

India

REDUCE (no change)

Consensus ratings*:	Buy 2	Hold 1	Sell 2
Current price:	Rs708		
Target price:	Rs315		
Previous target:	Rs364		
Up/downside:	-55.5%		
InCred Research / Consensus:	-55.9%		
Reuters:			
Bloomberg:	JUBLINGR IN		
Market cap:	US\$1,303m		
	Rs112,835m		
Average daily turnover:	US\$5.6m		
	Rs483.9m		
Current shares o/s:	159.3m		
Free float:	47.5%		
*Source: Bloomberg			



Price performance	1M	3M	12M
Absolute (%)	(7.4)	(6.0)	48.3
Relative (%)	(6.2)	(1.0)	37.4

Major shareholders	% held
Promoter & Promoter Group	52.6
DSP Investment Managers Pvt Ltd	2.1
MAV Mgmt Advisors LLP	2.6

Jubilant Ingrevia Ltd

Earnings growth to be anaemic

- Jubilant Ingrevia's growth is constrained by the commoditized nature of its base business, with low entry barriers and volatile pricing for products.
- Despite initial opportunities from the US pyridine market, increased imports have saturated demand, limiting the company's ability to capitalize on growth.
- Overinvestment in commodity chemicals and low returns on equity raise concerns, prompting a reduced target price of Rs315. Retain REDUCE rating.

Jubilant Ingrevia's growth hampered by commoditized business

Jubilant Ingrevia's earnings growth prospects appear weak due to the cyclical and commodity nature of its base business. The company recently secured a supply contract from a global agrochemicals major, but this is unlikely to significantly improve its margin as agrochemical prices have normalized after their earlier abnormal highs. Moreover, global agrochemical companies are forecasting lower raw material prices, which could negatively impact the demand and profitability of pyridine and its derivatives. Jubilant Ingrevia's base business is marked by low entry barriers and commoditized products such as ketene, diketene, acetic anhydride, and pyridines. While the company has become a leading global producer of acetic anhydride, the chemical is simple to manufacture, lacks differentiation, and experiences volatile pricing. Similarly, ketene, diketene, and pyridines face limited entry barriers due to their widely available raw materials, standard processes, and global overcapacity, which undermines pricing power and competitiveness.

Pyridine supply opportunity to the US is already behind us

The closure of Vertellus Holdings LLC's pyridine production in the US initially presented an opportunity for Jubilant Ingrevia, leading to capacity expansion. However, increased imports have filled the gap, leaving the US market sufficiently supplied and limiting potential gains. Jubilant Ingrevia's reliance on commoditized products and an oversupplied market environment highlights the challenges of sustaining high growth and justifying its premium valuation.

Retain REDUCE rating on the stock with a lower target price of Rs315

Overzealous capital expenditure on commodity chemicals will lead to a leveraged balance sheet, increasing the risk of a collapse in the stock price. Ultimately, markets are driven by earnings, and narratives can only defend a stock for a limited period. That said, we acknowledge that, unlike previous cycles, the narratives have managed to sustain stock prices for an unusually long time in this cycle. The stock's mean trading multiple is 40x; however, given the small trading history and a low RoE, we believe that 25x is a right multiple for the company. We maintain our REDUCE rating on the stock with a lower target price of Rs315 (Rs364 earlier). Upside risk: A sudden post-Covid like supply chain block may lead to a rush for commodity products and hence, higher earnings.

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Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	47,727	41,358	41,270	45,270	49,270
Operating EBITDA (Rsm)	5,471	4,211	3,922	4,962	5,867
Net Profit (Rsm)	3,075	1,829	1,544	1,813	2,004
Core EPS (Rs)	19.3	11.5	9.7	11.4	12.6
Core EPS Growth	(35.5%)	(40.5%)	(15.6%)	17.4%	10.5%
FD Core P/E (x)	36.69	61.69	73.09	62.23	56.31
DPS (Rs)	1.2	1.2	1.3	1.3	1.3
Dividend Yield	0.20%	0.20%	0.22%	0.22%	0.22%
EV/EBITDA (x)	21.18	28.32	32.19	26.67	23.57
P/FCFE (x)	10.15	8.46	6.16	6.24	5.95
Net Gearing	11.7%	23.9%	47.1%	64.8%	79.8%
P/BV (x)	4.23	4.12	3.94	3.73	3.53
ROE	12.1%	6.8%	5.5%	6.2%	6.4%
% Change In Core EPS Estimates			(61.52%)		
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings growth to be anaemic

While much has been made of a recent so-called supply contract received by Jubilant Ingrevia from a global agrochemicals major, the base business remains shaky. The base business is commodity in nature, and we do not expect this to change over time. It is also important to note that agrochemical prices have corrected from their previously elevated (and abnormal) levels and are now back to normal. Hence, any significant margin improvement from the supply of agrochemical intermediates is unlikely. Additionally, most global agrochemical companies are forecasting lower raw material prices in the coming years. This is bad news to Jubilant Ingrevia for its supply of pyridine and its derivatives.

Base business remains highly cyclical

Jubilant Ingrevia's base business is worse than that of steel. While capital acts as a significant entry barrier for the steel industry, it is not a major concern for manufacturing chemicals like ketene, diketene, pyridines, Vitamin B4, Vitamin B3, and acetic anhydride. Among all the chemicals manufactured by Jubilant Ingrevia, acetic anhydride is one of the simplest to produce. We do not believe the business has any meaningful entry barriers or differentiated product offerings that can justify such a high P/E multiple.

Acetic anhydride - Jubilant Ingrevia is one of the largest global producers of this chemical ►

Jubilant Ingrevia has significantly bolstered its position in the global acetic anhydride market by commissioning a new plant at its Bharuch facility in Gujarat. This expansion, completed in Apr 2023, added approximately 60,000mt to its annual production capacity, elevating it to a total of 210,000mt.

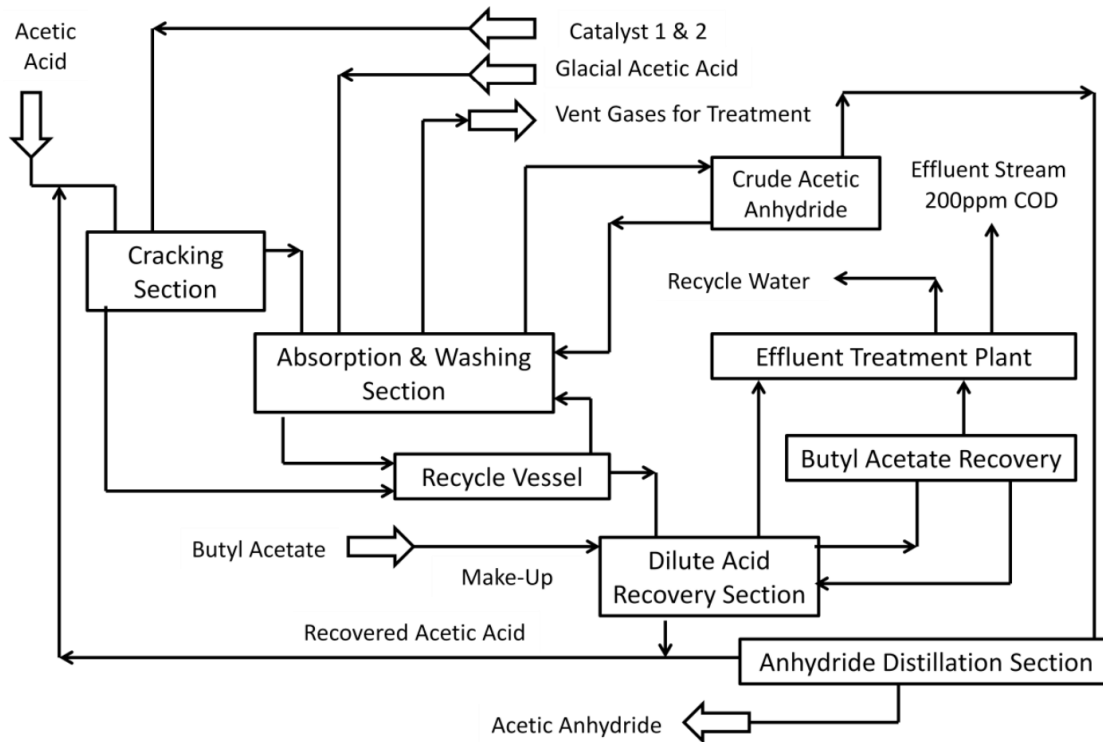
The increased capacity supports the company's ability to meet the rising demand for acetic anhydride in diverse industries, including pharmaceuticals, agrochemicals, food, vitamins, wood acetylation, electronics, and dyes.

In a broader context, the global acetic anhydride market was valued at approximately US\$2.4bn in 2023 and is projected to reach US\$3.8bn by 2034F, reflecting a compounded annual growth rate (CAGR) of 4.3%. This growth is driven by growing demand from the pharmaceutical sector and the rising need for specialty chemicals.

Acetic anhydride has one of the simplest manufacturing processes ➤

Figure 1: Normally, acetic anhydride is manufactured from acetic acid; only a small amount of butyl acetate and ammonia is needed for manufacturing the product

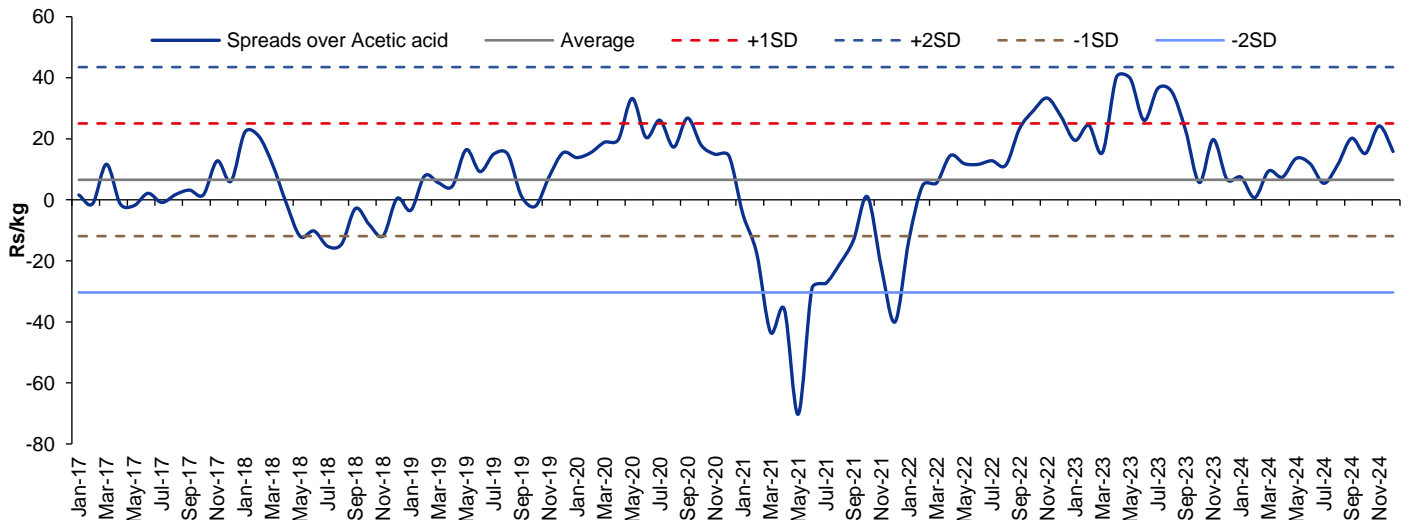
Acetic Anhydride Basic Process Block Flow Diagram



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Not surprisingly, acetic anhydride's spreads over acetic acid are highly volatile ➤

Figure 2: Acetic anhydride's spreads over acetic acid will fall in the coming months as the end-product demand from agrochemicals will be subdued



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Ketene and diketene are chemical intermediates and won't have significant entry barriers ►

Ketene and diketene, being chemical intermediates, typically do not have significant entry barriers.

- 1. Simple chemistry and process:** The production of ketene and diketene involves relatively straightforward chemical processes. Ketene is usually produced via the pyrolysis of acetic acid or acetone, while diketene is formed by the dimerization of ketene. These processes are well-established and do not require highly specialized knowledge or proprietary technology.
- 2. Readily available raw materials:** The raw materials for producing ketene and diketene, such as acetic acid and acetone, are widely available and inexpensive. This reduces the strategic advantage that a company might have through exclusive access to raw materials.
- 3. Capital requirement:** The capital expenditure required to set up production facilities for ketene and diketene is moderate compared to specialty chemicals or advanced intermediates. This lowers the barriers to entry for new players.
- 4. Commodity nature:** As intermediates, ketene and diketene are not end-use products and are mainly sold to other manufacturers for further processing. This limits the scope for product differentiation or branding, making the market more competitive.
- 5. Environmental and safety regulations:** While the production of these chemicals involves handling hazardous materials, compliance with safety and environmental regulations is generally achievable with standard investments, unlike certain high-barrier specialty chemicals that demand advanced expertise.
- 6. Global overcapacity:** In many cases, intermediates like ketene and diketene face global overcapacity, making it challenging for individual producers to maintain pricing power.

Piperidine is another such commodity ►

Piperidine is a cyclic secondary amine with the chemical formula $C_5H_{11}N$. It is a versatile compound used as an intermediate in the production of pharmaceuticals, agrochemicals, and other fine chemicals. Here's a breakdown of its characteristics and market dynamics:

1. Production and chemistry

Synthesis: Piperidine is primarily synthesized via hydrogenation of pyridine, a process that uses catalysts such as nickel or platinum. Reductive amination of glutaraldehyde with ammonia or amines.

Properties: Piperidine is a colourless liquid with a strong, pepper-like odour. It is miscible with water and many organic solvents.

2. Applications

Pharmaceuticals: Key intermediate in drugs such as antihistamines, antidepressants, and antipsychotics. Found in compounds like risperidone, raloxifene, and sildenafil.

Agrochemicals: Used in the production of fungicides, insecticides, and herbicides.

Specialty chemicals: Serves as a building block for synthesis in the chemical industry. Used in rubber processing chemicals and as a solvent or catalyst in organic synthesis.

3. Market dynamics

Entry barriers: The production of piperidine has moderate entry barriers due to the need for expertise in handling pyridine derivatives, hydrogenation processes, and compliance with environmental and safety regulations.

Raw materials like pyridine are globally available, but their price fluctuations can impact piperidine production costs.

Competition: The market is competitive with established players, particularly in regions like China and India, which dominate its production. Producers with backward integration (e.g., pyridine production) have a cost advantage.

Pyridine is a low grade commodity chemical

Pyridines are organic compounds with a six-membered aromatic ring containing five carbon atoms and one nitrogen atom. Pyridines are used in agrochemicals (herbicides, insecticides), pharmaceuticals (e.g., antihistamines, anticancer drugs), solvents, rubber processing, and laboratory applications. India's leading pyridine manufacturer uses bioethanol derived from agricultural sources like corn and sugarcane to produce acetaldehyde, a precursor for pyridine synthesis. The Indian market was initially excited by the opportunity presented to Indian pyridine producers like Jubilant Ingrevia due to the closure of Vertellus Holdings LLC's Indianapolis plant. Jubilant Ingrevia is even commissioning significant capacity to address the perceived demand-supply gap. However, it now appears that the US market is already sufficiently supplied, limiting the expected upside. US imports are likely to have increased by 35% over CY23, filling the production gap created by the closure of Vertellus Holdings LLC. Also, multiple global agrochemical companies are indicating that raw material prices are slated to fall further. Please note that the spreads of pyridines over its raw material have already fallen and if the commentary turns out to be true, then they will be squeezed further.

What are pyridines? ➤

Pyridines are a class of organic compounds characterized by a six-membered aromatic ring containing five carbon atoms and one nitrogen atom. The nitrogen atom in the pyridine ring imparts unique chemical properties, making it a versatile building block in various chemical applications.

1. **Aromatic:** Pyridines are aromatic, like benzene, due to delocalized electrons in the ring.
2. **Basicity:** The nitrogen atom contributes to pyridine's basic nature, with a pKa of around 5.2.
3. **Solubility:** It is highly soluble in water and many organic solvents.
4. **Physical state:** Pyridines are a colourless-to-pale yellow liquids with a strong, unpleasant odour.

Pyridines have multiple usage ➤

1. **Agrochemicals:** Used in herbicides, insecticides, and fungicides (e.g., paraquat, diquat).
2. **Pharmaceuticals:** Key intermediate in the synthesis of drugs like antihistamines, vitamin B3 (niacin), and anticancer agents.
3. **Solvent and reagent:** Pyridine is commonly used as a solvent in organic reactions and as a reagent for dehydrochlorination and oxidation reactions.
4. **Rubber and dyes:** Utilized in rubber processing chemicals and as a dyeing agent in textiles.
5. **Laboratory use:** Acts as a mild base and a catalyst in organic synthesis.

How are pyridines manufactured? ➤

Pyridines are typically manufactured using the following industrial processes:

1. Hantzsch Pyridine Synthesis ➤

- A. **Reactants:** Aldehyde (like formaldehyde), β -ketoester (like ethyl acetoacetate), and ammonia.
- B. **Conditions:** Heated in a solvent, often ethanol.
- C. **Mechanism:** Forms a dihydropyridine intermediate, which oxidizes to pyridine.
- D. **Use:** Common for substituted pyridines.

2. Bönemann Cyclization (Chichibabin Pyridine Synthesis)

- Reactants: Acetylene and hydrogen cyanide (or formaldehyde and ammonia).
- Conditions: High temperature and pressure.
- Mechanism: Cyclization of simple molecules to form pyridine rings.
- Use: Industrial production of pyridine and simple derivatives.

3. Cianchetta Process (Ammonia Oxidation of Alkylpyridines)

- Reactants: Alkylpyridines, ammonia, and air.
- Conditions: High-temperature catalytic oxidation.
- Use: Large-scale production of pyridine bases.

4. Skraup Synthesis

- Reactants: Glycerol, an oxidizing agent (like nitrobenzene or sulfuric acid), and ammonia.
- Conditions: Heated under acidic conditions.
- Mechanism: Produces quinolines and pyridines, depending on the oxidizer and conditions.
- Use: Synthesis of quinolines and pyridines.

5. Dealkylation of Alkylpyridines

- Reactants: Alkylpyridines (e.g., picolines).
- Process: Oxidative dealkylation using air or oxygen.
- Use: Production of pyridine from alkylpyridine byproducts.

Feedstocks and Catalysts

- Feedstocks:** Ammonia, formaldehyde, acetylene, β -ketoesters.
- Catalysts:** Zeolites, vanadium pentoxide (V_2O_5), and metal oxides.

Jubilant Ingrevia uses acetaldehyde to produce pyridine➤

Bio-based raw materials: The company uses ethanol derived from renewable agricultural sources, such as corn or sugarcane, as a primary feedstock. This bioethanol serves as a precursor for producing acetaldehyde, a key intermediate in pyridine synthesis.

Chemical synthesis: Through a series of chemical reactions, including aldol condensation and cyclization, acetaldehyde is converted into pyridine and its derivatives.

The closure of Vertellus Holdings LLC's capacity has already resulted in increased imports into the US

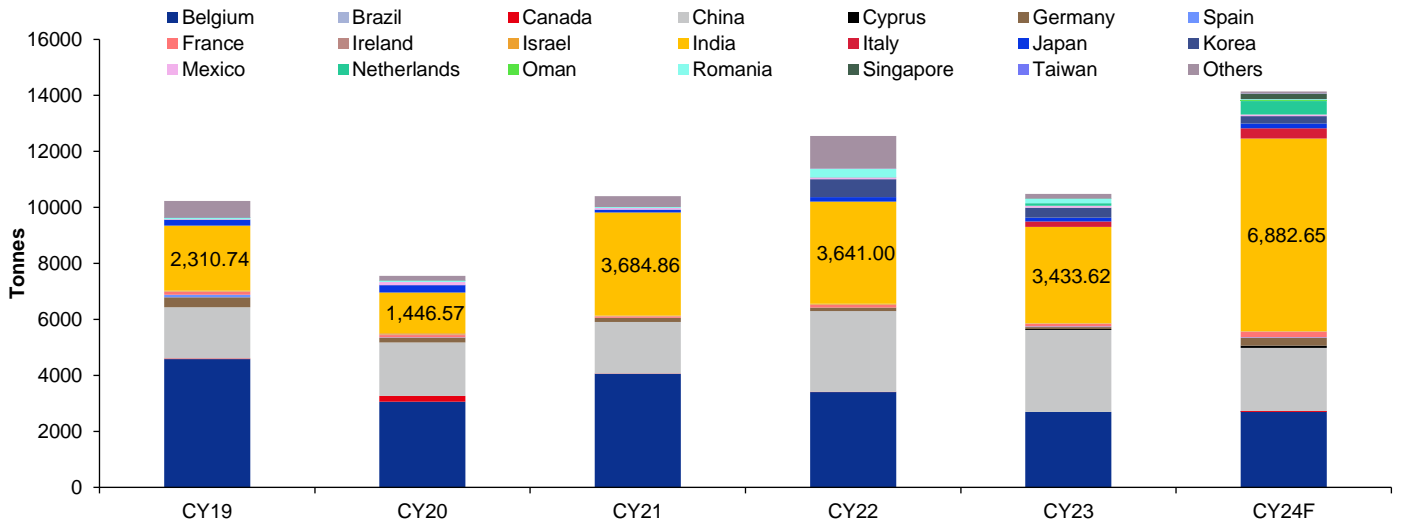
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Vertellus Holdings LLC closed its pyridine manufacturing facility in the US in 2023 ➤

Indianapolis-based specialty chemicals manufacturer Aurorium (new name is Vertellus Holdings LLC) closed its Indianapolis-based capacity in Oct 2023, fuelling expectations of a huge market for Indian manufacturers.

However, the US market adjusted to the reality soon, and 2024 has seen much higher imports

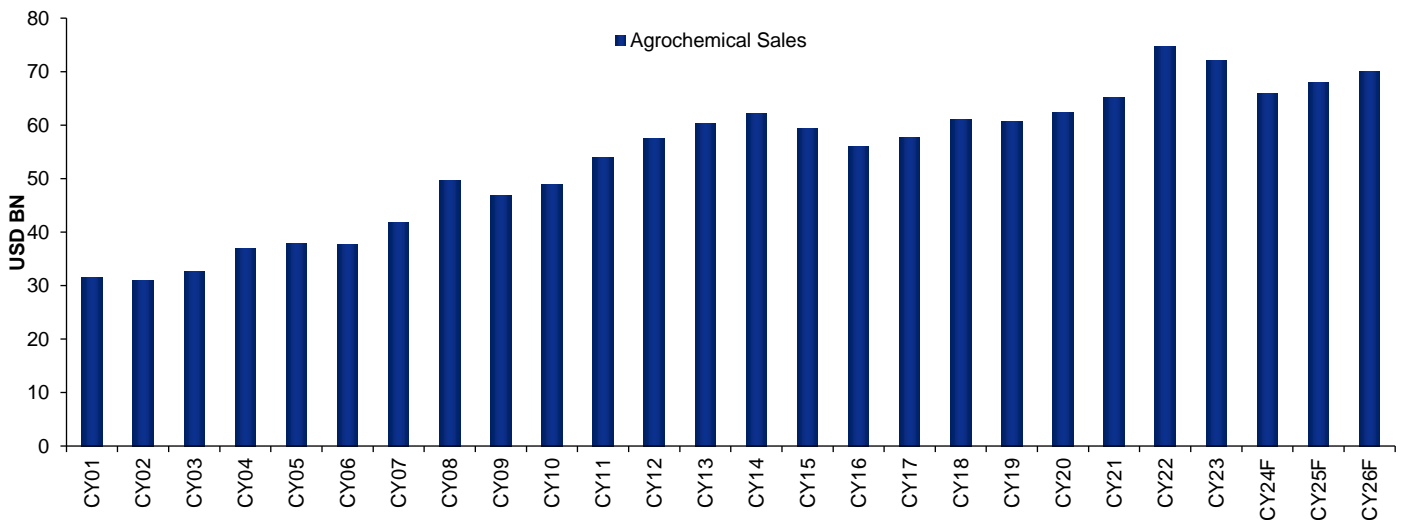
Figure 3: Indian companies appear to have already captured the marketplace vacated by the closure of Vertellus Holdings LLC



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Global agrochemical sales appear to be bottoming out

Figure 4: Global agrochemical sales appear to be bottoming out



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The commentary from leading agrochemical players indicates the same

Figure 5: Syngenta highlights

Adverse weather conditions across key markets affected applications of crop protection products. Sustained price pressure, particularly in the commoditized segments of the crop protection portfolio (and notably in Latin America), and reduced grower profitability had an impact on demand. Crop commodity prices have continued to decline, reducing farmer income and hampering demand for input materials.

The crop protection market is showing initial signs of recovery with channel inventories now closer to normal levels. Syngenta Group expects the market to further recover after the first half of 2025 with a market also less impacted by lower crop prices and overcapacity.

Syngenta Group has continued to implement further initiatives to drive profitability improvements, streamlining operations and improving cash flow, including optimizing working capital.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: FMC indicates market recovery to be gradual in CY25F

Inventory

- North America sales benefited from distributors shifting purchases from Q4 into Q3 in response to lower-than-expected inventory levels in the channel.
- Expected channel inventory improvement is on the horizon, which led to the decision to protect market share in Latin America despite price pressure.
- The US and most European countries are normalizing their inventory levels the fastest.
- Asia markets, particularly India, are still expected to be challenging in 2025 with no recovery expected until 2026 due to excess channel inventory.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Adama

The General Crop Protection (CP) Market Environment²

During the third quarter of 2024, key commodity crop prices remained subdued, pressuring farmer income, despite some ease in the prices of inputs.

While channel inventory continues to ease, the high interest rate environment coupled with ample product supply and active ingredient prices from China remain at historic lows, continue to drive a just-in-time purchasing approach by the channel.

These dynamics have negatively impacted the pricing in the crop protection market.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Corteva

Macro Environment

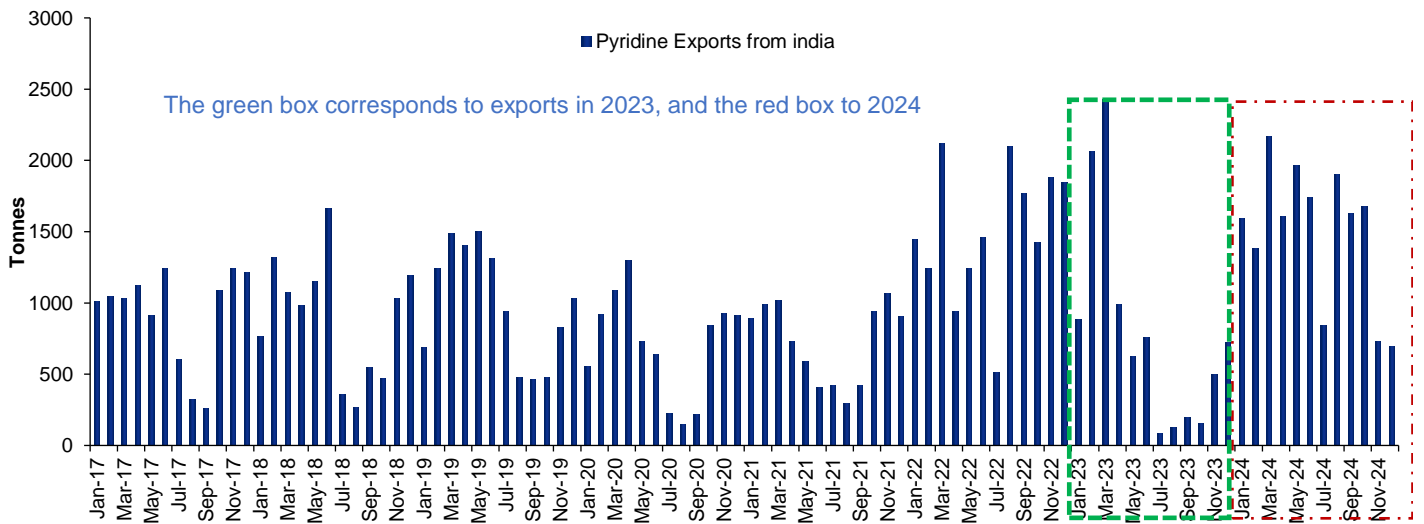
- Inflation is mentioned as a factor in the Seed business, with higher inflation on labor, freight, and warehousing, but it is expected to reverse in 2025 with lower commodity costs.
- Deflation is expected in Crop Protection raw materials, with a low-single-digit rate of deflation expected in 2025, weighted towards the first half of the year.
- Record demand for food and fuel is still being seen.
- Underlying farmer demand in terms of applications remains on track with historical levels.
- Anticipation of a continuation of record demand for grain, oilseeds, meat, and biofuels in 2025.
- Demand for new products and biologicals is driving Crop Protection volume growth, expected to be up low-to-mid single-digit.
- There is good demand and interest in PowerCore Enlist products in North America.
- The company has seen very good demand from a volume perspective on their spinosyns franchise, new products, and biologicals, which will carry into 2025 and beyond.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

This may lead to higher pyridine volume but pricing will remain under pressure➔

The recovery in the global agrochemicals cycle is leading to higher pyridine volume; however, the prices and spreads are falling.

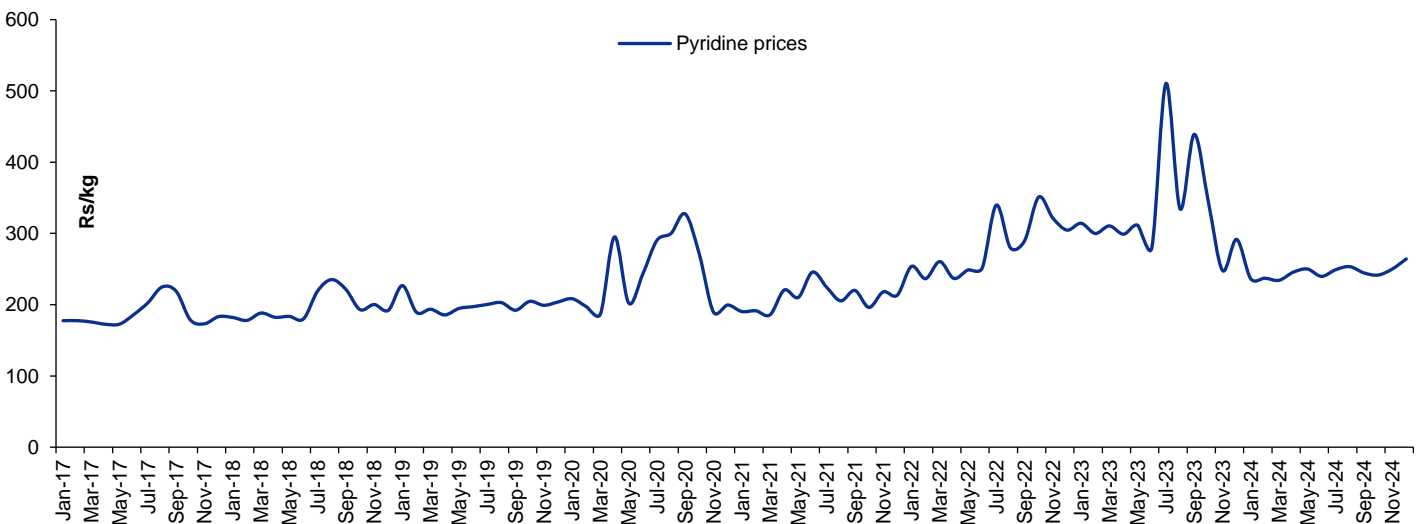
Figure 9: Compared to CY23, volumes have gone up in CY24



SOURCE: INCRED RESEARCH, COMPANY REPORTS

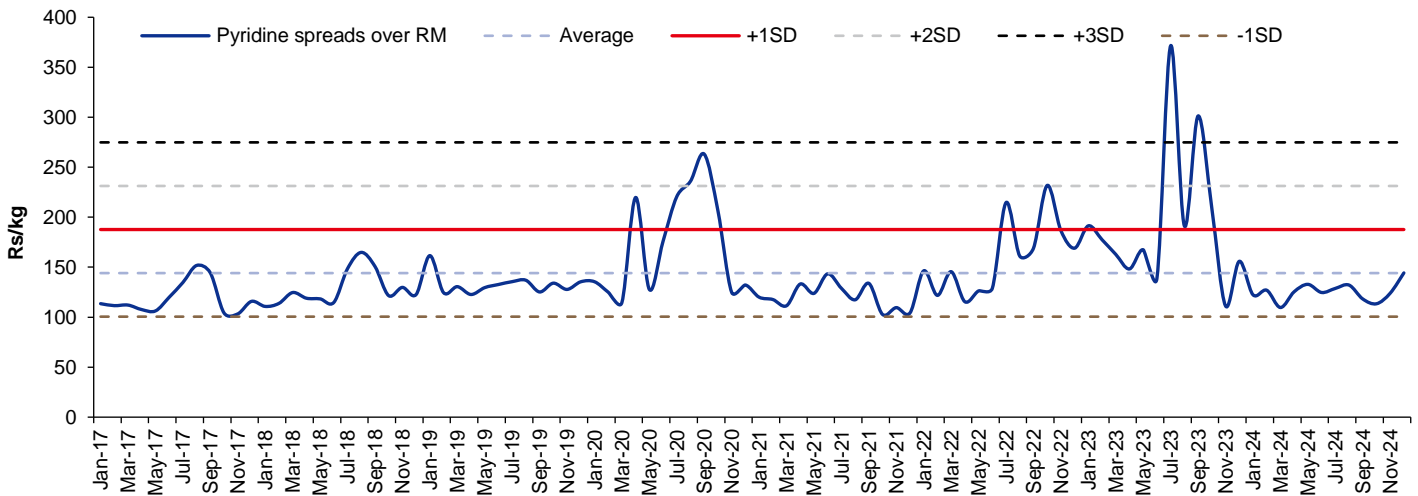
However, as indicated in the commentary from global players, pyridine prices are falling, and its spreads over raw materials are also collapsing

Figure 10: Pyridine prices are well below the peak attained after the closure of Vertellus Holdings LLC's US capacity



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Pyridine’s spreads over its raw material are below the long-term mean, and they may remain subdued, especially as Jubilant Ingrevia is coming up with a large capacity



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings and valuation

Overzealous capital expenditure on commodity chemicals will lead to a leveraged balance sheet, increasing the risk of a collapse in stock prices. Ultimately, markets are driven by earnings, and narratives can only defend a stock for a limited period. That said, we acknowledge that, unlike previous cycles, narratives have managed to sustain stock prices for an unusually long time in this cycle.

Consensus earnings estimates are highly inflated➤

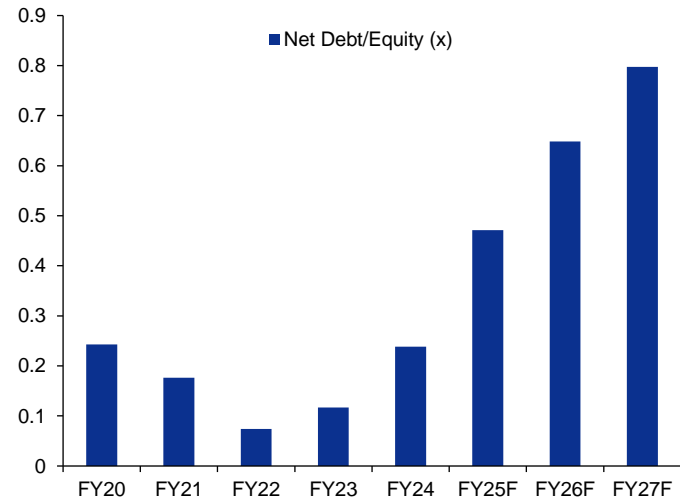
Figure 12: Consensus EBITDA estimates need a downward correction of 30% for FY25F and 40% for FY26F

Jubilant Ingrevia Ltd		Csld C	Periodicity	Source	Cur
			Annuals	Standard	INR
				Broker	Guidance
1) Headline		2) Headline Growth			
	FY 2024 Act	FY 2025 Est	FY 2026 Est	FY 2027 Est	FY 2028 Est
12 Months Ending	03/31/2024	03/31/2025	03/31/2026	03/31/2027	03/31/2028
11) EPS, Adj+	11.600	16.720 ↑	22.040	26.613	37.410
12) EPS, GAAP	11.600	13.200	16.100	20.100	
13) Revenue	41.360B	45.519B	51.918B	57.942B ↓	70.523B
14) Gross Margin %	48.192	53.550	57.800	61.650	
15) Operating Profit	2.876B	3.709B	4.856B	6.101B	8.052B
16) EBIT	2.350B	3.709B	4.856B	6.101B	8.052B
17) EBITDA	3.711B	5.589B	6.980B	8.228B	10.545B
18) Pre-Tax Profit	2.676B	3.388B	4.573B	5.778B	7.898B
19) Net Income Adj+	1.829B	2.655B ↑	3.500B	4.232B	5.910B
20) Net Income, GAAP	1.829B	2.539B	3.427B	4.330B	5.910B
Current Multiples		5) Hide Multiples			
	Last 4 Qtrs Act	Next 4 Qtrs Est	FY 2025	FY 2026	FY 2027
Price/EPS, Adj+	61.08		42.37	32.15	26.62
Price/Book	4.12		3.83	3.52	3.17
Price/Cash Flow	30.89			24.60	20.42
EV/Revenue	2.94		2.62	2.30	2.06

SOURCE: INCRED RESEARCH, BLOOMBERG

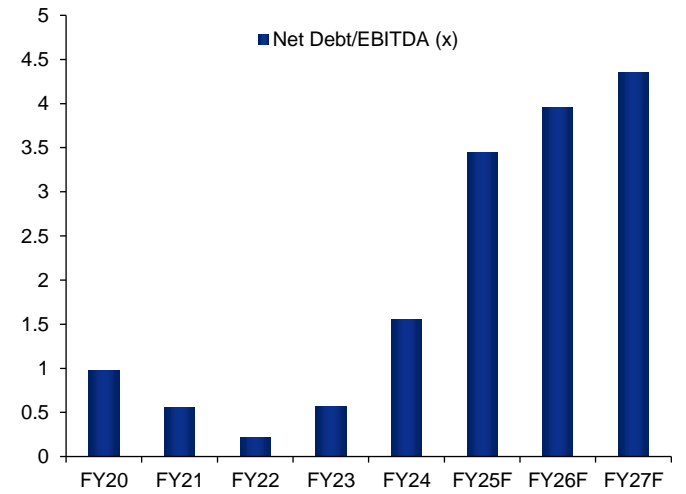
The balance sheet is likely to worsen in the coming period ➤

Figure 13: Net debt-equity ratio will come close to 1x



SOURCE: COMPANY REPORTS, INCRED RESEARCH

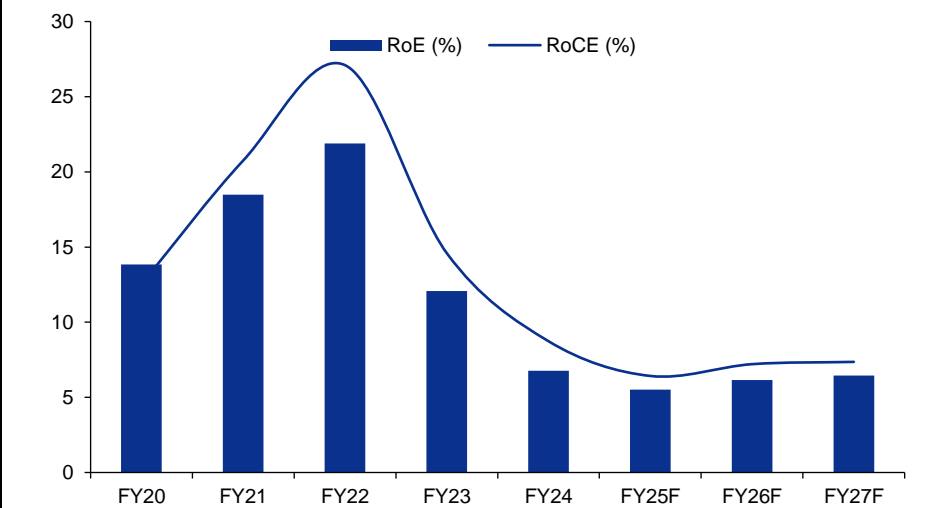
Figure 14: However, net debt/EBITDA ratio will top 4x in FY27F



SOURCE: COMPANY REPORTS, INCRED RESEARCH

RoE and RoCE will decline sharply ➤

Figure 15: RoE and RoCE of the company will decline steeply



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Stock is trading at 60x FY26F EPS ➤

Figure 16: For a below 10% RoE, the stock is trading at a crazy valuation



SOURCE: INCRED RESEARCH, COMPANY REPORTS

We value the stock at 25x FY27F EPS to arrive at our target price of Rs315 ➤

The stock’s mean trading multiple is 40x; however, given the small trading history and a low RoE, we believe 25x is the right multiple for the company. We maintain our REDUCE rating on the stock with a lower target price of Rs315 (Rs364 earlier).

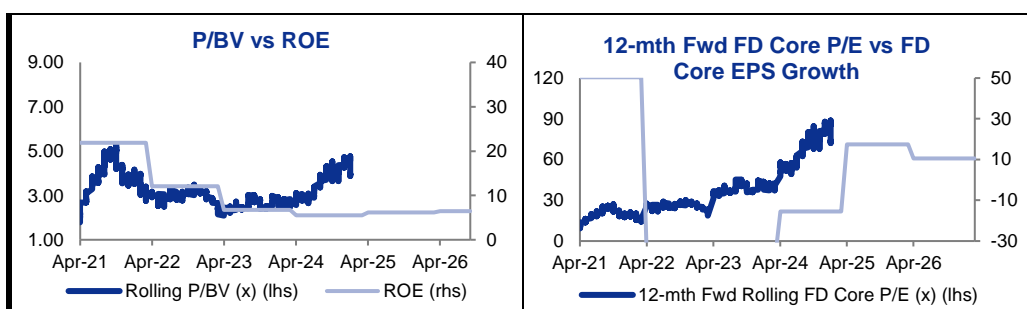
Figure 17: We value the stock at 25x FY27F EPS to arrive at our target price of Rs315

Target price calculation

FY27F EPS (Rs)	12.6
P/E (x)	25.0
One-year forward target price (Rs)	314.5

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	47,727	41,358	41,270	45,270	49,270
Gross Profit	21,911	19,932	20,222	22,182	24,142
Operating EBITDA	5,471	4,211	3,922	4,962	5,867
Depreciation And Amortisation	(1,222)	(1,362)	(1,500)	(1,700)	(1,900)
Operating EBIT	4,250	2,850	2,422	3,262	3,967
Financial Income/(Expense)	(216)	(527)	(758)	(1,248)	(1,738)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	334	354	400	410	450
Profit Before Tax (pre-EI)	4,367	2,676	2,064	2,424	2,679
Exceptional Items					
Pre-tax Profit	4,367	2,676	2,064	2,424	2,679
Taxation	(1,292)	(847)	(520)	(611)	(675)
Exceptional Income - post-tax					
Profit After Tax	3,075	1,829	1,544	1,813	2,004
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,075	1,829	1,544	1,813	2,004
Recurring Net Profit	3,075	1,829	1,544	1,813	2,004
Fully Diluted Recurring Net Profit	3,075	1,829	1,544	1,813	2,004

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	5,471	4,211	3,922	4,962	5,867
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(452)	59	507	(668)	(668)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	58	147			
Other Operating Cashflow	537	870	1,158	1,658	2,188
Net Interest (Paid)/Received	(216)	(527)	(758)	(1,248)	(1,738)
Tax Paid	(774)	(460)	(520)	(611)	(675)
Cashflow From Operations	4,625	4,300	4,309	4,094	4,975
Capex	4,814	5,684	7,000	7,000	7,000
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	4,814	5,684	7,000	7,000	7,000
Debt Raised/(repaid)	1,677	3,363	7,000	7,000	7,000
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	1,677	3,363	7,000	7,000	7,000
Total Cash Generated	11,115	13,346	18,309	18,094	18,975
Free Cashflow To Equity	11,115	13,346	18,309	18,094	18,975
Free Cashflow To Firm	9,654	10,510	12,067	12,342	13,713

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	846	796	825	1,723	2,811
Total Debtors	5,109	5,720	5,719	6,277	6,835
Inventories	10,351	9,413	7,863	8,630	9,397
Total Other Current Assets	1,874	1,870	1,870	1,870	1,870
Total Current Assets	18,180	17,799	16,278	18,501	20,914
Fixed Assets	23,269	28,084	35,084	42,084	49,084
Total Investments	82	104	104	104	104
Intangible Assets	442	412	412	412	412
Total Other Non-Current Assets	615	920	920	920	920
Total Non-current Assets	24,409	29,520	36,520	43,520	50,520
Short-term Debt	2,467	3,074	3,074	3,074	3,074
Current Portion of Long-Term Debt					
Total Creditors	8,011	7,667	6,740	7,397	8,055
Other Current Liabilities	1,317	2,120	2,003	2,003	2,003
Total Current Liabilities	11,796	12,861	11,817	12,474	13,132
Total Long-term Debt	1,500	4,256	11,256	18,256	25,256
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	70	44	81	81	81
Total Non-current Liabilities	1,570	4,300	11,337	18,337	25,337
Total Provisions	2,561	2,784	973	973	973
Total Liabilities	15,927	19,944	24,127	31,784	39,442
Shareholders Equity	26,663	27,376	28,672	30,236	31,992
Minority Interests					
Total Equity	26,663	27,376	28,672	30,236	31,992

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	(3.6%)	(13.3%)	(0.2%)	9.7%	8.8%
Operating EBITDA Growth	(34.2%)	(23.0%)	(6.9%)	26.5%	18.2%
Operating EBITDA Margin	11.5%	10.2%	9.5%	11.0%	11.9%
Net Cash Per Share (Rs)	(19.59)	(41.02)	(84.77)	(123.08)	(160.20)
BVPS (Rs)	167.37	171.85	179.98	189.81	200.83
Gross Interest Cover	19.69	5.41	3.20	2.61	2.28
Effective Tax Rate	29.6%	31.7%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	7.5%	12.5%	16.1%	13.7%	12.4%
Accounts Receivables Days	41.75	47.78	50.58	48.36	48.57
Inventory Days	137.59	168.35	149.80	130.37	130.93
Accounts Payables Days	113.03	133.54	124.91	111.75	112.23
ROIC (%)	10.6%	6.0%	4.9%	5.7%	5.8%
ROCE (%)	14.0%	8.2%	6.0%	6.9%	7.1%
Return On Average Assets	8.0%	4.9%	4.2%	4.8%	5.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- 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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- 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.
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