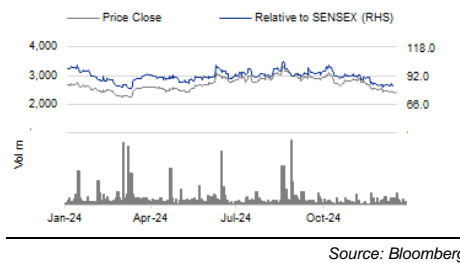


India

REDUCE (no change)

Consensus ratings*:	Buy 9	Hold 6	Sell 0
Current price:	Rs2,419		
Target price:	Rs2,182		
Previous target:	Rs2,552		
Up/downside:	-9.8%		
InCred Research / Consensus:	-31.4%		
Reuters:	GALSURF IN		
Bloomberg:	US\$991m		
Market cap:	Rs85,779m		
Average daily turnover:	US\$0.5m		
	Rs42.0m		
Current shares o/s:	35.5m		
Free float:	29.1%		

*Source: Bloomberg



Price performance	1M	3M	12M
Absolute (%)	(10.3)	(16.6)	(10.2)
Relative (%)	(7.7)	(11.7)	(15.4)

Major shareholders	% held
Promoter & Promoter Group	70.9
FII	4.2
DII	13.0

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Galaxy Surfactants Ltd

Earnings growth to be anaemic; REDUCE

- GSL's 3QFY25F profits are likely to remain like in 2QFY25 due to rising LABSA spreads, which will be counterbalanced by the fall in SLS gross spreads.
- Lauryl alcohol ethoxylate and SLS face volatility and obsolescence risks, with rising regulatory pressure and consumer preference for alternatives.
- As the future growth is uncertain, our EPS estimates for GSL are below consensus estimates, leading to a reduced target price of Rs2,182.

3QFY25F profits may be close to 2Q level; future growth unlikely

Galaxy Surfactants or GSL's product portfolio is dominated by a set of key molecules, including lauryl alcohol ethoxylate, sodium lauryl sulphate (SLS), phenoxy ethanol, and several others, which constitute over 80% of its volume in key markets like India, the US, and the UK. In the Middle East and North Africa, GSL also produces a significant quantity of linear alkylbenzene sulfonic acid (LABSA), a surfactant used primarily in detergent production, agricultural applications, and industrial cleaning products. LABSA's manufacturing involves a sulfonation process that has been hit by global supply chain problems, leading to a rise in spreads for LABSA, which have since begun to fall as the supply chain disruption started easing. We have seen some respite in LABSA's spreads in 3QFY25 as LAB prices fell, leading to a mild recovery in spreads. However, SLS fell last quarter and hence, overall gross profit is likely to remain at the same level as in 2QFY25.

Lauryl alcohol ethoxylate to be volatile; SLS faces obsolescence risk

Lauryl alcohol ethoxylate, another key product, is used across various industries, including personal care, agriculture, and oil recovery. This product has seen fluctuations in production costs, particularly due to rising power prices in Europe, which caused a temporary surge in product spreads. However, as power prices stabilize, these spreads are expected to normalize. Similarly, SLS, a widely used surfactant in personal care and cleaning products, has faced obsolescence risk, with rising consumer preference for SLS-free products. Regulatory pressure and the emergence of alternative surfactants are accelerating this shift.

Our EPS estimates are below consensus; retain REDUCE rating

Overall, GSL's product portfolio is vulnerable to supply chain dynamics, regulatory trends, and the shift in consumer preference. While the company has benefitted from temporary spikes in product spreads due to external factors, these gains are expected to be short-lived as supply chain recovers and the market adjusts. GSL's future growth may face challenges, particularly as it navigates the obsolescence risks associated with some of its key products, like SLS. We forecast that its EPS will decline over the coming years and consensus EPS estimates need to decline by 20% for FY26F-27F. While the RoE of the business is falling, which can derate the stock, we still value it at its historical average of 25.9x to arrive at our lower target price of Rs2,182 (Rs2,552 earlier).

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	44,452	37,944	40,701	42,696	45,685
Operating EBITDA (Rsm)	5,683	4,622	5,298	4,640	5,081
Net Profit (Rsm)	3,593	2,791	3,152	2,585	2,840
Core EPS (Rs)	101.3	78.7	88.9	72.9	80.1
Core EPS Growth	36.7%	(22.3%)	12.9%	(18.0%)	9.9%
FD Core P/E (x)	23.88	30.74	27.22	33.18	30.20
DPS (Rs)	4.9	3.6	8.4	26.5	14.0
Dividend Yield	0.20%	0.15%	0.35%	1.10%	0.58%
EV/EBITDA (x)	15.14	18.33	15.60	17.93	16.28
P/FCFE (x)	28.52	(141.25)	27.90	37.99	31.16
Net Gearing	1.3%	(4.9%)	(12.5%)	(9.3%)	(10.0%)
P/BV (x)	4.56	3.94	3.42	3.08	2.78
ROE	20.8%	13.7%	13.4%	9.8%	9.7%
% Change In Core EPS Estimates			(1.67%)	(25.93%)	
InCred Research/Consensus EPS (x)					

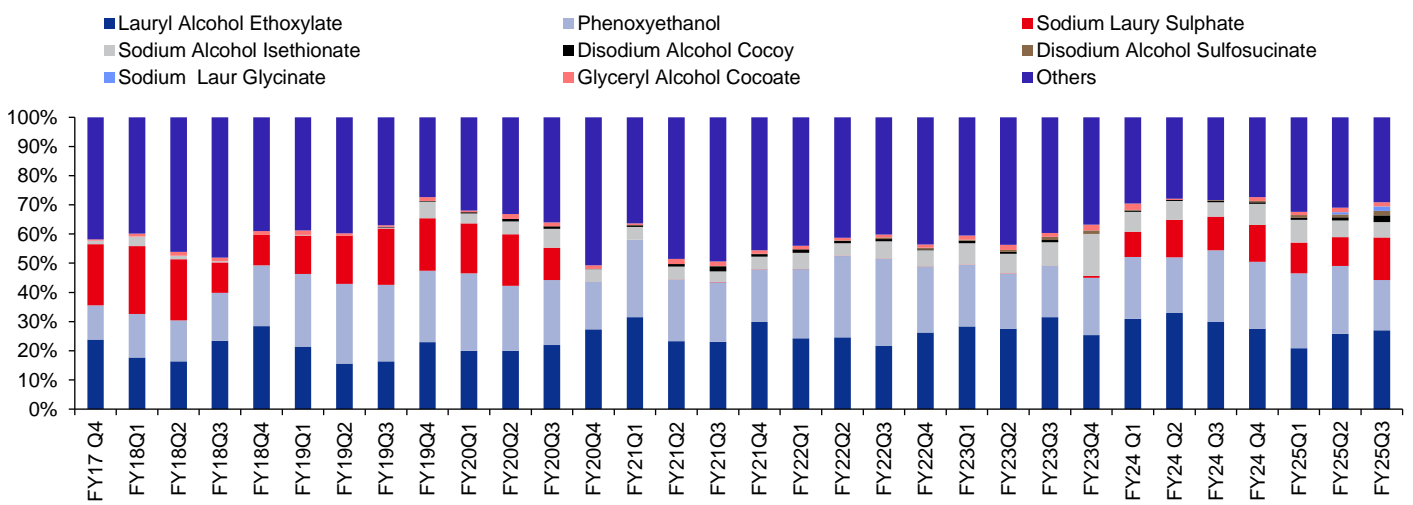
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Earnings growth to be anaemic; REDUCE

GSL's product portfolio comprises eight key molecules

While GSL manufactures multiple chemicals under various business heads, the key molecules which form more than 80% of its volume in India and the US/UK are 1) lauryl alcohol ethoxylate, 2) sodium lauryl sulphate, 3) phenoxy ethanol, 4) sodium alcohol isethionate, 5) disodium alcohol cocoy, 6) disodium alcohol sulfosuccinate, 7) sodium laur glycinate, and 8) glyceryl alcohol cocoate. In the Middle East and North Africa regions, GSL sells a good quantity of linear alkylbenzene sulfonic acid (LABSA).

Figure 1: 60% of GSL's export business is driven by eight molecules (given below); in the Middle East and North Africa regions, the company sells a good quantity of linear alkylbenzene sulfonic acid (LABSA)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Usage of linear alkylbenzene sulfonic acid (LABSA) >

1. LABSA is commonly used as a surfactant in the production of various detergents, such as laundry detergents, dishwashing detergents, and household cleaners. It is also used in the production of emulsifiers, wetting agents, and dispersants.
2. LABSA is preferred over other surfactants due to its high solubility in water, strong cleaning power, and low cost. It is particularly effective in removing oil and grease stains from clothes and surfaces.
3. In addition to its use in the detergent industry, LABSA is also used in the leather industry, agricultural industry, and in the production of various industrial cleaning products.

How LABSA is manufactured? >

Linear alkylbenzene sulfonic acid (LABSA) is typically manufactured through a process called sulfonation, which involves the reaction of linear alkylbenzene with sulfuric acid. Here are the basic steps involved in the manufacturing process:

1. **Preparation of linear alkylbenzene:** Linear alkylbenzene is prepared from kerosene or petroleum distillate and benzene using a catalyst such as aluminium chloride.
2. **Sulfonation:** The prepared linear alkylbenzene is mixed with concentrated sulfuric acid in a reactor vessel under controlled temperature and agitation. The reaction takes place with the sulfuric acid attacking the alkyl side chain, resulting in the formation of sulfonic acid.

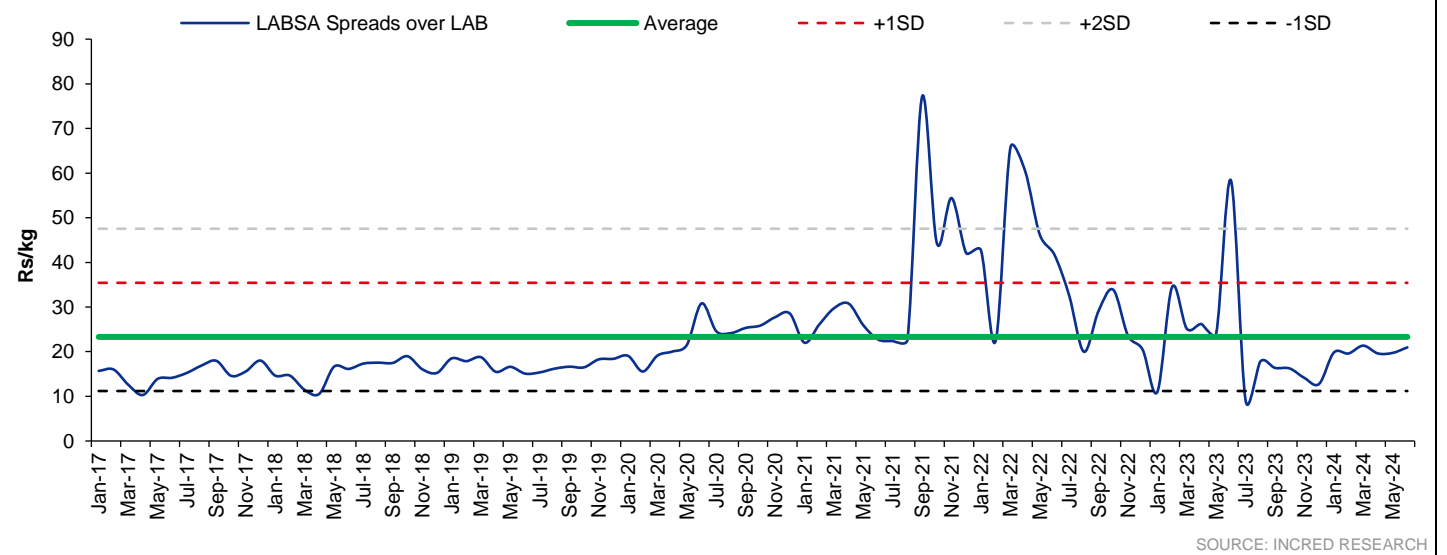
3. **Neutralization:** The sulfonic acid is then neutralized with an alkaline solution, such as sodium hydroxide or ammonia, to form LABSA. This step also helps to remove any unreacted sulfuric acid.
4. **Separation:** The LABSA solution is then separated from the reaction mixture using a centrifuge or filter.
5. **Drying:** The separated LABSA is then dried to remove any remaining moisture and to produce a powdered or liquid form suitable for use in various applications.

The quality of LABSA depends on the purity of the starting materials, the reaction conditions, and the effectiveness of the separation and drying steps.

Covid-related supply chain problems led to expansion of LABSA spreads but as they are easing, the spreads are falling >

We have analysed LABSA’s spreads over linear alkyl benzene and post supply chain shock easing, its spreads are collapsing.

Figure 2: LABSA’s spreads over LAB peaked in May 2022 and are falling since then; we expect gross spreads of LABSA over LAB to stabilize around Rs12-15/kg



SOURCE: INCRED RESEARCH

Usage of lauryl alcohol ethoxylate >

Lauryl alcohol ethoxylate is a type of non-ionic surfactant that is widely used in various industries due to its excellent emulsifying, wetting, and dispersing properties. Here are some common uses of lauryl alcohol ethoxylate:

1. **Household and personal care products:** Lauryl alcohol ethoxylate is commonly used in the production of household and personal care products such as laundry detergents, shampoos, body washes, and liquid soaps. It helps to reduce the surface tension of the water, allowing for better cleaning and foaming properties.
2. **Agriculture:** Lauryl alcohol ethoxylate is used in the agriculture industry as a wetting agent, emulsifier, and dispersant for pesticides, herbicides, and fungicides. It helps to improve the absorption and efficacy of the chemicals, as well as the adhesion to the plant surfaces.
3. **Industrial applications:** Lauryl alcohol ethoxylate is used in various industrial applications such as in the production of coatings, paints, and inks. It helps to improve the spreading and wetting properties of these products.
4. **Oil and gas industry:** Lauryl alcohol ethoxylate is used as a surfactant in the oil and gas industry to increase the recovery of crude oil from reservoirs. It helps to reduce the surface tension of the water and improve the displacement of the oil.

Lauryl alcohol ethoxylate manufacturing process ➤

Lauryl alcohol ethoxylate is typically manufactured through a process called ethoxylation, which involves the reaction of lauryl alcohol with ethylene oxide. Here are the basic steps involved in the manufacturing process:

1. **Preparation of lauryl alcohol:** Lauryl alcohol is prepared by the catalytic hydrogenation of natural fatty acids or by the reaction of ethylene with an alcohol in the presence of a catalyst.
2. **Ethoxylation:** The prepared lauryl alcohol is then mixed with ethylene oxide in the presence of a catalyst and under controlled temperature and pressure conditions. The reaction between the lauryl alcohol and ethylene oxide results in the formation of lauryl alcohol ethoxylate.
3. **Neutralization:** The lauryl alcohol ethoxylate is then neutralized with an alkaline solution such as sodium hydroxide to remove any unreacted ethylene oxide and to adjust the pH of the final product.
4. **Purification:** The lauryl alcohol ethoxylate solution is then purified by removing any impurities using a series of filtration and distillation steps.
5. **Drying:** The purified lauryl alcohol ethoxylate is then dried to remove any remaining moisture and to produce a powdered or liquid form suitable for use in various applications.

Lauryl alcohol ethoxylate - key manufacturers ➤

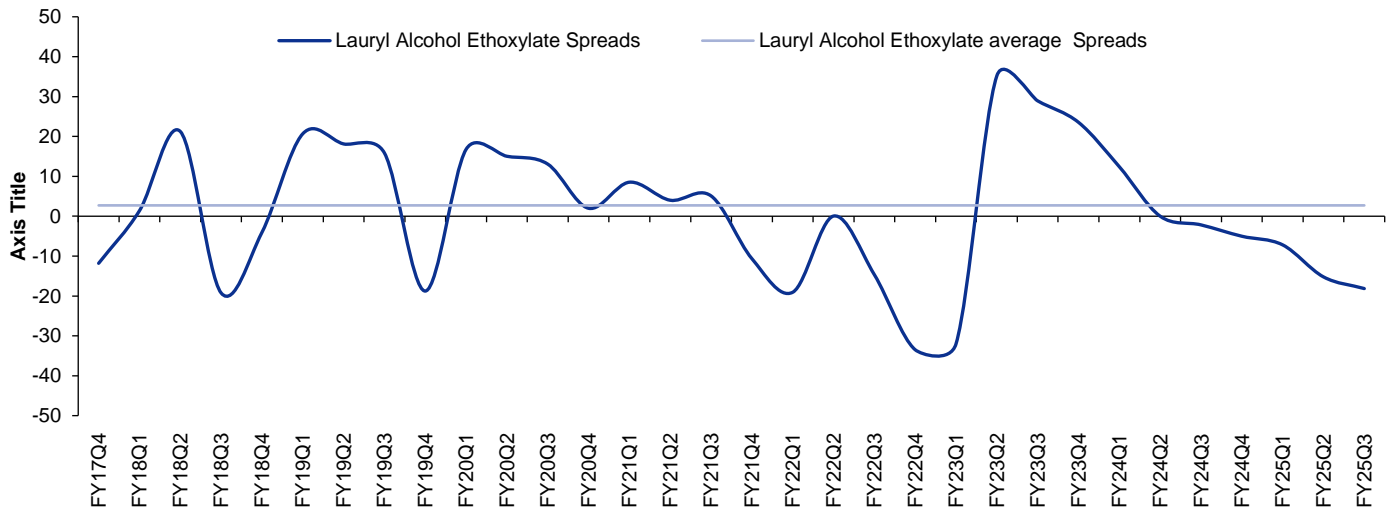
There are many manufacturers of lauryl alcohol ethoxylate worldwide, ranging from small regional producers to large multinational corporations. Here are some of the key manufacturers of lauryl alcohol ethoxylate:

1. **BASF SE:** It is a German chemical company and one of the largest manufacturers of lauryl alcohol ethoxylate in the world. The company produces a wide range of lauryl alcohol ethoxylate products under the trade name Lutensol.
2. **Shell Chemicals:** It is a global chemical company that produces lauryl alcohol ethoxylate under the trade name Neodol. The company offers a variety of lauryl alcohol ethoxylate products with different degrees of ethoxylation and chain lengths.
3. **Dow Chemical Company:** It is an American multinational chemical company that produces lauryl alcohol ethoxylate under the trade name Tergitol. The company offers a range of lauryl alcohol ethoxylate products with different HLB (Hydrophilic-Lipophilic Balance) values and degrees of ethoxylation.
4. **Huntsman Corporation:** It is an American multinational chemical company that produces lauryl alcohol ethoxylate under the trade name Ethomeen. The company offers a range of lauryl alcohol ethoxylate products with different degrees of ethoxylation and chain lengths.
5. **Sasol:** It is a South African petrochemical company that produces lauryl alcohol ethoxylate under the trade name Alfol. The company offers a range of lauryl alcohol ethoxylate products with different degrees of ethoxylation and chain lengths.

European power crisis led to the decline in production, which led to the rise in spreads, but the same are falling now ➤

The power consumption for producing 1t of lauryl alcohol ethoxylate can range from around 2,000 to 5,000kWh, depending on the specific process used. However, it is important to note that these figures are highly dependent on the specific conditions of the manufacturing process and may vary widely from one facility to another.

The rise in power prices in Europe led to the decline in production but as power prices stabilize, production will stage a comeback, which will lead to the decline in product spreads.

Figure 3: As production ramps up post power crisis in Europe, lauryl alcohol ethoxylate's spreads over its raw material will fall

SOURCE: INCRED RESEARCH

Usage of sodium lauryl sulphate ➤

Sodium lauryl sulphate (SLS) is a common ingredient in many personal care and cleaning products due to its ability to create foam and its detergent properties. Here are some of its uses:

- Personal care products:** SLS is widely used in personal care products such as shampoos, soaps, toothpaste, and body washes as a foaming agent and emulsifier. It helps to create a rich lather and suspend dirt and oil particles in water, making it easier to rinse them away.
- Cleaning products:** SLS is also used in cleaning products such as dishwashing liquids, laundry detergents, and all-purpose cleaners as a surfactant to help remove dirt, grease, and stains.
- Pharmaceuticals:** SLS is used in some pharmaceutical products as a solubilizer and emulsifier to help disperse active ingredients and improve their absorption.
- Textile and leather industry:** SLS is used in textile and leather industries as a wetting agent, emulsifier and detergent.
- Agriculture:** SLS is used in agriculture as a wetting agent and pesticide adjuvant.

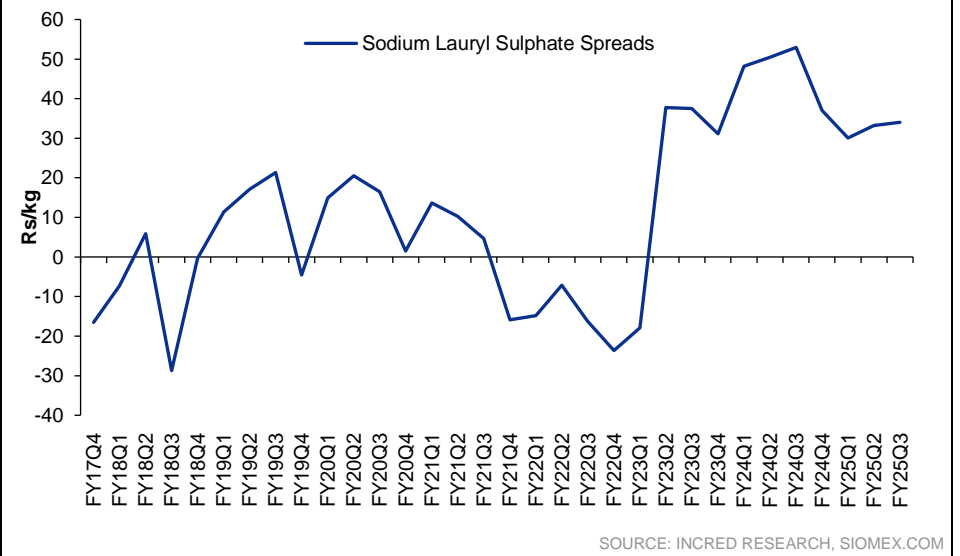
Sodium lauryl sulphate manufacturers ➤

There are many manufacturers of sodium lauryl sulphate (SLS) around the world. Here are some of the major producers:

- BASF SE:** It is a global chemical company based in Germany that produces a wide range of chemicals and materials, including SLS. The company's SLS products are marketed under the brand name Lutensol.
- Stepan Company:** It is a US-based manufacturer of specialty chemicals, including SLS. The company offers a range of SLS products, including low-foaming and low-irritation varieties.
- Solvay:** It is a global chemical company based in Belgium that produces a wide range of chemicals and materials, including SLS. The company's SLS products are marketed under the brand name Rhodapex.
- Clariant:** It is a Swiss specialty chemical company that produces a variety of chemicals and materials, including SLS. The company's SLS products are marketed under the brand name Hostapur.
- Kao Corporation:** It is a Japanese chemical and consumer goods company that produces a range of personal care and cleaning products, including SLS. The company's SLS products are marketed under the brand name Surfactant.

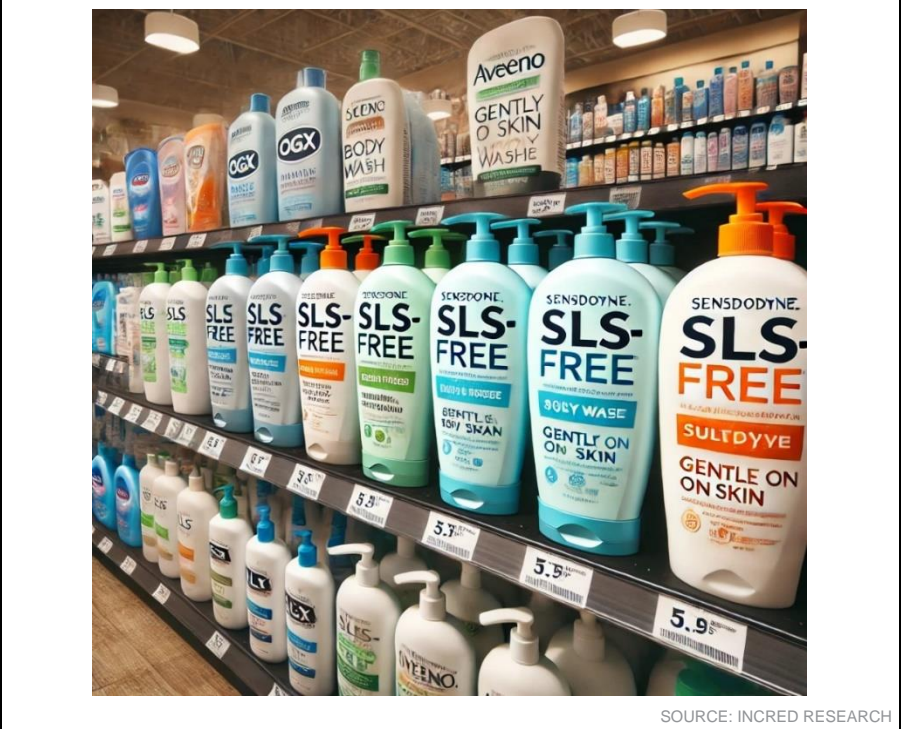
SLS product spreads are still higher as a major portion of the European capacity is still struggling ➤

Figure 4: Production disruption in Europe (Solvay, BASF, Clariant, etc.) led to high product spreads, but the same are falling now as spreads are normalizing



However, like paraben, SLS faces the obsolescence risk as increasingly soap-makers are advertising SLS-free as a marketing USP ➤

Figure 5:



Sodium lauryl sulfate (SLS) is indeed facing the obsolescence risk, similar to what parabens have experienced in the personal care industry. Several factors are contributing to this trend:

Consumer awareness: With increasing awareness about the potential irritants in personal care products, many consumers are opting for "cleaner" and "gentler" alternatives, particularly in shampoos, soaps, and toothpaste.

Marketing strategies: Many brands now use 'SLS-free' labeling as a key marketing point to appeal to consumers seeking natural or hypoallergenic products.

Regulatory scrutiny: While SLS is generally recognized as safe for use, regulatory trends towards stricter safety and environmental standards could push manufacturers to reformulate their products.

Emergence of alternatives: Mild and biodegradable surfactants like sodium cocoyl isethionate (SCI), decyl glucoside, and cocamidopropyl betaine are gaining traction as replacements, further accelerating the shift away from SLS.

Usage of phenoxyethanol ▶

Phenoxyethanol is a versatile chemical compound with a wide range of applications in various industries. Here are some common uses of phenoxyethanol:

1. **Preservative:** Phenoxyethanol is commonly used as a preservative in cosmetics, personal care products, and pharmaceuticals. It helps to inhibit the growth of bacteria, fungi, and other microorganisms in these products, extending their shelf life.
2. **Solvent:** Phenoxyethanol is a good solvent for many substances and is used in a variety of industrial applications such as inks, dyes, and resins.
3. **Fragrance ingredient:** Phenoxyethanol has a mild, floral scent that makes it a popular ingredient in fragrances and perfumes.
4. **Antiseptic:** Phenoxyethanol has antiseptic properties, and it is used in some topical antiseptic products and wound dressings.
5. **Vaccine preservative:** Phenoxyethanol is used as a preservative in some vaccines to prevent the growth of bacteria and fungi during storage.
6. **Disinfectant:** Phenoxyethanol is used as a disinfectant in some household and industrial cleaning products.
7. **Coalescing agent:** Phenoxyethanol is a coalescing agent used in the production of latex paints to help the paint form a uniform film.

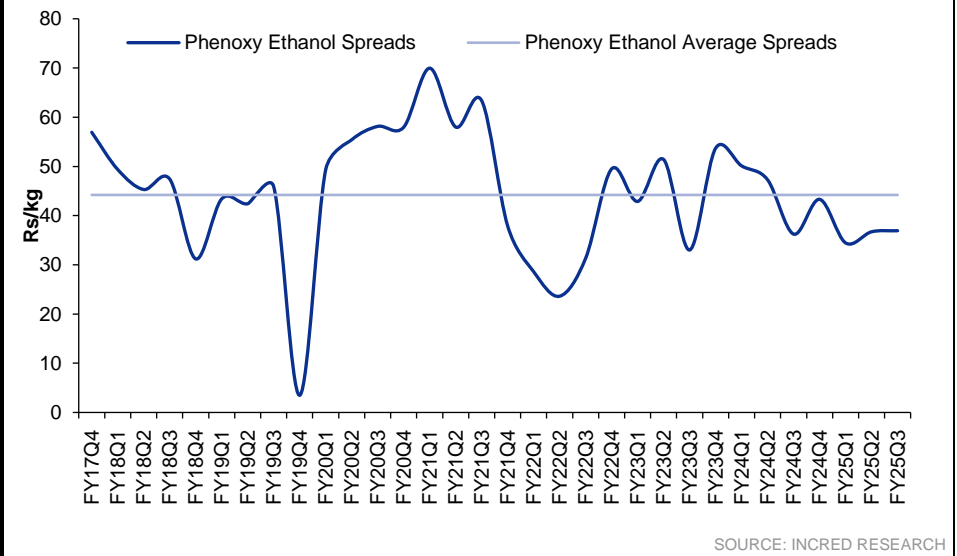
Phenoxyethanol manufacturers ▶

Phenoxyethanol is produced by several manufacturers around the world. Here are some of the major manufacturers of phenoxyethanol:

1. BASF SE
2. The Dow Chemical Company
3. AkzoNobel
4. Symrise AG
5. Lonza Group
6. Clariant
7. Galaxy Surfactants

Phenoxyethanol spreads steady as power crisis in Europe did not result in a big disruption ▶

Apart from BASF SE and Symrise AG, there are no big German companies who make phenoxyethanol. Switzerland didn't face a big crisis as such and hence, we didn't witness big volatility in phenoxyethanol spreads over its raw material.

Figure 6: Phenoxyethanol's spreads are near their average level

Usage of sodium cocoyl isethionate ►

Sodium cocoyl isethionate (SCI) is a mild surfactant derived from coconut oil. It is commonly used in personal care and cosmetic products due to its gentle nature and excellent cleansing properties. Here are some of the most common uses of sodium cocoyl isethionate:

1. **Cleansing agent:** Sodium cocoyl isethionate is an effective cleansing agent that removes dirt, oil, and impurities from the skin and hair without causing irritation or dryness.
2. **Foam booster:** Sodium cocoyl isethionate is a foaming agent that helps to produce rich and stable lather in personal care and cosmetic products such as shampoos, shower gels, and facial cleansers.
3. **Moisturizing agent:** Sodium cocoyl isethionate has moisturizing properties that help to keep the skin and hair hydrated and soft.
4. **Emulsifier:** Sodium cocoyl isethionate is an effective emulsifier that helps to mix oil and water-based ingredients in cosmetic and personal care formulations.
5. **pH adjuster:** Sodium cocoyl isethionate can be used as a pH adjuster in cosmetic and personal care products to maintain the desired pH level.
6. **Thickening agent:** Sodium cocoyl isethionate can be used as a thickening agent in cosmetic and personal care products to increase their viscosity and improve their texture.

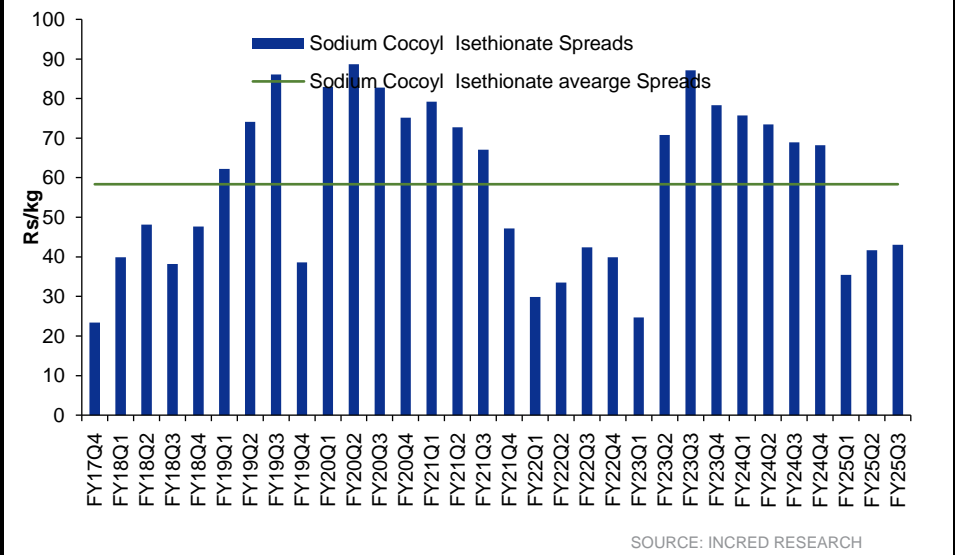
Sodium cocoyl isethionate manufacturers ►

1. **Innospec Inc.:** It is a global specialty chemicals company that produces a range of surfactants, including sodium cocoyl Isethionate.
2. **BASF SE**
3. **Stepan Company:** It is a US-based manufacturer of specialty chemicals and produces sodium cocoyl isethionate for use in personal care and cosmetic products.
4. **AkzoNobel**
5. **Kao Corporation**

Apart from a general post Covid-19 pandemic supply chain disruption-driven rise in spreads, we don't see any any froth in product spreads ➤

While BASF SE would have been hurt because of the power crisis in Germany and a fall in production, other companies may not have taken a hit. Hence, the spreads have also not risen massively over their historical mean. As of now, they are slightly higher than their historical mean, which may correct as the global slowdown hits the industry.

Figure 7: While the spreads are higher than their historical average, it's just a cyclical variation and will correct over time

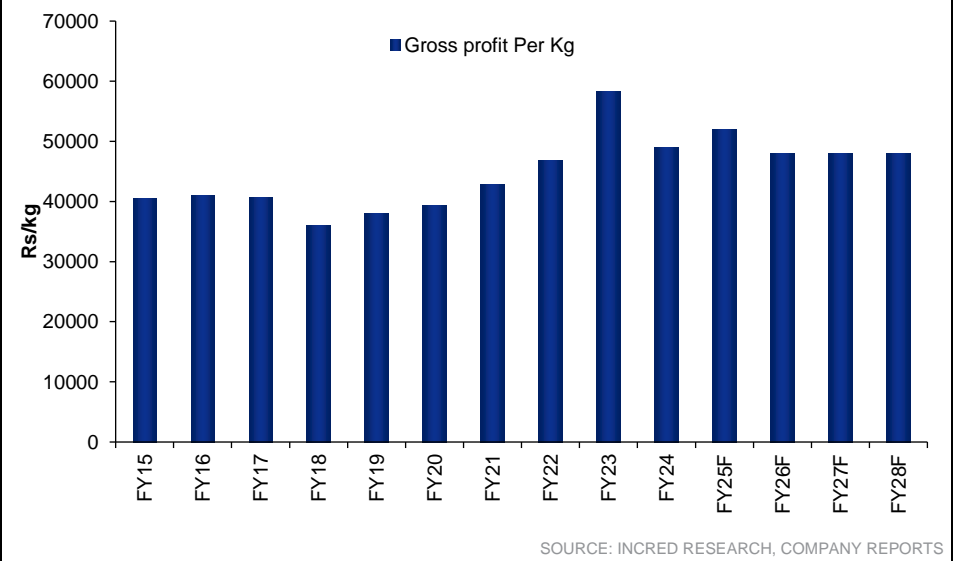


Earnings and valuation

The muted global demand scenario, as reflected in lower spreads, combined with the commodity nature of the business, does not inspire confidence. While the LASBA business remains volatile, the growing concerns regarding SLS usage in soaps are likely to result in even lower volume growth. We believe that although the business may achieve single-digit volume growth, gross profit will remain under pressure and is expected to stabilize around the historical average of Rs48,000/t.

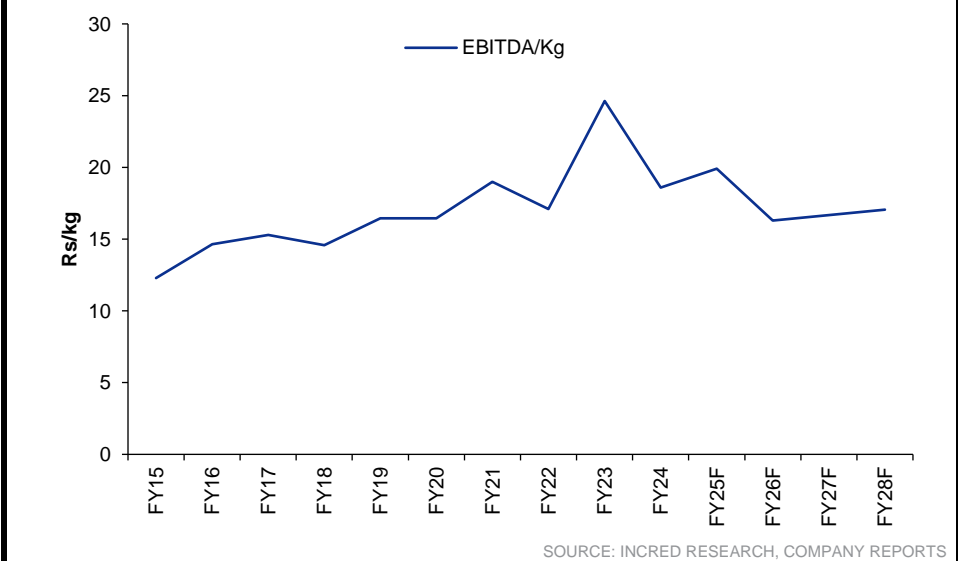
As supply chain normalizes and Germany restarts production, gross profit will fall ➤

Figure 8: FY23 has many one-time benefits like a one-time grant and a production disruption-led rise in gross profit which normalized in FY24-25F, and it will fall further to Rs48000/t in the coming years



Consequently, EBITDA/kg will also fall going ahead ➤

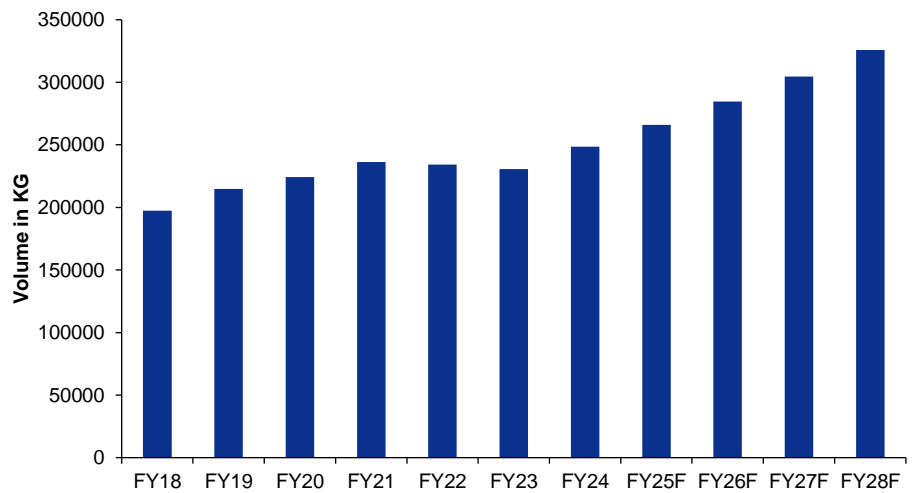
Figure 9: We don't share GSL management's optimism on EBITDA/kg and believe it will fall to Rs17-18



Global slowdown will lead to lower-than-historical average growth going ahead ➤

Historical volume growth has been 6% but we believe that in the coming three years, volume growth of the company will average around 7% CAGR.

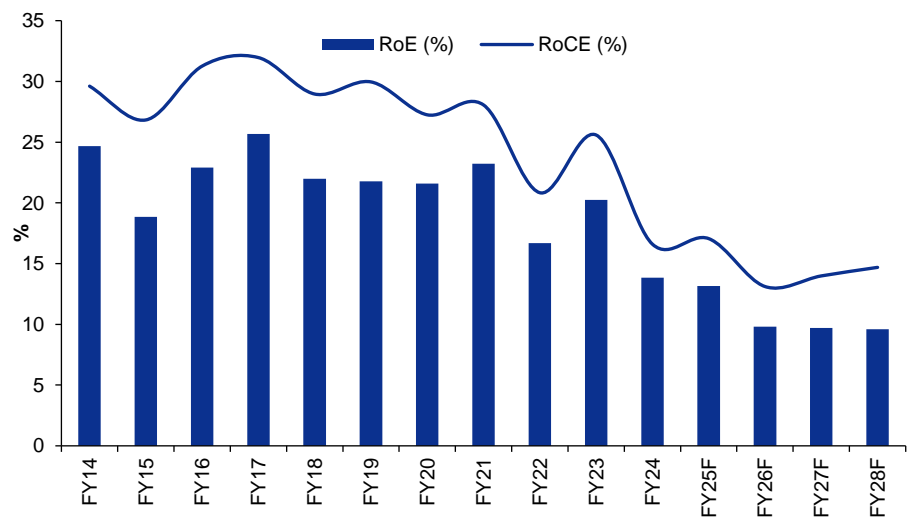
Figure 10: We expect volume to grow at a 7% CAGR over FY25F-28F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

RoE and RoCE to fall ►

Figure 11: RoE and RoCE to decline



SOURCE: INCRED RESEARCH, COMPANY REPORTS

We have used P/E to value commodity chemical companies

We have valued GSL on a P/E basis as we consider it a more appropriate valuation method for commodity chemical companies than the discounted cash flow or DCF or EV/EBITDA methodologies. In our view, DCF is not a suitable valuation method because the earnings of chemicals companies are highly cyclical and forecasting long-term earnings reliably is very difficult. We believe a balance sheet-based valuation is inappropriate as short-term debt may rise because of inventory cycles, and in case of GSL it could be due to volatility in the prices of raw materials like lauryl alcohol and linear alkyl benzene.

Figure 12: Average trading multiple of Galaxy Surfactants indicates 25.9x one-year forward EPS

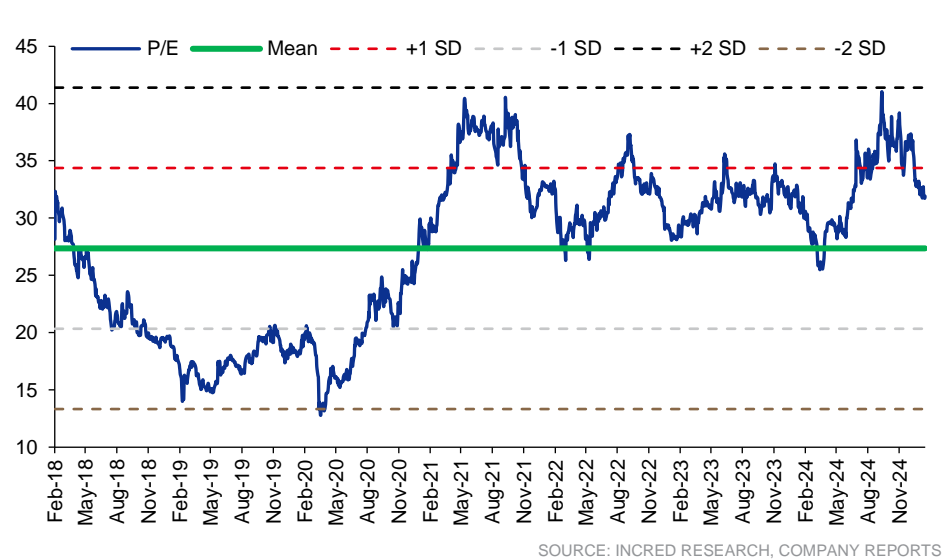
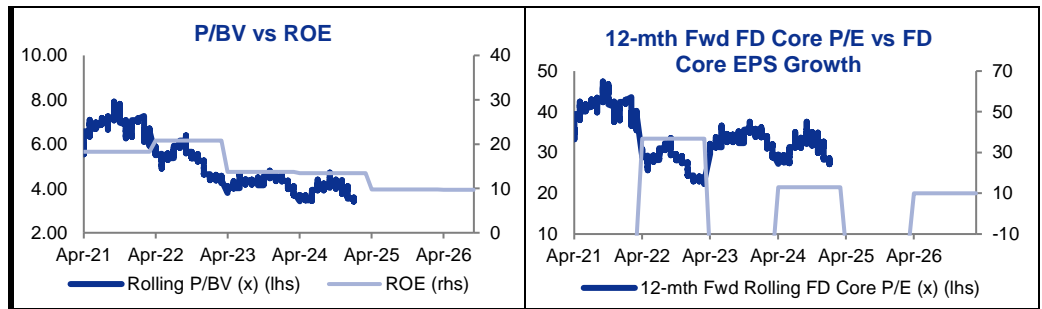


Figure 13: Target price valuation

FY27F EPS (Rs)	84.25
Target multiple (x)	25.90
Target price (Rs)	2,182

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	44,452	37,944	40,701	42,696	45,685
Gross Profit	13,452	12,164	13,833	13,663	14,619
Operating EBITDA	5,683	4,622	5,298	4,640	5,081
Depreciation And Amortisation	(835)	(998)	(1,097)	(1,197)	(1,296)
Operating EBIT	4,848	3,624	4,200	3,443	3,784
Financial Income/(Expense)	(434)	(448)	(292)	(292)	(292)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	99	355	355	355	355
Profit Before Tax (pre-EI)	4,513	3,531	4,263	3,506	3,847
Exceptional Items					
Pre-tax Profit	4,513	3,531	4,263	3,506	3,847
Taxation	(920)	(740)	(1,111)	(920)	(1,006)
Exceptional Income - post-tax					
Profit After Tax	3,593	2,791	3,152	2,585	2,840
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,593	2,791	3,152	2,585	2,840
Recurring Net Profit	3,593	2,791	3,152	2,585	2,840
Fully Diluted Recurring Net Profit	3,593	2,791	3,152	2,585	2,840

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	5,683	4,622	5,298	4,640	5,081
Cash Flow from Invt. & Assoc.					
Change In Working Capital	903	1,110	477	404	554
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	32	(8)	(49)	(49)	(49)
Net Interest (Paid)/Received	(217)	(224)	(146)	(146)	(146)
Tax Paid	(781)	(1,111)	(920)	(1,006)	(1,101)
Cashflow From Operations	5,620	4,389	4,659	3,843	4,338
Capex	(1,461)	(1,583)	(1,585)	(1,585)	(1,585)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	5	(1,967)			
Other Investing Cashflow	(30)	65			
Cash Flow From Investing	(1,486)	(3,485)	(1,585)	(1,585)	(1,585)
Debt Raised/(repaid)	(1,127)	(1,512)			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,275)	(143)			
Preferred Dividends					
Other Financing Cashflow	(241)	(235)	(146)	(146)	(146)
Cash Flow From Financing	(2,643)	(1,889)	(146)	(146)	(146)
Total Cash Generated	1,492	(985)	2,928	2,112	2,606
Free Cashflow To Equity	3,008	(607)	3,074	2,258	2,753
Free Cashflow To Firm	4,351	1,129	3,221	2,404	2,899

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	2,476	2,393	4,443	3,903	4,407
Total Debtors	6,148	5,931	6,362	6,674	7,141
Inventories	6,458	5,561	5,795	6,262	6,701
Total Other Current Assets	937	3,136	3,136	3,136	3,136
Total Current Assets	16,019	17,020	19,736	19,975	21,384
Fixed Assets	7,734	8,251	8,739	9,127	9,415
Total Investments					
Intangible Assets	82	74	74	74	74
Total Other Non-Current Assets	3,510	3,802	3,802	3,802	3,802
Total Non-current Assets	11,325	12,127	12,614	13,002	13,291
Short-term Debt	1,827	860	860	860	860
Current Portion of Long-Term Debt					
Total Creditors	4,302	4,461	4,650	5,024	5,376
Other Current Liabilities	609	652	652	652	652
Total Current Liabilities	6,738	5,973	6,161	6,536	6,887
Total Long-term Debt	891	457	457	457	457
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	485	493	493	493	493
Total Non-current Liabilities	1,375	950	950	950	950
Total Provisions	406	432	432	432	432
Total Liabilities	8,519	7,354	7,543	7,917	8,269
Shareholders Equity	18,826	21,793	25,090	27,822	30,808
Minority Interests					
Total Equity	18,826	21,793	25,090	27,822	30,808

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	20.6%	(14.6%)	7.3%	4.9%	7.0%
Operating EBITDA Growth	41.8%	(18.7%)	14.6%	(12.4%)	9.5%
Operating EBITDA Margin	12.8%	12.2%	13.0%	10.9%	11.1%
Net Cash Per Share (Rs)	(6.83)	30.36	88.18	72.95	87.17
BVPS (Rs)	530.97	614.65	707.67	784.71	868.95
Gross Interest Cover	22.34	16.18	28.73	23.55	25.89
Effective Tax Rate	20.4%	21.0%	26.1%	26.3%	26.2%
Net Dividend Payout Ratio	35.5%	5.1%			
Accounts Receivables Days	51.44	58.10	55.12	55.72	55.19
Inventory Days	79.92	85.08	77.13	75.79	76.15
Accounts Payables Days	55.87	62.04	61.88	60.81	61.10
ROIC (%)	18.2%	12.5%	13.9%	11.0%	11.7%
ROCE (%)	23.4%	16.0%	16.8%	12.3%	12.2%
Return On Average Assets	14.7%	11.1%	11.0%	8.6%	9.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

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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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