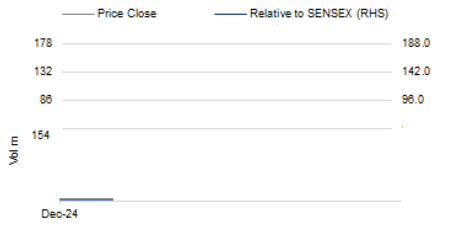
India

ADD *(Initiating coverage)*

Consensus ratings*:	Buy 3	Hold 0	Sell 0
Current price:			Rs1,188
Target price:			Rs2,051
Previous target:			NA
Up/downside:			72.6%
EIP Research / Consensus:			72.6%
Reuters:			
Bloomberg:			DFPC IN
Market cap:			US$1,763m
			Rs149,983m
Average daily turnover:			US$18.5m
			Rs1570.4m
Current shares o/s:			126.2m
Free float:			54.4%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(6.6)	22.3	81.1
Relative (%)	(8.6)	30.5	61.2

Major shareholders	% held
Promoters	45.6
FII	9.7
Motilal Oswal Business Cycle Fund	3.6

Deepak Fertilisers & Petrochemicals Corp. Ltd.

DFPCL locks TAN upcycle with expansion

- ~6% CAGR is expected in TAN production over FY24-30F on the back of 1.5bnt (bn tonne) coal production target of the govt.; CIL targets 1bntpa prod.
- DFPCL leverages US$8/mmBtu gas cost from the Equinor deal, starting from FY27, saving ~Rs14/kg with backward integrated ammonia production.
- We value the stock at 14.8x FY27F EPS to arrive at our TP of Rs2,051 backed by strong EPS growth and sectoral upcycle. Initiate coverage with ADD rating.

Targets 1mtpa TAN & ~1.5mtpa nitric acid capacity by FY26F

Deepak Fertilizers & Petrochemicals Corporation (DFPCL) stands tall as a diversified leader in technical ammonium nitrate (TAN), nitric acid, isopropyl alcohol (IPA), and crop nutrition. With its current capacity of 586ktpa, the company commands a 44% market share in TAN, supplying to critical sectors like mining and infrastructure. The company is also India's largest producer of nitric acid (1,116ktpa) and sole manufacturer of LDAN. DFPCL dominates the IPA market with a 38% share, backed by a robust 70ktpa capacity, and leads the crop nutrition business with 1,157ktpa fertilizer capacity and innovative products like Smartek and Croptek. The company's ambitious expansion plans include a 376ktpa TAN greenfield project at Gopalpur, and 450ktpa nitric acid addition, propelling its TAN capacity to 1mtpa and strengthening its chemicals business leadership by FY26F.

Gains via sectoral upcycle, low gas cost for 510ktpa ammonia plant

The ammonium nitrate market is roaring back to life after a 2023-24 slump, where Russian dumping wreaked havoc. Now, imports have stabilized, and prices are surging to their highest levels in nine months, powered by India's booming coal production & robust infrastructure growth. DFPCL's backward integration plan ensures in-house ammonia production, insulating it from rising global prices and import volatility. With the Equinor LNG contract slashing gas costs from US$13.5 to US$8/mmBtu, DFPCL's TAN business gains a distinct cost advantage of ~39%. While peers scramble amid spiking ammonia imports from the Middle East, DFPCL's new 510ktpa ammonia plant will provide uninterrupted feedstock for ammonium nitrate, maximizing margins and securing supply stability.

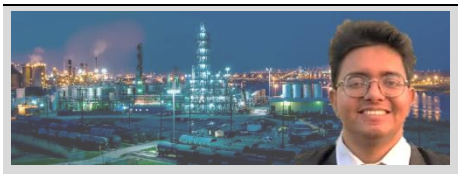
EPS to post ~68% CAGR over FY24-28F; initiate coverage with ADD

We expect DFPCL's earnings to grow at a robust CAGR of 68% over FY24-28F, driven by capacity expansion in TAN (to 1mtpa) and nitric acid (450ktpa), alongside favourable demand outlook in mining, specialty chemicals, and crop nutrition. Valuing the stock at a 10-year historical forward P/E of 14.8x FY27F EPS, we arrive at a target price of Rs2,051, reflecting significant upside potential. Key downside risks to our thesis include environmental regulatory concerns impacting the crop nutrition business and potential resumption of ammonium nitrate dumping from Russia, which could weigh on margins.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	113,007	86,761	94,323	98,510	124,566
Operating EBITDA (Rsm)	21,654	12,867	19,437	22,719	31,900
Net Profit (Rsm)	12,209	4,572	10,122	11,694	17,499
Core EPS (Rs)	96.7	36.2	80.2	92.6	138.6
Core EPS Growth	69.6%	(62.5%)	121.4%	15.5%	49.6%
FD Core P/E (x)	12.29	32.80	14.82	12.83	8.57
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%
EV/EBITDA (x)	8.42	14.55	9.73	8.57	6.29
P/FCFE (x)	(30.19)	42.06	40.31	141.05	49.42
Net Gearing	60.0%	67.7%	62.2%	62.3%	59.6%
P/BV (x)	2.96	2.77	2.43	2.12	1.79
ROE	27.3%	8.7%	17.5%	17.7%	22.6%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Research Analyst(s)



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DFPCL locks TAN upcycle with expansion

Deepak Fertilisers and Petrochemicals Corporation (DFPCL) is a diversified Indian conglomerate with a robust presence across multiple industries. In the industrial chemicals segment, DFPCL is the largest producer of nitric acid in India, with an impressive 1,116ktpa capacity. The company commands ~60% market share in concentrated nitric acid (CNA) and ~30% in diluted nitric acid (DNA). DFPCL also produces isopropyl alcohol (IPA) with a 70ktpa capacity, securing a dominant 38% market share. In fertilizers, DFPCL manufactures high-efficiency products, including NPK complex and bentonite sulphur, with a combined capacity of 1,157ktpa, reinforcing its leadership in the market. The company is also a frontrunner in mining chemicals, holding a 44% market share in technical ammonium nitrate (TAN) and offering comprehensive mining solutions with a capacity of 587ktpa. The company is also the only manufacturer of LDAN in India and ranks among the top five global producers of TAN. Beyond these core sectors, DFPCL has a presence in the realty market under its brand, Creativity, a lifestyle centre that specializes in home interiors and design.

Business Overview

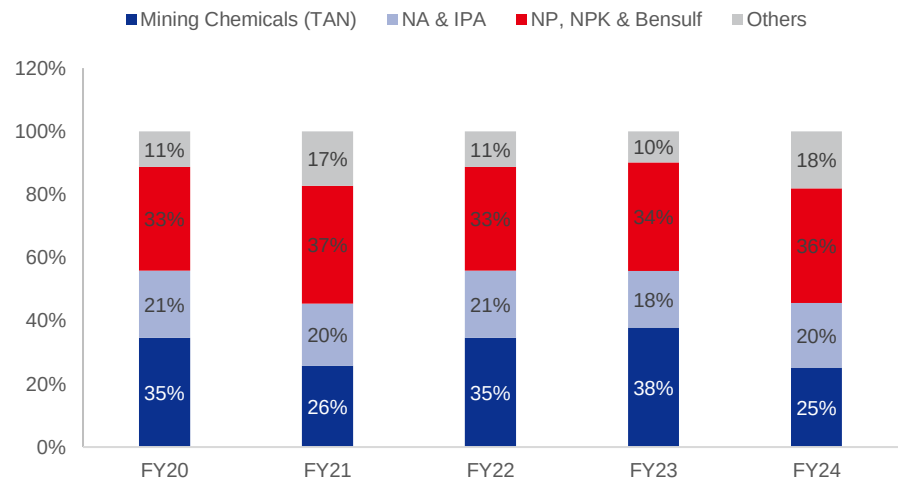
Company's journey ➤

Established in 1979, DFPCL started its commercial journey with ammonia production in 1983 at its Taloja unit in Maharashtra. Over the years, the company has significantly diversified its product portfolio, adding a wide range of chemicals and fertilizers, including dilute and concentrated nitric acid, ammonium nitrate, and ammonium nitro phosphate (ANP) fertilizer, with production beginning in 1992. DFPCL has further expanded into methanol, liquid carbon dioxide, isopropyl alcohol (IPA), and sulphur bentonite fertilizer. The company is recognized as a leading manufacturer in India, producing top-quality chemicals that adhere to both domestic and international standards, serving industries such as pharmaceuticals, agrochemicals, precious metals refining, defence, and textiles. Notably, DFPCL is the largest producer of nitric acid in Southeast Asia and holds a dominant position in the IPA market in India. In FY24, the company commissioned a 500ktpa ammonia plant and has ambitious plans to launch an additional 376ktpa of technical ammonium nitrate (TAN) and 450ktpa of nitric acid by FY26F, continuing its legacy of innovation and growth.

Business segments ➤

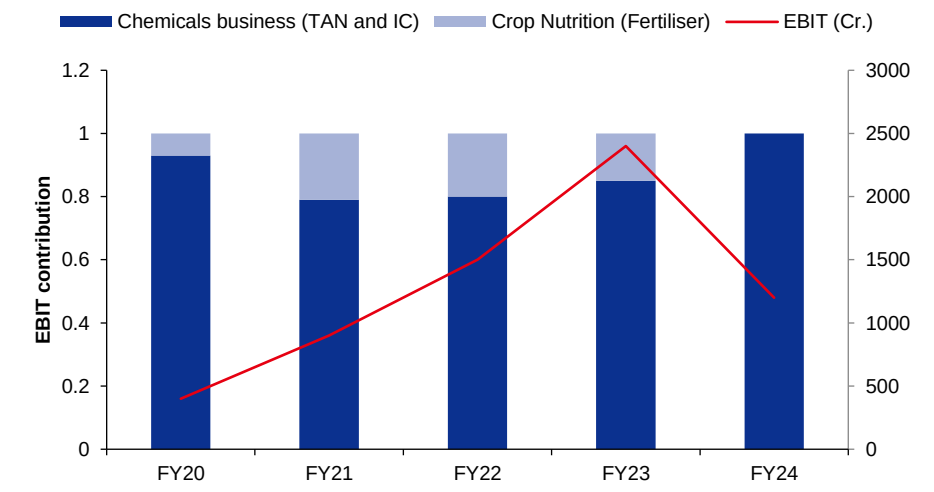
- **Mining chemicals (TAN, ANFO, etc.)**: DFPCL produces a range of ammonium nitrate grades, including low-density ammonium nitrate (LDAN), the sole manufacturer of this product in India. LDAN is crucial in the production of ANFO (ammonium nitrate fuel oil), a key blasting agent used in mining operations.
- **Industrial chemicals (nitric acid, IPA, ammonia)**: In addition to isopropyl alcohol (IPA), DFPCL consumes approximately 75-80% of its nitric acid and 100% of its ammonia for use in the production of technical ammonium nitrate (TAN) and fertilizers.
- **Crop nutrition and fertilizers (NP, NPK, Bensulf)**: Beyond bulk fertilizers, DFPCL manufactures specialized products like Croptek (crop-specific fertilizers) and Smartek (fertilizers that release nutrients as per the plant's requirements), providing tailored solutions for crop nutrition.

Figure 1: Fertilizers constitute ~35% of DFPCL's revenue



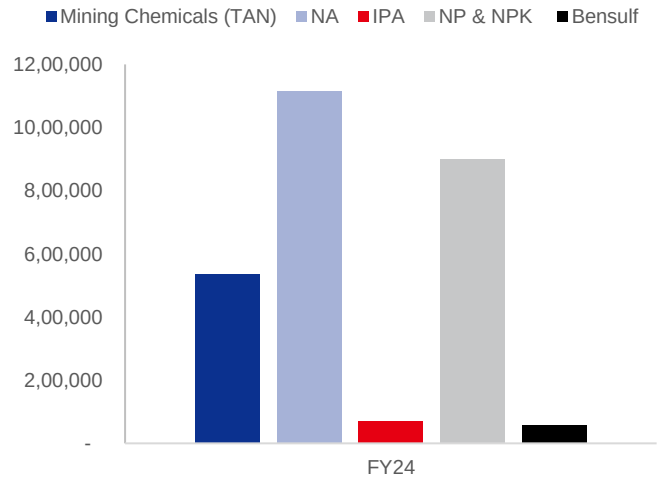
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Historically, ~80% of EBIT contribution has come from the chemical business



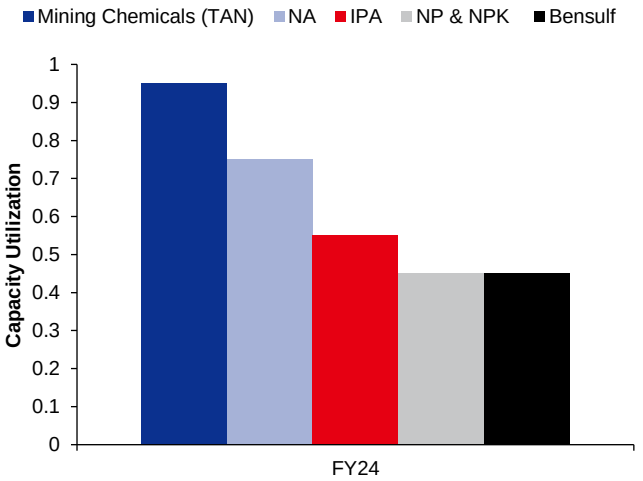
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Total capacity for chemicals and fertilizer segments combined stands at 2.6mtpa



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: TAN has almost 100% capacity utilization (CU) whereas the crop nutrition business has a CU of ~50-55%



SOURCE: INCRED RESEARCH, COMPANY REPORTS

DFPCL expands ammonia capacity to ~630ktpa with Rs43.5bn investment ➤

Over the years, DFPCL has significantly diversified its product portfolio. Ammonia is a key raw material for DFPCL, currently accounting for 85% of its needs, with the annual consumption at 400ktpa. This demand is expected to increase significantly following the completion of debottlenecking at its Taloja plant and the greenfield TAN project at Gopalpur, potentially raising ammonia consumption to around 750ktpa. The company operates a 40-year-old ammonia plant at Taloja in Maharashtra, with a capacity of 129ktpa, running at 90% utilization. DFPCL has completed its 510ktpa brownfield ammonia expansion, with a capex of Rs43.5bn. This backward integration strategy will significantly reduce the reliance on third-party suppliers and imports, ensuring a stable supply of raw materials for its operations.

Figure 5: Total ammonia requirement is going to be ~750ktpa by FY26F

Ammonia requirement in FY26F

Product	Capacity (ktpa)	Utilization	Input/Output	Ammonia requirement (ktpa)
DNA	1,185	90%	0.27	287.97
TAN	963	98%	0.33	311.40
Fertilizers	1100	90%	0.15	148.50
Total				747.87

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: ~100% of in-house ammonia capacity can be utilized internally

Ammonia production capability

	Capacity (ktpa)	Utilisation potential	Max ammonia production (ktpa)
Old plant	129	90%	116.1
New plant	500	100%	500
Total ammonia production			616.1
Total demand			747.87

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DFPCL mitigates ammonia import risks with its new plant and long-term growth strategy

Ammonia, being a hazardous gas, presents inherent risks when imported. Currently, logistics costs for ammonia imports are high, ranging between US$ 90-100/mt. However, DFPCL's new ammonia plant is expected to mitigate these challenges. The project will provide additional rebate on Goods and Services Tax or GST (9%) from the Maharashtra government and generate captive steam worth US$15/mt. Despite a recent correction in ammonia prices, management remains confident in its long-term strategy, viewing the asset as a 20–25-year investment. Furthermore, the global demand for ammonia is poised to rise due to its diverse applications, supporting a stable outlook for the commodity.

DFPCL's current gas cost stands at US$13.5-14.5/mmBtu for its new ammonia plant with 68% supply coverage

DFPCL has successfully secured a favourable gas price range of US$13.5-14.5/mmBtu for its current operations. The new ammonia plant requires a daily supply of 1.3bcm of gas, with 68% of its needs already covered through tie-ups. The 68% of secured gas contracts are primarily linked to Brent crude oil prices, ensuring a stable supply at competitive rates for the company.

Figure 7: The current spread for an ammonia plant is Rs.12.5/kg excluding GST benefits

Gas cost	**13.5**	**US$/mmBtu**
Exchange	83	
Gas consumption per tonne NH3	30	mmBtu/t
Other costs	25	US$/t
Steam credit	15	US$/t
Overall costs	415	US$/
Costs (in INR)	34	Rs/kg
Selling price	47	Rs/kg
Spread	12.5	Rs/kg

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DFPCL signs 15-year gas supply agreement with Equinor, slashing the cost to US$8/mmBtu

Starting FY27, DFPCL has secured a 15-year long-term gas supply agreement with Equinor from Norway, guaranteeing a continuous and reliable supply of natural gas. This agreement is expected to enhance margins through effective natural gas and LNG hedging, alongside in-house ammonia production, ensuring greater operational stability. The pricing formula in the deal is linked to Henry Hub, set at US$5 + 115%*HH, which is anticipated to reduce gas costs significantly from the current US$13.5/mmBtu to approximately US$8/mmBtu, providing a substantial cost advantage for the company.

Figure 8: Post-Equinor deal, overall savings are expected to stay around Rs16/kg

	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Gas cost (US$/mmBtu)	13.5	11	8	8	8	8
Exchange (US$/INR)	85	87	88	90	92	94
Gas consumption per tonne NH3	30	30	30	30	30	30
Other costs (US$/t)	25	25	25	25	25	25
Steam credit (US$/t)	15	15	15	15	15	15
Overall costs (US$/t	415	340	250	250	250	250
Ammonia price (US$/t landed cost in India)	420	387	294	294	294	294
Freight cost savings (US$/t)	100	100	100	100	100	100
Overall savings (US$/t)	105	147	144	144	144	144
Overall savings (Rs/kg)	8.93	12.74	12.73	12.99	13.25	13.51
Savings because of GST	3.21	3.02	2.34	2.39	2.43	2.48
Overall savings (Rs/kg)	12.14	15.76	15.07	15.38	15.68	16.00
Ammonia production (t)	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000
Overall savings from ammonia (Rs m)	6,069.00	7,882.33	7,537.23	7,687.97	7,841.73	7,998.57

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DFPCL aims at global leadership, expanding TAN capacity to 1 mtpa to meet growing demand

The demand for technical ammonium nitrate (TAN) remains robust, with the annual demand currently around 1.5mt, driven by growth in infrastructure and mining sectors. DFPCL's strategic plan to expand its TAN capacity will support India's journey towards self-reliance in TAN production, aligning with the government's Atma Nirbhar Bharat vision. The company currently holds a dominant ~44% share of the domestic TAN market and aims to become the third-largest global TAN manufacturer within the next five years. This ambition is supported by a planned increase in its TAN capacity from 586ktpa to nearly 1 mtpa.

DFPCL expands TAN capacity by 376ktpa with Rs22bn Gopalpur project, targeting 60% of India's demand

DFPCL is advancing a major greenfield project at Gopalpur in Odisha, which will boost its TAN production capacity by 376ktpa, with an estimated project cost of Rs22bn. This expansion will increase the company's total installed capacity to approximately 1,000ktpa, enabling it to meet around 60% of India's ammonium nitrate demand, up from 44% currently. Scheduled for commissioning by the end of FY26F, the project's strategic location near key mining hubs and proximity to Gopalpur port in Odisha will enhance both domestic distribution and export capabilities, positioning DFPCL for greater market penetration.

India's coal sector growth to boost TAN demand with 6% CAGR in mining production

The Ministry of Coal is advancing major infrastructure projects to achieve India's ambitious coal production target of 1.5bnt (billion tonne) by FY30F, in line with the Vision 2047 for a developed nation. Coal India or CIL accounts for ~75% of domestic coal production, with coal mining representing ~63% of the mining sector. Notably, ~65% of the technical ammonium nitrate (TAN) produced in India is used in coal mining, followed by ~25% in the infrastructure sector and ~10% in non-coal mining. The 'Mission Coking Coal' initiative aims to boost domestic coking coal production to 140mt by 2030F to meet rising steel sector demand. With coordinated efforts under the PM Gati Shakti scheme, India is set to modernize its coal sector, driving both economic growth and sustainability. Mining

production is projected to post a CAGR of ~6% over the next five years, further stimulating TAN demand and creating market opportunities.

Figure 9: Demand for technical ammonium nitrate is directly linked with the production growth of Coal India

Coal mining in India

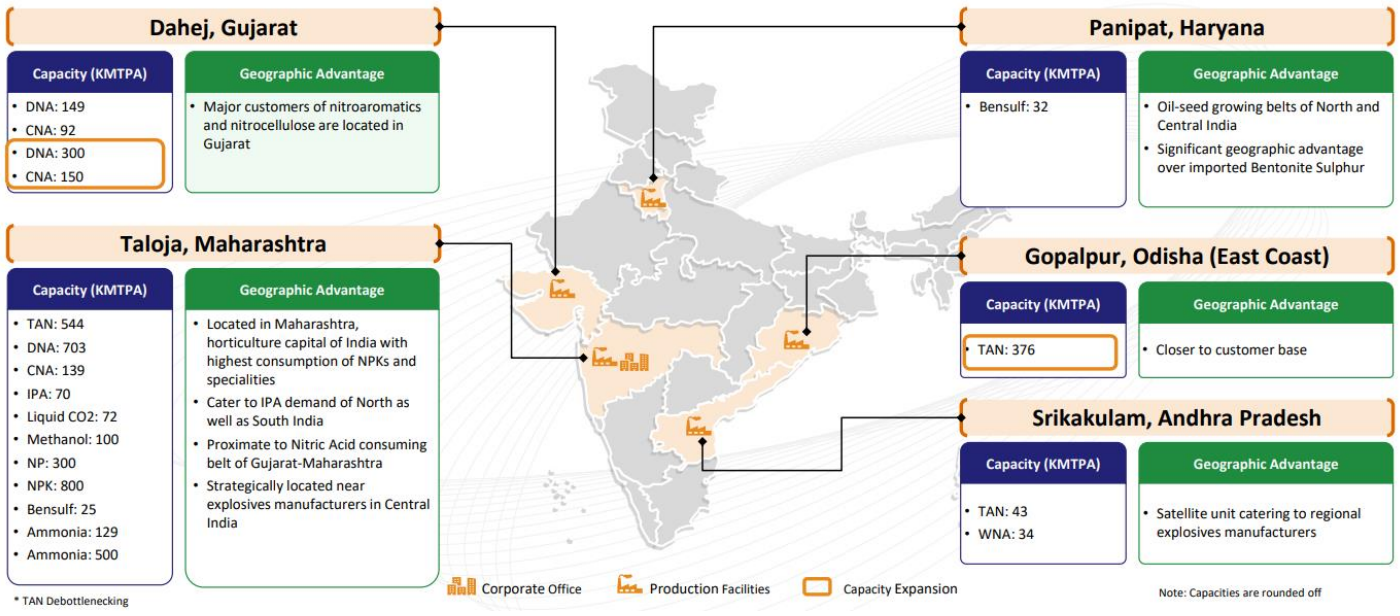
YEAR	Opencast		Underground		All India		TAN consumption (ktpa)
	Production	Growth %	Production	Growth %	Production	Growth %	
FY15	560.7	9%	48.5	-2%	609.2	8%	457
FY16	592.8	6%	46.4	-4%	639.2	5%	479
FY17	613.5	3%	44.4	-4%	657.9	3%	493
FY18	633.6	3%	41.8	-6%	675.4	3%	507
FY19	686.2	8%	42.5	2%	728.7	8%	547
FY20	690.4	1%	40.5	-5%	730.9	0%	548
FY21	683.9	-1%	32.2	-20%	716.1	-2%	537
FY22	745.0	9%	33.2	3%	778.2	9%	584
FY23	858.3	15%	34.8	5%	893.2	15%	670
FY24	962.5	12%	34.7	0%	997.2	12%	748
FY25F					1,057.1	6%	793
FY26F					1,120.5	6%	840
FY27F					1,187.7	6%	891
FY28F					1,259.0	6%	944
FY29F					1,334.5	6%	1001
FY30F					1,414.6	6%	1061
Total TAN consumption in the mining sector							2245

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DFPCL leverages Gujarat and other strategic locations to enhance operations and export opportunities ➤

Around 75% of DFPCL's manufacturing capacity is in Gujarat, a key advantage due to its proximity to industries like pharmaceuticals, dyes, and defence, which are major consumers of nitric acid. This location supports the company's investment of ~Rs20bn to enhance its operations. Additionally, DFPCL benefits from its TAN plants situated near major mining hubs in East and Central India, allowing efficient supply chains for its products. Despite challenges in FY24, the strategic location has enabled DFPCL to sustain growth, meet market demand, and capitalize on export opportunities, including the recent resumption of TAN exports after the lifting of the export ban in Mar 2024.

Figure 10: Strategic manufacturing locations provide the company with a readymade market to sell its' products



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Mining chemicals business

Global Leader in TAN production and mining solutions with medical-grade ammonium nitrate ➤

Deepak Mining Solutions Private Limited (DMSPL), a wholly-owned subsidiary of DFPCL, stands as one of the world's largest manufacturers of technical ammonium nitrate (TAN). The company produces a range of TAN products, including high-density ammonium nitrate (HDAN), low-density ammonium nitrate (LDAN), and ammonium nitrate melt (AN melt). DMSPL is the sole producer of explosives-grade TAN solids in India, and also manufactures medical-grade ammonium nitrate, which plays a crucial role in the production of medical-grade nitrous oxide, widely used as an anaesthetic and analgesic.

In addition to its product offerings, DMSPL provides consulting services to mining companies in both Australia and India. These services focus on reducing the total cost of ownership (TCO), helping mining companies enhance operational efficiency and minimize costs.

DFPCL shifts towards providing blasting solutions, expanding TAN offerings with ANFO for market growth ➤

DFPCL's evolution in the TAN segment shifts from being a traditional supplier to a comprehensive blasting solutions provider. Initially focused on producing various TAN grades—ammonium nitrate solution (ANSOL), LDAN, and HDAN—DFPCL served the mining, infrastructure, and construction industries for explosives production. Over time, the company expanded to include cartridge-based explosives and ammonium nitrate fuel oil (ANFO) bulk explosives, better meeting customer needs. This shift has enabled DFPCL to offer more tailored solutions, boosting its market value. By leveraging its leadership in the LDAN segment, DFPCL is transforming the market from conventional explosives to ANFO. The introduction of high-performance ANFO, as a cost-effective alternative to emulsion explosives, is set to drive further growth in its TAN business.

DFPCL enhances blasting efficiency with advanced tech and TCO services, strengthening its global market position ➤

DFPCL's transition includes advanced technical services and downstream operations to optimize blasting efficiency and cost-effectiveness. Key initiatives like total cost of ownership (TCO) projects and down-the-hole services are enhancing mine and quarry productivity through optimized drilling and blasting techniques. The company is deploying bulk mixing and delivery (BMD) trucks and plans to integrate cutting-edge technologies like drones and artificial intelligence or AI-based blast modelling to further improve operations and ensure regulatory compliance. This customer-centric approach has strengthened DFPCL's role as a strategic partner, not just a supplier, positioning it for sustained growth in Indian as well as overseas markets.

DFPCL optimizes mining efficiency with its TCO model, enhancing value across key value streams ➤

Total cost of ownership (TCO) in mining includes all costs from drilling to crushing. DFPCL's mining solutions business model optimizes TCO by enhancing five key value streams: drilling, blasting, excavation, transport, and crushing. Unlike traditional explosives manufacturers who charge only for inputs, DFPCL guarantees specific outcomes and shares the resulting benefits with clients. This innovative approach boosts efficiency and cost-effectiveness in mining and infrastructure projects, distinguishing DFPCL as a leader in the industry.

DFPCL targets 1mtpa TAN capacity with Rs22bn Gopalpur plant expansion to meet 60% of India's demand ➤

DFPCL commands a dominant ~44% share of the domestic TAN market and aims to become the third-largest global TAN manufacturer within the next five years by increasing its capacity from 586ktpa to nearly 1mtpa.

The company is advancing a major greenfield project at Gopalpur in Odisha, which will boost its TAN capacity by 376ktpa at a project cost of Rs22bn. This expansion will raise DFPCL's total installed capacity to ~1,000ktpa fulfilling about 60% of India's ammonium nitrate demand, up from 44% currently. Scheduled for commissioning by FY26F, the project's strategic location near key mining hubs and Gopalpur port will enhance both domestic distribution and export potential.

DFPCL secures reliable ammonia supply for Gopalpur project with strategic port agreement ➤

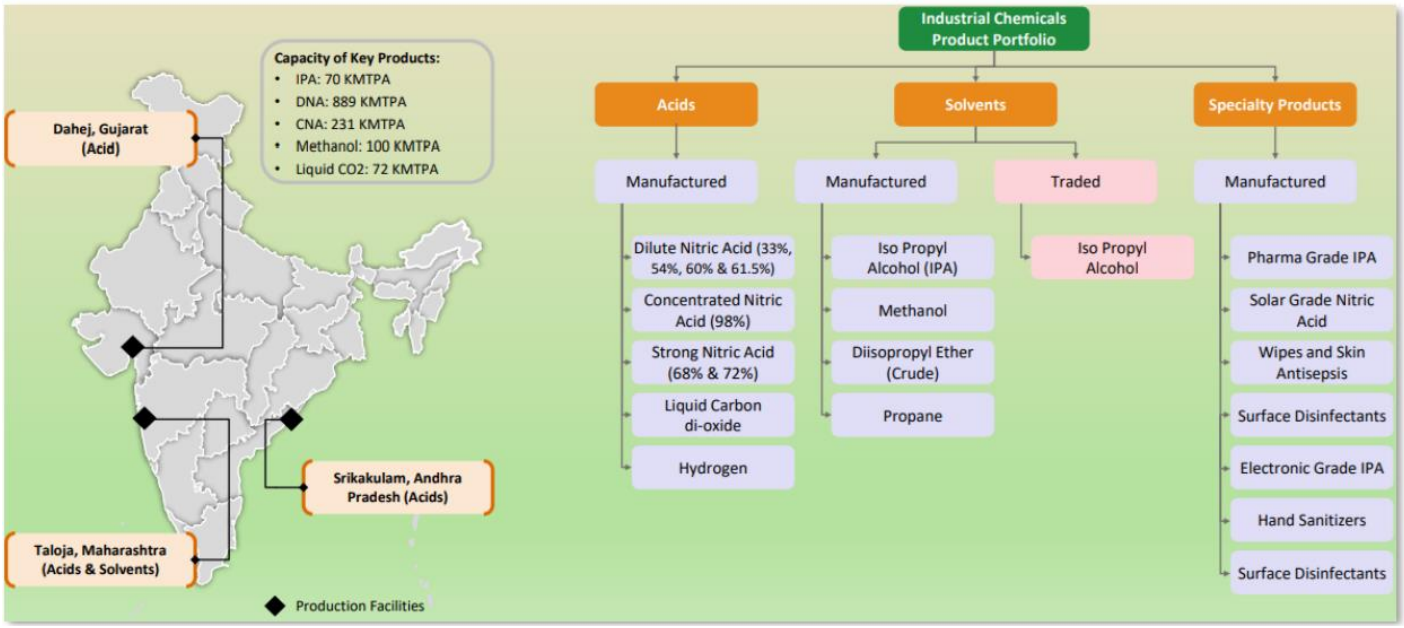
A key element of DFPCL's Gopalpur project is its agreement with Gopalpur port for the import of ammonia, a crucial raw material for TAN production. This partnership guarantees a reliable and efficient ammonia supply chain, essential for the smooth operation of the Gopalpur TAN plant. The plant's proximity to Gopalpur port not only streamlines ammonia imports but also provides DFPCL with a strategic advantage for exporting TAN products to international markets, including the Middle East, Africa, and Southeast Asia. Meanwhile, the new ammonia plant at Taloja in Maharashtra will primarily support DFPCL's western facilities.

Industrial chemicals business

DFPCL is a leading manufacturer of industrial chemicals (ICs) in India, producing nitric acid, isopropyl alcohol (both pharmaceutical and industrial grades), and food-grade liquid carbon dioxide. The company also imports and supplies IPA and other chemicals in India. As a part of its strategy to transition from a commodity to a specialty chemicals company, DFPCL focuses on delivering value through tailored product solutions. By adopting value-based pricing and improving input cost management, the company has enhanced customer satisfaction and achieved stable earnings, solidifying its position in the market.

DFPCL expands DNA and CNA capacity by 450ktpa with a Rs20bn investment to meet rising demand ➤

Figure 11: The current capacity of its three facilities stands at 1,116ktpa; ~450ktpa of new capacity to come online by FY26F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

DFPCL plans to add approximately 300ktpa of DNA and 150ktpa of CNA by FY26F, with an estimated project cost of ~Rs20bn, already sanctioned by banks for lending. This expansion aligns with DFPCL's strategic growth plan to meet the rising demand from downstream sectors like nitroaromatics, pharmaceuticals, and specialty chemicals, with ~78% of SNA (strong nitric acid) consumed by the nitroaromatics industry alone. The demand-supply gap in WNA (weak nitric acid) is expected to increase by ~380ktpa over the next five years, while the CNA gap

is projected to triple in the same period. In response to this, DFPCL has secured ~65% of its CNA capacity through a 20-year contract with Aarti Industries.

Figure 12: Around 60% of its nitric acid production is consumed internally to manufacture TAN and fertilizers

	FY20	FY21		FY22		FY23		FY24
Industrial Chemicals	**Sales (in kt)**	**Sales (in kt)**	**Capacity (ktpa)**	**Sales (in kt)**	**Capacity (ktpa)**	**Sales (in KT)**	**Capacity (ktpa)**	**Sales (in kt)**
CNA	138	143	231	164	231	167	231	159
SNA	28	23		24		26		30
DNA	70	59	885	66	885	86	885	88
Total Nitric Acid	236	225	1,116	254	1,116	279	1,116	278
IPA	62	55	70	65	70	44	70	64
Liquid CO2	55	45	66	52	66	58	66	47
Mining Chemicals								
LDAN	92	92		98		77		74
HDAN	285	270		293		308		298
AN Melt	59	66		97		117		133
Total	436	428	487	488	487	502	537	505
Crop Nutrition Business								
NP	220	245	300	164	300	193	300	209
NPK	286	441	600	364	600	376	800	363
Total	506	686	900	527	900	569	1,100	572
Bensulf	24	31	57	32	57	33	57	26

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: The 300ktpa WNA plant's capacity expansion would be subsequently used for captive consumption once the 500ktpa TAN plant ramps up

	FY25F		FY26F		FY27F	FY28F	FY29F	FY30F
Industrial Chemicals	**Capacity (ktpa)**	**Sales (in kt)**	**Capacity (ktpa)**	**Sales (in kt)**	**Capacity (ktpa)**	**Sales (in kt)**	**Sales (in kt)**	**Sales (in kt)**	**Sales (in kt)**
Total Nitric Acid	1116	236	1566	673	1566	497	453	394	380
IPA	70	67	70	70	70	70	70	70	70
Liquid CO2	66	48	66	50	66	51	53	54	56
Mining Chemicals									
Total TAN	562	559	587	575	963	801	857	932	951
Crop Nutrition Business									
NP	300		300		300				
NPK	800		800		800				
Total	1,100	590	1,100	607	1,100	626	644	664	684
Bensulf	57	27	57	28	57	29	30	31	32

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DFPCL secures 20-year nitric acid supply agreement with Aarti Industries, ensuring long-term growth

DFPCL and Aarti Industries (ARTO) have signed a binding 20-year term sheet for the offtake and supply of nitric acid, effective from 1 Apr 2023. This agreement provides ARTO with long-term supply security for a key raw material. The contract will consume 40-45% of DFPCL's current nitric acid capacity (both weak and concentrated), with potential for a further increase based on demand. Under the deal, prices are fixed on a cost-plus model up to a specified volume, and market-linked for volume exceeding the threshold. This long-term agreement, compared to the previous 4–5-year contracts, underscores the growing and sustained demand for nitric acid.

DFPCL commercializes solar-grade nitric acid and targets growing demand in steel and specialty chemicals

DFPCL has successfully commercialized solar-grade nitric acid (SGNA), receiving positive feedback from solar-cell manufacturers and securing repeat orders. The company has also completed multi-stage commercial trials for steel-grade nitric acid, targeting steel pickling applications, with a planned launch soon. The demand for nitric acid is expected to grow in the medium- to long-term, driven by its increasing use in industries such as steel, pharmaceuticals, aromatics, and explosives, along with the emerging 'China Plus One' trend benefiting India's specialty chemical sector.

DFPCL boosts SGNA production, capitalizing on 2x higher margin in specialty nitric acid

DFPCL is strategically enhancing SGNA production at its Taloja facility to meet rising demand. The company's shift from commodity to specialty nitric acid products is yielding promising results, with specialty grades offering 2x higher margin compared to general-grade acids. The brownfield site at Dahej presents further opportunities for cost-effective capacity expansions. With the Government

of India's production-linked incentive or PLI schemes supporting the solar and electronics sectors, demand for premium specialty nitric acid is expected to grow, reinforcing DFPCL's position in high-growth markets.

Market leader in isopropyl alcohol (IPA)

- **Market leadership**: DFPCL is the largest producer of isopropyl alcohol (IPA) in India, offering reliable supply through both manufactured and imported products. It is the only pharmacopeia-compliant IPA manufacturer in the country, adhering to specific guidelines set by recognized pharmacopeia authorities.
- **Market growth**: The IPA market in India is poised to post a CAGR of 6-7%, driven by rising consumption in pharmaceuticals and chemical industries. In FY23, the IPA market stood at 220ktpa, and it is expected to touch 392ktpa by FY30F.
- **Comprehensive product range**: DFPCL stands out as the only player offering a complete portfolio of IPA variants, including industrial grade (IG), pharma grade (PG), and pharmacopoeia-compliant grades (IP, EP, BP, CP, USP) in various pack sizes.
- **Value-added applications**: DFPCL is strategically positioning its IPA-based solutions for premium applications across pharmaceuticals, electronics, and disinfection. The company launched its Cororid brand in FY21, focusing on IPA-based products like hand sanitizers, disinfectants, and wipes. The brand has received strong domestic market feedback, reinforcing DFPCL's commitment to value-added product innovation.

DFPCL manufactures IPA using refinery-grade propylene (RGP) as a feedstock, backed by a long-term sourcing contract with Bharat Petroleum Corporation or BPCL. Unlike Deepak Nitrite and Deepak Phenolics and many international producers who use acetone (a more readily available and cost-effective feedstock), DFPCL's capacity is tailored for RGP, making a switch to acetone impractical. However, the continuous supply of RGP ensures uninterrupted production and the potential for margin expansion as feedstock prices decline. Propylene-based IPA commands a 15-20% premium over benzene-based IPA, as it is primarily used in high-end applications such as pharmaceuticals and cosmetics, while acetone-based IPA is typically used in disinfectants.

Crop nutrition business

- **Business structure**: DFPCL's crop nutrition business is operated under its wholly-owned subsidiary, Mahadhan Agritech (MAL). This includes 48 products such as value-added fertilizers, specialty fertilizers, water-soluble fertilizers, micronutrients, and secondary nutrients.
- **Geographical presence & market share**: DFPCL has a strong foothold in Maharashtra, Karnataka, and Gujarat, particularly in the horticultural belt. The company commands a 20% market share in NPK fertilizers in Maharashtra and is the only manufacturer of 24:24:0 nitro phosphate (NP) fertilizer. DFPCL is actively expanding its reach into southern and northern states of India.
- **Manufacturing capacity**: DFPCL is among the top five NPK manufacturers in India and the largest producer of bentonite sulphur. Its manufacturing facilities are located at Taloja (Maharashtra) and Panipat (Haryana), with a total capacity of 300ktpa for nitro phosphates and 800ktpa for NPK fertilizers. The company also operates a 57,000mt greenfield bentonite sulphur plant at Panipat, catering to sulphur-deficient regions in North India. Additionally, DFPCL imports NPK and DAP fertilizers to meet the needs of farmers.
- **High-efficiency brands**: DFPCL has introduced high-value products like Mahadhan Croptek, India's first crop-specific balanced nutrition product, launched in FY22. Powered by Nutrient Unlock Technology (NUT), Croptek enhances nutrient bioavailability, delivering a balanced formulation with essential nutrients for crops like onions, cotton, sugarcane, and maize. This product commands premium prices in key markets due to its advanced technology and superior efficiency.

Ammonium nitrate

Ammonium nitrate (AN) is a widely used chemical compound with significant applications in agriculture, mining, and defence industries.

Manufacturing process ➤

Ammonia and nitric acid reaction:- The primary raw materials for the production of ammonium nitrate (AN) are **ammonia (NH_3)** and **nitric acid (HNO_3)**. The chemical reaction involved is as follows:

NH3+HNO3→NH4NO3

330gm ammonia reacts with 790gm nitric acid to produce 1kg ammonium nitrate and water. This is an exothermic reaction, releasing heat, and it occurs in a neutralization reactor.

Grades of the chemical ➤

- AN (96-99.8%) + additives (0.2-4%) → low-density ammonium nitrate (LDAN).
- AN (96-99.8%) + additives (0.2-4%) → high-density ammonium nitrate (HDAN).
- AN (85-92%) + water (8-15%) → ammonium nitrate solution (ANSOL).

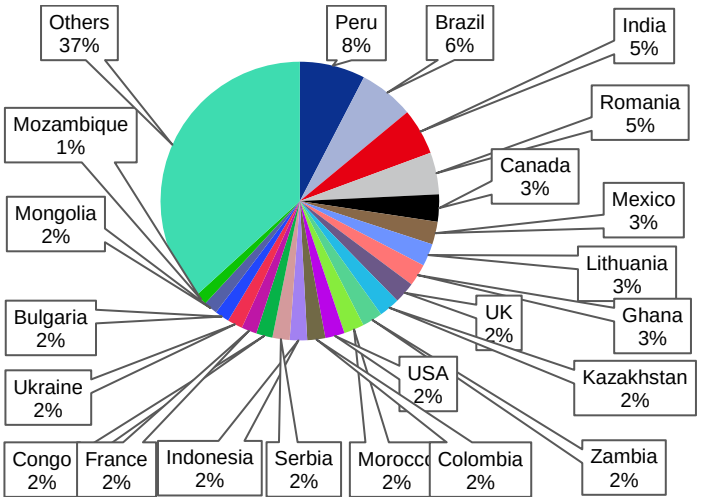
Applications of the chemical ➤

- **Fertiliser-grade ammonium nitrite (FGAN):** It is used in agriculture to provide nitrogenous content. Of all the grades, FGAN is the most used grade of ammonium nitrate. This grade is essential for enhancing plant growth and crop yields, making it a critical component in the agricultural sector.
- **Technical-grade ammonium nitrate (TAN):** It is used in making explosives for mining, and construction. TAN is predominantly used in the manufacture of civil explosives and for chemical purposes. It is a key raw material in mining and construction industries, where it is utilized for its oxidizing properties to produce explosives. In India, coal mining accounts for ~63% of TAN consumption, non-coal mining ~9% and infrastructure ~28%.
- **Electronic-grade ammonium nitrate (EGAN):** It is a highly purified grade used in manufacturing circuits and microchips.
- **Medical-grade ammonium nitrate (MGAN):** It is used in healthcare to produce nitrous oxide, which serves as an analgesic and anaesthetic in surgery and dentistry.

Russia is the primary producer and exporter of ammonium nitrate ➤

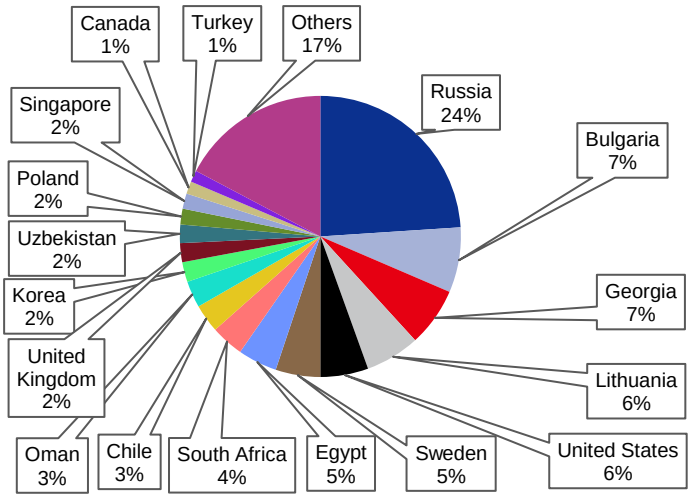
Russia is the primary producer and exporter of ammonium nitrate. The country produces close to 11mt of ammonium nitrate. Ammonia is the primary source of two important ingredients that go into making ammonium nitrate. As Russia has a huge production of natural gas, it can produce ammonium nitrate in a cost-effective manner.

Figure 14: Brazil, Peru and India are the biggest importers of ammonium nitrate



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: Russia is the biggest exporter of ammonium nitrate

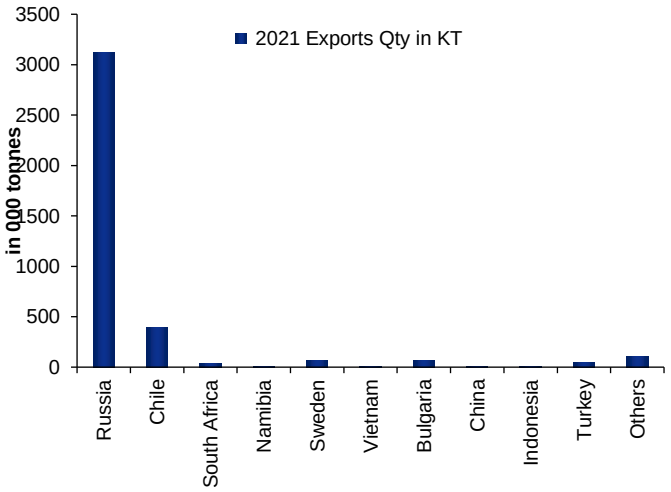


SOURCE: INCRED RESEARCH, COMPANY REPORTS

The TAN supply chain was distorted in 2022 and 2023 because of the Russia-Ukraine war ➤

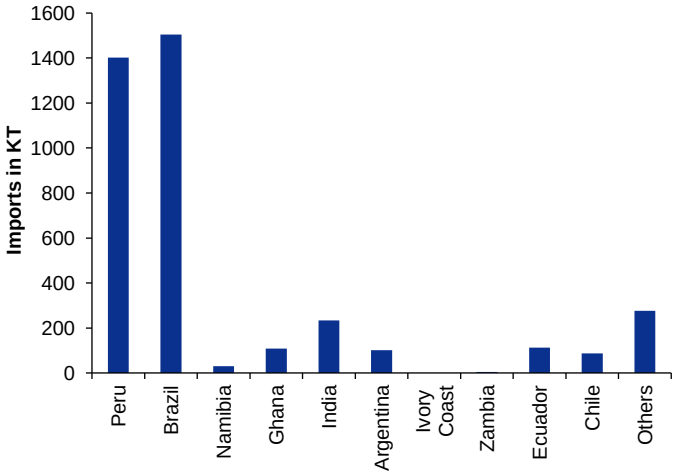
The Russia-Ukraine war distorted the TAN supply chain in 2022 and 2023.

Figure 16: Russia was the biggest exporter of TAN in 2021



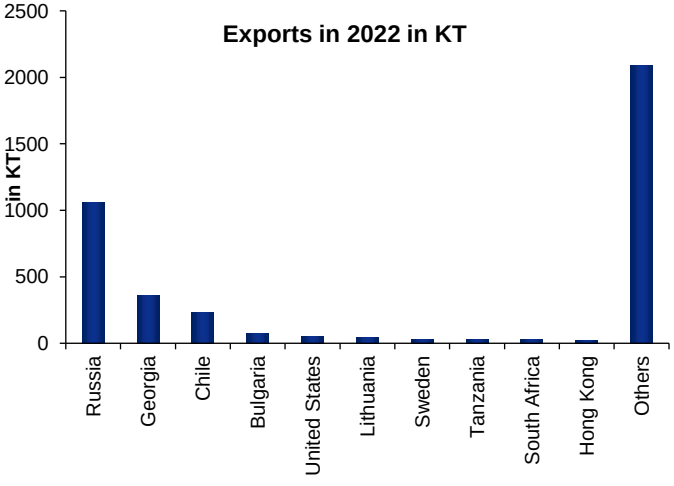
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Brazil and Peru were the biggest importers of TAN



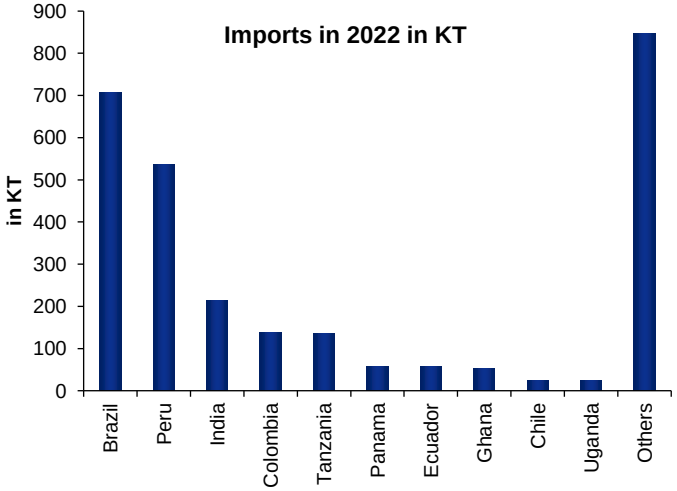
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 18: The Russia-Ukraine war in 2022 changed Russia's exports quantum dramatically



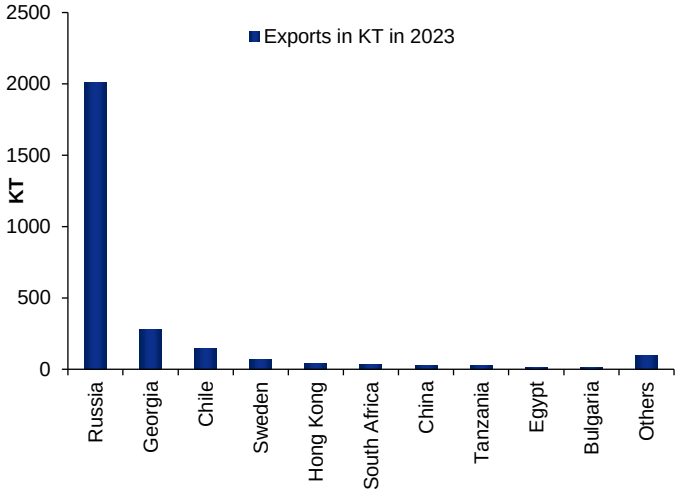
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Brazil and Peru remain the biggest importers of TAN, but the quantity halved in the case of Brazil and became 33% of CY22 imports in the case of Peru



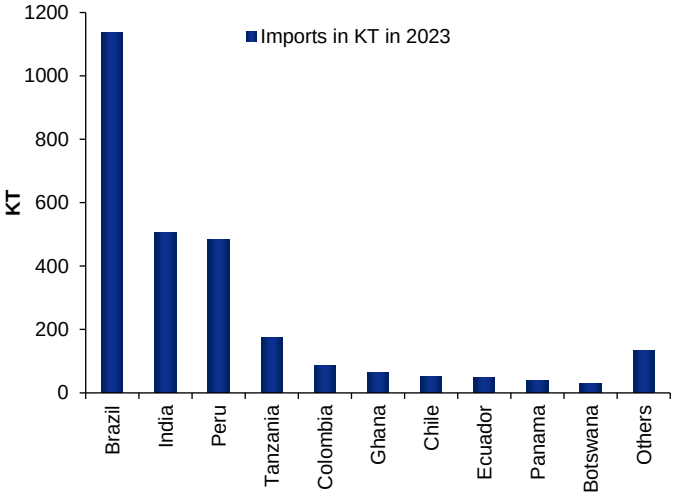
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 20: Russia's export revival came with a vengeance in 2023



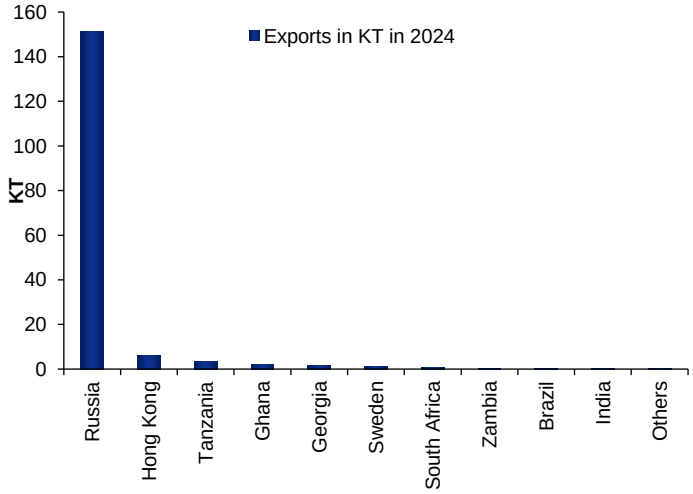
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 21: However, India became the destination of dumping as Peru's TAN imports didn't recover to the 2021 level



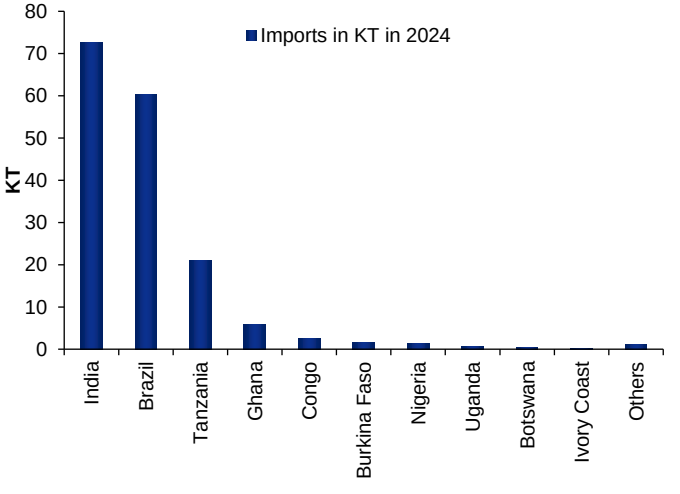
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 22: Russia's exports per month are declining in 2024



SOURCE: INCRED RESEARCH, COMPANY REPORTS

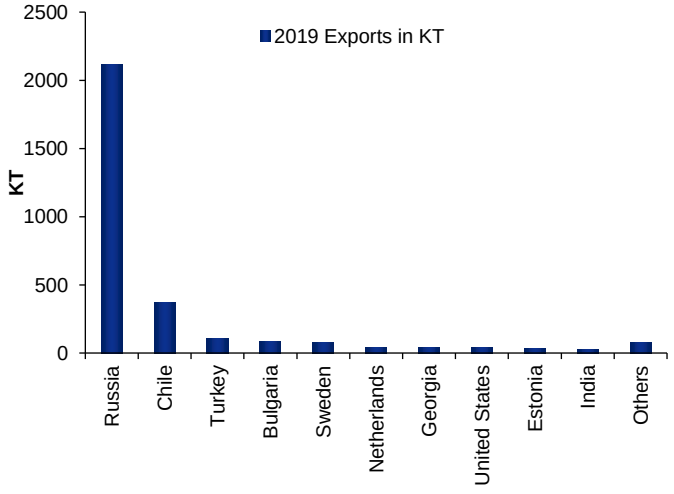
Figure 23: Half of Russia's exports are to India, but exports to Brazil and Peru are set to recover in the rest of 2024F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

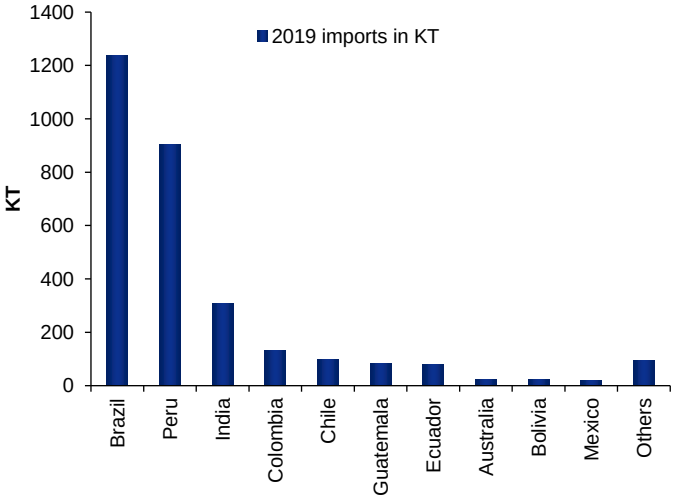
The examples of Chile and Peru showed how the Covid-19 pandemic distorted the supply chain ➤

Figure 24: 2019 was the normal scenario for the supply chain, with Russia exporting 2mt



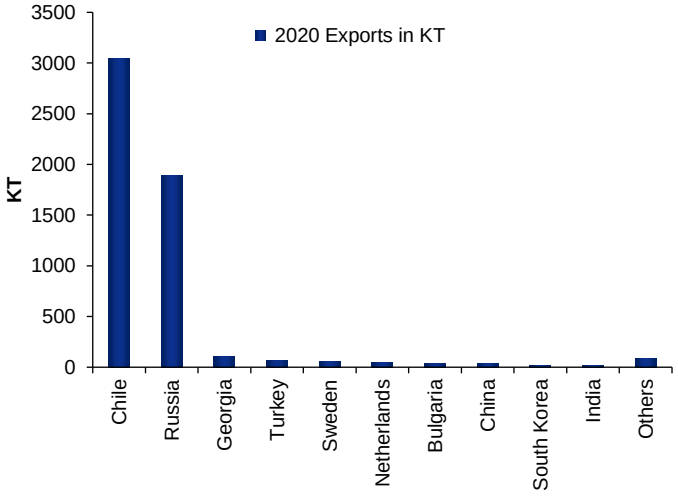
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 25: Brazil and Peru imported nearly 1.2mt and 0.9mt of ammonium nitrate, respectively



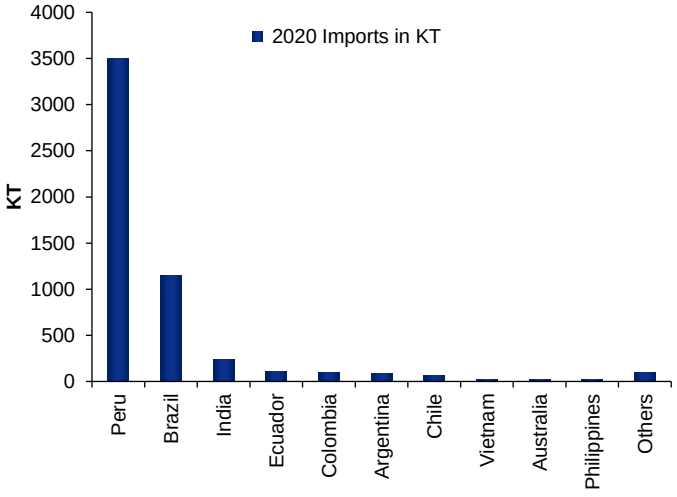
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 26: However, 2020 showed an interesting pattern with Chile turning into the largest exporter and Russia facing supply chain problem…



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 27: …led by overzealous imports by a Peruvian mining company called Orica Mining Peru, which imported 3.5mt of TAN

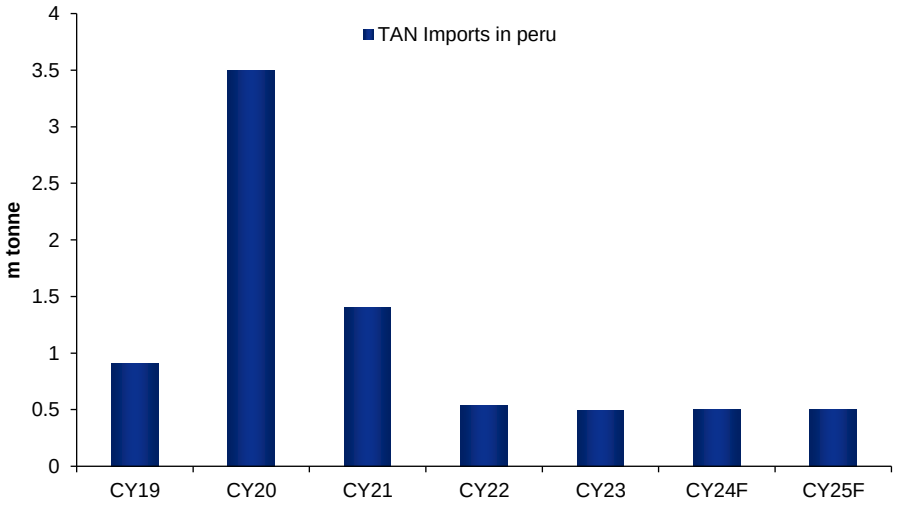


SOURCE: INCRED RESEARCH, COMPANY REPORTS

However, after three-to-four years of lower imports, the inventory in Peruvian mining industry will come to the normal level ➤

Given the huge mining infrastructure, TAN imports of Peru normally are in the range of 1-1.2mt per annum. Higher imports in CY20 and CY21 are being followed by lower imports in CY22/23 and may be in CY24F as well. This will normalize the overall inventory level in Peru.

Figure 28: It is likely that TAN imports by Peru will be around 0.5mt in CY24F and CY25F as well, which should normalize the overall TAN inventory in the system

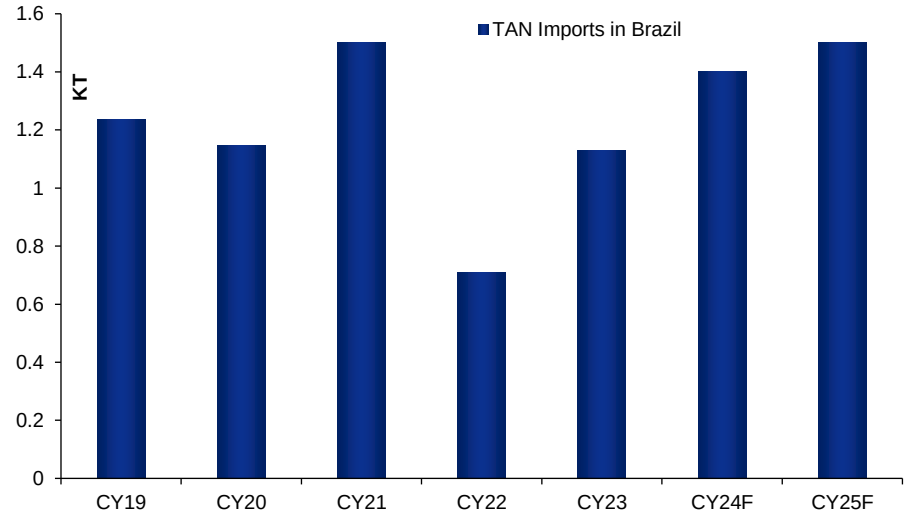


SOURCE: INCRED RESEARCH, COMPANY REPORTS

However, Brazil's TAN imports may rise in CY24F and CY25F ➤

Brazil's mining industry is totally dependent on Chinese production and as China ramps up the production of steel and other metals, Brazil's mining production is set to rise. This makes us believe that TAN imports by Brazil will pick up in the coming months.

Figure 29: TAN imports by Brazil are set to rise this year, and also next year



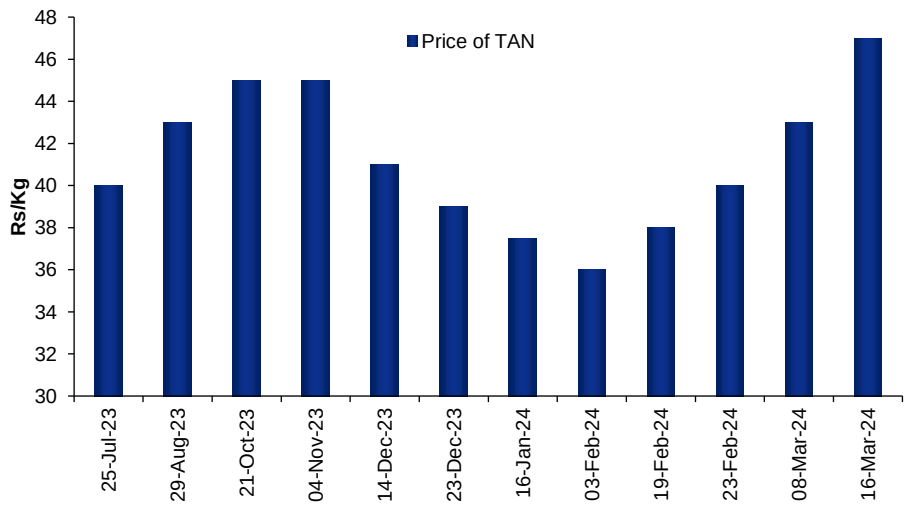
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Consequently, India's TAN imports to come down in the coming months and prices will recover ➤

India's TAN imports in the first couple of months of this year have been at 0.72mt, which is ~50% of Russia's exports. However, till Mar 2024, we haven't seen even 1kg of TAN imports by India. Assuming that everything else remains the same, rising Brazilian imports will lead to lower shipments in India, ergo Indian prices should rise. We are witnessing the first signs of the same as Indian TAN prices are recovering.

Global TAN prices are also recovering ➤

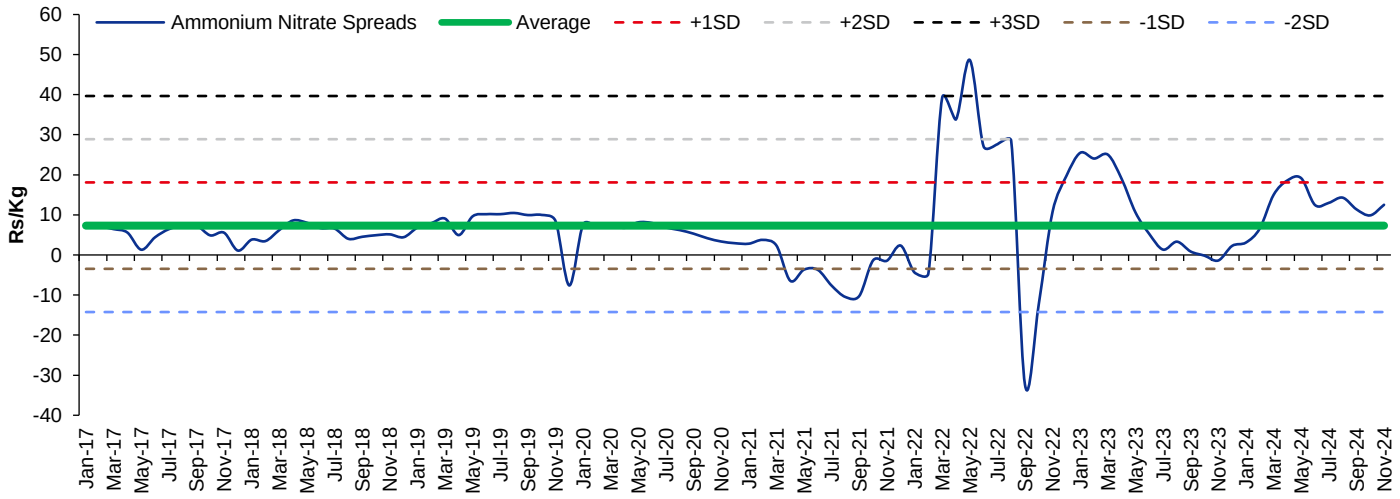
Figure 30: TAN prices in India have recovered and are at the highest level since the last nine months



SOURCE: INCRED RESEARCH, COMPANY REPORTS

TAN's spreads over ammonia and nitric acid appear to have bottomed out ➤

Figure 31: TAN's spreads over nitric acid and ammonia appear to have bottomed out; please note that these spreads have been calculated as landed CIF +duty prices; domestic Indian prices of TAN are normally 10-15% higher



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Nitric acid

Nitric acid (HNO3) is a strong chemical used in industries to make explosives, fertilizers, and clean metals.

Grades of the chemical ➤

- Nitric acid (98-99%) + water (1-2%) → concentrated nitric acid (CNA).
- Nitric acid (64-72%) + water (28-36%) → strong nitric acid (SNA).
- Nitric acid (60%) + water (40%) → diluted nitric acid (DNA).

270-280gm ammonia is needed to produce 1kg of nitric acid. This is an exothermic reaction, releasing heat, and it occurs in a neutralization reactor.

Nitric acid manufacturing process (Ostwald Process) ➤

- **Ammonia oxidation**: Ammonia is oxidized using air in a platinum-rhodium catalyst at high temperatures (~800-900°C) to produce nitrogen monoxide (NO) and water vapour.
- **Oxidation of NO2**: The nitrogen monoxide reacts with oxygen in the air to form nitrogen dioxide (NO_2).
- **Absorption of NO_2 in water**: Nitrogen dioxide is absorbed in water, where it reacts to form nitric acid (HNO_3). The concentration is typically around 50-70%.
- **Concentrated nitric acid**: To produce concentrated nitric acid (98-99%), the weak acid undergoes a concentration process using sulfuric acid (dehydrating agent) or by direct distillation.

The global nitric acid industry

The global nitric acid market is estimated to touch 67,330kt in 2024F and is projected to grow to 78,510kt by 2029F, with a CAGR of 3.2% during the forecast period (2024-2029F). The Asia-Pacific region is expected to remain the dominant market for nitric acid, driven by the largest production and consumption of fertilizers in countries like China, India, and South Korea. Leading global producers of nitric acid include Yara International ASA (Norway), BASF SE (Germany), TKG Huchems (South Korea), Nutrien Ag Solutions (Canada), CF Industries Holdings (United States), and DFPCL (India).

The Indian nitric acid market

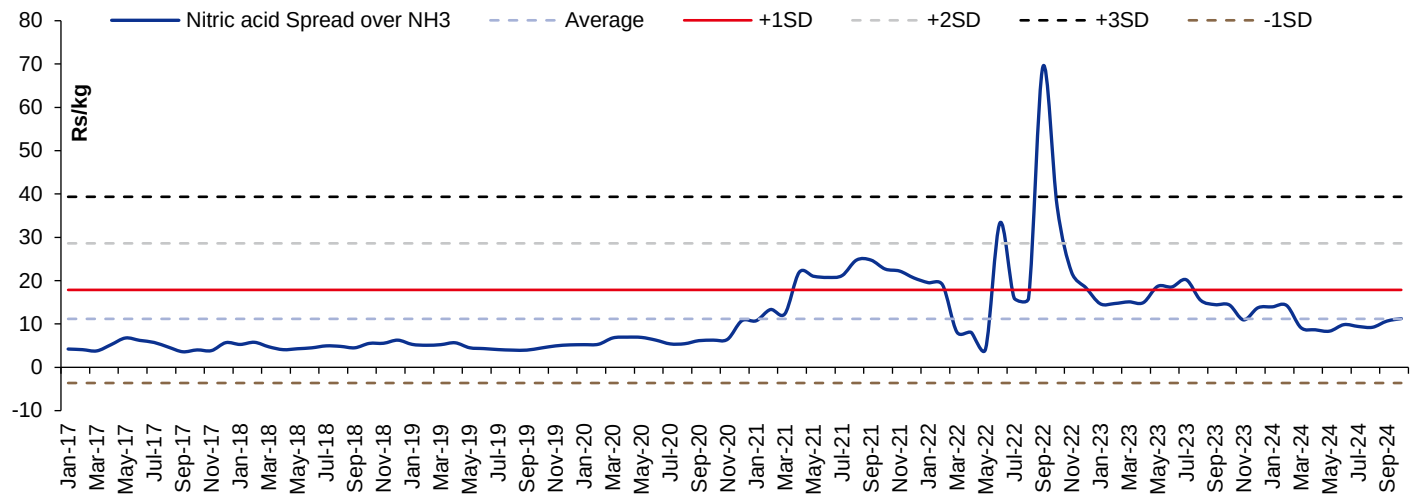
The Indian nitric acid industry is approximately 1,800kt, primarily fuelled by the fertilizer sector. Nitric acid is essential for producing ammonium nitrate, a key

component in nitrate-based fertilizers that support domestic agricultural activities. This close connection between the nitric acid market and the agricultural sector underscores the strong demand for fertilizers, which drives the growth of the nitric acid industry in India.

Nitric acid prices to rise in coming months

The global ammonia and nitric acid market is undergoing significant changes due to key factors such as stricter environmental regulations and rising compliance costs, which have led to the closure of ammonia production facilities across Europe, reducing regional supply. Additionally, higher domestic demand and LNG exports are driving up natural gas prices, increasing production costs for ammonia producers, particularly in Europe. As a result, global prices for ammonia and nitric acid are expected to rise, benefiting producers in regions like India, where raw material costs are lower. However, industries that rely on these chemicals, such as fertilizer and explosives manufacturers, may face challenges due to these higher costs.

Figure 32: Nitric acid prices are expected to stay range-bound in the near term until LNG, the key raw material's prices fall



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Management team details »

Figure 33: Key management personnel

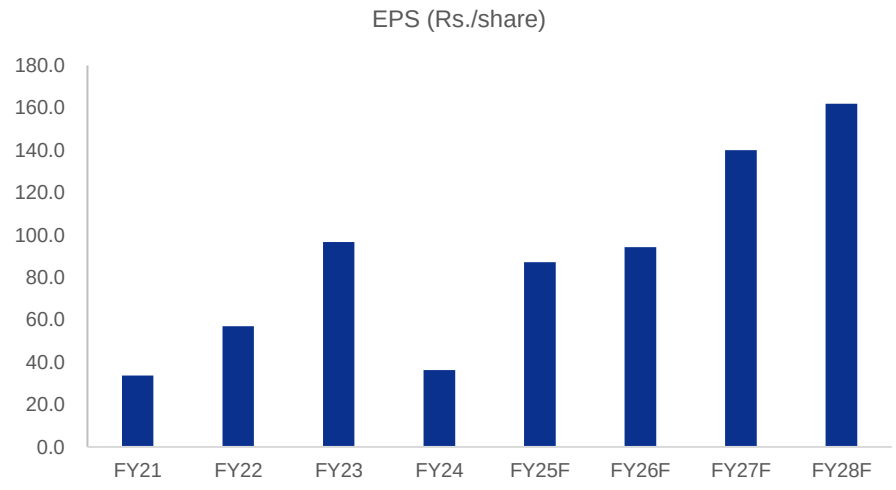
Name of the Director	Designation	Profile
Mr. Sailesh Chimanlal Mehta	Chairman & Managing Director	He currently serves as the chairman & managing director of Deepak Fertilisers and Petrochemicals Corporation (DFPCL). He has been associated with the company for more than 30 years and has played a pivotal role in its growth and expansion. Mr. Mehta has a management degree from the University of Texas, USA.
Mr. Deepak Rastogi	Chief Financial Officer	Mr. Rastogi has over 17 years of working experience in the field of corporate relations, strategy, corporate communications and financial planning & analysis. He is a chartered accountant (ICAI) and holds a post graduate degree in management (PGDM).
Mr. Mahesh Giridhar	President – Crop Nutritionals	Mr. Giridhar has over two decades of professional experience and is associated with DFPCL for three years. Prior to DFPCL, he worked as Global Crop Lead at Bayer Crop Science in Singapore since 2010 and previously was the Country Head, Bayer BioScience India, based in Hyderabad.
Mr. Tarun Sinha	President – Technical Ammonia Nitrate	Mr. Sinha has over 30 years of combined experience in the mining and steel industries and has spent 24 years working with Orica, the world's largest explosive manufacturer. He has a Bachelor of Technology (Mining Engineering) degree from Indian School of Mines, Dhanbad.
Mr. Shanmugamath M	President – Industrial Chemical	Mr. Shanmugamath has around 28 years. Prior to joining DFPCL, he was associated with Dow Chemical as a commercial director.
Mr. Mukul Agrawal	President – Manufacturing	Mr. Agrawal has rich experience of approx. 30 years and during this span, he has worked across various domains such as chemicals, ammonia, fertilizers, engineering polymers, fine chemicals, carbon black, viscoelastic fibres, etc..
Mr. Pandurang Landge	President – Commercials & Strategic Growth	Mr. Landge has 39 years of diverse experience of operations, projects conceptualization, projects and product development, execution, commercialization, and running businesses.
Mr. Arun Vijayakumar	President – Projects	Mr. Vijayakumar has 26 years of extensive experience in managing integrated and large multi-phased complex engineering, procurement and construction (EPC) projects in petrochemical and refining field. He has done his MBA from S.P. Jain Institute of Management Research, Mumbai.
Mr. Romy Sahay	President – Human Resources	Mr. Sahay has over 28 years of experience in leading HR for multi-units and large geographically distributed workforces. He has worked in the field of HR management (managing manufacturing operations) at Dr. Reddy's Laboratories.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings and valuation »

We forecast a robust earnings growth of ~68% over FY24-28F, driven by the expansion in DFPCL's TAN and nitric acid segments, coupled with a strong demand outlook in key downstream industries like mining and nitroaromatics. Additionally, the company's backward integration of ammonia production is expected to create significant value, positioning DFPCL to outperform its peers.

Figure 34: EPS to post a CAGR of ~68% over FY24-28F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 35: Historically, DFPCL has traded at a forward P/E of 14.8x but it currently trades at 14.6x P/E

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 36: Historically, DFPCL has traded at a P/BV of 1.2x but it currently trades around +2SD, i.e., 2.4x P/BV

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 37: Peer comparison

	P/E	P/B	EV/EBITDA	ROE	ROCE
DFPCL	22.2	2.4	10.4	7.7%	10.7%
RCF	53.4	2.2	14.7	4.2%	6.2%
GNFC	20.1	1.1	7.5	5.6%	7.7%
NFL	16.2	2.3	6.6	5.6%	6.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

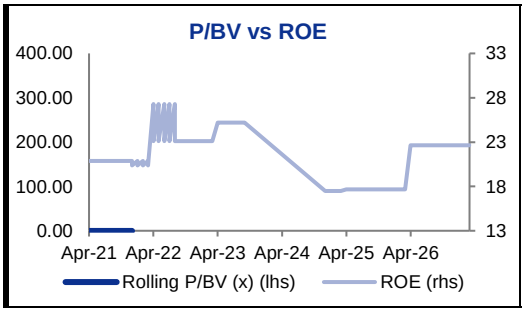
We value the stock at a historical P/E of 14.8x FY27F EPS to arrive at our target price of Rs2,051

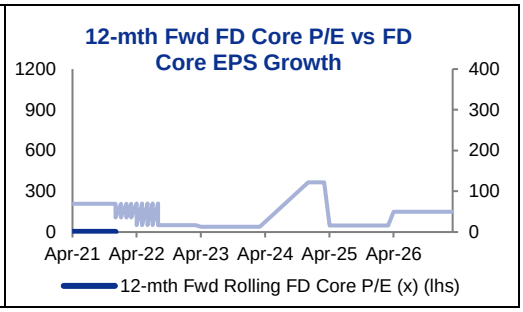
Figure 38: We have valued the stock at 12 years' historical average P/E to arrive at our target price of Rs2,051; initiate coverage on it with an ADD rating

Item	Unit	Valuation
Core FY27F EPS	Rs/share	139
Average P/E	x	14.8
One-year forward multiple	x	14.8
End-FY26F price	Rs/share	2,052
One-year forward target price	Rs/share	2,051

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	**113,007**	**86,761**	**94,323**	**98,510**	**124,566**
Gross Profit	**36,315**	**27,780**	**32,941**	**36,386**	**48,610**
Operating EBITDA	**21,654**	**12,867**	**19,437**	**22,719**	**31,900**
Depreciation And Amortisation	(2,392)	(3,337)	(3,722)	(4,209)	(4,959)
Operating EBIT	**19,262**	**9,530**	**15,715**	**18,509**	**26,941**
Financial Income/(Expense)	(1,947)	(4,038)	(3,126)	(3,861)	(4,792)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	840	1,228	943	985	1,246
Profit Before Tax (pre-EI)	**18,155**	**6,720**	**13,532**	**15,634**	**23,395**
Exceptional Items					
Pre-tax Profit	**18,155**	**6,720**	**13,532**	**15,634**	**23,395**
Taxation	(5,946)	(2,147)	(3,410)	(3,940)	(5,895)
Exceptional Income - post-tax					
Profit After Tax	**12,209**	**4,572**	**10,122**	**11,694**	**17,499**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**12,209**	**4,572**	**10,122**	**11,694**	**17,499**
Recurring Net Profit	12,209	4,572	10,122	11,694	17,499
Fully Diluted Recurring Net Profit	**12,209**	**4,572**	**10,122**	**11,694**	**17,499**

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	21,654	12,867	19,437	22,719	31,900
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(11,705)	(2,618)	(1,249)	(701)	(4,215)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,464)	(3,629)	(2,182)	(2,876)	(3,546)
Net Interest (Paid)/Received	1,806	3,832	3,126	3,861	4,792
Tax Paid	(5,361)	(3,134)	(3,410)	(3,940)	(5,895)
Cashflow From Operations	**4,931**	**7,318**	**15,721**	**19,063**	**23,035**
Capex	(12,084)	(8,848)	(12,000)	(18,000)	(20,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,295	5,096			
Cash Flow From Investing	**(9,788)**	**(3,752)**	**(12,000)**	**(18,000)**	**(20,000)**
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,142)	(1,264)	(2,429)	(2,807)	(4,200)
Preferred Dividends					
Other Financing Cashflow	7,181	(2,835)	5,274	8,739	9,208
Cash Flow From Financing	**6,039**	**(4,099)**	**2,845**	**5,933**	**5,009**
Total Cash Generated	1,182	(533)	6,566	6,996	8,043
Free Cashflow To Equity	**(4,857)**	**3,566**	**3,721**	**1,063**	**3,035**
Free Cashflow To Firm	**(6,847)**	**(472)**	**596**	**(2,797)**	**(1,757)**

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	4,987	3,609	10,176	17,172	25,215
Total Debtors	16,905	14,758	16,044	16,756	21,188
Inventories	12,589	11,924	12,410	12,560	15,356
Total Other Current Assets	3,388	8,704	8,704	8,704	8,704
Total Current Assets	**37,869**	**38,996**	**47,333**	**55,192**	**70,463**
Fixed Assets	59,244	67,397	75,675	89,466	104,507
Total Investments	8,744	5,753	5,753	5,753	5,753
Intangible Assets	812	808	808	808	808
Total Other Non-Current Assets	7,543	5,350	5,350	5,350	5,350
Total Non-current Assets	**76,343**	**79,307**	**87,585**	**101,376**	**116,417**
Short-term Debt	3,824	9,826	9,826	9,826	9,826
Current Portion of Long-Term Debt					
Total Creditors	17,774	12,849	13,372	13,533	16,546
Other Current Liabilities	5,987	7,268	7,268	7,268	7,268
Total Current Liabilities	**27,585**	**29,943**	**30,466**	**30,628**	**33,641**
Total Long-term Debt	32,310	30,626	39,026	51,626	65,626
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,187	2,012	2,012	2,012	2,012
Total Non-current Liabilities	**33,497**	**32,638**	**41,038**	**53,638**	**67,638**
Total Provisions	1,198	1,261	1,261	1,261	1,261
Total Liabilities	**62,279**	**63,843**	**72,766**	**85,527**	**102,540**
Shareholders Equity	50,670	54,082	61,775	70,663	83,962
Minority Interests	1,263	378	378	378	378
Total Equity	**51,933**	**54,460**	**62,153**	**71,041**	**84,340**

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	47.5%	(23.2%)	8.7%	4.4%	26.5%
Operating EBITDA Growth	59.7%	(40.6%)	51.1%	16.9%	40.4%
Operating EBITDA Margin	19.2%	14.8%	20.6%	23.1%	25.6%
Net Cash Per Share (Rs)	(246.73)	(291.85)	(306.38)	(350.77)	(397.95)
BVPS (Rs)	401.38	428.41	489.35	559.75	665.10
Gross Interest Cover	9.89	2.36	5.03	4.79	5.62
Effective Tax Rate	32.8%	32.0%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio					
Accounts Receivables Days	37.31	66.60	59.60	60.76	55.59
Inventory Days	54.82	75.85	72.35	73.35	67.07
Accounts Payables Days	75.98	94.75	77.96	79.04	72.27
ROIC (%)	18.8%	8.0%	12.0%	12.3%	15.3%
ROCE (%)	25.0%	10.4%	15.3%	15.2%	18.4%
Return On Average Assets	13.6%	6.5%	9.8%	10.0%	12.3%

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.

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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
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Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.