SMIFS LIMITED
LEGACY | TRUST | GROWTH

PCBL Chemical Ltd

Near term headwinds transitory in nature, Visibility of growth in sight, Maintain BUY!

Rating: **Buy**	Return: **~49%**
Current Price: **362**	Target Price: **540**

|Earlier recommendation

Previous Rating:	BUY
Previous Target Price:	537

Source: SMIFS Research

|Market data

Bloomberg:	PCBL:IN
52-week H/L (Rs):	505 / 331
Mcap (Rs bn/USD bn):	136.8 /1.6
Shares outstanding (mn):	377.5
Free float:	46.4%
Daily vol. (3M Avg.):	0.92mn
Face Value (Rs):	1

|Shareholding pattern (%)

	Sep-25	Jun-25	Mar-25	Dec-24
Promoter	51.4	51.4	51.4	51.4
FIIs	6.1	5.5	5.6	5.2
DIIs	12.0	11.1	10.2	7.9
Public/others	30.5	32.0	32.8	35.5

|Pro. Pledging

Pledging	-	-	-	-

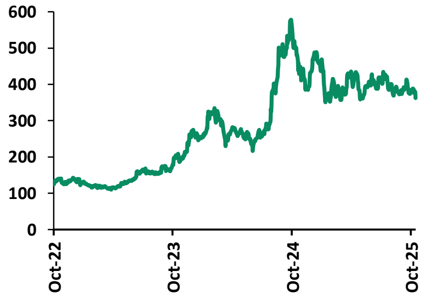
Source: BSE

|Price performance (%) *

	1M	3M	12M	36M
NIFTY 50	1.5	2.4	3.9	48.5
NIFTY 500	0.7	0.8	1.0	58.3
PCBL Chemical	-7.6	-14.2	-24.6	160.3

*as on 17th Oct 25; Source: AceEquity, SMIFS Research

|3 Year Price Performance Chart



Source: NSE

Except for stronger power business, the company reported largely muted show in CB & Aquapharm business during the quarter as its gross & operating spreads per kg remained weak in the latter businesses. Power business reported steep ~32% YoY & ~8% QoQ revenue growth led by stronger volumes & better realizations coupled with cost benefits led to strong ~55% YoY & ~13% QoQ jump in EBIT & supported the overall operating profitability. Despite CB volumes growing by ~9% YoY/~5% QoQ, CB revenue declined by 3% YoY because of lower realizations due to muted demand & tariff uncertainty. Aquapharm volumes was up 3% YoY/down ~5% QoQ, but revenue grew by 9% YoY/~3% QoQ because of better realizations. Domestic volumes grew by ~10% YoY & 11% QoQ led by robust domestic tyre industry, but export volumes dipped by ~4% on QoQ basis. The good part remains that speciality black volumes grew by ~2% YoY & ~9% QoQ because of demand certainty & increasing end user applications but in overall volume contribution, slight dip is seen on YoY basis. Blended gross spreads per kg declined by 12% YoY & ~7% QoQ because of weak product mix & softening demand. EBITDA spreads dipped by 32% YoY & ~19% QoQ to Rs ~14.2 per kg because of higher conversion cost. PCBL started phase 1 CB capacity of 30KT in the Chennai plant & remaining 60KT will be completed by FY26E end. The company is witnessing strong pickup in EU market owing to ban on Russian CB supplies, but recent US tariff puts a brake on US exports & it remains a wait & watch about how things pan out on tariff front. PCBL will continue to remain in capex mode for the next 3 years, adding brownfield capacity in Chennai, doubling Aquapharm capacity, increasing speciality CB capacity & infusing money in JV to capture future growth opportunities. The company is focussed on improving composition in existing CB commodity grades commanding better spreads, increasing speciality grade pie & entering newer value-added grades (eg. Acetylene Black). Despite near term uncertainty of muted demand & tariff related uncertainty, the long-term outlook is good. We trim our spreads per kg forecast factoring slower uptick than earlier expected. We maintain our target multiple of 27x & roll forward our valuation to Sept'27E as growth momentum will remain strong & newer businesses will likely contribute higher share in EBITDA by FY30E & hence we arrive at a target price of Rs 540 per share. Maintain BUY rating on the stock.

Per unit spreads declined YoY & QoQ because of muted demand & inferior product mix, improvement in sight for next 2 years

- Despite higher CB volumes growing by ~9% YoY & ~5% QoQ, CB revenue declined by 3% YoY because of lower realizations
- Carbon black EBITDA spreads dipped by 32% YoY & ~19% QoQ to Rs 14.2/kg & Aquapharm EBITDA spread/kg stood at Rs 19.1/kg, dip of ~7% YoY during the quarter. The CB spreads have remained weak largely led by tariff impact & muted demand, however, with pickup in market spreads per ton coupled with higher speciality CB & Aquapharm volumes, we anticipate EBITDA/kg to inch up by in the next 2 years. Current CB spread factors in most of the negativity.
- Supply tightness in CB space globally & EU ban on Russian CB is aiding PCBL export volumes, but with recent US tariff, if continued, exports could face material headwinds. The long-term outlook is bullish as PCBL is a proxy play on volume recovery in the tyre sector which is set to grow at 5-8% from FY25-28E, the CB will witness volume CAGR of ~10.4% from FY25-28E. We expect speciality volumes to grow at a CAGR of ~15% & reach ~94.8K tonnes by FY28E.

Muted uptick in Aquapharm, strong uptick in sight, newer business ventures to keep capex intensity high for next 4-5 years

- The company 1st phase of Chennai plant brownfield expansion of 30KT has started contributing to volumes & Phase 2 of 60KT to start by end of FY26E. The capex for the same is Rs3.5-4bn.
- In Aquapharm, the volume growth of ~3% YoY is largely because of better home care segment, although oil & gas applications underperformed led by weak crude oil prices & lower demand. The recent capacity commercialization of 11,500 TPA would support growth going ahead. We factor in volume growth of ~16% CAGR for the next 3 years.
- Nanovace's pilot plant project on track. Process patent for nano-silicon granted in US and patent expected from Japan, South Korea and Europe. The combined JV will generate EBITDA of ~Rs12-13bn at peak levels in 2-3 years' time frame post commercialization. Expected commercialization is by FY28E.
- Overall, capex of Rs35bn will be incurred over the next 4-5 years & it will be funded largely via internal accruals.

Valuation

- Near term demand weakness coupled with tariff related uncertainty is weighing on stock price. We feel current issues are transitory in nature & company will come out strongly from these short-term hiccups. Robust volume growth & focussing on growth capex are the key triggers. We roll forward our valuations to Sept 27E. Currently, the stock is trading at P/E of ~19x. We maintain our target multiple of 27x despite near term uncertainties as growth momentum will accelerate going ahead & newer businesses (Nanovace, Acetylene black, greenfield CB) will likely more than double from FY25 base EBITDA and, thereby, we arrive at target price of Rs 540 per share which offers upside of ~49% from current valuation. Therefore, we maintain our **BUY** rating on the stock.

Y/E Mar (Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Var. (%)
Net Sales	**21,636**	**21,632**	**0.0**	**21,141**	**2.3**	**21,000**	**3.0**
Operating costs	18,974	17,997	5.4	17,950	5.7		
EBITDA	**2,662**	**3,635**	**-26.8**	**3,191**	**-16.6**	**3,250**	**-18.1**
EBITDA Margin (%)	*12.3*	*16.8*	*(450) bps*	*15.1*	*(279) bps*	*15.5*	*(317) bps*
Depreciation	928	864	7.4	924	0.5		
Interest	1,072	1,189	-9.9	1,124	-4.6		
Other Income	121	57	113.3	58	107.8		
PBT Before Exceptional items	**783**	**1,638**	**-52.2**	**1,202**	**-34.8**		
Exceptional items	-	-	NA	-	NA		
PBT After Exceptional items	**783**	**1,638**	**-52.2**	**1,202**	**-34.8**		
Tax	166	404	-58.9	261	-36.4		
Reported PAT	**617**	**1,235**	**-50.0**	**941**	**-34.4**		
Non-Controlling interest	1.6	0.8	100.0	0.5	220.0		
Adj PAT	**615**	**1,234**	**-50.1**	**941**	**-34.6**	**940**	**-34.5**

Source: Company, SMIFS Research

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	Adj P/E (x)	EV/EBITDA (x)
FY24	64,198	*11.2*	10,373	*16.2*	4,909	*11.1*	*13.0*	*16.1*	*10.3*	15.6	11.6
FY25	84,043	*30.9*	13,368	*15.9*	4,350	*-11.4*	*11.5*	*12.5*	*8.9*	32.1	14.1
FY26E	89,361	*6.3*	12,841	*14.4*	3,992	*-8.2*	*10.6*	*10.5*	*7.9*	34.3	14.8
FY27E	1,07,563	*20.4*	16,302	*15.2*	5,920	*48.3*	*15.7*	*14.5*	*12.5*	23.1	11.7
FY28E	1,32,021	*22.7*	21,878	*16.6*	9,167	*54.8*	*27.1*	*19.7*	*16.6*	14.9	8.7

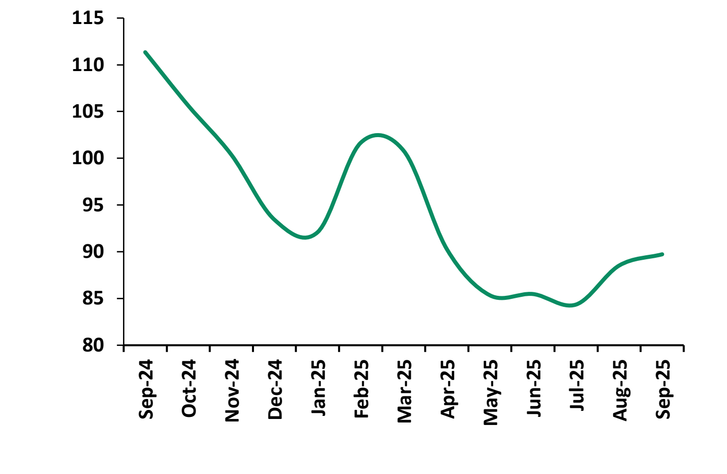
Source: Company, SMIFS Research Estimates

Story in Charts

Fig 1: India's Carbon Black Import & Export Data (In Tonnes)

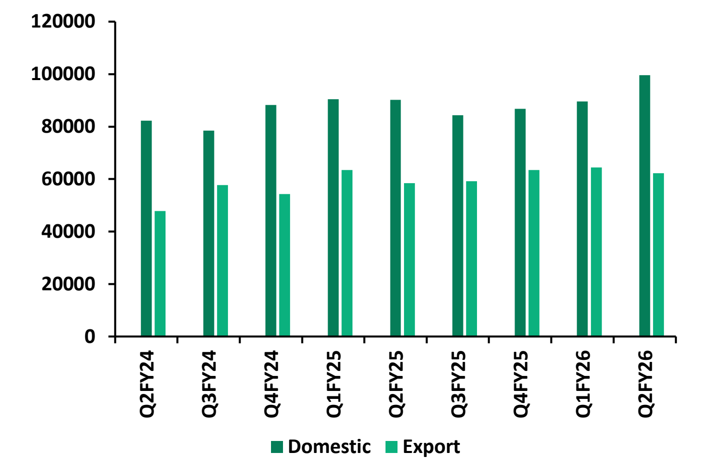
Source: Industry, SMIFS Research

Fig 2: Carbon Black Price Trend (In Rs per kg)



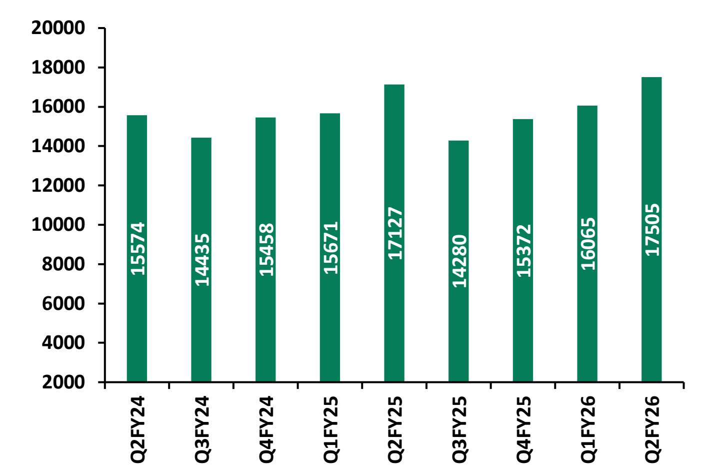
Source: Industry, SMIFS Research

Fig 3: Quarterly Sales Volume (In Tonnes)



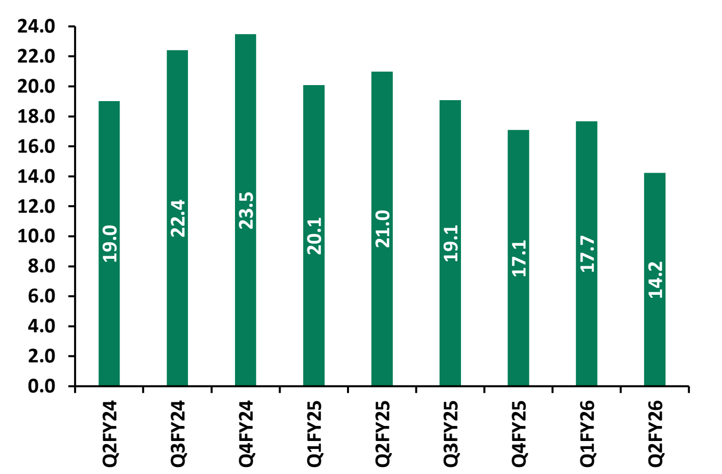
Source: Company, SMIFS Research

Fig 4: Speciality Carbon Black Sales Volumes (In Tonnes)



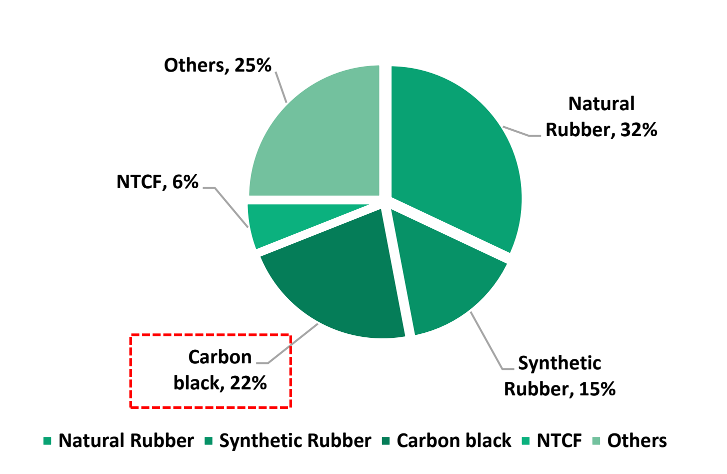
Source: Company, SMIFS Research

Fig 5: Blended EBITDA Spread (In Rs per kg)



Source: Company, SMIFS Research

Fig 6: Volume wise split of tyre raw materials



Source: Company, SMIFS Research

Analyst Call Highlights

- **Demand outlook:** The company's major end user industries in the domestic market like tyres, plastics, printing inks, toners are witnessing weak demand. Also, recent US tariff has created uncertainty amongst manufacturers & their increasing supplies to US players. Recent because of US tariff related headwinds, exports volumes dipped by ~4% QoQ. Although, other market volumes (like Europe) remained strong, and the long-term outlook is robust. Tariff headwinds are for the short term. Management sounded positive on long term demand outlook for CB, although near term will remain muted. We feel that tyre and other allied sectors might remain weak in the near term but will remain robust on the long term backed by large capex by tyre companies which will ensure volume momentum in the coming years.

- **Completed Chennai phase 1 CB capacity expansion, phase 2 to start by end of FY26E:** The Chennai plant has reached near max volume potential of ~32,500 tonnes. In lieu of this, the company has started commercialization of its Phase 1 30KT capacity. The phase 2 60KT to start by end of FY26E. The capex for the same is Rs3.5-4bn.

- **Steep jump in power volumes saves the day**: The company's power business reported steep 32% YoY & ~8% QoQ revenue jump led by strong jump in volume & realizations both. With better cost savings & operating leverage benefits, EBIT jumped by ~55% YoY & ~13% QoQ & helped maintain overall EBIT for the company. We anticipate the business to maintain strong growth in the coming quarters.

- **Lower contribution by value added grades impacted spreads on YoY basis:** The speciality black volumes grew by 2% YoY & 9% QoQ to 17,505 tonnes during the quarter. But commodity tyre grade volumes grew by ~14% YoY & 3% QoQ which led to lower value-added mix in overall CB volumes leading to lower spreads.

- **Capacity addition in carbon black to drive volume growth:** The company is adding 240KT in total in CB business (TN Brownfield expansion of 90KT + AP Greenfield project of 150KT). With this expansion, the company will achieve 1mn tonnes capacity. The brownfield TN expansion will complete by FY26E & AP greenfield project will complete by FY28E. The business will generate EBITDA of Rs4bn (translating in EBITDA per kg of ~Rs17 per kg). In AP plant, further capacity additions will be done post FY30E.

- **New technology Nanovace will be significant contributor to EBITDA:** The company has a US patent secured for proprietary nanomaterial process. The primary purpose is to convert Silicon precursors to battery grade Nano Silicon & other composites. Nanovace is now entering a pivotal phase moving from pilot to proof. With the pilot facility at Palej expected to go live CY25 & phase 1 of 2KT commissioning by FY27E, the company's focus is on product validation and sample qualification with global battery and electric vehicle OEMs. As per management, the business will have realization of $300/kg with targeted EBITDA of $135/kg (EBITDA margin of ~45%). The anticipated topline is Rs28.5bn with EBITDA of Rs13bn at peak levels (factoring total ~12KT capacity expected to come by FY28E). The company has secured patent for nano-silicon granted in US and patent expected from Japan, South Korea and Europe is coming soon.

- **Entry in niche segment Acetylene Black is a positive:** The company is building India's first backward-integrated acetylene black plant at Mundra to cater to global demand. This is a critical component for high-voltage cables and semiconductors, and the company has a technology transfer agreement with Ningxia Jinhua in place. The company will install capacity of 4,000 TPA with targeted commissioning by FY27E. As per management, the business will have realization of $4500/ton with targeted EBITDA of $800-1200/ton (EBITDA margin of 18-25%). The EBITDA contribution will be Rs300-400mn at peak levels.

- **Addition of high margin super conductive grades to foster growth:** To cater high end & margin accretive applications, the company is setting a 1KT superconductive speciality black line at Palej. The end users are semiconductors, battery conductive and engineered polymers. It is expected to be commissioned by the end of FY26E. As per management, the business will have realization of $20,000/ton with targeted EBITDA of $10,000/ton (EBITDA margin of ~50%). The EBITDA contribution will be Rs0.85-1bn at peak levels.

- **Operating leverage benefit to drive Aquapharm profitability going ahead:** The company is doubling capacity across its product category in phases. The targeted chemistry is green chelates & polymers. The company will set up a capacity of 150KT with targeted commissioning by FY27E at a capex of Rs6bn. As per management, the business will generate EBITDA of Rs6bn. (translating in EBITDA spreads of ~42 per kg). Aquapharm has recently completed capacity expansion project of 11,500 TPA catering to polymers & the total capacity now stands at 1,79,500 TPA. Overall, management stated the company is looking to double the capacity in the next 5-year time. We expect volume growth of ~15-20% CAGR for the next 2-3 years.

- **Expansion in better margin speciality black business:** The company is adding 50KT speciality black line on base capacity of 112KT in 3 phases. The speciality black line has 1.5-2x better spreads than normal grade. As per management, the business will generate EBITDA of Rs1bn. (translating in EBITDA spreads of ~25 per kg). The first phase of 20KT will commission by the end of FY27E. The remaining two phases will come each in subsequent years.

- **Despite higher Aquapharm volumes, margins remained weak**: The business reported volume growth of 3% YoY but dipped by 5% QoQ to 25,194 tonnes in Q2FY26. During the quarter, it reported revenue of Rs3.95bn, higher by 9% YoY & ~3% QoQ with an EBITDA of Rs480mn, indicating margin of ~12.2% vs 13.9% in Q2FY25 & 13.1% in Q1FY26 because of higher freight cost & tariff uncertainty. The EBITDA spreads stood at Rs 19.1 per kg which declined by 7% YoY in Q2FY26.

- **Debt is unlikely to come down in next 3 years**: To fund the capex requirements through internal accruals, debt is unlikely to materially come down in the next 3 years. The total capex for the next 3-4 years is Rs35bn which will be funded via internal accruals. The total debt stood at Rs53.8bn as on FY25 but there has been reduction of Rs3bn debt as on date.

Valuation and Recommendations

Near term demand weakness coupled with tariff related uncertainty is weighing on stock price. We feel current issues are transitory in nature & company will come out strongly from these short-term hiccups.

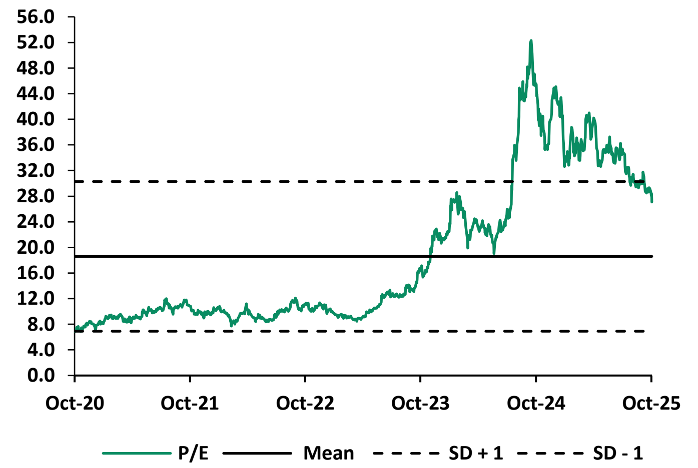
Robust volume growth & focussing on growth capex are the key triggers. We roll forward our valuations to Sept 27E. Currently, the stock is trading at P/E of ~19x.

We maintain our target multiple of 27x despite near term uncertainties as growth momentum will accelerate going ahead & newer businesses (Nanovace, Acetylene black, greenfield CB) will likely more than double FY25 base EBITDA and, thereby, we arrive at target price of Rs 540 per share which offers upside of ~49% from current valuation.

Therefore, we maintain our **BUY** rating on the stock.

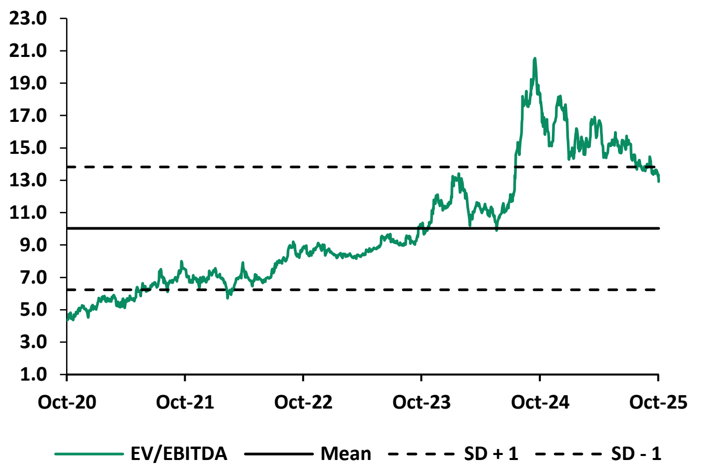
Risk to our call is unforeseen impact on the demand and sharp decline in spread.

Fig 7: 1-Year Forward PE



Source: Company, SMIFS Research

Fig 8: 1-Year Forward EV/EBITDA



Source: Company, SMIFS Research

Fig 9: Change in Estimates

	New Estimates			Old Estimates			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	89,361	1,07,563	1,32,021	97318	115330	139957	-8%	-7%	-6%
EBITDA	12,841	16,302	21,878	15004	18847	24449	-14%	-14%	-11%
EBITDA Margin	14.4%	15.2%	16.6%	15.4%	16.3%	17.5%	(105) bps	(119) bps	(90) bps
PAT	3,992	5,920	9,167	5340	7503	10755	-25%	-21%	-15%
EPS (Rs)	10.6	15.7	24.3	14.1	19.9	28.5	-25%	-21%	-15%

Source: Company, SMIFS Research Estimates

- We cut our topline estimate factoring slower uptick than earlier anticipated leading to cut in volumes coupled with lower realizations.
- We trim our Gross & EBITDA spreads forecast for the next 2 years factoring muted demand & tariff related uncertainty leading to cut in EBITDA estimates.

Quarterly financials, operating metrics and key performance indicators

Fig 10: Quarterly Financials

Y/E March (Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net sales	**16,568**	**19,288**	**21,436**	**21,632**	**20,100**	**20,875**	**21,141**	**21,636**
Raw Materials	11,645	13,177	14,491	14,986	13,853	14,766	14,545	15,293
Employee Cost	610	810	1,001	985	1,049	1,093	1,095	1,244
Other Expenditure	1,524	2,205	2,361	2,026	2,025	2,039	2,310	2,437
EBITDA	**2,789**	**3,095**	**3,583**	**3,635**	**3,173**	**2,977**	**3,191**	**2,662**
Depreciation	527	752	845	864	867	881	924	928
Interest	324	1,082	1,211	1,189	1,177	1,032	1,124	1,072
Other Income	72	232	109	57	111	198	58	121
PBT Before Exceptional items	**2,011**	**1,493**	**1,636**	**1,638**	**1,241**	**1,261**	**1,202**	**783**
Exceptional items	-	-	-	-	5	-	-	-
PBT After Exceptional items	**2,011**	**1,493**	**1,636**	**1,638**	**1,235**	**1,261**	**1,202**	**783**
Tax	531	384	457	404	304	259	261	166
Tax rate (%)	26	26	28	25	25	21	22	21
Reported PAT	**1,480**	**1,110**	**1,179**	**1,235**	**931**	**1,002**	**941**	**617**
Minority Interest	1	-3	-1	1	1	0	1	2
Adjusted PAT	**1,479**	**1,113**	**1,180**	**1,234**	**934**	**1,002**	**941**	**615**
YoY Growth (%)								
Revenue	21.5	40.4	59.1	45.5	21.3	8.2	-1.4	0.0
EBITDA	70.7	68.3	70.0	52.7	13.8	-3.8	-10.9	-26.8
Adj. PAT	52.0	9.2	7.8	0.3	-36.8	-10.0	-20.3	-50.1
QoQ Growth (%)								
Revenue	11.4	16.4	11.1	0.9	-7.1	3.9	1.3	2.3
EBITDA	17.1	11.0	15.8	1.5	-12.7	-6.2	7.2	-16.6
Adj. PAT	20.2	-24.8	6.1	4.5	-24.3	7.2	-6.1	-34.6
Margin (%)								
Gross Profit	29.7	31.7	32.4	30.7	31.1	29.3	31.2	29.3
EBITDA	16.8	16.0	16.7	16.8	15.8	14.3	15.1	12.3
Adj. PAT	8.9	5.8	5.5	5.7	4.6	4.8	4.4	2.8
Employee cost as % of sales	3.7	4.2	4.7	4.6	5.2	5.2	5.2	5.7
Other expenses as % of sales	9.2	11.4	11.0	9.4	10.1	9.8	10.9	11.3
Operational Metrics								
Overall CB volumes	136108	142544	153918	148693	143500	150152	154093	161728
Aquapharm volumes	-	-	24402	24510	22796	24098	26523	25194
CB Realization per kg	118.7	115.5	112.7	117.9	114.8	111.1	108.0	104.8
Aquapharm Realization per kg	-	-	146.5	147.2	143.2	155.6	144.2	156.8
Blended Gross spread Per kg	36.2	42.9	38.9	38.4	37.6	35.1	36.5	33.9
Blended EBITDA spread per kg	22.4	23.5	20.1	21.0	19.1	17.1	17.7	14.2

Source: Company, SMIFS Research

Fig 11: Key Performance Indicators

Particular (Rs bn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Effective CB capacity (in MT)*	**539469**	**539469**	**539469**	**737000**	**787000**	**863000**	**908800**	**1047800**
Normal Grade CB volumes (In MT)	**360818**	**421484**	**404539**	**474602**	**533813**	**577490**	**643280**	**717498**
YoY Change (%)	-7.2	16.8	-4.0	17.3	12.5	8.2	11.4	11.5
Speciality Grade CB volumes (In MT)	**23967**	**35000**	**40376**	**57247**	**62450**	**66000**	**79040**	**94770**
YoY Change (%)	24	46	15	42	9	6	20	20
Aquapharm volumes (In MT)	**-**	**-**	**-**	**-**	**95806**	**107520**	**124320**	**149460**
Blended Gross spread per kg	**27.3**	**28.8**	**27.9**	**31.7**	**37.5**	**36.1**	**39.3**	**43.7**
Blended EBITDA spread per kg	**13.5**	**14.3**	**16.4**	**19.5**	**19.3**	**17.1**	**19.3**	**22.7**

Source: Company, SMIFS Research Estimates Note: * indicates Effective capacity includes normal CB plus speciality grade CB capacity Note: FY25 & FY26E includes Aquapharm acquisition hence historical numbers not comparable.

Financial Statements (Consolidated)

Income Statement

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**64,198**	**84,043**	**89,361**	**1,07,563**	**1,32,021**
Raw Materials	44,658	58,095	62,254	74,296	89,963
% of sales	*70*	*69*	*70*	*69*	*68*
Personnel	2,504	4,128	4,855	5,607	6,476
% of sales	*4*	*5*	*5*	*5*	*5*
Other Expenses	6,662	8,451	9,411	11,359	13,703
% of sales	*10*	*10*	*11*	*11*	*10*
EBITDA	**10,373**	**13,368**	**12,841**	**16,302**	**21,878**
Other Income	370	474	298	298	254
Depreciation	2,173	3,457	3,755	4,295	4,917
EBIT	**8,571**	**10,385**	**9,384**	**12,305**	**17,216**
Finance cost	1,808	4,609	4,327	4,410	4,272
Core PBT	**6,393**	**5,302**	**4,759**	**7,596**	**12,690**
PBT before Exp items	**6,763**	**5,776**	**5,057**	**7,895**	**12,944**
Exceptional Items	-	5	-	-	-
PBT after Exp items	**6,763**	**5,771**	**5,057**	**7,895**	**12,944**
Tax-Total	1,852	1,424	1,064	1,848	3,043
Tax Rate (%) - Total	*27.4*	*24.7*	*21.0*	*23.4*	*23.5*
Reported PAT	**4,911**	**4,347**	**3,993**	**6,047**	**9,901**
Minority Interest	2	1	1	126	734
Adjusted PAT	**4,909**	**4,350**	**3,992**	**5,920**	**9,167**

Source: Company, SMIFS Research Estimates

Key Ratios

YE March	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratio (%)					
Revenue	*11.2*	*30.9*	*6.3*	*20.4*	*22.7*
EBITDA	*41.9*	*28.9*	*-3.9*	*26.9*	*34.2*
Adjusted PAT	*11.1*	*-11.4*	*-8.2*	*48.3*	*54.8*
Margin Ratios (%)					
Gross Profit	30.4	30.9	30.3	30.9	31.9
EBITDA	16.2	15.9	14.4	15.2	16.6
EBIT	13.4	12.4	10.5	11.4	13.0
Core PBT	10.0	6.3	5.3	7.1	9.6
Adjusted PAT	7.6	5.2	4.5	5.5	6.9
Return Ratios (%)					
ROE	16.1	12.5	10.5	14.5	19.7
ROCE	10.3	8.9	7.9	12.5	16.6
Turnover Ratios (days)					
Gross Block Turnover (x)	1.4	1.2	1.2	1.2	1.4
Adj OCF/Adj PAT (%)	201.6	48.5	162.0	253.1	201.2
Inventory	56.8	55.1	55.0	55.0	55.0
Debtors	97.2	77.9	80.0	80.0	80.0
Creditors	102.5	69.3	70.0	75.0	75.0
Cash conversion cycle	51.6	63.7	65.0	60.0	60.0
Solvency Ratio (x)					
Debt-equity	1.5	1.5	1.5	1.4	1.1
Net debt-equity	1.3	1.3	1.4	1.3	1.1
Gross Debt/EBITDA	4.8	4.2	4.4	3.6	2.6
Current Ratio	1.1	1.0	0.9	0.9	0.9
Interest coverage ratio	4.7	2.3	2.2	2.8	4.0
Dividend					
DPS	5.5	5.5	5.5	5.5	5.5
Dividend Yield (%)	2.7	1.5	1.5	1.5	1.5
Dividend Payout (%)	42.3	47.7	52.0	35.1	22.6
Per share Ratios (Rs)					
Basic EPS (reported)	13.0	11.5	10.6	15.7	24.3
Adjusted EPS	13.0	11.5	10.6	15.7	24.3
CEPS	18.8	20.7	20.5	27.1	37.3
BV	86.1	98.3	103.4	113.6	132.5
Valuation (x)					
Adj P/E	15.6	32.1	34.3	23.1	14.9
P/BV	2.4	3.8	3.5	3.2	2.7
EV/EBITDA	11.6	14.1	14.8	11.7	8.7
EV/Sales	1.9	2.2	2.1	1.8	1.4
Adj Market Cap /Core PBT	10.9	25.0	28.0	17.4	10.5
Adj Market Cap /Adj OCF	7.9	55.8	18.9	13.1	11.2

Source: Company, SMIFS Research Estimates

Balance Sheet

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Source of funds					
Share Capital	378	378	378	378	378
Reserves & Surplus	32,127	36,714	38,638	42,507	49,632
Shareholders' Funds	**32,504**	**37,092**	**39,015**	**42,885**	**50,010**
Total Loan Funds	**49,517**	**55,361**	**56,540**	**57,647**	**55,807**
Other Liabilities	9,255	3,131	3,374	4,048	4,946
Total Liabilities	**91,277**	**95,583**	**98,929**	**1,04,580**	**1,10,763**
Application of funds					
Gross Block	66,512	72,461	81,476	90,441	98,906
Net Block	57,309	59,881	65,140	69,810	73,358
Capital WIP	4,330	7,296	6,933	6,415	6,595
Quasi cash investments	2,376	2,962	2,319	2,319	2,319
Other Investments	**1,586**	**2,199**	**2,842**	**2,842**	**2,842**
Other Non-Current Assets	**12,966**	**7,636**	**7,892**	**7,997**	**8,253**
Inventories	9,993	12,682	13,465	16,208	19,894
Sundry Debtors	17,102	17,937	19,586	23,576	28,936
Cash & Bank Balance	3,848	3,892	1,411	1,943	1,314
Current Investments	369	-	-	-	-
Other current assets	3,076	2,735	2,793	3,002	3,205
Total Current Assets	**34,388**	**37,245**	**37,256**	**44,728**	**53,349**
Sundry Creditors	**18,020**	**15,947**	**17,138**	**22,102**	**27,128**
Other current liabilities	3,657	5,689	6,314	7,429	8,825
Total Current Liabilities	**21,677**	**21,636**	**23,452**	**29,531**	**35,953**
Net Current Assets	**12,710**	**15,609**	**13,804**	**15,197**	**17,396**
Total Assets	**91,277**	**95,583**	**98,929**	**1,04,580**	**1,10,763**

Source: Company, SMIFS Research Estimates

Cash Flow

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Operating profit before WC changes	**10,290**	**13,460**	**12,841**	**16,175**	**21,145**
Net changes in working capital	2,919	-4,075	-402	189	-1,915
Tax Paid	-2,156	-1,780	-1,064	-1,848	-3,043
Cash flow from operating activities	**11,054**	**7,605**	**11,375**	**14,516**	**16,186**
Adj. OCF	**8,908**	**2,380**	**7,047**	**10,106**	**11,914**
Capital expenditure	-5,329	-7,644	-8,838	-8,653	-8,870
Adj FCF	3,579	-5,264	-1,791	1,453	3,044
Cash flow from investing activities	**-42,141**	**-6,903**	**-8,540**	**-8,355**	**-8,616**
Debt	38,029	5,540	1,081	831	-1,885
Dividend	-2,076	-2,076	-2,076	-2,076	-2,076
Interest and Lease	-2,146	-5,225	-4,327	-4,410	-4,272
Cash flow from financing activities	**33,808**	**-639**	**-5,315**	**-5,630**	**-8,199**
Net change in cash	**2,721**	**62**	**-2,480**	**531**	**-628**

Source: Company, SMIFS Research Estimates

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