

Industry	LTP	Base Case Fair Value	Bull Case Fair Value	Recommendation	Time Horizon
Specialty Chemicals	Rs.4632.8	Rs.5199	Rs.5440	Buy at CMP and add on dips to Rs.4210-4250	2 quarters

HDFC Scrip Code	ATULTDEQNR
BSE Code	500027
NSE Code	ATUL
Bloomberg	ATLP:IN
CMP 16 <sup>th</sup> July, 2020	4632.8
Equity Capital (Rs cr)	29.7
Face Value (Rs)	10
Equity Share O/S (cr)	2.9
Market Cap (Rs crs)	13750.2
Book Value (Rs)	1063.0
Avg. 52 Wk Volumes	29341.7
52 Week High	5447.3
52 Week Low	3256.6

Share holding Pattern % (June 30, 20)	
Promoters	44.8
Institutions	32.0
Non Institutions	23.2
Total	100.0

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**Our Take:**

ATUL has an established track record and strong market position in the chemical industry with diversified product portfolio. It is the global market leader in some of its high-value products and the only supplier in India. ATUL earns high margins and delivers healthy return ratios. Moreover, factors such as the growth of the textile industry in India, increasing titanium dioxide production capacity, accelerating paper production, rising plastic consumption and rapid urbanization are expected to drive the demand for its products as a whole.

In spite of large CAPEX requirements it has been able to maintain a low debt level in its balance sheet over the last few years due to its strong cash flows. Its margins have also improved sharply owing to ease in costs, and are likely to sustain in the coming years. Wide distribution network will help the company come back on growth trajectory once the lockdown is lifted. ATUL could be one of the large beneficiaries of shift of supply chains away from China.

**Valuations & Recommendation:**

We expect ATUL's revenue/EBIT/PAT to increase at a CAGR of 2.6/4.5/2.5% over FY20-22E. We expect the company's Life science chemical business to perform better during FY21E, than its Performance & other chemical (POC) segment led by the current increased demand for pharmaceutical products, due to the ongoing COVID 19 situation, and upcoming Kharif harvesting season, aided by normal monsoon forecast. We believe the company can command higher multiple because of its diversified reach across specialty chemical category catering to wide array of industries, which will help it sail across these troubled waters. The recent rerating of all chemical companies would also help in this process.

We assign a P/E multiple of 22.5x FY22E EPS for bull case fair value resulting in price of Rs.5440, and 21.5x FY22E EPS for base case fair value resulting in price of Rs.5199. We feel that investors can enter the stock at the CMP (19.1x FY22E EPS) and add on dips to Rs 4210-4250 band (17.5x FY22E EPS).

**Financial Summary:**

Particulars (Rs cr)									
	Q4FY20	Q4FY19	YoY-%	Q3FY20	QoQ-%	FY19	FY20	FY21E	FY22E
Total Operating Income	965.5	1058.0	-8.7%	1041.4	-7.3%	4,037.8	4,093.1	3,787.8	4,415.6
EBITDA	188.1	203.1	-7.4%	249.3	-24.6%	766.8	902.0	757.6	1,061.1
Depreciation	33.8	33.0	2.4%	32.4	4.2%	118.9	130.2	155.1	161.1
Other Income	35.6	5.5	541.7%	11.5	209.1%	34.9	78.0	68.2	70.7
Interest Cost	2.4	1.7	40.5%	3.1	-24.8%	7.4	9.4	12.4	13.9
Tax	46.0	60.7	-24.3%	57.2	-19.7%	244.3	174.5	164.6	239.2
APAT	142.5	111.6	27.7%	168.9	-15.7%	436.0	670.9	493.7	717.6
Diluted EPS (Rs)	48.0	37.6	27.7%	56.9	-15.7%	146.9	226.0	166.3	241.8
RoE-%						16.1%	21.3%	13.9%	17.3%
P/E (x)						31.5	20.5	27.9	19.2
EV/EBITDA						27.1	17.7	14.6	16.9

(Source: Company, HDFC sec Research)

**Recent Triggers:**
**The COVID factor has created a positive platform for the Indian chemical manufacturers including ATUL:**

The spread of Corona Virus beyond China is causing a concern for the global economic environment as supplies from China (accounts for more than 45% of the global share in chemical raw material supply) received a major blow. Although, China has gradually started production, this has resulted in inching up of chemical prices, which will be beneficial for Indian chemical players as global agro and specialty chemical companies are eyeing India as a reliable partner.

This opportunity can be well utilized by companies like ATUL in acquiring global clients, and building long-term relationships. Opportunities are available for players in South Asia as innovators seek a reliable partner for assured sourcing. Also, due to, not very stringent environmental norms and availability of experienced manpower at a lower wage rate, chemical manufacturers across India enjoy low cost of production advantage compared to its European peers.

ATUL is on the threshold of a huge opportunity of partially replacing China as a source for large multinational companies due to increasing realization on the part of global corporates to de-risk their dependence on China.

**Despite continued large Capex, the company has low debt levels:**

Inspite of the large CAPEX requirements it has been able to maintain a low debt level in its balance sheet over the last few years due to its strong cash flows. On a net-debt basis ATUL continues to remain debt free with strong operating cash flows (doubled in FY20 at Rs 881.4cr from Rs 403.6cr in FY19) which is expected to continue in the coming years. Planned CAPEX is expected to be funded largely through internal accruals over the next few years.

**Commissioning of new capacities and weak Rupee could boost revenues in the near term:**

Commissioning of capacities (Capex in FY20 Rs 370cr) and debottlenecking are expected to drive volumes higher, which will fuel growth, positive pricing tailwinds, and operating leverage will also enhance margin profile.

ATUL is also in the process of setting up new capacities for downstream/value-added products. In the Crop Protection division, it is expanding its 2, 4-Dichlorophenol capacity by 50% and backward integrating to Mono-chloro-acetic acid. In the Bulk Chemical segment, it is forward integrating to make 1, 3-Cyclohexanedione and Resorcinol Formaldehyde (RF) resin by using Resorcinol. In the Aromatics division, it is forward integrating into high-value cosmetic products including Anethole, Avobenzone and Raspberry Ketone. In the Colours division, it is more than doubling its Sulphur Black capacity. As per the Chairman, once the current capex is commissioned, the company has a potential to reach sales of Rs 5400cr (at 90% capacity utilisation)

Rupee depreciation is also going to benefit, as the company derives a considerable portion of its revenue (48%, as of FY20) from the export market. Also the fall in crude prices could result in a buffer for ATUL as a lot of its raw materials and solvents are crude derived, although top-line value could get impacted.

**Atul's Life Science Chemicals segment is expected to perform better than its POC segment during FY21E:**

Due to the ongoing Pandemic and resultant lockdowns, and slow exports, the company is expected to do better in its domestic Life science business segment which comprises Crop Protection and Pharmaceuticals as its sub-segments. The COVID 19 situation has raised demand for Pharmaceuticals products across the nation and worldwide. In such scenario, anti-infective and anti-fungal molecules are of great demand, and ATUL is into production of such. Further, the upcoming Kharif harvesting season, and the continuing locust attacks has already called for increased use of herbicides/insecticides/fungicides which the company's crop protection business produces. IMD's forecast for a normal to favourable monsoon has also raised hopes.

**Long term Triggers:**

**ATUL Ltd has an established track record serving for 73 long years, it has withstood several business cycles which makes it a seasoned player:**

ATUL Ltd is a seven-decade old diversified chemical company, engaged in manufacturing of about 900 products and 450 formulations across six business divisions i.e. Aromatics, Bulk Chemicals & Intermediates, Colors, Crop Protection, Floras, Pharmaceuticals & Polymers. ATUL has an established track record and strong market position in the chemical industry with diversified product portfolio.

**Wide spread operations, industry exposure and distribution network will help the company gain quick momentum once the economy gets back to its gears:**

ATUL has operations across the world touching over 85 countries, where it owns 114 retail brands and serves to more than 30 industries with ~6000 customers. End products are supplied to various industries like agriculture, animal feed, Automobile, composites, construction, cosmetics, defence, paints & coatings, pharmaceuticals, plastic, horticulture, textile, FMCG etc. This vast reach of the company, will be fruitful, once the economy starts recovering from the current situation. ATUL's operations are classified into two broad segments viz. Performance and Other Chemicals (POC; 69% of revenue; as of FY20) and Life Science Chemicals (LSC; 31% of revenue; as of FY20) catering to the requirement of diversified industries like textile, paints, fragrance & flavours, tyre, paper, aerospace, construction, agriculture, pharmaceutical, etc. Life science has two sub-segments under it called crop protection business & the Pharmaceuticals & Aromatics segment.

**Rising awareness to increase API business:**

The size of the world Pharmaceutical industry is estimated at US\$ 1.75 tn, of which the conventional pharmaceutical segment is estimated to be US\$ 1.3 tn. Of this, the size of the world API industry is estimated to be US\$ 160 bn. Pharmaceutical industry is growing well because of increasing awareness about diseases and health. ATUL has 76 products and serves 160 clients across the world. The global pharma market is expected to grow rapidly led by strong growth in emerging economies with generics taking an increased market share globally.

The Company along with ABL will participate in this growth by i) widening its market reach, ii) increasing its manufacturing efficiencies, iii) generating and adding capacities, iv) introducing new products and v) forming long-term strategic alliances with other companies.

**LIFE SCIENCE SEGMENT:**
*Crop protection*

This sub-segment mostly manufactures Herbicides, Insecticides, Fungicides, and Others. It comprises about 20 products and 70 formulations. 2, 4-D, Indoxacarb and Isoprothiolane are some of the key products.

*Pharmaceuticals & Aromatics-I*

This sub-segment provides various therapeutic categories, such as anti-depressant, anti-diabetic, anti-infective, anti-fungal, anti-retroviral and cardiovascular. The product groups comprise about 76 products. Dapsone, fluconazole and metoprolol salts are some of the active pharmaceutical ingredients and carbonates, chloroformates and amino acid derivatives are some of the key intermediates.

**POC SEGMENT:**
*Aromatics II (Product groups: Bulk chemicals, Adhesion promoters, Others) -*

The products falling under this product group are mainly used by customers belonging to Fragrance and Personal Care industries. The Aromatics segment has 31 products in its portfolio and caters to 367 clients. Para Cresol, para Anisic aldehyde and para Cresidine are some of the key products. The world market for para Cresol (a key product) is estimated at 66,300 mt and is growing at about 2%. Though earlier the product used to be manufactured in UK and USA, China and India are now major suppliers of the product.

*Bulk Chemicals & Intermediates (Product groups: Bulk chemicals, Adhesion promoters, Others)-*

While mainly products under this segment are used for personal consumption, Intermediate product groups are used by customers belonging to Cosmetic, Dyestuff, Pharmaceutical and Tyre industries. The Company has 23 products in under its bulk chemicals portfolio and caters to 197 clients. Resorcinol, Resorcinol formaldehyde resin and 1, 3-Cyclohexanedione are some of the key products.

*Colors (Product groups: Dyestuffs, Pigments, Dye-intermediates, Textile chemicals, Others)-*

The colors segment comprises of 620 products which are used by customers belonging to Textiles, Paint and Coatings and Paper industries. Pigment Red 168, Sulphur Black 1 and Vat Green 1 are some of the key products.

Polymers (Product groups: Epoxy resins, Curing agents, Reactive diluents, Sulfones, Protective paints and Adhesives based on Epoxy, Synthetic rubber, Polyurethane, Cyanoacrylate, PVC and PVA)-

The products falling under this product group are used by customers belonging to Aerospace, Automobile, Composites, Construction, Defence, Electrical and Electronics, Footwear, Paint and Coatings, Paper, Sport and Leisure and Wind Energy industries. The product groups comprise about 96 synthetic products and 300 formulations catering to around 615 customers. B11, P62 and P101 are some of the key products.

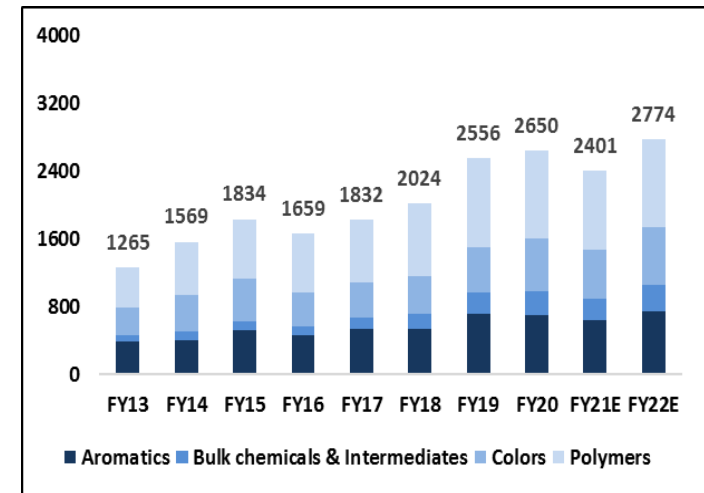
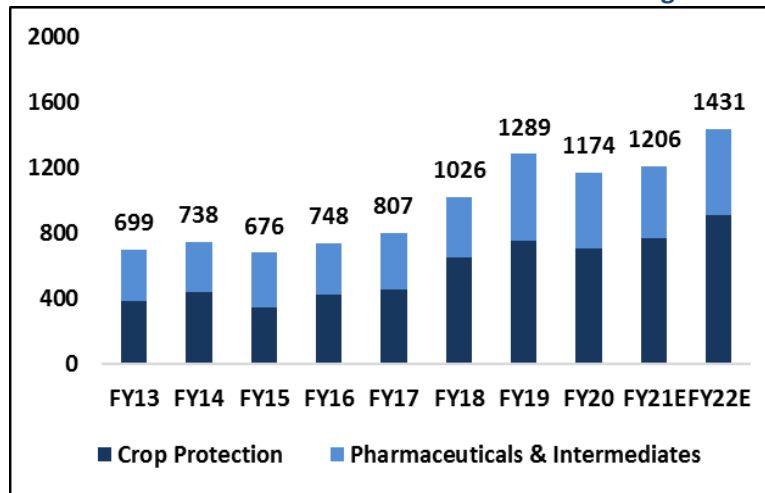
Over the years, ATUL has emerged as a prominent player in many of the products it manufactures, not only in India but also in the global market having strong clientele including global chemical majors. It also enjoys fairly good market share in many of these product segments. Further, its well-diversified product-range helps ATUL in mostly offsetting the adverse performance of few product lines in some years with better performance of remaining products in those years.

**Performance and Other Chemicals Segment**

**Life Science Chemicals Segment**

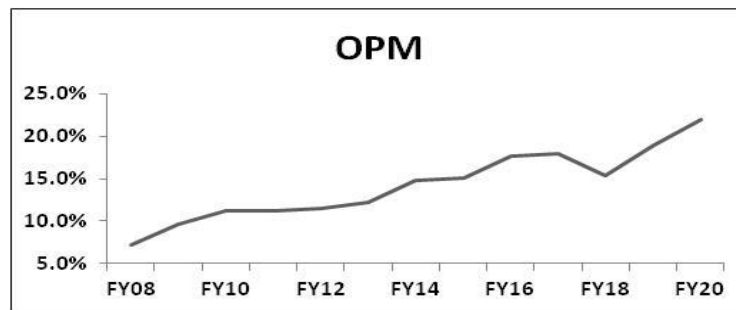
Aromatics (19%)	Polymers (28%)	Colors (14%)	Bulk chemicals (7%)	Crop Protection (18%)	Pharmaceuticals (12%)	Floras (1%)
<p><b>PRODUCTS:</b></p> <ul style="list-style-type: none"> <li>•p-Cresol (~50%)</li> <li>•pAnisicAldehyde</li> <li>•p-AnisylAlcohol</li> <li>•p-Cresidine</li> </ul> <p><b>USER INDUSTRY:</b></p> <ul style="list-style-type: none"> <li>•Cosmetics</li> <li>•Perfumes</li> <li>•Food-Beverage</li> <li>•Personal Care</li> <li>•Pharmaceutical</li> <li>•Antioxidants</li> </ul>	<p><b>PRODUCTS:</b></p> <ul style="list-style-type: none"> <li>•Epoxy Resins &amp; Curing agents (~80%)</li> <li>•Sulfones</li> <li>•Poly-urethane</li> </ul> <p><b>USER INDUSTRY:</b></p> <ul style="list-style-type: none"> <li>•Aerospace</li> <li>•Automobiles</li> <li>•Wind mill</li> <li>•Adhesives</li> <li>•Construction</li> <li>•Electronics</li> <li>•Paint &amp; Coating</li> <li>•Medical</li> </ul>	<p><b>PRODUCTS:</b></p> <ul style="list-style-type: none"> <li>•Sulphur Black (50%)</li> <li>•Azo dyes</li> <li>•VAT Dye</li> <li>•Reactive dye</li> <li>•Disperse Dyes</li> <li>•HP Pigments</li> </ul> <p><b>USER INDUSTRY:</b></p> <ul style="list-style-type: none"> <li>•Textile ~80%</li> <li>•Paint &amp; Coating</li> <li>•Plastics</li> <li>•Paper</li> <li>•Electronics</li> <li>•Food</li> <li>•Leather</li> </ul>	<p><b>PRODUCTS:</b></p> <ul style="list-style-type: none"> <li>•Resorcinol (~65%)</li> <li>•Resorcinol Formaldehyde Resins</li> <li>•Chlorosulphonic Acid</li> <li>•Anisole</li> <li>•Sulphuric Acid</li> <li>•Caustic chlorine</li> </ul> <p><b>USER INDUSTRY:</b></p> <ul style="list-style-type: none"> <li>•Captive (major)</li> <li>•Rubber ~40%</li> <li>•UV absorber ~20%</li> <li>•Wood adhesives ~15%</li> <li>•Personal Care</li> <li>•Pharmaceuticals</li> <li>•Dyestuffs</li> </ul>	<p><b>PRODUCTS:</b></p> <ul style="list-style-type: none"> <li>•2, 4-D (Herbicides) (~70%)</li> <li>•Indoxacarb (Insecticide)</li> <li>•Isoprothiolane (Fungicides)</li> <li>•MCA</li> </ul> <p><b>USER INDUSTRY:</b></p> <ul style="list-style-type: none"> <li>•Agriculture (major)</li> <li>•Non-Agriculture</li> <li>•Household</li> <li>•Pet Products</li> </ul>	<p><b>PRODUCTS:</b></p> <ul style="list-style-type: none"> <li>•Amino acids derivatives</li> <li>•Phosgene derivatives</li> <li>•API's</li> </ul> <p><b>USER INDUSTRY:</b></p> <ul style="list-style-type: none"> <li>•Pharmaceuticals</li> <li>•Supplements</li> <li>•Animal Feeds</li> <li>•Antioxidants</li> </ul>	<p><b>PRODUCTS:</b></p> <ul style="list-style-type: none"> <li>•Tissue culture raised date palm plants.</li> <li>•Range of date products (B2C)</li> </ul> <p><b>USER INDUSTRY:</b></p> <ul style="list-style-type: none"> <li>•Agriculture</li> <li>•Food (B2C)</li> <li>•Food Ingredient</li> </ul>

Sub Segmental Revenue Mix-



**Steady shift in product-mix from commodity grade to research oriented specialty chemicals:**

Through its strong R&D initiatives, JV with multinational companies and acquisitions, ATUL has expanded its product portfolio significantly over last few years in the areas of aromatics, crop protection, polymers and pharma intermediates which are specialty chemicals as compared to conventional dyestuff products; the same has led to better profitability which has also shown greater degree of resilience compared to the scenario of past years. During FY20, the Company increased yield of 18 products, decreased consumption of raw materials in five products, decreased consumption charge of two solvents, recovered ten products from pollutants and introduced 40 new products and formulations. All these have helped it raise OPM over the years.



**What could go wrong:**

- There will be a delay of about six months in completing the projects already under implementation resulting from the closure of plants owing to the pandemic. Any further delay can impact the growth in top-line in the coming quarters. The problem of shortage of drivers for both inbound and outbound transport is being faced by the business at this time. The company expects to reach near-normal operations from the third quarter of FY21.
- ATUL has geographically diversified sales with around 48% share in exports in its total operating income(TOI) thereby exposing it to foreign exchange rate fluctuations. However, it enjoys benefit of partial natural hedge with imports of around 31% of its raw material requirement.
- Pharmaceuticals products face the risk of changing regulatory requirements and complying with manufacturing processes. Some of the products manufactured by the company have a lengthy approval process which delays the revenue realisation and increases risk of rejection.
- ATUL could face production and supply disruptions for better part of H1FY21. There could also be an impact on demand for its products due to lockdown across the globe. This could impact its financials for FY21.
- On 18-May-2020 the ministry of “Agriculture and Farmers Welfare” released a draft order that proposes to ban 27 pesticides, including 2, 5-D (manufactured by ATUL). Confirmation on the final ban can impact revenues and profitability

**About the company:**

Incorporated in 1947, Atul Ltd. (ATUL), was founded by Late Kasturbhai Lalbhai (part of Lalbhai Group). It is a seven decade old diversified chemical company. Atul had successful JVs with Internationally renowned MNCs namely American Cyanamid Company (now a part of BASF AG and Pfizer Inc) in 1947, Imperial Chemical Industries plc (now a part of Akzo Nobel and Astra Zeneca plc) in 1955 and Ciba-Geigy Ltd (now a part of BASF AG and Huntsman Corporation) in 1960. Atul is mainly into manufacturing formulations across six business divisions i.e. Aromatics, Bulk Chemicals and Intermediates, Colors, Crop Protection, Floras, Pharmaceuticals and Polymers. It has 4 production facilities in India while its subsidiaries have facilities in India, China, Brazil, U.A.E., and UK. The company has advantage of being backward integrated in several products which along with new capacities coming up on stream is leading to reduction in fixed costs. It has 1250 acres of land at its first plant in Gujarat, part of which is being used for its manufacturing plant. ATUL has identified 2 reporting Segments, namely, Life Science Chemicals and Performance and Other Chemicals. Life Science Chemicals: Life Science Chemicals Segment consists of 2 Sub-segments, namely, Crop Protection, Pharmaceuticals and Intermediates.

Name	Entity	Holding	Business (manufacturing & marketing)
Atul Bioscience	Subsidiary	100%	API Intermediaries
Rudolf Atul chemicals	JV (Atul + Rudolf)	50%	Textile Chemicals
Amal	Subsidiary	53%	Sulphuric Acid & derivatives
DPD	Subsidiary	98%	Tissue culture raised date palms plants
Anaven	JV (Atul + Akzo Nobel)	50%	MCA (Mono-Chloro-Acetic-Acid)
Atul Rajasthan Date Palms (ARDP)	Subsidiary	74%	Tissue culture raised date palms plants

*(Source: Company, HDFC sec Research)*

**Peer Comparison:**

Companies	FY20 (Cons)							
	Sales	OPM %	PAT%	BV	*CMP (Rs)	P/E	P/BV	ROE
Atul Ltd	4093.1	22.0%	16.4%	146.9	4632.8	20.5	4.4	21.3%
Aarti Industries Ltd	4620.7	23.3%	11.8%	171.0	898.0	28.6	5.3	18.4%
Galaxy Surfactants Ltd	2596.4	14.2%	8.9%	301.2	1543.6	23.8	5.1	21.6%

*\*CMP as on 16<sup>th</sup> July 2020*
*(Source: Company, HDFC sec Research)*
**Financials**
**Income Statement**

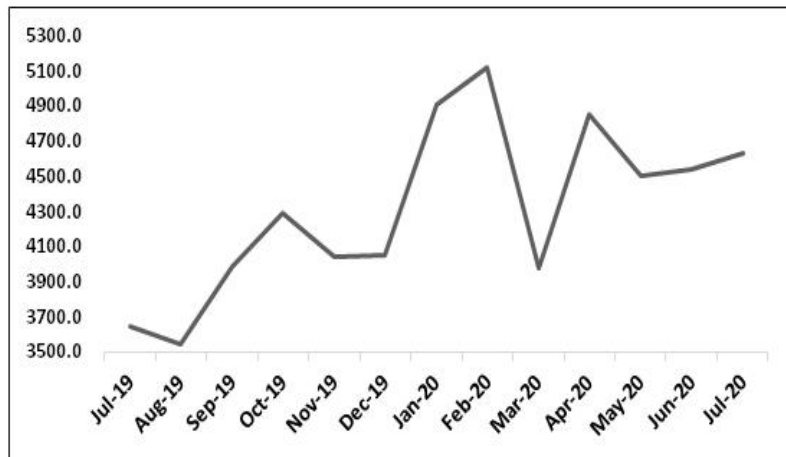
(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E
<b>Net Revenues</b>	<b>3295.8</b>	<b>4037.8</b>	<b>4093.1</b>	<b>3787.8</b>	<b>4415.6</b>
Growth (%)		22.5%	1.4%	-7.5%	16.6%
Operating Expenses	2790.6	3271.0	3191.1	3030.2	3354.6
<b>EBITDA</b>	<b>505.2</b>	<b>766.8</b>	<b>902.0</b>	<b>757.6</b>	<b>1061.1</b>
<b>Growth (%)</b>		<b>51.8%</b>	<b>17.6%</b>	<b>-16.0%</b>	<b>40.1%</b>
<b>EBITDA Margin (%)</b>	<b>15.3%</b>	<b>19.0%</b>	<b>22.0%</b>	<b>20.0%</b>	<b>24.0%</b>
Depreciation	110.4	118.9	130.2	155.1	161.1
<b>EBIT</b>	<b>425.0</b>	<b>682.7</b>	<b>849.8</b>	<b>670.6</b>	<b>970.7</b>
Other Income	30.1	34.9	78.0	68.2	70.7
Interest expenses	12.7	7.4	9.4	12.4	13.9
<b>PBT</b>	<b>412.2</b>	<b>675.3</b>	<b>840.4</b>	<b>658.2</b>	<b>956.8</b>
Tax	131.0	244.3	174.5	164.6	239.2
<b>RPAT</b>	<b>281.2</b>	<b>436.0</b>	<b>670.9</b>	<b>493.7</b>	<b>717.6</b>
<b>Growth (%)</b>		<b>55.0%</b>	<b>53.9%</b>	<b>-26.4%</b>	<b>45.4%</b>
EPS	94.8	146.9	226.0	166.3	241.8

**Balance Sheet**

As at March	FY18	FY19	FY20	FY21E	FY22E
<b>SOURCE OF FUNDS</b>					
Share Capital - Equity	<b>29.7</b>	<b>29.7</b>	<b>29.7</b>	<b>29.7</b>	<b>29.7</b>
Reserves	2214.2	2676.0	3125.2	3529.8	4122.8
<b>Total Share-holders Funds</b>	<b>2243.9</b>	<b>2705.7</b>	<b>3154.9</b>	<b>3559.5</b>	<b>4152.4</b>
Minority Exp	20.0	23.8	26.4	26.4	26.4
Long Term Debt	0.0	45.4	86.6	96.6	101.6
Short Term Debt	15.9	9.3	10.4	10.4	10.4
<b>Total Debt</b>	<b>15.9</b>	<b>54.7</b>	<b>97.0</b>	<b>107.0</b>	<b>112.0</b>
Net Deferred Taxes	0.0	0.0	0.0	0.0	0.0
Non-Current Liabilities	175.9	194.1	150.9	155.8	166.4
<b>TOTAL SOURCES OF FUNDS</b>	<b>2455.8</b>	<b>2978.3</b>	<b>3429.1</b>	<b>3848.6</b>	<b>4457.2</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	1027.3	1104.3	1121.7	1541.7	1599.6
CWIP	96.2	172.3	368.1	50.0	56.0
LT Loans & Advances	51.2	46.1	0.1	37.9	44.2
Other Non-Current Assets	478.4	559.1	578.8	500.8	503.3
<b>Total Non-current Assets</b>	<b>1653.1</b>	<b>1881.7</b>	<b>2068.7</b>	<b>2130.3</b>	<b>2203.1</b>
Inventories	411.4	511.8	503.4	435.9	544.4
Debtors	723.4	698.5	719.7	664.2	764.9
Other Current Assets	171.3	397.5	823.3	1192.1	1571.3
Cash & Equivalents	49.4	54.5	35.4	44.6	96.9
<b>Total Current Assets</b>	<b>1355.5</b>	<b>1662.3</b>	<b>2081.8</b>	<b>2336.7</b>	<b>2977.6</b>
Creditors	459.0	379.6	477.6	425.5	496.0
Current Liabilities	93.8	186.1	243.8	192.9	227.5
<b>Total Current Liabilities</b>	<b>552.8</b>	<b>565.7</b>	<b>721.4</b>	<b>618.4</b>	<b>723.5</b>
<i>Net Current Assets</i>	<i>802.7</i>	<i>1096.6</i>	<i>1360.4</i>	<i>1718.3</i>	<i>2254.1</i>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>2455.8</b>	<b>2978.3</b>	<b>3429.1</b>	<b>3848.6</b>	<b>4457.2</b>

**Cash Flow Statement**

(Rs in cr)	FY18	FY19	FY20	FY21E	FY22E
Reported PBT	412.2	680.3	845.4	658.2	956.8
Interest Expenses & Others	-2.0	1.2	-44.2	57.8	17.5
Depreciation	110.4	118.9	130.2	155.1	161.1
Working Capital Change	-59.4	-142.7	166.7	15.1	-135.2
Tax Paid	-105.4	-254.1	-216.8	-164.6	-239.2
<b>OPERATING CASH FLOW ( a )</b>	<b>355.7</b>	<b>403.6</b>	<b>881.4</b>	<b>721.7</b>	<b>760.9</b>
Capex	-143.0	-208.4	-374.0	-257.0	-225.0
Investments	14.8	-189.4	-421.8	-364.0	-350.0
<b>INVESTING CASH FLOW ( b )</b>	<b>-129.1</b>	<b>-407.6</b>	<b>-785.7</b>	<b>-621.0</b>	<b>-575.0</b>
Proceeds from Eq Cap	0.0	0.0	0.0	0.0	0.0
Borrowings / (Repayments)	-151.8	38.9	53.7	10.0	5.0
Debt Issuance/(Repaid)	-38.1	-41.2	-151.5	-89.0	-124.7
Dividends paid	-12.9	-7.4	-9.4	-12.4	-13.9
Interest paid	-207.4	-1.1	-107.6	-91.4	-133.6
<b>FINANCING CASH FLOW ( c )</b>	<b>-207.4</b>	<b>-1.1</b>	<b>-107.6</b>	<b>-91.4</b>	<b>-133.6</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>19.2</b>	<b>-5.1</b>	<b>-11.9</b>	<b>9.2</b>	<b>52.4</b>

**One Year Price Chart**

**Key Ratios**

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E
GPM	44.3%	47.4%	51.9%	51.1%	52.3%
EBITDA Margin	15.3%	19.0%	22.0%	20.0%	24.0%
EBIT Margin	12.9%	16.9%	20.8%	17.7%	22.0%
APAT Margin	8.5%	10.8%	16.4%	13.0%	16.3%
RoE	12.5%	16.1%	21.3%	13.9%	17.3%
RoCE	20.1%	26.0%	28.5%	20.1%	24.4%
<b>Solvency Ratio</b>					
Total Debt/EBITDA (x)	0.0	0.1	0.1	0.1	0.1
Net D/E	0.0	0.0	0.0	0.0	0.0
<b>PER SHARE DATA</b>					
EPS	94.8	146.9	226.0	166.3	241.8
CEPS	131.9	187.0	269.9	218.6	296.0
BV	756.0	911.6	1063.0	1199.3	1399.1
Dividend	12	15	27.5	25	35
<b>Turnover Ratios (days)</b>					
Debtor days	70.0	64.8	63.2	66.7	59.1
Inventory days	46.8	42.1	45.3	45.3	40.5
Creditors days	44.9	38.2	38.2	43.5	38.1
<b>VALUATION</b>					
P/E	48.9	31.5	20.5	27.9	19.2
P/BV	6.1	5.1	4.4	3.9	3.3
EV/EBITDA	27.1	17.7	14.6	16.9	11.7
EV / Revenues	4.2	3.4	3.2	3.4	2.8
Dividend Yield (%)	0.8%	1.0%	1.8%	1.6%	2.2%
Dividend Payout	0.1	0.1	0.1	0.2	0.1

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