. PAT	78	-116	-423	-642.4%	263.6%	476	-496	-204.4%
EPS	0.5	-0.7	-2.6	-629.7%	278.6%	3.8	-3.1	-181.3%

Margins (%)	4QFY23	3QFY24	4QFY24	YoY%	QoQ%	FY23	FY24	YoY%
<i>Gross margin</i>	55.3%	42.0%	25.1%	-3,022bps	-1,691bps	53.7%	42.6%	-1,105bps
<i>EBITDA margin</i>	15.7%	3.2%	-11.6%	-2,736bps	-1,481bps	15.1%	3.5%	-1,166bps
<i>EBIT margin</i>	10.8%	-3.5%	-17.4%	-2,825bps	-1,393bps	11.0%	-2.9%	-1,389bps
<i>PBT margin</i>	5.2%	-9.4%	-21.6%	-2,676bps	-1,213bps	8.4%	-7.7%	-1,615bps
<i>PAT margin</i>	3.6%	-6.2%	-19.5%	-2,307bps	-1,331bps	6.0%	-6.4%	-1,244bps

Common Size	4QFY23	3QFY24	4QFY24	YoY%	QoQ%	FY23	FY24	YoY%
COGS	44.7%	58.0%	74.9%	3,022bps	1,691bps	46.3%	57.4%	1,105bps
Staff costs	7.6%	8.7%	7.5%	-6bps	-123bps	7.6%	8.5%	96bps
Other expenses	32.0%	30.1%	29.2%	-280bps	-87bps	31.0%	30.6%	-36bps
Depreciation	4.9%	6.7%	5.8%	89bps	-88bps	4.2%	6.4%	223bps
Interest	6.1%	7.2%	6.3%	16bps	-87bps	7.2%	7.0%	-19bps
Other income	0.6%	1.1%	2.5%	195bps	137bps	4.7%	2.5%	-220bps
ETR	31.8%	34.2%	9.5%	-2,229bps	-2,472bps	28.6%	13.8%	-1,480bps

Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 5: Standalone Gross margin & EBITDA margin quarterly trend


Source: Company, Nirmal Bang Institutional EquitiesResearch

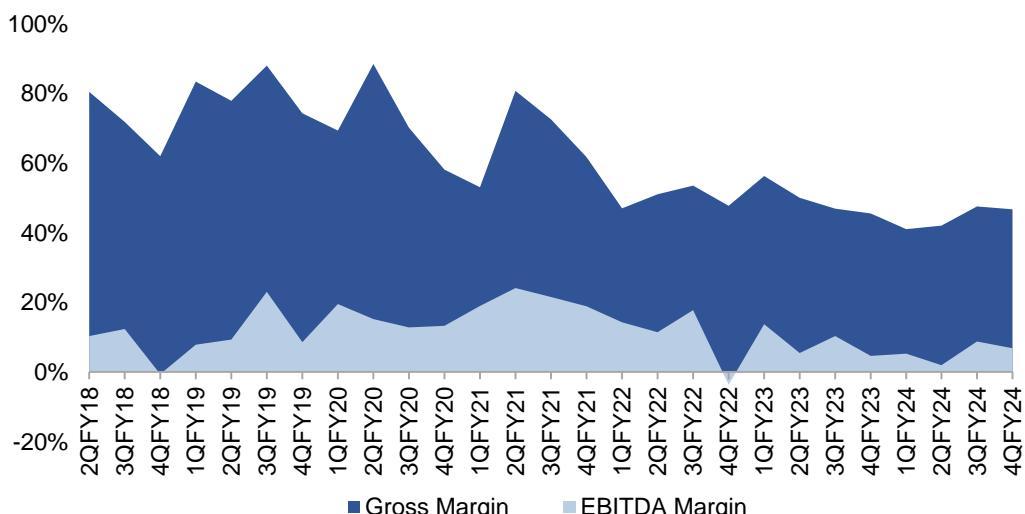
Exhibit 6: 4QFY24 Implied Subsidiaries' performance

Particulars (Rs mn)	4QFY23	3QFY24	4QFY24	YoY%	QoQ%	FY23	FY24	YoY%
Net Sales	2,085	2,003	1,814	-13.0%	-9.4%	8,921	8,398	-5.9%
COGS	1,135	1,050	966	-14.9%	-8.0%	4,475	4,700	5.0%
Gross Profit	950	953	847	-10.8%	-11.1%	4,446	3,698	-16.8%
Staff costs	243	293	296	21.8%	1.3%	1,029	1,128	9.6%
Other expenses	612	486	427	-30.2%	-12.1%	2,656	2,098	-21.0%
Total expenses	1,990	1,828	1,690	-15.1%	-7.6%	8,160	7,926	-2.9%
EBITDA	95	174	124	30.1%	-28.9%	761	472	-37.9%
Depreciation	72	82	73	0.7%	-11.2%	297	292	-1.6%
EBIT	23	93	51	121.9%	-44.6%	464	180	-61.2%
Interest	-36	8	23	-163.7%	173.7%	16	60	282.7%
Other income	8	-5	2	-72.1%	-145.9%	-214	-38	-82.4%
Exceptional items	-97	-	-479	394.7%	-	-97	-479	394.7%
PBT (bei)	67	80	31	-54.3%	-61.7%	234	83	-64.7%
PBT	-30	80	-448	1390.6%	-663.2%	138	-396	-388.1%
Tax	13	106	-71	-640.0%	-167.1%	215	139	-35.5%
PAT	14	-1	-331	-2535.8%	22767.6%	46	-414	-1001.6%
Adj. PAT	54	-1	87	63.4%	-6150.4%	86	5	-94.7%
EPS	0.1	-0.0	-2.0	-2390.6%	22713.6%	0.4	-2.5	-800.6%

Margins (%)	4QFY23	3QFY24	4QFY24	YoY%	QoQ%	FY23	FY24	YoY%
Gross margin	45.6%	47.6%	46.7%	116bps	-85bps	49.8%	44.0%	-579bps
EBITDA margin	4.6%	8.7%	6.8%	227bps	-187bps	8.5%	5.6%	-291bps
EBIT margin	1.1%	4.6%	2.8%	172bps	-179bps	5.2%	2.1%	-306bps
PBT margin	-1.4%	4.0%	-24.7%	-2,325bps	-2,867bps	1.5%	-4.7%	-626bps
PAT margin	2.6%	-0.1%	4.8%	226bps	489bps	1.0%	0.1%	-91bps

Common Size	4QFY23	3QFY24	4QFY24	YoY%	QoQ%	FY23	FY24	YoY%
COGS	54.4%	52.4%	53.3%	-116bps	85bps	50.2%	56.0%	579bps
Staff costs	11.7%	14.6%	16.3%	467bps	173bps	11.5%	13.4%	190bps
Other expenses	29.3%	24.3%	23.6%	-578bps	-71bps	29.8%	25.0%	-478bps
Depreciation	3.5%	4.1%	4.0%	54bps	-8bps	3.3%	3.5%	15bps
Interest	-1.7%	0.4%	1.3%	299bps	85bps	0.2%	0.7%	54bps
Other income	0.4%	-0.2%	0.1%	-25bps	35bps	-2.4%	-0.4%	195bps
ETR	-43.8%	133.1%	15.9%	5,966bps	-11,726bps	156.3%	-35.0%	-19,135bps

Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 7: Subsidiaries' Gross margin & EBITDA margin quarterly trend


Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 8: Actual performance v/s NBIE & Consensus estimates

Standalone (Rsmn)	4QFY24	4QFY24e (NBIE)	Variance	4QFY24e (Consensus)	Variance
Revenue	4,017	3,840	5%	4,004	0%
EBITDA	(133)	230	-158%	328	-140%
EBITDA margin %	-3.3%	6.0%	-930bps	8.2%	-1,148bps
PAT	(336)	(37)	na	13	-2786%

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 9: Change in earnings estimates

Consolidated (Rsmn)	Old Estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	18,370	23,483	19,108	24,336	4%	4%
EBITDA	2,329	3,262	2,003	3,368	-14%	3%
EBITDA margin %	12.7%	13.9%	10.5%	13.8%	-220bps	-5bps
APAT	869	1,548	425	1,454	-51%	-6%

Source: Nirmal Bang Institutional Equities Research

Financials

Exhibit 10: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	14,121	16,816	16,131	19,108	24,336
Growth YoY%	19.0	19.1	(4.1)	18.5	27.4
COGS	7,595	8,132	9,136	9,292	11,673
Gross margin %	46.2	51.6	43.4	51.4	52.0
Staff costs	1,450	1,626	1,787	2,020	2,673
Other expenses	3,547	5,004	4,468	5,793	6,622
EBITDA	1,528	2,053	739	2,003	3,368
Growth YoY%	(16.0)	34.3	(64.0)	170.9	68.2
EBITDA margin %	10.8	12.2	4.6	10.5	13.8
Depreciation	560	625	786	803	850
EBIT	968	1,428	(47)	1,199	2,518
Interest	358	585	603	828	858
Other income	330	58	156	24	138
PBT (bei)	940	901	(494)	396	1,798
PBT	940	804	(992)	396	1,798
ETR	36	50	(6)	23	26
PAT	607	521	(928)	425	1,454
Adj PAT	607	569	(401)	425	1,454
Growth YoY%	19.1	(6.2)	(170.5)	(205.8)	242.3

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Cash flow

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
PBT	940	804	(992)	396	1,798
Depreciation	560	625	786	803	850
Interest	358	585	603	828	858
Other adjustments	(162)	85	1,152	97	(17)
Change in Working capital	64	(1,388)	317	(1,367)	(1,321)
Tax paid	(304)	(202)	(475)	(92)	(466)
Operating cash flow	1,454	509	1,390	665	1,703
Capex	(2,138)	(1,443)	(606)	(214)	(770)
Free cash flow	(683)	(934)	784	451	933
Other investing activities	(353)	197	(59)	343	330
Investing cash flow	(2,491)	(1,246)	(665)	128	(440)
Issuance of share capital	948	5	6	-	-
Movement of Debt	761	1,331	252	(697)	-
Dividend paid (incl DDT)	-	-	-	-	-
Other financing activities	(349)	(740)	(1,118)	(809)	(858)
Financing cash flow	1,360	597	(860)	(1,506)	(858)
Net change in cash flow	323	(141)	(135)	(712)	404
Opening C&CE	755	1,078	937	935	223
Closing C&CE	1,078	937	935	223	627

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Balance sheet

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Share Capital	157	157	167	167	167
Reserves & Other Equity	7,322	8,037	8,480	8,905	10,358
Net worth	7,479	8,194	8,648	9,072	10,526
Minority Interest	171	47	(78)	(78)	(78)
Long term debt	3,876	4,081	3,327	2,630	2,630
Short term debt	2,349	3,715	3,249	3,249	3,249
Total debt	6,226	7,796	6,577	5,879	5,879
Other non-current liabilities	521	349	298	317	317
Total Equity & Liabilities	14,398	16,386	15,444	15,190	16,644
Gross block	6,712	10,028	10,411	10,831	11,651
Accumulated depreciation	1,894	2,503	3,289	4,092	4,942
Net Block	4,818	7,525	7,122	6,739	6,709
CWIP	2,147	408	456	250	200
Intangible and others	760	662	599	599	599
Other non-current assets	1,268	1,068	1,276	957	765
Investments	72	80	79	79	79
Trade receivables	2,997	3,046	2,852	3,493	4,449
Inventories	3,709	5,681	5,127	6,402	8,153
Cash & Cash equivalents	1,421	992	935	223	627
Other current assets	809	1,138	1,072	1,072	878
Total current assets	8,936	10,857	9,986	11,190	14,106
Trade payables	2,338	2,884	3,246	3,631	4,624
Other current liabilities	1,265	1,331	827	992	1,191
Total current liabilities	3,603	4,215	4,073	4,623	5,815
Total Assets	14,398	16,386	15,444	15,190	16,644

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Key ratios

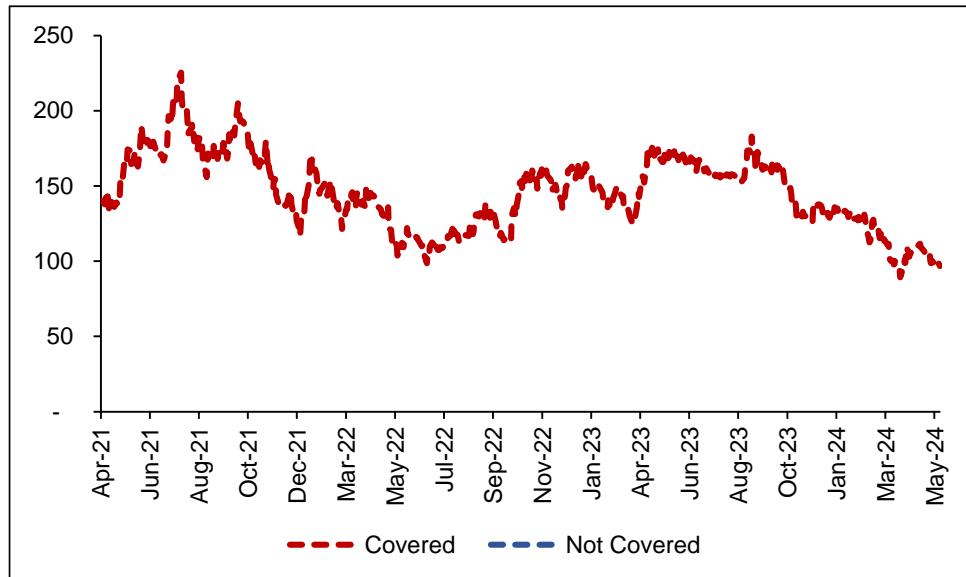
Y/E March	FY22	FY23	FY24	FY25E	FY26E
Per share (Rs)					
Adj EPS	3.9	3.6	(2.4)	2.5	8.7
Book value	47.6	52.2	55.1	57.8	67.1
Valuation (x)					
P/Sales	1.1	0.9	0.9	0.8	0.6
EV/sales	1.4	1.3	1.3	1.1	0.8
EV/EBITDA	13.2	10.8	28.1	10.4	6.1
P/E	25.1	26.8	(40.5)	38.2	11.2
P/BV	2.0	1.9	1.8	1.7	1.4
Return ratios (%)					
RoCE	4.9	4.8	(0.3)	6.1	11.9
RoCE (pre-tax)	7.6	9.6	(0.3)	7.9	16.1
RoE	8.7	7.3	(4.8)	4.8	14.8
Profitability ratios (%)					
Gross margin	46.2	51.6	43.4	51.4	52.0
EBITDA margin	10.8	12.2	4.6	10.5	13.8
PAT margin	4.2	3.4	(2.5)	2.2	5.9
Liquidity ratios (%)					
Current ratio	1.5	1.4	1.4	1.4	1.6
Quick ratio	0.9	0.7	0.7	0.6	0.7
Solvency ratio (%)					
Debt to Equity ratio	0.8	1.0	0.8	0.6	0.6
Net Debt to Equity ratio	0.6	0.8	0.7	0.6	0.5
Turnover ratios					
Fixed asset turnover ratio (x)	4.7	4.5	4.2	5.2	7.0
Debtor days	74	66	67	67	67
Inventory days	89	102	122	122	122
Creditor days	51	57	69	69	69
Net Working capital days	112	111	120	120	120

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
1 April 2021	BUY	140	180
31 May 2021	BUY	178	205
13 August 2021	BUY	178	205
23 September 2021	BUY	185	215
12 November 2021	ACCUMULATE	180	200
8 February 2022	BUY	152	200
22 May 2022	BUY	112	170
12 August 2022	BUY	117	170
19 September 2022	BUY	129	170
13 November 2022	BUY	156	180
14 February 2023	BUY	147	170
22 March 2023	BUY	134	170
17 April 2023	BUY	152	200
23 May 2023	BUY	174	200
14 August 2023	BUY	158	200
18 September 2023	BUY	173	210
6 November 2023	BUY	140	170
9 February 2024	BUY	127	150
21 May 2024	BUY	97	130

Rating Chart



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Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

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