

India

Overweight (no change)

Highlighted Companies

BCL Industries Ltd

ADD, TP Rs98, Rs57 close

The one-step approach of BCL Industries has led it to become a 700klpd giant from 200klpd. Currently, plans have been chalked up for a 1,000klpd distillation capacity, making it a giant in the distillation space.

Globus Spirits Ltd

ADD, TP Rs1588, Rs892 close

The largest grain distillery in India with a 535klpd capacity in FY22, which has been now increased to over 1,000klpd. The company has successfully made inroads into the whisky, vodka and gin segments of the IMFL business.

Gulshan Polyols Ltd

ADD, TP Rs352, Rs197 close

With a mega manufacturing set-up approach, the company has entered the giant distillation space, but execution in this space must be monitored closely.

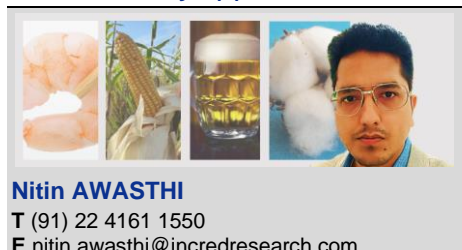
Summary Valuation Metrics

P/E (x)	Mar24-A	Mar25-F	Mar26-F
BCL Industries Ltd	17	14.43	8.12
Globus Spirits Ltd	26.64	18.23	8.43
Gulshan Polyols Ltd	57.5	16.67	5.6

P/BV (x)	Mar24-A	Mar25-F	Mar26-F
BCL Industries Ltd	2.96	2.46	1.9
Globus Spirits Ltd	2.63	2.31	1.83
Gulshan Polyols Ltd	1.73	1.87	1.42

Dividend Yield	Mar24-A	Mar25-F	Mar26-F
BCL Industries Ltd	0.13%	0.14%	0.25%
Globus Spirits Ltd	0.23%	0.22%	0.47%
Gulshan Polyols Ltd	0.09%	0.22%	0.71%

Research Analyst(s)



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Agribusiness

Prefer grain distillation biz vs. sugar ethanol

- We reiterate our bullish stance on grain-based distillation business while mapping the upcoming kharif crop season, which adds to our confidence.
- We also retain our bearish stance on sugar-based distillation business, firmly holding our hypothesis. We aren't excited by recent sugarcane crop estimates.
- Retain ADD rating on grain-based distilleries such as BCL Industries, Globus Spirits & Gulshan Polyols and a REDUCE on sugar-based distiller BCML.

Grain-based ethanol business

We continue to maintain our preference towards grain-based distillation business, with most of the ethanol for fuel blending purpose being produced through the grain route in ESY24. From ESY25F, we expect the total extra neutral alcohol or ENA/ethanol output of the industry and its blending with petrol to be tilted towards grain. We are in concurrence with the thought that newbies cannot survive in the grain ethanol space and hence, only the ones at the forefront will survive and thrive. The naysayers have always pointed at feedstock as a problem, but we have dispelled the myth of feedstock shortage in our earlier reports on the maize crop and a substantial growth in volume was forecast in these reports. We are already seeing the volume climbing steeply in the current kharif crop season, with acreage increasing by ~15% (refer Fig.2).

Sugar-based ethanol business

Our hypothesis on the industry has been three-pronged: 1) Low domestic sugar prices. 2) No sugar exports from India. 3) Higher sugarcane prices, leading to lower spreads for sugar and ethanol. The current forecast on sugarcane production does not compel us to change the stand that we maintain. We do see ethanol from sugarcane making a comeback, but exports aren't likely, and the cane price hike is also not a possibility.

Diesel blending operations

The current diesel blending operations have not gone according to the plan, and adding ethanol to the mix does make sense to push forth the cause. According to basic math, 5.5bnL (billion litre) of additional ethanol requirement may arise. However, the question is not 5.5bnL of ethanol requirement, but the feedstock for the same (refer Figs.3 & 4).

Retain ADD rating on grain-based cos, REDUCE on sugar-based co

We retain our ADD rating on Globus Spirits, Gulshan Polyols & BCL Industries with their target prices at Rs1,588 (Rs1,599 earlier) or 15x FY26F EPS, Rs352 (Rs382 earlier) or 10x FY26F EPS, and Rs98 (unchanged) or 14x FY26F EPS, respectively. We retain our REDUCE rating on Balrampur Chini Mills or BCML with a target price of Rs264 (Rs229 earlier) or 10x FY26F. Downside risks: Grain, mainly maize, is used for production of ENA (extra neutral alcohol) and ethanol, and any rise in its prices will directly impact the gross profit. The rise in fuel costs has a direct bearing on the EBITDA margin. Upside risks: Rise in sugar prices and their sustenance in the domestic market above Rs40/kg. Also, clear directives on FRP and SAP with no increase in pricing.

Figure 1: Traditional maize usage in India

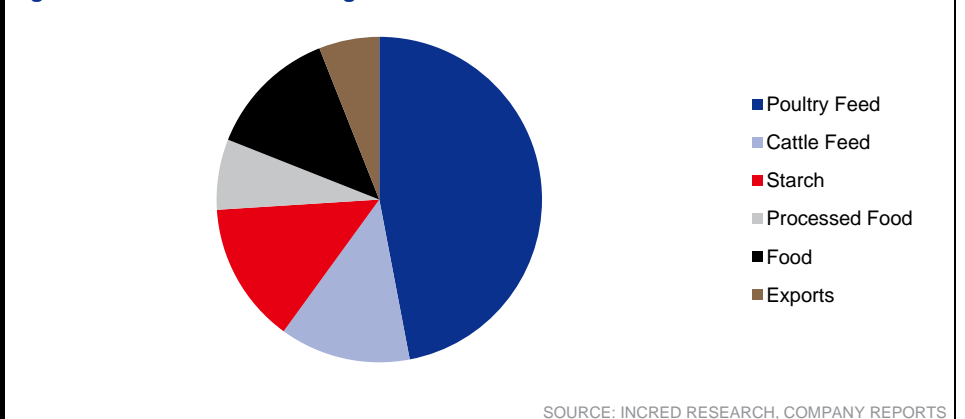
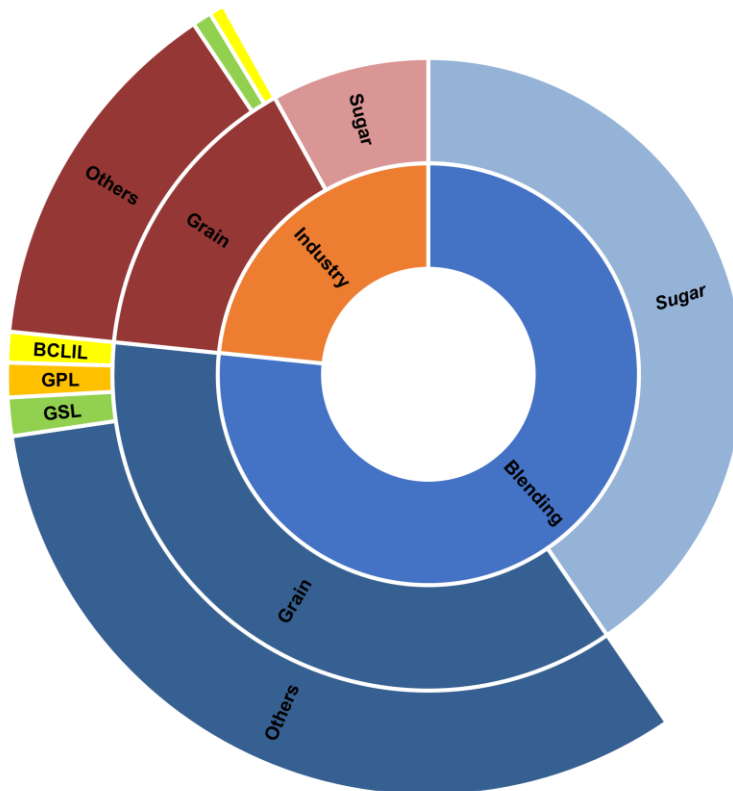


Figure 2: ESY25F is expected to have an even share of grain and sugar requirement of the industry and for fuel blending; BCL, GSL & GPL are likely to have 3.8%, 4.8% and 2.9% share of the total grain-based ethanol requirement, respectively, for fuel blending and the industry in general



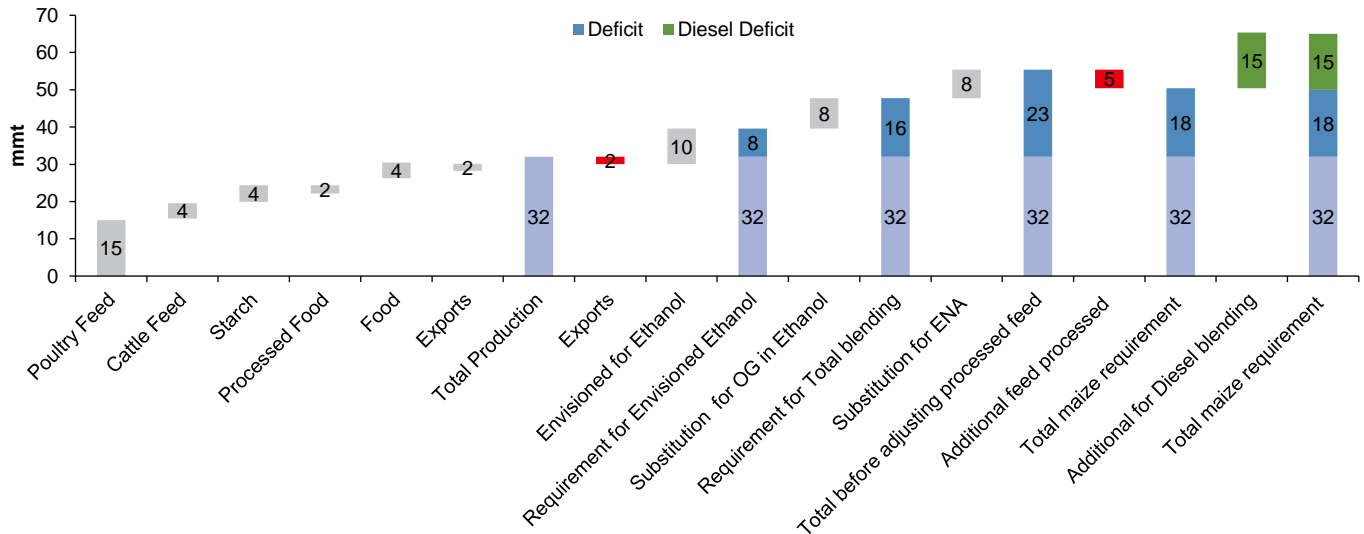
SOURCE: INCRED RESEARCH

Figure 3: Assuming ethanol blending of 5% in diesel, 5.5bnL of additional ethanol is required, taking the total to 19bnL including petrol blending and industry needs



SOURCE: INCRED RESEARCH

Figure 4: Maize requirement currently for E20 blending along with additional requirement for diesel blending



SOURCE: INCRED RESEARCH

Prefer grain-based distillation biz versus sugar ethanol

Grain-based ethanol

Current maize crop statistics ➤

- Maize is the third most important and most produced crop in India after rice and wheat.
- Globally and in India, the area under maize cultivation has increased over the last six decades.
- As a ratio over the last six decades, India has maintained ~4.5% of total acreage under maize cultivation.
- Current average maize output in India is ~32MMT or million metric tonne (five-year period ended FY23).
- The major usage of India’s maize crop is in poultry and cattle feed businesses at ~12MMT or ~60% of the total output, while the starch and processed food industry accounts for ~6.5MMT ~20%, followed by human consumption of ~4MMT or 5%, and the remaining ~15% is exported.

Maize required for various programs ➤

- Additional requirement:
 - Envisioned for ethanol within the blending program, ~9.5MMT (~2.5bnL of ethanol).
 - Substitution of other grains, ~8.2MMT (~2.2bnL of ethanol).
 - Substitution of ENA ~7.6MMT (~2bnL of ethanol).
 - Savings on account: Nil; current exports ~2MMT.
 - Additional animal feed produced due to ethanol/ENA distillation ~5MMT.
 - Net deficit to be ~18MMT.

The hypothesis ➤

- Additional major grain output can be increased by only three ways:
 - Increase the land under cultivation for maize.
 - Considering the current dynamics, we hope that through shift and irrigation process the land for maize cultivation will increase.
 - However, we have not considered that or landed in that terrain.

- Increase yields with GMO crops.
- Currently, only one GMO crop is allowed for cultivation in India.
- Cotton GMO was introduced in India in FY1995, with the go ahead in FY2000 and commercial approval in FY2001.
- Next in line was GMO brinjal, with the approval received in FY09, but it was never released because of the backlash.
- In FY17, the third crop, GMO mustard, was approved but there is a hearing going on in the Supreme Court regarding granting the final nod for commercial cultivation.
- Post introduction of GMO cotton in India, its total production increased from ~140 lakh bales to ~340 lakh bales, a 143% increase. It must be noted that further technological developments, even in cotton, have not been allowed since FY01.
- However, although we are confident that the GMO crop movement is gaining momentum, we have not considered that currently.
- Absolute increase in yields with current means (non-GMO).
- The only terrain we have worked with for our calculations - if the maize yield in India increases by 1.8t/per ha to 5t/per ha from 3.2t/ha currently. Even at 5t/ha yield, India would be below the world average yield by 1t/ha.
- But the moot question is if Indian farmers can produce over 5t/ha yield, why are they currently at 3.2t/ha yield.
- The answer is there was no demand and 3.2t/ha itself was too much for the market

Current statistics ►

- Govt have updated its maize production forecast to 39MMT.
- The kharif season accounts for 75% of the maize crop output in India.
- The normal average area under maize cultivation is 7.6m ha in the kharif season.
- As of 20 Aug 2024, the area under maize cultivation stood at 8.72m ha.
- The 40MMT mark, in our view, is likely to be topped in the current financial year itself.

India

ADD (no change)

Consensus ratings*:	Buy 1	Hold 0	Sell 0
Current price:			Rs57
Target price:			Rs98
Previous target:			Rs98
Up/downside:			71.9%
InCred Research / Consensus:			0.0%
Reuters:			
Bloomberg:		BCLIL IN	
Market cap:		US\$232m	
		Rs16,813m	
Average daily turnover:		US\$2.1m	
		Rs150.5m	
Current shares o/s:		297.3m	
Free float:		40.5%	
*Source: Bloomberg			

Key changes in this note

- Cut EPS estimate by 24.7% for FY25F.



Price performance	1M	3M	12M
Absolute (%)	(8.5)	7.7	23.5
Relative (%)	(9.0)	(0.9)	(1.7)

Major shareholders	% held
Promoter & Promoter Group	59.5
Elara India Opportunities Fund	3.2

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BCL Industries Ltd

Building on its strengths

- BCL Industries has a distillation capacity of 700klpd, with capex being incurred to increase it to 1,000klpd in FY27F.
- The PML (Punjab Made Liquor) policy will open new avenues for the company. We have not factored in any upside from the same in our projections.
- Retain ADD rating on the stock with an unchanged target price of Rs98.

Distillation segment's performance

The topline of BCL's distillation segment increased by a massive 80% yoy to R 4,680m in 1QFY25, with the complete 700klpd expanded capacity going into production. The segment achieved the said topline, despite the DDGS (Distiller's dried grains with solubles) price being the lowest at ~Rs13/kg. Although PML (Punjab Made Liquor) reported a 380% yoy topline growth to Rs374m, we continue to account for it under the distillation segment and do not assign a separate multiple for the business. Going ahead, we expect the segment to report ~Rs5,000m topline every quarter till further capex is incurred.

Edible oil segment's performance

BCL Industries reported Rs1,880m topline of this segment in 1QFY25, in line with expectations. EBITDA of this segment rose 2.3% to Rs43m. In our view, the company is on track to clear its inventory and exit the segment by the end of FY25F. Going ahead, we expect ~Rs2,000m revenue every quarter till the end of FY25F.

Change in our earnings estimates

We have cut our FY25F EPS estimate for BCL Industries by 24.7%, mainly building in a 200bp volatility margin towards raw material costs. We expect the margins to normalize in 3QFY25F, once the kharif season maize hits the market. The movement, in terms of topline and margin accretion from the PML business, has not been considered by us as we wait and watch the developments of the newly implemented policy. If there is a price hike in ESY25F, every Rs2/L increase will result in a Re1 increase in sales of a litre of ethanol and hence, with 100mL of sales expected in FY25F, post Nov 2024F, PBT of the company could increase by Rs100m.

Retain ADD rating with an unchanged target price of Rs98

We retain our ADD rating on BCL Industries with an unchanged target price of Rs98 or 14x FY26F EPS. We have not considered any growth in the PML segment and any upside in this segment is an additional gain, in our view. Downside risks: Maize will mainly be used to produce ENA /ethanol going ahead and any rise in its price will directly impact the gross profit. Also, final product price is decided by state/central governments and/or OMCs (oil marketing companies) and hence, profitability also depends on the price fixed by them.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	18,183	21,292	22,667	23,663	26,193
Operating EBITDA (Rsm)	1,236	1,914	2,347	3,519	3,929
Net Profit (Rsm)	663	903	1,174	2,085	2,353
Core EPS (Rs)	2.7	3.4	3.9	7.0	7.9
Core EPS Growth	(21.8%)	22.6%	17.3%	77.7%	12.8%
FD Core P/E (x)	20.76	17.00	14.43	8.12	7.20
DPS (Rs)	0.8	0.1	0.1	0.1	0.2
Dividend Yield	0.14%	0.13%	0.14%	0.25%	0.28%
EV/EBITDA (x)	14.27	10.56	9.27	6.09	5.18
P/FCFE (x)	7.57	(4.51)	31.51	35.08	5.16
Net Gearing	128.3%	80.0%	63.2%	42.7%	22.7%
P/BV (x)	4.83	2.96	2.46	1.90	1.51
ROE	20.3%	21.2%	18.6%	26.4%	23.4%
% Change In Core EPS Estimates			(0.95%)		
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Our revised earnings estimates

Rsm	Old estimates			New estimates			Change (%)		
	FY25F	FY26F	FY26F	FY25F	FY25F	FY27F	FY25F	FY25F	FY27F
Revenue	21,918	23,663	26,193	22,667	23,663	26,193	3.4%	0.0%	0.0%
EBITDA	2,813	3,519	3,929	2,347	3,519	3,929	-16.6%	0.0%	0.0%
EBITDA Margin (%)	12.8%	14.9%	15.0%	10.4%	14.9%	15.0%	-248bp	0bp	0.0%
PAT	1,558	2,085	2,353	1,174	2,085	2,353	-24.7%	0.0%	0.0%
EPS (Rs)	5.2	7.0	8	3.9	7.0	7.9	-24.7%	0.0%	0.0%

SOURCE: INCRED RESEARCH

Figure 6: Our key assumptions

Key assumptions	FY25F	FY26F	FY27F
Ethanol/ENA sales (in mL)	236	270	282
DDGS price (in Rs/kg)	15.0	18.0	18.0
ENA price (in Rs/L)	73.0	72.0	72.0
Ethanol price (in Rs/L)	71.9	71.9	71.9
Bio-diesel sales (in mL)	0	14	37
Bio-diesel price (in Rs/L)	83.0	83.0	83.0

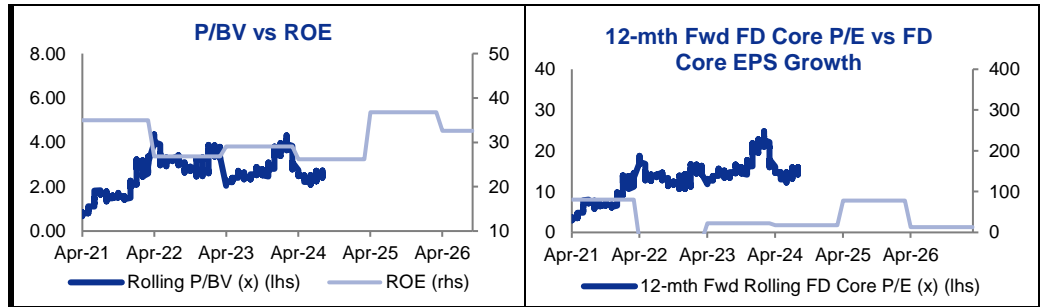
SOURCE: INCRED RESEARCH

Figure 7: 1-year forward P/E



SOURCE: INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	18,183	21,292	22,667	23,663	26,193
Gross Profit	4,097	5,390	6,154	8,243	8,958
Operating EBITDA	1,236	1,914	2,347	3,519	3,929
Depreciation And Amortisation	(250)	(360)	(369)	(351)	(346)
Operating EBIT	986	1,554	1,978	3,168	3,583
Financial Income/(Expense)	(131)	(252)	(188)	(86)	(70)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	855	1,302	1,791	3,082	3,513
Exceptional Items		(5)			
Pre-tax Profit	855	1,297	1,791	3,082	3,513
Taxation	(211)	(338)	(476)	(817)	(931)
Exceptional Income - post-tax					
Profit After Tax	644	959	1,315	2,266	2,582
Minority Interests	19	(56)	(141)	(180)	(229)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	663	903	1,174	2,085	2,353
Recurring Net Profit	663	907	1,174	2,085	2,353
Fully Diluted Recurring Net Profit	663	907	1,174	2,085	2,353

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	1,236	1,914	2,347	3,519	3,929
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(37)	(1,857)	745	(136)	371
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(131)	(252)	(188)	(86)	(70)
Tax Paid	(250)	(360)	(369)	(351)	(346)
Cashflow From Operations	818	(555)	2,536	2,946	3,884
Capex	(1,500)	(2,500)	(1,998)	(2,000)	(100)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(1,500)	(2,500)	(1,998)	(2,000)	(100)
Debt Raised/(repaid)	2,500	(346)		(463)	(500)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(863)	(659)	1,467	(356)	(1,265)
Preferred Dividends					
Other Financing Cashflow	(1,482)	1	2,083	180	229
Cash Flow From Financing	155	(1,004)	3,550	(639)	(1,535)
Total Cash Generated	(527)	(4,059)	4,088	307	2,248
Free Cashflow To Equity	1,818	(3,401)	538	483	3,284
Free Cashflow To Firm	(483)	(2,724)	818	1,172	3,999

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	1,327	53	227	289	1,089
Total Debtors	996	1,230	1,242	1,296	1,435
Inventories	1,993	3,850	3,105	3,242	2,871
Total Other Current Assets	455	200	113	71	79
Total Current Assets	4,770	5,333	4,688	4,898	5,473
Fixed Assets	4,211	6,352	7,981	9,631	9,385
Total Investments	238	97			2,500
Intangible Assets					
Total Other Non-Current Assets	273	160	181	118	131
Total Non-current Assets	4,722	6,609	8,162	9,749	12,015
Short-term Debt	2,065	2,263	1,263	800	800
Current Portion of Long-Term Debt					
Total Creditors	1,269	1,120	734	767	1,566
Other Current Liabilities	55	64	68	71	79
Total Current Liabilities	3,389	3,447	2,065	1,638	2,444
Total Long-term Debt	3,040	2,496	3,496	3,496	2,996
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	3,040	2,496	3,496	3,496	2,996
Total Provisions	119	120	118	118	119
Total Liabilities	6,547	6,063	5,680	5,252	5,559
Shareholders Equity	2,847	5,724	6,875	8,918	11,224
Minority Interests	98	155	296	477	706
Total Equity	2,945	5,879	7,171	9,394	11,929

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	(8.1%)	17.1%	6.5%	4.4%	10.7%
Operating EBITDA Growth	(4.6%)	54.9%	22.7%	49.9%	11.7%
Operating EBITDA Margin	6.8%	9.0%	10.4%	14.9%	15.0%
Net Cash Per Share (Rs)	(15.64)	(15.83)	(15.24)	(13.48)	(9.11)
BVPS (Rs)	11.79	19.25	23.12	29.99	37.75
Gross Interest Cover	4.97	4.70	7.05	14.02	16.66
Effective Tax Rate	24.7%	26.0%	26.6%	26.5%	26.5%
Net Dividend Payout Ratio	2.3%	1.8%	1.4%	1.4%	1.4%
Accounts Receivables Days	20.20	19.08	19.90	19.58	19.03
Inventory Days	51.17	67.06	76.87	75.11	64.72
Accounts Payables Days	23.10	22.33	17.36	15.02	22.06
ROIC (%)	16.4%	23.5%	18.7%	26.8%	26.5%
ROCE (%)	13.4%	16.4%	17.4%	24.5%	24.2%
Return On Average Assets	11.6%	14.5%	16.0%	23.0%	22.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India

ADD (no change)

Consensus ratings*:	Buy 1 Hold 0 Sell 0
Current price:	Rs892
Target price:	Rs1,588
Previous target:	Rs1,599
Up/downside:	78.0%
InCred Research / Consensus:	-0.7%
Reuters:	
Bloomberg:	GBSL IN
Market cap:	US\$355m
	Rs25,756m
Average daily turnover:	US\$2.0m
	Rs144.4m
Current shares o/s:	28.8m
Free float:	49.0%
*Source: Bloomberg	

Key changes in this note

- Reduce PAT estimates for GSL by 42.5% / 0.7% / 0.5% for FY25F/26F/27F.



Price performance	1M	3M	12M
Absolute (%)	1.4	15.5	(3.2)
Relative (%)	1.0	6.3	(23.0)

Major shareholders	% held
Promoter & Promoter Group	51.0
MIT	3.8
	0.0

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Globus Spirits Ltd

IMIL segment back in action

- Globus Spirits or GSL's consumer segment was back with a bang, but the manufacturing segment's margin revival is expected only from 3QFY25F.
- GSL's dominance in RML (Rajasthan Made Liquor) has been maintained but with its entry into Uttar Pradesh, the market headroom has expanded.
- Retain our ADD rating on the stock with a lower target price of Rs1,588.

Consumer segment's performance

GSL's IMIL (Indian Made Indian Liquor) segment roared back into the profit zone along with volume growth. The segment reported a topline growth of 11% yoy to Rs2,114m in 1QFY25. The volume grew 13% yoy to 3.95m cases. The headroom for the IMIL segment has seen a massive increase with GSL's entry into Uttar Pradesh, with a regular liquor segment market of ~180m cases (~100m IMIL & ~80m regular). The high growth in the IMFL (Indian Made Foreign Liquor) segment continued, with a 292% yoy to 0.19m cases. The stamp of a IMFL company begins with 1m cases in sales and, in our view, we expect the company to hit the mark in FY26F but FY25F itself seems to be a close call.

Manufacturing segment's performance

GSL reported a revenue of Rs4,036m in 1QFY25, an increase of 9% yoy. The spread (EBITDA) came to Rs2.2/L and, in our view, it will remain at Rs2/L in 2QFY25F and later move up steadily towards Rs5 in 3QFY25F. The increase in spread is expected due to better prices of raw materials post kharif crop sowing and increased DDGS realization.

Change in our earnings estimates

We have cut our PAT estimates for GSL by 42.5%/0.7%/0.5% for FY25F/26F/27F, respectively, mainly building in a 250bp volatility margin towards raw material costs. We had earlier cut the P/E ratio to 15x from 25x due to the headwinds faced by the industry, with a revision due when the prices of the raw material (maize) stabilize and contribution to the topline, as a percentage, tilts towards the IMFL segment. If there is a price hike in ESY25F, every Rs2 increase will result in a Re1 increase in sales of a litre of ethanol, and hence, with 110mL of sales expected in FY25F, post Nov 2024F, PBT of the company could increase by Rs110m if the expected hike of Rs2/L is announced.

Retain ADD rating with a lower target price of Rs1,588

We retain our ADD rating on GSL with a lower target price of Rs1,588 (Rs1,599 earlier) or 15x FY26F. We have not considered any growth in the IMIL segment in newer states (apart from Rajasthan) and any upside in this segment is an additional gain, in our view. We are keeping a close on the company's foray into Uttar Pradesh. Downside risks: Maize will be mainly used to produce ENA /ethanol going ahead and any rise in its prices will directly impact the gross profit. Also, final product prices are decided by state/central governments and/or OMCs (oil marketing companies) and hence, profitability also depends on the prices fixed by them.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	21,091	24,147	30,163	34,574	43,741
Operating EBITDA (Rsm)	2,456	1,698	2,713	4,905	6,247
Net Profit (Rsm)	1,222	964	1,410	3,049	4,002
Core EPS (Rs)	42.4	33.5	48.9	105.9	139.0
Core EPS Growth	(34.7%)	(21.1%)	46.1%	116.3%	31.3%
FD Core P/E (x)	21.03	26.64	18.23	8.43	6.42
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.29%	0.23%	0.22%	0.47%	0.62%
EV/EBITDA (x)	11.44	16.21	10.16	5.17	3.62
P/FCFE (x)	(19.09)	19.77	139.77	12.40	8.64
Net Gearing	27.1%	18.6%	16.8%	(2.4%)	(17.2%)
P/BV (x)	2.90	2.63	2.31	1.83	1.44
ROE	14.7%	10.3%	13.5%	24.2%	25.1%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Our revised earnings estimates

Rsm	Old estimates			New estimates			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	32,143	35,599	45,767	30,163	34,574	43,741	-6.2%	-2.9%	-4.4%
EBITDA	4,028	4,928	6,270	2,713	4,905	6,247	-32.6%	-0.5%	-0.4%
EBITDA Margin (%)	12.5%	13.8%	13.7%	9.0%	14.2%	14.3%	-354bp	34bp	58bp
PAT	2,450	3,069	4,023	1,410	3,049	4,002	-42.5%	-0.7%	-0.5%
EPS (Rs)	85	107	140	49	106	139	-42.5%	-0.7%	-0.5%

SOURCE: INCRED RESEARCH

Figure 9: Our key assumptions

Key assumptions	FY25F	FY26F	FY27F
Bulk alcohol sales (in mL)	282	312	369
IMIL (in m cases)	17	18	24
IMFL (in m cases)	0.6	1.0	2.0
DDGS price (in Rs/kg)	15	16	17
ENA price (in Rs/L)	72.0	72.0	72.0
Ethanol price (in Rs/L)	72.0	72.0	72.0
IMFL price (in Rs/case)	1,480	1,500	2,000
IMIL price (in Rs/case)	560	570	580

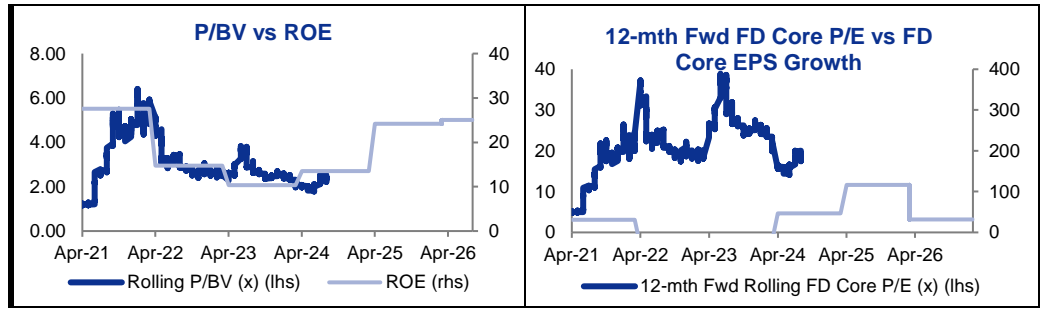
SOURCE: INCRED RESEARCH

Figure 10: 1-year forward P/E



SOURCE: INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	21,091	24,147	30,163	34,574	43,741
Gross Profit	8,677	7,766	10,198	13,740	17,477
Operating EBITDA	2,456	1,698	2,713	4,905	6,247
Depreciation And Amortisation	(563)	(656)	(663)	(698)	(761)
Operating EBIT	1,893	1,042	2,050	4,207	5,486
Financial Income/(Expense)	(92)	(131)	(140)	(87)	(78)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	1,801	911	1,911	4,120	5,408
Exceptional Items					
Pre-tax Profit	1,801	911	1,911	4,120	5,408
Taxation	(579)	53	(501)	(1,071)	(1,406)
Exceptional Income - post-tax					
Profit After Tax	1,222	964	1,410	3,049	4,002
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	1,222	964	1,410	3,049	4,002
Recurring Net Profit	1,222	964	1,410	3,049	4,002
Fully Diluted Recurring Net Profit	1,222	964	1,410	3,049	4,002

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	2,456	1,698	2,713	4,905	6,247
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,387)	1,803	(568)	(417)	(866)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(791)				
Other Operating Cashflow					
Net Interest (Paid)/Received	78	61	40	28	
Tax Paid	(579)	53	(501)	(1,071)	(1,406)
Cashflow From Operations	(223)	3,615	1,684	3,445	3,975
Capex	(2,135)	(1,499)	(1,500)	(1,000)	(1,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(2,135)	(1,499)	(1,500)	(1,000)	(1,000)
Debt Raised/(repaid)	1,012	(817)		(373)	
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	73	58	56	122	160
Preferred Dividends					
Other Financing Cashflow	2,021	(2,368)	(158)	(460)	(78)
Cash Flow From Financing	3,107	(3,127)	(102)	(711)	82
Total Cash Generated	749	(1,011)	82	1,734	3,057
Free Cashflow To Equity	(1,346)	1,299	184	2,072	2,975
Free Cashflow To Firm	(2,358)	2,116	184	2,445	2,975

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	352	116	63	1,898	4,635
Total Debtors	2,113	2,419	3,022	3,464	4,382
Inventories	1,578	1,806	2,257	2,586	3,272
Total Other Current Assets	1,052	241	302	346	437
Total Current Assets	5,094	4,583	5,643	8,294	12,727
Fixed Assets	9,242	10,086	10,923	11,225	11,464
Total Investments					
Intangible Assets	7	6	6	6	6
Total Other Non-Current Assets	1,568	362	452	519	656
Total Non-current Assets	10,817	10,454	11,382	11,750	12,126
Short-term Debt	1,643	1,443	1,443	1,193	1,193
Current Portion of Long-Term Debt					
Total Creditors	2,845	3,158	3,774	4,226	5,165
Other Current Liabilities					
Total Current Liabilities	4,488	4,601	5,218	5,419	6,358
Total Long-term Debt	1,109	492	492	370	370
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,285				
Total Non-current Liabilities	2,394	492	492	370	370
Total Provisions	161	171	189	203	231
Total Liabilities	7,044	5,264	5,899	5,991	6,958
Shareholders Equity	8,866	9,773	11,126	14,053	17,895
Minority Interests					
Total Equity	8,866	9,773	11,126	14,053	17,895

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	33.6%	14.5%	24.9%	14.6%	26.5%
Operating EBITDA Growth	(25.3%)	(30.9%)	59.8%	80.8%	27.3%
Operating EBITDA Margin	11.6%	7.0%	9.0%	14.2%	14.3%
Net Cash Per Share (Rs)	(83.36)	(63.17)	(65.00)	11.68	106.69
BVPS (Rs)	307.87	339.35	386.33	487.96	621.36
Gross Interest Cover	11.13	3.92	12.98	48.12	70.23
Effective Tax Rate	32.1%		26.2%	26.0%	26.0%
Net Dividend Payout Ratio	6.0%	6.0%	4.0%	4.0%	4.0%
Accounts Receivables Days	28.50	34.25	32.92	34.23	32.73
Inventory Days	39.15	37.71	37.14	42.42	40.71
Accounts Payables Days	53.94	51.62	50.85	58.08	55.74
ROIC (%)	19.4%	8.2%	17.4%	31.9%	39.4%
ROCE (%)	17.9%	10.0%	16.6%	29.1%	31.1%
Return On Average Assets	9.3%	7.1%	9.7%	16.9%	18.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

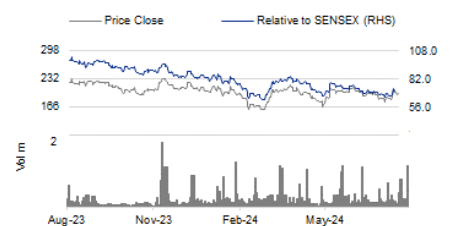
India

ADD (no change)

Consensus ratings*: Buy 1 Hold 0 Sell 0	
Current price:	Rs197
Target price:	Rs352
Previous target:	Rs382
Up/downside:	78.7%
InCred Research / Consensus:	-7.4%
Reuters:	
Bloomberg:	GULP IN
Market cap:	US\$170m Rs12,311m
Average daily turnover:	US\$0.7m Rs48.7m
Current shares o/s:	62.4m
Free float:	33.3%
*Source: Bloomberg	

Key changes in this note

- Cut EPS by 44.7% / 7.1% / 6.8% for FY25F/26F/27F, respectively.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.7)	6.6	(11.7)
Relative (%)	(1.2)	(1.9)	(29.8)

Major shareholders	% held
Promoter & Promoter Group	66.7

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Gulshan Polyols Ltd

Distillation segment hogs the limelight

- Gulshan Polyols has completed its capex, and operationalized 750klpd of additional distillation capacity, turning it into a giant in the domestic industry.
- However, its grain processing division for starch-based derivatives, is expected to witness a severe downturn in FY25F.
- Retain ADD rating on the stock with a lower target price of Rs352.

Distillation segment's performance

Gulshan Polyols or GPL's second ethanol facility was ramped up in 1QFY25, leading to a massive 311% yoy increase in its topline to Rs1,834m and a whopping 1,457% yoy increase in EBIT to Rs111m. In 2QFY25F, its third ethanol plant in Assam will be ramped up, but a huge production uptick is expected only once the new ESY25F commences. For the ESY25F tender, GPL will figure among the largest distillers with an 810klpd capacity. We expect the company to top the Rs2,000m mark in 2QFY25F, and the Rs3,000m mark in 3QFY25F in the distillation segment.

Grain segment's performance

The grain segment reported a 15% lower yoy topline at Rs1,958m but the larger hit was on the bottom-line, with EBIT showing a 2% loss. The segment has moved deep into the red and, in our view, is going to remain there in FY25F. With a collapse of spreads in the starch industry due to the fall in international maize prices and increase in domestic maize prices, FY25F performance is likely to be painful.

Change in our earnings estimates

We have decreased our EPS estimates for GPL by 44.7%/7.1% / 6.8% for FY25F/26F/27F, respectively, mainly building in a 200bp volatility margin towards raw material and energy costs in FY25F, with a recovery factored in FY26F & FY27F. The PAT estimate for FY25F has been reduced by 33.6% in 1QFY25 and increased by 11.5% & 11.8% for FY26F & FY27F, respectively. The difference in percentage change between PAT and EPS is due to bonus share issue by the company. If there is a price increase in ESY25F, every Rs2 increase will result in a Re1 increase in sale of a litre of ethanol and hence, with 70mL (million litre) of sales likely in FY25F post Nov 2024, PBT of the company could increase by Rs70m if the expected increase of Rs2/L is announced.

Retain ADD rating on the stock with a lower target price of Rs352

We retain our ADD rating on GPL with a lower target price of Rs352 (Rs382 earlier) or 10x FY26F EPS. We have not considered any incentives from state governments towards ethanol schemes in our calculations. Downside risks: Maize will be mainly used to produce ENA /ethanol going ahead and any rise in its prices will directly impact the gross profit. Also, final product prices are decided by state/central governments and/or OMCs (oil marketing companies) and hence, profitability also depends on the prices fixed by them.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	11,797	13,780	22,407	32,232	33,492
Operating EBITDA (Rsm)	880	581	1,577	3,787	4,103
Net Profit (Rsm)	455	178	677	2,199	2,481
Core EPS (Rs)	8.8	3.4	11.8	35.2	39.8
Core EPS Growth	(48.0%)	(60.8%)	245.0%	197.6%	12.8%
FD Core P/E (x)	22.55	57.50	16.67	5.60	4.96
DPS (Rs)	1.6	0.9	0.2	0.4	1.4
Dividend Yield	0.44%	0.09%	0.22%	0.71%	0.81%
EV/EBITDA (x)	14.41	24.24	9.97	4.23	3.24
P/FCFE (x)	(10.33)	27.37	(15.01)	26.88	24.78
Net Gearing	42.1%	64.6%	67.4%	42.8%	8.8%
P/BV (x)	1.78	1.73	1.87	1.42	1.11
ROE	8.2%	3.1%	10.8%	28.8%	25.1%
% Change In Core EPS Estimates			(0.39%)	(0.08%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Our revised earnings estimates

Rsm	Old estimates			New estimates			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	22,813	32,232	33,492	22,407	32,232	33,492	-1.8%	0.0%	0.0%
EBITDA	2,119	3,465	3,768	1,577	3,787	4,103	-25.6%	9.3%	8.9%
EBITDA Margin (%)	9.3%	10.8%	11.3%	7.0%	11.8%	12.3%	-225bp	100bp	100bp
PAT	1,020	1,973	2,219	677	2,199	2,481	-33.6%	11.5%	11.8%
EPS (Rs)	19.6	38.0	43	10.9	35.2	39.8	-44.7%	-7.1%	-6.8%

SOURCE: INCRED RESEARCH

Figure 12: Our key assumptions

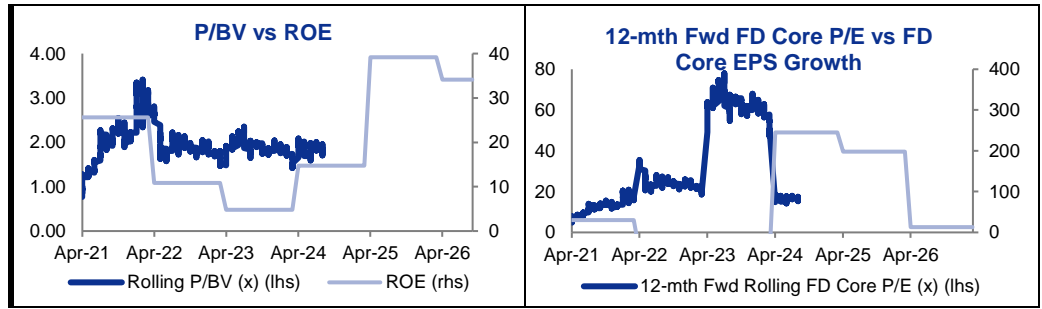
Key assumptions	FY25F	FY26F	FY27F
Bulk alcohol sales (in mL)	139	243	267
DDGS price in Rs/kg	15	15	17
Ethanol price in Rs/L	73	73	72

SOURCE: INCRED RESEARCH

Figure 13: 1-year forward P/E



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	11,797	13,780	22,407	32,232	33,492
Gross Profit	4,811	4,945	8,248	13,538	14,402
Operating EBITDA	880	581	1,577	3,787	4,103
Depreciation And Amortisation	(287)	(324)	(495)	(622)	(622)
Operating EBIT	593	257	1,082	3,165	3,481
Financial Income/(Expense)	9	21	(163)	(174)	(105)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	602	279	919	2,991	3,376
Exceptional Items					
Pre-tax Profit	602	279	919	2,991	3,376
Taxation	(147)	(100)	(242)	(793)	(895)
Exceptional Income - post-tax					
Profit After Tax	455	178	677	2,199	2,481
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	455	178	677	2,199	2,481
Recurring Net Profit	455	178	677	2,199	2,481
Fully Diluted Recurring Net Profit	455	178	677	2,199	2,481

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	880	581	1,577	3,787	4,103
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(554)	172	(1,723)	(1,963)	(252)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	9	21	(163)	(174)	(105)
Tax Paid	(147)	(100)	(242)	(793)	(895)
Cashflow From Operations	188	674	(552)	858	2,851
Capex	(2,541)	(2,499)			
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(2,541)	(2,499)			
Debt Raised/(repaid)	1,360	2,200	(200)	(400)	(2,355)
Proceeds From Issue Of Shares			10		
Shares Repurchased					
Dividends Paid	(45)	(9)	(27)	(88)	(99)
Preferred Dividends					
Other Financing Cashflow	(61)	(101)	(215)	(214)	(145)
Cash Flow From Financing	1,253	2,090	(431)	(702)	(2,599)
Total Cash Generated	(1,100)	265	(983)	156	252
Free Cashflow To Equity	(993)	375	(752)	458	497
Free Cashflow To Firm	(2,292)	(1,725)	(337)	1,072	2,997

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	58	854	42	363	754
Total Debtors	1,416	1,654	2,690	3,870	4,021
Inventories	1,574	1,838	2,989	4,300	4,468
Total Other Current Assets	745	207	336	483	502
Total Current Assets	3,793	4,553	6,057	9,016	9,745
Fixed Assets	2,759	5,214	7,220	6,598	5,976
Total Investments	254	4	4	4	4
Intangible Assets					
Total Other Non-Current Assets	3,075	2,569	112	161	167
Total Non-current Assets	6,087	7,787	7,336	6,763	6,147
Short-term Debt	1,205	1,205	1,005	605	
Current Portion of Long-Term Debt			1	2	2
Total Creditors	1,461	1,596	2,184	2,854	2,940
Other Current Liabilities	45				
Total Current Liabilities	2,710	2,801	3,190	3,460	2,942
Total Long-term Debt	1,275	3,475	3,475	3,475	1,725
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	1,275	3,475	3,475	3,475	1,725
Total Provisions	143	144	149	154	155
Total Liabilities	4,129	6,420	6,814	7,089	4,821
Shareholders Equity	5,751	5,920	6,581	8,691	11,073
Minority Interests					
Total Equity	5,751	5,920	6,581	8,691	11,073

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	7.2%	16.8%	62.6%	43.8%	3.9%
Operating EBITDA Growth	(41.5%)	(34.0%)	171.4%	140.2%	8.3%
Operating EBITDA Margin	7.5%	4.2%	7.0%	11.7%	12.3%
Net Cash Per Share (Rs)	(46.60)	(73.61)	(71.16)	(59.62)	(15.59)
BVPS (Rs)	110.64	113.90	105.51	139.35	177.53
Gross Interest Cover	9.67	2.56	5.04	14.79	23.99
Effective Tax Rate	24.4%	36.0%	26.3%	26.5%	26.5%
Net Dividend Payout Ratio	7.6%	3.2%	2.9%	2.9%	2.9%
Accounts Receivables Days	40.41	40.67	35.38	37.14	43.00
Inventory Days	69.30	70.48	62.22	71.15	83.81
Accounts Payables Days	36.10	36.01	31.79	36.35	42.82
ROIC (%)	11.3%	3.2%	10.9%	28.4%	27.7%
ROCE (%)	7.9%	2.7%	9.9%	26.3%	26.9%
Return On Average Assets	6.6%	2.3%	8.4%	21.7%	22.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

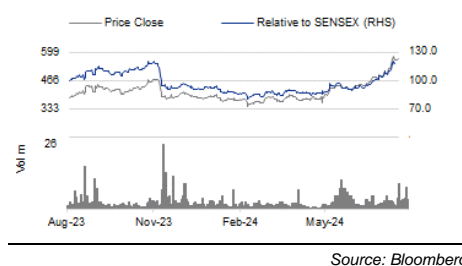
India

REDUCE (no change)

Consensus ratings*:	Buy 8	Hold 1	Sell 1
Current price:	Rs570		
Target price:	Rs264 ▲		
Previous target:	Rs229		
Up/downside:	-53.7%		
InCred Research / Consensus:	-49.9%		
Reuters:			
Bloomberg:	BRCM IN		
Market cap:	US\$1,582m		
	Rs114,906m		
Average daily turnover:	US\$13.8m		
	Rs1001.6m		
Current shares o/s:	204.0m		
Free float:	57.1%		
*Source: Bloomberg			

Key changes in this note

- Cut FY25F EPS by 33%.



Price performance	1M	3M	12M
Absolute (%)	23.5	49.8	48.4
Relative (%)	22.9	37.8	18.0

Major shareholders	% held
Promoter & Promoter Group	42.9
Nippon AMC	5.4
Quant AMC	2.4

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Balrampur Chini Mills Ltd

Maintain our anti-consensus view; REDUCE

- We hold an anti-consensus view on the sugar sector based on probable policy decisions that are currently not being factored in by consensus expectations,
- In our view, given the current political landscape, politics will override policies.
- We continue to have a REDUCE rating on Balrampur Chini Mills with a higher target price of Rs264 or 10x FY26F EPS (from Rs229 earlier).

Distillation segment's performance

We expect the distillation business to be back on track with the Indian Sugar Manufacturers Association or ISMA's estimates indicating normal sowing of cane. There is talk of a hike in ethanol rates, but we would like to maintain status quo although there is a possibility of cane SAP (State Advised Price) hike. ESY25F would be the first year of Balrampur Chini Mills utilizing its full capacity. The grain-based operations of the company will be viewed skeptically as the capacity is limited and the expertise in grain procurement is yet to be proved.

Sugar segment's performance

We do not expect any exports to be allowed from India by the government, and thus the inventory will swell and remain on the balance sheet of sugar companies. With domestic sugar consumption stagnant, volume in the segment is not expected to increase. The pricing of sugar in the domestic market may remain below Rs40/kg in a scenario of nil exports, leading to a comfortable excess stock in the country. The good production of sugar in Brazil will also keep international sugar prices under pressure, in our view. However, we expect the pressure to build up on cane pricing and hence, the spreads in the segment will be at great risk.

We cut our earnings estimates

We have cut our EPS estimates for Balrampur Chini Mills by 33% for FY25F, mainly building in a 200bp volatility margin towards lower sugar spreads. If the Government of India announces a price hike for ethanol in ESY25F, the said increase will result in a direct contribution to the PBT but if the SAP is changed, then the math needs to be assessed with regard to the effect on the spreads of ethanol and sugar. With a tight sugarcane supply over the coming years likely due to its diversion towards making ethanol, we are still studying the impact of sugar's diversion towards the polylactic acid operations of the company.

Retain REDUCE rating with a higher target price

We retain our REDUCE rating on Balrampur Chini Mills with a higher target price of Rs264 (Rs229 earlier) or 10x FY26F EPS. We have not considered any earnings from the PLA (polylactic acid) venture of the company, the implementation of which is slated in FY27F. Upside risks: 1) Rise in sugar prices and their sustenance in the domestic market above Rs40/kg. 2) Clear directives on FRP and SAP with no increase in pricing.

Financial Summary	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue (Rsm)	48,460	46,659	55,937	56,173	65,700
Operating EBITDA (Rsm)	6,997	5,120	7,862	6,064	8,485
Net Profit (Rsm)	4,092	2,725	4,301	3,103	5,325
Core EPS (Rs)	21.7	13.4	21.2	15.4	26.4
Core EPS Growth	(0.9%)	(38.3%)	58.7%	(27.4%)	71.6%
FD Core P/E (x)	28.81	42.64	26.87	37.03	21.58
DPS (Rs)	0.0	0.7	1.1	0.8	1.3
Dividend Yield	0.00%	0.12%	0.19%	0.14%	0.23%
EV/EBITDA (x)	18.58	24.74	15.80	19.98	13.98
P/FCFE (x)	(731.39)	23.15	56.80	51.37	36.84
Net Gearing	43.7%	34.8%	25.2%	16.9%	8.8%
P/BV (x)	4.21	3.85	3.35	3.09	2.72
ROE	16.7%	9.4%	13.4%	8.7%	13.4%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Our revised earnings estimates

Rsm	Old estimates			New estimates			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	61,314	64,993	NA	56,173	65,700	65,700	-8.4%	1.1%	NA
EBITDA	7,988	8,547	NA	6,064	8,485	8,468	-24.1%	-0.7%	NA
EBITDA Margin (%)	13.0%	13.2%	NA	10.8%	12.9%	12.9%	-223bp	-24bp	NA
PAT	4,620	5,301	NA	3,103	5,325	5,461	-32.8%	0.5%	NA
EPS (Rs)	23	26	NA	15	26	27	-32.8%	0.5%	NA

SOURCE: INCRED RESEARCH

Figure 15: Our key assumptions

Key assumptions	FY25F	FY26F	FY27F
SAP (Rs/t)	3,700	3,700	3,700
Sugar sales (lakh quintals)	94	100	100
Sugar price (Rs/kg)	40.0	40.0	40.0
Ethanol & ENA sales (mL)	232.9	379.0	379.0
Ethanol price - direct (Rs/L)	65.6	65.6	65.6
Ethanol price - B heavy (Rs/L)	60.7	60.7	60.7
Ethanol price - C heavy (Rs/L)	56.3	56.3	56.3
Ethanol price - grain (Rs/L)	71.9	71.9	71.9

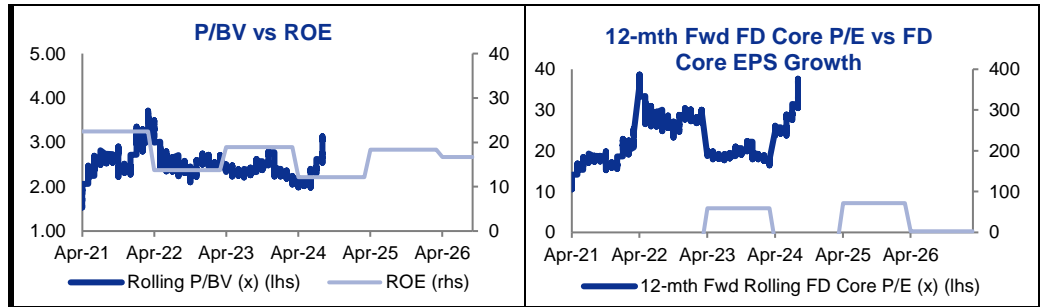
SOURCE: INCRED RESEARCH

Figure 16: 1-year forward P/E



SOURCE: INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Net Revenues	48,460	46,659	55,937	56,173	65,700
Gross Profit	13,899	12,566	16,768	13,417	17,026
Operating EBITDA	6,997	5,120	7,862	6,064	8,485
Depreciation And Amortisation	(1,139)	(1,295)	(1,664)	(1,514)	(1,501)
Operating EBIT	5,858	3,825	6,198	4,550	6,984
Financial Income/(Expense)	170	141	(96)	(210)	310
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	6,029	3,967	6,102	4,340	7,295
Exceptional Items	(527)				
Pre-tax Profit	5,501	3,967	6,102	4,340	7,295
Taxation	(1,409)	(1,241)	(1,801)	(1,237)	(1,970)
Exceptional Income - post-tax					
Profit After Tax	4,092	2,725	4,301	3,103	5,325
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	4,092	2,725	4,301	3,103	5,325
Recurring Net Profit	4,484	2,725	4,301	3,103	5,325
Fully Diluted Recurring Net Profit	4,484	2,725	4,301	3,103	5,325

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
EBITDA	6,997	5,120	7,862	6,064	8,485
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,778)	1,554	(4,067)	(103)	(4,176)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	170	141	(96)	(210)	310
Tax Paid	(1,139)	(1,295)	(1,664)	(1,514)	(1,501)
Cashflow From Operations	4,250	5,521	2,034	4,237	3,119
Capex	(4,041)	(2,500)		(2,000)	
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	(4,041)	(2,500)		(2,000)	
Debt Raised/(repaid)	(371)	2,000			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(510)	(136)	(215)	(155)	(266)
Preferred Dividends					
Other Financing Cashflow	2,661		2		
Cash Flow From Financing	1,780	1,864	(213)	(155)	(266)
Total Cash Generated	1,989	4,884	1,822	2,082	2,852
Free Cashflow To Equity	(161)	5,021	2,034	2,237	3,119
Free Cashflow To Firm	518	3,507	2,871	2,999	3,654

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Cash And Equivalents	33	3,604	5,463	7,826	10,393
Total Debtors	1,367	1,278	1,533	1,539	1,800
Inventories	22,007	20,453	24,520	24,624	28,800
Total Other Current Assets	358	350	420	421	493
Total Current Assets	23,765	25,685	31,935	34,410	41,486
Fixed Assets	16,336	19,584	17,921	18,407	16,906
Total Investments	1,575	1,575	1,575	1,575	1,575
Intangible Assets					
Total Other Non-Current Assets	3,092	933	1,119	1,123	1,314
Total Non-current Assets	21,003	22,093	20,615	21,105	19,795
Short-term Debt	10,654	10,654	10,654	10,654	10,654
Current Portion of Long-Term Debt					
Total Creditors	4,127	3,257	3,904	3,921	4,585
Other Current Liabilities	847	140	168	169	197
Total Current Liabilities	15,628	14,051	14,726	14,743	15,437
Total Long-term Debt	1,442	3,442	3,442	3,442	3,442
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	1,442	3,442	3,442	3,442	3,442
Total Provisions	117	114	127	128	141
Total Liabilities	17,187	17,607	18,295	18,313	19,200
Shareholders Equity	27,582	30,171	34,254	37,202	42,261
Minority Interests					
Total Equity	27,582	30,171	34,254	37,202	42,261

Key Ratios					
	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue Growth	0.7%	(3.7%)	19.9%	0.4%	17.0%
Operating EBITDA Growth	(1.8%)	(26.8%)	53.5%	(22.9%)	39.9%
Operating EBITDA Margin	14.4%	11.0%	14.1%	10.8%	12.9%
Net Cash Per Share (Rs)	(59.12)	(51.42)	(42.79)	(31.08)	(18.35)
BVPS (Rs)	135.18	147.87	169.79	184.40	209.47
Gross Interest Cover	18.98	7.86	7.41	5.97	13.04
Effective Tax Rate	25.6%	31.3%	29.5%	28.5%	27.0%
Net Dividend Payout Ratio		3.4%	3.5%	3.6%	3.6%
Accounts Receivables Days	14.39	10.35	9.17	9.98	9.27
Inventory Days	241.80	227.29	209.54	209.77	200.31
Accounts Payables Days	47.59	30.19	26.19	26.22	25.04
ROIC (%)	16.4%	10.0%	15.8%	11.0%	16.6%
ROCE (%)	15.0%	9.1%	13.4%	9.1%	13.0%
Return On Average Assets	12.1%	8.3%	12.4%	8.4%	12.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Definition:

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

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- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.