

India

**ADD** (no change)

Consensus ratings*: Buy 17 Hold 0 Sell 2	
Current price:	Rs1,499
Target price: ▲	Rs1,814
Previous target:	Rs1,611
Up/downside:	21.0%
InCred Research / Consensus:	4.4%
Reuters:	APLA.BO
Bloomberg:	APAT IN
Market cap:	US\$5,006m
	Rs416,065m
Average daily turnover:	US\$21.4m
	Rs1774.8m
Current shares o/s:	277.5m
Free float:	70.3%
*Source: Bloomberg	

**Key changes in this note**

- Revenue cut by 5-7% for FY24F/25F.
- EBITDA cut by 8-10% for FY24F-25F.
- PAT cut by 12-13% for FY24F-25F.
- Introduce FY26F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.4)	(4.2)	31.1
Relative (%)	(0.9)	(14.0)	9.7

Major shareholders	% held
Promoters	29.7
Kitara PIIN 1001	6.6
Small Cap World Fund Inc	5.3

**Research Analyst(s)**



**Rahul AGARWAL**  
 T (91) 22 4161 1553  
 E rahul.agarwal@incredresearch.com

# APL Apollo Tubes

## Back-ended ramp-up in sales and margins

- 3Q largely met expectations. Channel destocking led by the fall in HRC steel prices & slight capex delay hurt sales volume (flat yoy). EBITDA at Rs4,600/t.
- We expect 700kt/2.6mt sales volume in 4Q/FY24F. APL intends to expand its capacity to 5mt by Mar 2025F and achieve optimum utilization by Mar 2026F.
- We expect an EPS CAGR of 40%+ over FY24F-26F led by new capacity, a better mix & higher operating margin. Retain ADD with a higher TP of Rs1,814.

### Fall in HRC prices and slight capex delay impacts 3QFY24 sales

APL Apollo Tubes' (APL) revenue/EBITDA/PAT were at Rs42bn/Rs2.8bn/Rs1.7bn, -3.5%/+2.5%/ -2% yoy, respectively, in 3QFY24, largely in line with Incred/Bloomberg consensus estimates. A slight delay in commissioning the Raipur & Dubai greenfield plants, channel destocking due to falling HRC steel prices & weak retail sales led to weaker-than-expected sales throughput in 3Q. Sales volume was at 603kt, flat yoy, in 3Q & at 1.9mt, +19% yoy, in 9MFY24. EBITDA/t stood at Rs4,636, +3% yoy, in 3Q & at Rs4,700, +10% yoy, in 9MFY24. The Raipur plant topped 50%+ utilization in Dec 2023 while the sales volume was at 115kt & the EBITDA margin at Rs4,500/t in 3Q. Value-added product (VAP) sales stood at 354kt, +4% yoy, 59% of sales, in 3Q. Consol. EBITDA stood at Rs2.8bn, +3% yoy, while PAT was at Rs1.7bn, down 2% yoy, in 3Q. Avg. HRC prices stood at Rs57.5k/t in 3Q & 9MFY24 while they fell 6-7% to Rs54k/t in Jan 2024 vs. Dec 2023. Net working capital days rose slightly to ~10 days of TTM sales (Dec 2023) due to higher-than-normal inventory following channel destocking. Net debt was at Rs4bn (Dec 2023) vs. Rs2.2bn qoq.

### Back-ended sales ramp-up as capacity expansion on track

APL's manufacturing capacity stood at 3.6mt (2.6mt existing plants + 1mt Raipur greenfield plant) at the end of Dec 2023. The plan to further expand to 5mt (ex-coated products) by Mar 2025F is on track based on an estimated residual capex of Rs3-4bn to be fully funded internally. Though near-term sales challenges persist due to falling HRC steel prices in India, we expect a significant pick-up in sales volume growth over the next two-to-three years (sales volume/revenue CAGR of 26%/20% over FY24F-26F). We expect a total sales volume of 4.2mt in FY26F, boosted by new capacity and higher exports. We expect EBITDA at Rs22bn+ in FY26F (CAGR of 35% over FY24F-26F) led by a better mix and operating leverage benefits (EBITDA/t of Rs5,350 in FY26F from Rs4,700/t in FY24F).

### Cut estimates, introduce FY26F; buy on any weakness in stock price

We cut revenue/EBITDA/PAT by 6-7%/8-10%/12-13% for FY24F-25F due to capex delay and introduce FY26F estimates. We expect sales volume & EBITDA of 2.6mt/3.4mt/4.2mt and Rs4,700/Rs5,000/Rs5,350/t in FY24F/25F/26F, respectively. We feel the last six months' stock price underperformance is temporary. Retain ADD rating with a higher target price of Rs1,814 (Rs1,611 earlier) based on a higher P/E of 46x (10% premium to five-year mean+1SD). Market leadership, higher margins, EPS CAGR of 40%+ over FY24F-26F & RoE of 25-30% are key positives. Downside risk: Volatile input prices.

Financial Summary	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	130,631	161,660	178,604	206,612	257,906
Operating EBITDA (Rsm)	9,451	10,216	12,449	16,942	22,567
Net Profit (Rsm)	5,568	6,419	7,658	10,898	15,543
Core EPS (Rs)	22.2	23.1	27.6	39.3	56.0
Core EPS Growth	54.4%	4.0%	19.3%	42.3%	42.6%
FD Core P/E (x)	67.39	64.78	54.31	38.18	26.77
DPS (Rs)	3.5	5.0	6.0	7.0	9.0
Dividend Yield	0.23%	0.33%	0.40%	0.47%	0.60%
EV/EBITDA (x)	40.13	41.21	33.72	24.33	17.77
P/FCFE (x)	206.21	378.45	56.57	65.70	45.93
Net Gearing	8.1%	17.3%	10.8%	(8.5%)	(25.9%)
P/BV (x)	16.58	13.83	11.54	9.24	7.17
ROE	28.1%	24.4%	23.2%	26.9%	30.2%
% Change In Core EPS Estimates			(12.57%)	(12.24%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## 3QFY24 earnings-call highlights

- **Growth and margin guidance:** Management lowered its sales volume guidance to 700kt and ~2.6mt for 4QFY24F and FY24F, respectively. The performance is 10-15% short of management's expectations owing to a) a six-to-nine months' delay in commissioning the greenfield Raipur and Dubai plants, b) channel destocking in Oct/Nov 2023 due to anticipation of hot rolled coil or HRC steel price decline in India, in sync with the fall in global prices, and c) weak retail demand sentiment impacting the sales of structural tubes. However, there is no change to the medium-term target of achieving 5mt of manufacturing capacity by Mar 2025F and reach optimum utilization of 90%+ by Mar 2026F. Management targets EBITDA of Rs5,500-6,000/t by FY26F. Value-added products (VAP) revenue mix is estimated to touch 75% of total sales over the next three years, from 55-60% currently.
- **International business update:** The Dubai plant started commercial production from Dec 2023, with an initial capacity of 100kt. The remaining Phase-1 capacity of 200kt is likely to be commercialized by Jul 2024F. The range of tube sizes manufactured at this plant would be between 15\*15mm to 300mm\*300mm. The company plans to also export its products from the Indian plants to markets like the US, Canada, Europe and Australia. APL eventually plans to expand its Dubai plant to 500kt (additional 200kt) at a capex of Rs500-600m over the next 12-18 months. APL's management aspires to have international sales volume of ~1mt out of its 5mt target by FY26F. The EBITDA margins for the products manufactured and sold outside India are higher vs. the company's average margin today (Rs4-4.5k/t), given the lower cost of raw materials outside India.
- **HRC steel prices:** Average HRC steel price in India was rangebound between +1-3% yoy and qoq at ~Rs57.5k/t over Oct-Dec 2023. However, in line with the correction in global steel prices, Indian prices fell to ~Rs54k/t, down 6-7%, in Jan 2024. The selling price gap between HRC-made and scrap steel-made structural steel products is ~Rs12k/t currently vs. ~Rs15k/t in 3QFY24. The price gap should be lesser for customer demand to shift back to high-quality HRC-made steel products, similar to that of APL.
- **Competition:** Management reiterated its stance of maintaining market share despite structural steel tube and flat products supply increasing from listed peers (Surya Roshni, JTL Infra, Hi-Tech Pipes). Given APL's capacity expansion plan, management expects to retain 50%+ market share in India within the structural steel tube industry. Management highlighted that the selling price premium for APL's branded generic structural steel products vs. peers widened to Rs2-3k/t vs. Rs1k/t earlier. This indicates the preference for APL products vs. other brands, despite being expensive relatively. APL expects the long-term generic product EBITDA margin to revert and expand to Rs2.5-3k/t vs. Rs1.5k-2k/t currently.
- **Raipur plant update:** The greenfield facility is now fully operational, with an annual sales capacity of 1mt. The capacity utilization was 50%+ in Dec 2023 and the plant would be further expanded by 0.2mt for an eventual capacity of 1.2mt. The product-wise capacity utilization at the end of Dec 2023 was as follows: a) heavy tubes – 50%+, b) super-light tubes – 30%+, c) roofing sheets – 70%+, and d) thicker coated sheets – 10%+. The sales volume stood at 115kt and the EBITDA/t stood at Rs4,500.
- **Capex:** APL targets total manufacturing capacity of 5mt by Mar 2025F. The capex incurred was Rs5bn in 9MFY24 and an additional Rs1-1.5bn would be incurred in 4QFY24F, as per management. The average budgeted capex would be at Rs2-3bn annually for FY25F and FY26F.
- **Working capital cycle and debt:** Owing to channel destocking in Dec 2023, the company carried higher-than-normal inventory, leading to expansion in the net working capital cycle to ~10 days of TTM sales at the end of Dec 2023.

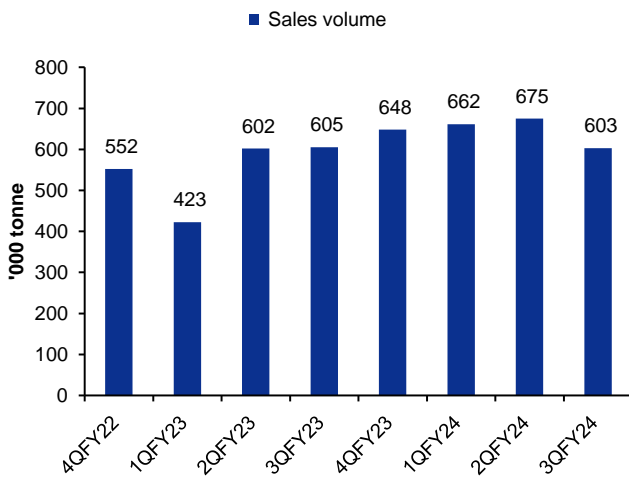
Management expects the cycle to normalize and sustain at 5-10 days of sales over the next two years. The net debt increased to Rs4bn from Rs2.2bn qoq.

Figure 1: New product pipeline at Raipur plant



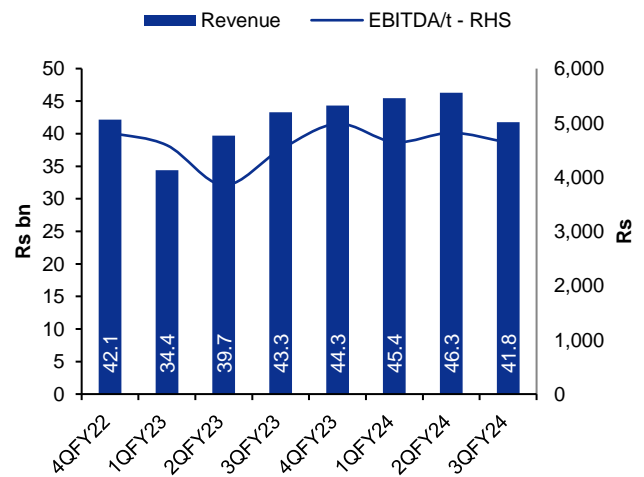
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Quarterly sales volume trend



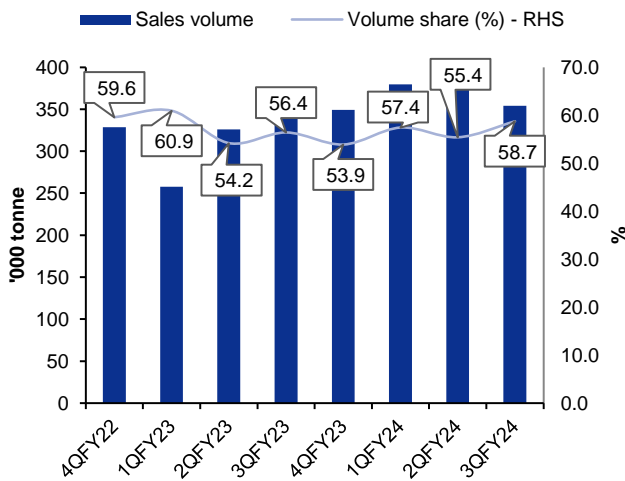
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Quarterly consolidated revenue and EBITDA/t



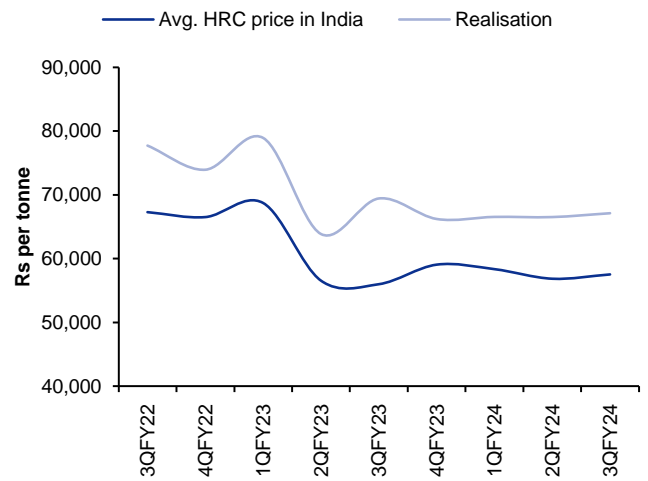
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Value-added products sales volume mix



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: India HRC prices and APL sales realization trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: 3QFY24 results snapshot

Y/E Mar (Rs m)	3QFY24	3QFY23	yoy (%)	2QFY24	qoq (%)	9MFY24	9MFY23	yoy (%)
Revenue	41,778	43,271	(3.5)	46,304	(9.8)	1,33,531	1,17,349	13.8
EBITDA	2,795	2,729	2.5	3,250	(14.0)	9,118	6,987	30.5
EBITDA margin (%)	6.7	6.3	39 bp	7.0	-33 bp	6.8	6.0	87 bp
Adj. PAT	1,655	1,692	(2.2)	2,029	(18.4)	5,620	4,265	31.8
Diluted EPS (Rs)	6.0	6.1		7.3		20.3	15.4	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: 3QFY24 sales volume and mix snapshot

	3QFY24	3QFY23	yoy (%)	2QFY24	qoq (%)	9MFY24	9MFY23	yoy (%)
<b>Apollo structural (hollow sections)</b>								
- Heavy	62	46	33.5	51	21.0	158	120	31.4
- Super-heavy section	7	-	NA	5	45.8	16	-	NA
- Light	95	132	(27.8)	113	(15.7)	318	299	6.4
- General	249	264	(5.7)	301	(17.3)	832	705	18.0
<b>Sub-total</b>	<b>413</b>	<b>442</b>	<b>(6.5)</b>	<b>470</b>	<b>(12.1)</b>	<b>1,325</b>	<b>1,125</b>	<b>17.8</b>
<b>Apollo Z (GP – pre-galvanized)</b>								
- Rust-proof structure	124	125	(1.1)	144	(13.7)	437	403	8.5
- Coated products	36	10	256.3	29	25.2	84	30	184.8
<b>Apollo galvanized</b>	<b>30</b>	<b>28</b>	<b>8.4</b>	<b>32</b>	<b>(7.3)</b>	<b>93</b>	<b>72</b>	<b>28.5</b>
<b>Total</b>	<b>603</b>	<b>605</b>	<b>(0.3)</b>	<b>675</b>	<b>(10.6)</b>	<b>1,939</b>	<b>1,630</b>	<b>19.0</b>
<b>Volume mix (%)</b>								
<b>Apollo structural (hollow sections)</b>								
- Heavy	10.3	7.7	261 bp	7.6	269 bp	8.2	7.4	77 bp
- Super-heavy section	1.2	0.0	116 bp	0.7	45 bp	0.8	-	NA
- Light	15.8	21.7	-599 bp	16.7	-95 bp	16.4	18.4	-194 bp
- General	41.3	43.6	-233 bp	44.6	-334 bp	42.9	43.3	-37 bp
<b>Sub-total</b>	<b>68.5</b>	<b>73.3</b>	<b>-479 bp</b>	<b>69.6</b>	<b>-115 bp</b>	<b>68.3</b>	<b>69.0</b>	<b>-70 bp</b>
<b>Apollo Z (GP – pre-galvanized)</b>								
- Rust-proof structure	20.6	20.7	-15 bp	21.3	-73 bp	22.6	24.7	-219 bp
- Coated products	6.0	1.7	430 bp	4.3	171 bp	4.3	1.8	253 bp
<b>Apollo galvanized</b>	<b>5.0</b>	<b>4.6</b>	<b>40 bp</b>	<b>4.8</b>	<b>18 bp</b>	<b>4.8</b>	<b>4.4</b>	<b>36 bp</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>		<b>100.0</b>	<b>100.0</b>	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: EBITDA/t (Rs)

	3QFY24	3QFY23	yoy (%)	2QFY24	qoq (%)	9MFY24	9MFY23	yoy (%)
<b>Apollo structural (hollow sections)</b>								
- Heavy	8,177	7,568	8.0	8,481	(3.6)	8,143	-	NA
- Super-heavy section	9,551	-	NA	10,014	(4.6)	9,479	-	NA
- Light	5,771	5,580	3.4	6,258	(7.8)	5,945	5,371	10.7
- General	1,771	2,284	(22.5)	2,152	(17.7)	2,072	1,776	16.7
<b>Sub-total</b>	<b>3,785</b>	<b>3,820</b>	<b>(0.9)</b>	<b>3,908</b>	<b>(3.1)</b>	<b>3,819</b>	<b>3,320</b>	<b>15.0</b>
<b>Apollo Z (GP – pre galvanized)</b>								
- Rust-proof structure	6,144	7,492	(18.0)	6,721	(8.6)	6,568	7,169	(8.4)
- Coated products	7,516	3,146	138.9	7,472	0.6	6,702	2,779	141.2
<b>Apollo galvanized</b>	<b>6,452</b>	<b>5,659</b>	<b>14.0</b>	<b>7,196</b>	<b>(10.3)</b>	<b>6,628</b>	<b>5,243</b>	<b>26.4</b>
<b>Total</b>	<b>4,636</b>	<b>4,510</b>	<b>2.8</b>	<b>4,817</b>	<b>(3.8)</b>	<b>4,700</b>	<b>4,286</b>	<b>9.7</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Actuals vs. our estimates

Rs m	3QFY24	3QFY24F	Var (%)
Revenue	41,778	40,526	3.1
EBITDA	2,795	2,796	(0.0)
EBITDA margin (%)	6.7	6.9	-21 bp
Adj. PAT	1,655	1,712	(3.3)

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Actuals vs Bloomberg consensus estimates

Rs m	3QFY24	3QFY24C	Var (%)
Revenue	41,778	42,451	(1.6)
EBITDA	2,795	2,914	(4.1)
EBITDA margin (%)	6.7	6.9	-17 bp
Adj. PAT	1,655	1,782	(7.1)

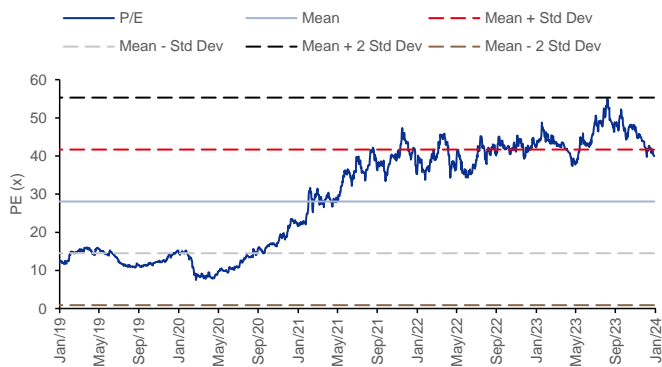
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 11: Change in our earnings estimates

	New estimates			Old estimates			Change (%)		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	1,78,604	2,06,612	2,57,906	1,89,355	2,21,190	-	-5.7	-6.6	NA
EBITDA	12,449	16,942	22,567	13,823	18,469	-	-9.9	-8.3	NA
Adjusted consol. PAT	7,658	10,898	15,543	8,756	12,409	-	-12.5	-12.2	NA
EPS	27.6	39.3	56.0	31.6	44.7	-	-12.7	-12.1	NA
EBITDA margin (%)	7.0	8.2	8.8	7.3	8.4	-	-33 bp	-15 bp	NA

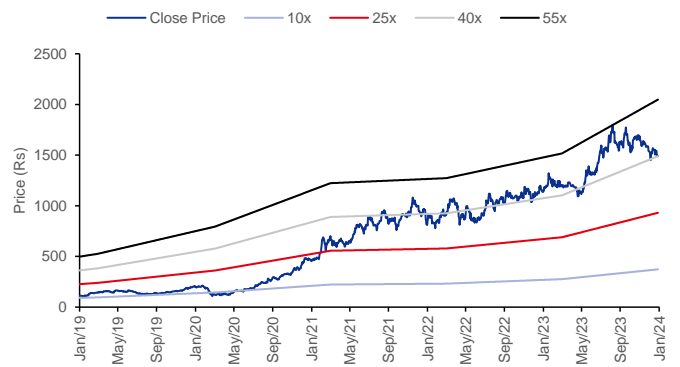
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: P/E standard deviation (five-year mean)



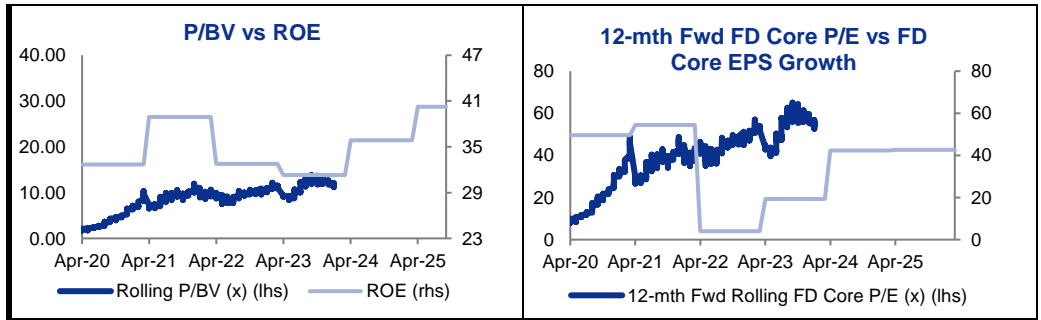
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 13: P/E band (one-year forward EPS)



SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	<b>130,631</b>	<b>161,660</b>	<b>178,604</b>	<b>206,612</b>	<b>257,906</b>
<b>Gross Profit</b>	<b>18,400</b>	<b>21,482</b>	<b>25,540</b>	<b>31,818</b>	<b>39,202</b>
<b>Operating EBITDA</b>	<b>9,451</b>	<b>10,216</b>	<b>12,449</b>	<b>16,942</b>	<b>22,567</b>
Depreciation And Amortisation	(1,090)	(1,383)	(1,820)	(2,133)	(2,289)
<b>Operating EBIT</b>	<b>8,361</b>	<b>8,832</b>	<b>10,629</b>	<b>14,809</b>	<b>20,278</b>
Financial Income/(Expense)	(287)	(447)	(781)	(528)	183
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	245	248	500	250	263
<b>Profit Before Tax (pre-EI)</b>	<b>8,318</b>	<b>8,633</b>	<b>10,348</b>	<b>14,531</b>	<b>20,724</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>8,318</b>	<b>8,633</b>	<b>10,348</b>	<b>14,531</b>	<b>20,724</b>
Taxation	(2,133)	(2,215)	(2,691)	(3,633)	(5,181)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>6,185</b>	<b>6,419</b>	<b>7,658</b>	<b>10,898</b>	<b>15,543</b>
Minority Interests	(617)				
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>5,568</b>	<b>6,419</b>	<b>7,658</b>	<b>10,898</b>	<b>15,543</b>
Recurring Net Profit	5,568	6,419	7,658	10,898	15,543
<b>Fully Diluted Recurring Net Profit</b>	<b>5,568</b>	<b>6,419</b>	<b>7,658</b>	<b>10,898</b>	<b>15,543</b>

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>EBITDA</b>	<b>9,451</b>	<b>10,216</b>	<b>12,449</b>	<b>16,942</b>	<b>22,567</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,154)	(1,475)	(6)	(770)	(1,410)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(74)	(126)	(281)	(278)	446
Net Interest (Paid)/Received	287	447	781	528	(183)
Tax Paid	(1,993)	(2,161)	(2,691)	(3,633)	(5,181)
<b>Cashflow From Operations</b>	<b>6,517</b>	<b>6,901</b>	<b>10,252</b>	<b>12,790</b>	<b>16,239</b>
Capex	(5,967)	(8,621)	(6,500)	(2,600)	(2,710)
Disposals Of FAs/subsidiaries	98	197			
Acq. Of Subsidiaries/Investments	421	(393)		(2,000)	(2,000)
Other Investing Cashflow	147	59	348	642	1,030
<b>Cash Flow From Investing</b>	<b>(5,301)</b>	<b>(8,757)</b>	<b>(6,152)</b>	<b>(3,958)</b>	<b>(3,680)</b>
Debt Raised/(repaid)	603	2,902	3,250	(2,500)	(3,500)
Proceeds From Issue Of Shares	70	27			
Shares Repurchased					
Dividends Paid		(875)	(1,664)	(1,941)	(2,496)
Preferred Dividends					
Other Financing Cashflow	(407)	(602)	(1,129)	(1,170)	(846)
<b>Cash Flow From Financing</b>	<b>266</b>	<b>1,452</b>	<b>457</b>	<b>(5,611)</b>	<b>(6,842)</b>
Total Cash Generated	1,482	(405)	4,558	3,220	5,716
<b>Free Cashflow To Equity</b>	<b>1,819</b>	<b>1,045</b>	<b>7,350</b>	<b>6,331</b>	<b>9,058</b>
<b>Free Cashflow To Firm</b>	<b>772</b>	<b>(2,528)</b>	<b>2,972</b>	<b>7,662</b>	<b>11,712</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Total Cash And Equivalents	3,814	3,525	8,082	13,303	21,018
Total Debtors	3,417	1,374	3,915	4,528	5,653
Inventories	8,472	14,799	14,680	16,982	21,198
Total Other Current Assets	2,567	5,880	4,419	5,112	6,381
<b>Total Current Assets</b>	<b>18,270</b>	<b>25,577</b>	<b>31,095</b>	<b>39,925</b>	<b>54,250</b>
Fixed Assets	16,046	23,505	30,925	31,892	32,313
Total Investments	863	960	960	960	960
Intangible Assets	1,375	1,375	1,375	1,375	1,375
Total Other Non-Current Assets	7,964	7,098	4,356	3,856	3,856
<b>Total Non-current Assets</b>	<b>26,247</b>	<b>32,939</b>	<b>37,616</b>	<b>38,083</b>	<b>38,504</b>
Short-term Debt	2,334	4,648	6,378	5,047	3,184
Current Portion of Long-Term Debt					
Total Creditors	10,595	15,970	17,126	19,812	24,731
Other Current Liabilities	1,352	1,184	979	1,132	1,413
<b>Total Current Liabilities</b>	<b>14,280</b>	<b>21,801</b>	<b>24,483</b>	<b>25,991</b>	<b>29,328</b>
Total Long-term Debt	3,472	4,081	5,601	4,432	2,796
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	938	1,406	1,406	1,406	1,406
<b>Total Non-current Liabilities</b>	<b>4,410</b>	<b>5,487</b>	<b>7,007</b>	<b>5,838</b>	<b>4,201</b>
Total Provisions	1,187	1,171	1,171	1,171	1,171
<b>Total Liabilities</b>	<b>19,877</b>	<b>28,460</b>	<b>32,662</b>	<b>33,001</b>	<b>34,700</b>
Shareholders Equity	22,640	30,056	36,050	45,007	58,053
Minority Interests	2,000				
<b>Total Equity</b>	<b>24,640</b>	<b>30,056</b>	<b>36,050</b>	<b>45,007</b>	<b>58,053</b>

<b>Key Ratios</b>					
	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Revenue Growth	53.7%	23.8%	10.5%	15.7%	24.8%
Operating EBITDA Growth	39.2%	8.1%	21.9%	36.1%	33.2%
Operating EBITDA Margin	7.2%	6.3%	7.0%	8.2%	8.7%
Net Cash Per Share (Rs)	(7.96)	(18.77)	(14.05)	13.78	54.19
BVPS (Rs)	90.45	108.38	129.94	162.17	209.18
Gross Interest Cover	18.80	13.16	9.42	12.66	23.96
Effective Tax Rate	25.6%	25.7%	26.0%	25.0%	25.0%
Net Dividend Payout Ratio	11.4%	16.1%	16.1%	13.4%	12.0%
Accounts Receivables Days	6.60	5.41	5.40	7.46	7.20
Inventory Days	26.13	30.30	35.15	33.06	31.86
Accounts Payables Days	30.01	34.58	39.46	38.57	37.17
ROIC (%)	39.5%	31.7%	28.8%	35.6%	47.4%
ROCE (%)	30.7%	25.3%	24.6%	29.5%	35.3%
Return On Average Assets	21.9%	17.6%	17.5%	20.5%	24.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

---

## DISCLAIMER

---

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report



	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	NO	NO
any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

**Analyst declaration**

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.