

Galaxy Surfactants (GALSURF)

Chemicals | 3QFY25 Result Update

HOLD

CMP: Rs2,401 | Target Price (TP): Rs2,500 | Upside: 4%

11 February 2025

Domestic market and AMET could spoil the show

Key Points

- GALSURF's 3QFY25 EBITDA came ~9% below our estimates; however, region-wise performance was a mixed bag. Only RoW markets did the major lifting for growth as other regions were muted. Gross profit/kg improved both on YoY and QoQ basis; however, higher raw material cost and other expenses led to a slightly lower than expected EBITDA/kg (Rs16.9) during the quarter.
- The management maintained volume growth guidance of 6%-8% for FY26 wherein it is building in recovery in India and AMET markets with continued momentum in RoW markets.
- We maintain Hold after earnings revision and rolling forward valuation to Dec'26E with a revised TP of Rs2,500 (earlier Rs3,000) valued at 25xPE.

3QFY25 operating performance: GALSURF's revenue grew by 11% YoY wherein overall volumes declined by ~1% YoY. Region wise, RoW markets reported volume growth of 9.5% YoY, AMET and India volumes declined by ~1.5% and 7% YoY. Fatty alcohol prices have gone up wherein the management indicated that pass through should happen with a lag. Since an optical margin profile won't give a correct picture while pricing is fluctuating, we compare per kg margin. Gross profit/kg during 3QFY25 stood at Rs51.9 vs Rs47.3 in 3QFY24 and Rs51.4 in 2QFY25. EBITDA per kg for the quarter was lower than expected at ₹16.9/kg, primarily due to operating deleverage, increased raw material costs and higher other expenses.

RM inflation not a cause of concern as of now: Fatty Alcohol prices in 3QFY25 suddenly increased to an average price of US\$ 2,496/MT vs 2QFY25 when it stood at US\$ 1,926/MT. The same was \$1,324/MT in 3QFY24. The management expects fatty alcohol prices to remain at current levels in the next quarter. The sudden price rise is primarily due to a sharp increase in palm oil prices, which have doubled in a year, as fatty alcohol is derived from palm oil. As long as there is stability, quarterly earnings volatility can be controlled at a reasonable level. In current contracts, the RM as well as freight related cost burden can be passed on to the customers with a lag, as per the management

Future Outlook: While the management has maintained its overall volume guidance range of 6%-8% for the next 2 years, the performance surfactants segment grew by 0.5%, mainly driven by RoW markets and business from Egypt facilities. However, specialty care volumes declined by 4% during 3QFY25. As per the management supply chain-related issues have been resolved due to lower freight costs, improved container availability, and smoother port transitions, which helped reduce supply-side volatility. However, Due to a weaker-than-expected Diwali, customer destocking occurred, and inventory build-up paused because of inflation and geopolitical uncertainties. Despite these challenges, the company's capex plan remains unchanged at Rs1.5 billion.

Est Change	Downward
TP Change	Downward
Rating Change	No change

Company Data and Valuation Summary

Reuters:	GALX.BO
Bloomberg:	GALSURF IN Equity
Mkt Cap (Rsbn/US\$bn):	86.1 / 988.0
52 Wk H / L (Rs):	3,370 / 2,242
ADTV-3M (mn) (Rs/US\$):	38.0 / 0.4
Stock performance (%) 1M/6M/1yr:	(2.1) / (18.8) / (7.7)
Nifty 50 performance (%) 1M/6M/1yr:	(1.5) / (2.0) / 6.1

Shareholding	1QFY25	2QFY25	3QFY25
Promoters	70.9	70.9	70.9
DII's	12.7	13.0	13.0
FII's	3.9	4.1	4.2
Others	12.5	12.0	11.9
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25E	FY26E	FY27E
Net Sales	37,944	40,945	43,422	47,311
Growth YoY%	-15.0	7.9	6.1	9.0
Gross margin %	32.1	31.1	31.5	30.9
EBITDA	4,622	4,601	4,961	5,619
EBITDA margin %	12.2	11.2	11.4	11.9
Adj PAT	3,015	3,023	3,303	3,552
Growth YoY%	-20.9	0.3	9.3	7.5
Adj EPS	85.0	85.3	93.2	100.2
RoCE	13.0	11.6	11.2	11.2
RoIC	16.1	14.2	14.0	14.0
RoE	14.8	13.1	12.9	12.6
P/E	28.2	28.2	25.8	24.0
EV/EBITDA	17.8	17.3	15.8	13.9
P/BV	3.9	3.5	3.2	2.9

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links – [3QFY25 Presentation](#)

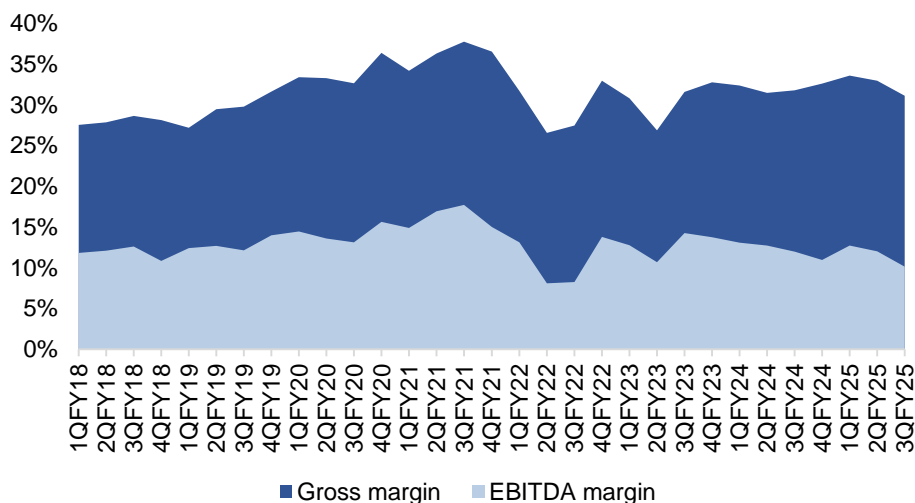
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Exhibit 1: 3QFY25 consolidated performance

Particulars (Rsmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	FY24	FY25E
Net Sales	9,418	9,831	9,405	9,290	9,741	10,630	10,417	10,157	37,944	40,945
YoY Change (%)	-18.7	-20.2	-12.9	-5.2	3.4	8.1	10.8	9.3	-15.0	7.9
Gross Profit	3,051	3,093	2,990	3,031	3,271	3,504	3,241	2,702	12,164	12,717
Margin (%)	32.4	31.5	31.8	32.6	33.6	33.0	31.1	26.6	32.1	31.1
EBITDA	1,232	1,249	1,125	1,017	1,241	1,277	1,056	1,028	4,622	4,601
YoY Change (%)	-16.8	-5.2	-27.0	-24.4	0.7	2.2	-6.2	1.1	-18.7	-0.5
Margin (%)	13.1	12.7	12.0	10.9	12.7	12.0	10.1	10.1	12.2	11.2
Depreciation	238	247	251	262	266	278	277	326	998	1,146
Interest	57	54	59	54	40	41	50	84	224	215
Other income	25	27	64	239	54	87	40	209	355	390
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT (bei)	962	975	878	940	989	1,045	769	826	3,755	3,630
PBT	962	975	878	940	989	1,045	769	826	3,755	3,630
Tax	210	201	165	165	192	198	123	94	740	607
ETR (%)	21.8	20.6	18.8	17.5	19.4	18.9	16.0	11.4	19.7	16.7
Reported PAT	752	774	714	775	797	847	646	732	3,015	3,023
Adj. PAT	752	774	714	775	797	847	646	732	3,015	3,023
YoY Change (%)	-25.1	-7.7	-32.8	-14.4	6.0	9.4	-9.5	-5.5	-20.9	0.3
Adj. EPS	21.2	21.8	20.1	21.9	22.5	23.9	18.2	20.7	85.0	85.3

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Consolidated gross margin & EBITDA margin quarterly trend



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: Quarterly segment-wise & subsidiary-wise performance

Segment information	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Volume Data									
Volume Mix (%)									
Performance surfactants	67.1	68.5	66.8	65.1	63.0	62.7	64.9	65.9	64.2
Specialty Care	32.9	31.5	33.2	34.9	37.0	37.3	35.1	34.1	35.8
Volume sales ('000/MT)									
Performance surfactants	39.2	39.6	39.6	42.4	39.9	38.1	41.6	44.9	40.1
YoY (%)	5.9	11.9	11.8	9.0	1.8	-0.0	5.0	6.0	0.6
Specialty Care	19.2	18.2	19.7	22.7	23.4	22.7	22.5	23.3	22.3
YoY (%)	-8.7	-17.5	-0.5	11.3	21.8	24.5	14.0	2.5	-4.5
Overall sales volume	58.4	57.9	59.4	65.1	63.3	60.8	64.1	68.2	62.5
YoY (%)	0.6	0.6	7.4	9.8	8.4	5.1	8.0	4.8	-1.3
Revenue Data									
Revenue mix (%)									
Performance surfactants	63.01	75.03	61.65	59.62	59.1	55.7	59.2	60.8	60.8
Specialty Care	36.99	24.97	38.35	40.38	40.9	44.3	40.8	39.2	39.2
Segment Revenue (mn)									
Performance surfactants	6,830	7,360	5,822	5,877	5,594	5,303	5,800	6,519	6,357
YoY (%)	19.8	20.5	-16.8	-24.4	-18.1	-27.9	-0.4	10.9	13.6
Specialty Care	4,010	2,450	3,621	3,981	3,874	4,226	3,990	4,203	4,100
YoY (%)	11.1	-44.7	-20.8	-12.7	-3.4	72.5	10.2	5.6	5.8
Total	10,840	9,810	9,443	9,858	9,468	9,529	9,790	10,722	10,457
YoY (%)	16.4	-6.9	-18.4	-20.0	-12.7	-2.9	3.7	8.8	10.4
Realisation data (Rs kg)									
Performance surfactants	174	186	147	139	140	139	139	145	158
YoY (%)	13.2	7.6	-25.6	-30.6	-19.6	-25.1	-5.1	4.6	13.0
Specialty Care	209	134	183	175	166	186	177	181	184
YoY (%)	21.7	-33.0	-20.4	-21.6	-20.7	38.5	-3.3	3.0	10.8
Total	186	170	159	151	150	157	153	157	167
YoY (%)	15.8	-7.5	-24.0	-27.2	-19.4	-7.6	-4.0	3.8	11.9
Profitability data (per kg)									
Gross profit/kg	58.5	54.6	51.4	47.5	47.3	49.8	51.0	51.4	51.9
YoY (%)	33.0	-9.6	-20.5	-14.9	-19.2	-10.1	-0.7	8.1	9.8
Staff costs/kg	10.3	11.0	12.0	9.9	10.7	11.8	12.0	11.1	11.8
YoY (%)	15.6	8.3	7.3	-6.2	4.0	7.8	-0.1	12.3	10.6
Other expenses/kg	21.8	20.3	18.6	18.4	18.8	21.3	19.7	21.5	23.2
YoY (%)	-0.5	-18.7	-30.1	-20.2	-13.8	0.3	5.6	16.9	23.3
EBITDA/kg	26.4	23.2	20.8	19.2	17.8	16.7	19.4	18.7	16.9
YoY (%)	100.5	-7.8	-22.5	-13.6	-32.6	-28.1	-6.7	-2.5	16.9

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: 3QFY25 standalone performance

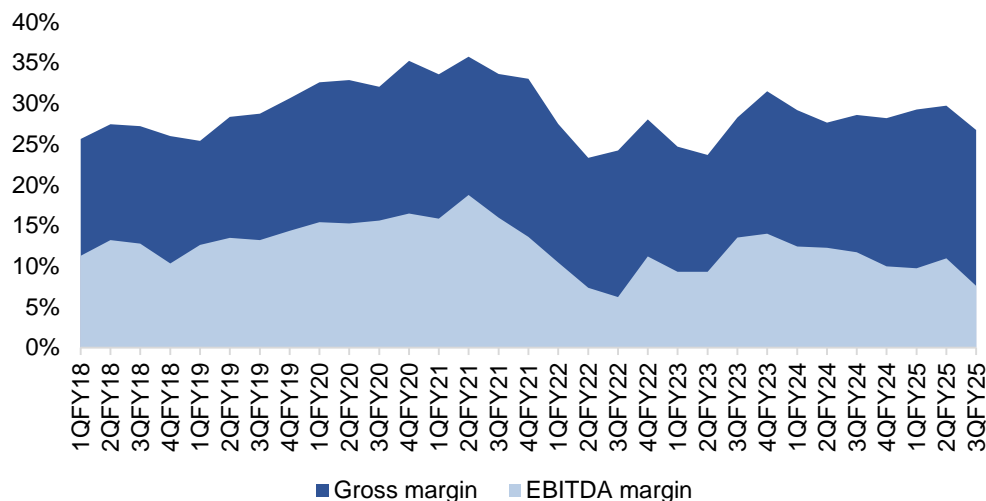
Particulars (Rs mn)	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	9MFY24	9MFY25	YoY%
Net Sales	6,734	7,822	7,273	8.0%	-7.0%	20,395	14,597	-28.4%
COGS	4,809	5,496	5,330	10.8%	-3.0%	14,594	10,291	-29.5%
Gross Profit	1,925	2,326	1,943	1.0%	-16.4%	5,801	4,307	-25.8%
Staff costs	393	439	425	8.3%	-3.2%	1,155	880	-23.8%
Other expenses	742	1,027	967	30.4%	-5.8%	2,172	1,907	-12.2%
Total expenses	5,944	6,963	6,722	13.1%	-3.4%	17,920	13,077	-27.0%
EBITDA	790	860	551	-30.3%	-35.9%	2,475	1,520	-38.6%
Depreciation	157	170	170	8.3%	0.2%	469	331	-29.3%
EBIT	633	690	381	-39.8%	-44.8%	2,006	1,189	-40.8%
Interest	35	34	45	28.2%	32.0%	94	68	-28.0%
Other income	87	132	55	-36.5%	-58.1%	196	142	-27.5%
Exceptional items	-	-	-	-	-	-	-	-
PBT (bei)	685	788	392	-42.8%	-50.3%	2,108	1,263	-40.1%
PBT	685	788	392	-42.8%	-50.3%	2,108	1,263	-40.1%
Tax	169	140	98	-42.4%	-30.2%	525	259	-50.6%
PAT	516	648	294	-43.0%	-54.6%	1,583	1,004	-36.6%
Adj. PAT	516	648	294	-43.0%	-54.6%	1,583	1,004	-36.6%
EPS	14.6	18.3	8.3	-43.0%	-54.6%	44.7	28.3	-36.6%

Margins (%)	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	9MFY24	9MFY25	YoY%
Gross margin	28.6%	29.7%	26.7%	-186bps	-302bps	28.4%	29.5%	106bps
EBITDA margin	11.7%	11.0%	7.6%	-416bps	-341bps	12.1%	10.4%	-172bps
EBIT margin	9.4%	8.8%	5.2%	-416bps	-358bps	9.8%	8.1%	-169bps
PBT margin	10.0%	9.9%	5.3%	-470bps	-456bps	10.3%	8.7%	-168bps
PAT margin	7.6%	8.2%	4.0%	-355bps	-414bps	7.8%	6.9%	-89bps

Common Size	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	9MFY24	9MFY25	YoY%
COGS	71.4%	70.3%	73.3%	186bps	302bps	71.6%	70.5%	-106bps
Staff costs	5.8%	5.6%	5.8%	2bps	23bps	5.7%	6.0%	36bps
Other expenses	11.0%	13.1%	13.3%	228bps	17bps	10.6%	13.1%	242bps
Depreciation	2.3%	2.2%	2.3%	1bps	17bps	2.3%	2.3%	-3bps
Interest	0.5%	0.4%	0.6%	10bps	18bps	0.5%	0.5%	bps
Other income	1.3%	1.7%	0.8%	-53bps	-93bps	1.0%	1.0%	1bps
ETR	24.7%	17.7%	24.9%	20bps	717bps	24.9%	20.5%	-437bps

Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 5: Standalone gross margin & EBITDA margin quarterly trend



Source: Company, Nirmal Bang Institutional EquitiesResearch

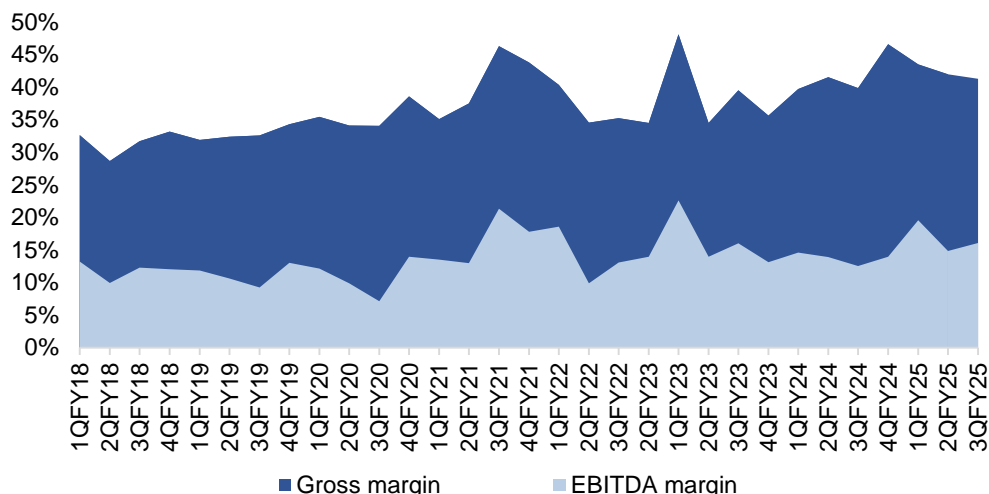
Exhibit 6: 3QFY25 Implied Subsidiaries' performance

Particulars (Rs mn)	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	9MFY24	9MFY25	YoY%
Net Sales	2,671	2,808	3,144	17.7%	12.0%	8,259	5,774	-30.1%
COGS	1,606	1,630	1,846	14.9%	13.3%	4,927	3,305	-32.9%
Gross Profit	1,065	1,178	1,297	21.8%	10.1%	3,332	2,468	-25.9%
Staff costs	283	320	313	10.4%	-2.4%	881	650	-26.2%
Other expenses	447	441	480	7.4%	8.9%	1,321	821	-37.8%
Total expenses	2,336	2,391	2,639	12.9%	10.4%	7,128	4,776	-33.0%
EBITDA	335	417	505	50.7%	21.1%	1,131	998	-11.8%
Depreciation	94	108	107	13.3%	-1.0%	267	212	-20.7%
EBIT	241	309	398	65.4%	28.8%	864	786	-9.0%
Interest	24	7	5	-79.0%	-29.2%	76	13	-83.2%
Other income	-23	-45	-16	-32.9%	-65.3%	-81	-1	-98.4%
Exceptional items	-	-	-	-	-	-	-	-
PBT (bei)	193	257	377	95.4%	46.9%	707	772	9.1%
PBT	193	257	377	95.4%	46.9%	707	772	9.1%
Tax	-5	58	25	-638.3%	-56.4%	51	131	157.7%
PAT	198	199	352	78.0%	77.1%	657	641	-2.4%
Adj. PAT	198	199	352	78.0%	77.1%	657	641	-2.4%
EPS	5.6	5.6	9.9	78.0%	77.1%	18.5	18.1	-2.4%

Margins (%)	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	9MFY24	9MFY25	YoY%
Gross margin	39.9%	41.9%	41.3%	140bps	-68bps	40.3%	42.7%	240bps
EBITDA margin	12.5%	14.9%	16.1%	352bps	121bps	13.7%	17.3%	358bps
EBIT margin	9.0%	11.0%	12.7%	365bps	165bps	10.5%	13.6%	315bps
PBT margin	7.3%	9.3%	12.1%	477bps	277bps	8.6%	13.4%	480bps
PAT margin	7.5%	7.2%	11.3%	378bps	406bps	7.9%	11.1%	315bps

Common Size	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	9MFY24	9MFY25	YoY%
COGS	60.1%	58.1%	58.7%	-140bps	68bps	59.7%	57.3%	-240bps
Staff costs	10.6%	11.4%	10.0%	-65bps	-146bps	10.7%	11.2%	59bps
Other expenses	16.7%	15.7%	15.3%	-146bps	-43bps	16.0%	14.2%	-177bps
Depreciation	3.5%	3.8%	3.4%	-13bps	-45bps	3.2%	3.7%	44bps
Interest	0.9%	0.3%	0.2%	-75bps	-9bps	0.9%	0.2%	-70bps
Other income	-0.9%	-1.6%	-0.5%	38bps	111bps	-1.0%	0.0%	95bps
ETR	-2.4%	22.6%	6.7%	914bps	-1,589bps	7.2%	17.0%	978bps

Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 7: Subsidiaries gross margin & EBITDA margin quarterly trend


Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 8: Annual Segment Information

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Volume Mix									
Performance surfactants	63%	64%	66%	64%	66%	64%	62%	61%	61%
Speciality Care	37%	36%	34%	36%	34%	36%	38%	39%	39%
Revenue Mix									
Performance surfactants	63%	61%	64%	61%	65%	59%	57%	56%	55%
Speciality Care	37%	39%	36%	39%	35%	41%	43%	44%	45%
Volume sales ('000/MT)									
Performance surfactants	1,35,337	1,43,521	1,56,153	1,49,195	1,53,126	160,017	1,60,017	1,64,817	1,78,003
YoY (%)	4%	6%	9%	-4%	3%	5%	0%	3%	8%
Speciality Care	79,374	80,716	80,011	85,023	77,659	88,531	97,384	1,05,175	1,13,589
YoY (%)	19%	2%	-1%	6%	-9%	14%	10%	8%	8%
Overall sales volume	2,14,711	2,24,237	2,36,164	2,34,218	2,30,785	248,548	2,57,401	2,69,992	2,91,592
YoY (%)	9%	4%	5%	-1%	-1%	7.7%	4%	5%	8%
Segment Revenue (Rsmn)									
Performance surfactants	17,410	15,872	17,780	22,560	28,960	22,596	23,500	24,205	26,141
YoY (%)	8%	-9%	12%	27%	28%	-22%	4%	3%	8%
Speciality Care	10,270	10,148	10,170	14,420	15,590	15,702	17,445	19,217	21,170
YoY (%)	24%	-1%	0%	42%	8%	1%	11%	10%	10%
Total	27,680	26,020	27,950	36,980	44,550	38,298	40,945	43,422	47,311
YoY (%)	13%	-6%	7%	32%	20%	-14%	7%	6%	9%
Realisation/kg									
Performance surfactants	129	111	114	151	189	141	147	147	147
YoY (%)	4%	-14%	3%	33%	25%	-25%	4%	0%	0%
Speciality Care	129	126	127	170	201	177	179	183	186
YoY (%)	4%	-3%	1%	33%	18%	-12%	1%	2%	2%
Total	129	116	118	158	193	154	159	161	162
YoY (%)	4%	-10%	2%	33%	22%	-20%	3%	1%	1%
Consolidated EBITDA/kg									
	16.5	16.5	19.0	17.1	24.6	18.6	17.9	18.4	19.3
YoY (%)	13%	0%	16%	-10%	44%	-24%	-4%	3%	5%

Source: Company, Nirmal Bang Institutional EquitiesResearch

Exhibit 9: Actual performance v/s NBIE & BBG Consensus estimates

Consolidated (Rsmn)	3QFY25	3QFY25e (NBIE)	Variance	3QFY25e (Consensus)	Variance
Revenue	10,417	9,969	4%	10,437	0%
EBITDA	1,056	1,166	-9%	1,219	-13%
EBITDA margin %	10.1%	11.7%	-157bps	11.7%	-155bps
PAT	646	749	-14%	779	-17%

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 10: Change in earnings estimates

Consolidated (Rsmn)	Old Estimates			New estimates			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	41,438	45,036	49,074	40,945	43,422	47,311	-1%	-4%	-4%
EBITDA	5,034	5,587	6,328	4,601	4,961	5,619	-9%	-11%	-11%
EBITDA %	12.10%	12.40%	12.90%	11.2%	11.4%	11.9%	-86bps	-97bps	-102bps
APAT	3,253	3,828	4,309	3,023	3,303	3,552	-7%	-14%	-18%

Source: Nirmal Bang Institutional Equities Research

Financials

Exhibit 11: Income statement

Y/E March (Rsmn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	44,640	37,944	40,945	43,422	47,311
Growth YoY%	21.1	-15.0	7.9	6.1	9.0
Gross profit	13,640	12,164	12,717	13,686	14,631
Gross margin %	30.6	32.1	31.1	31.5	30.9
Staff costs	2,481	2,755	2,650	2,774	2,787
% of sales	5.6	7.3	6.5	6.4	5.9
Other expenses	5,476	4,787	5,467	5,951	6,225
% of sales	12.3	12.6	13.4	13.7	13.2
EBITDA	5,683	4,622	4,601	4,961	5,619
Growth YoY%	41.8	-18.7	-0.5	7.8	13.3
EBITDA margin %	12.7	12.2	11.2	11.4	11.9
Depreciation	835	998	1,146	1,239	1,348
EBIT	4,848	3,624	3,454	3,722	4,272
Interest	217	224	215	228	194
Other income	99	355	390	488	438
PBT (bei)	4,730	3,755	3,630	3,982	4,515
PBT	4,730	3,755	3,630	3,982	4,515
ETR	19	20	17	17	21
PAT	3,810	3,015	3,023	3,303	3,552
Adj PAT	3,810	3,015	3,023	3,303	3,552
Growth YoY%	45.0	-20.9	0.3	9.3	7.5

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Balance sheet

Y/E March (Rsmn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	355	355	355	355	355
Reserves	18,471	21,438	23,856	26,499	29,340
Net worth	18,826	21,793	24,211	26,853	29,695
Long term debt	891	457	1,550	770	770
Short term debt	1,827	860	860	860	860
Total debt	2,718	1,317	2,410	1,630	1,630
Net debt	242	-3,057	-5,590	-6,755	-7,042
Other non-current liabilities	829	867	867	867	867
Total Equity & Liabilities	22,372	23,976	27,487	29,349	32,191
Gross block	16,640	18,133	19,633	21,133	23,133
Accumulated depreciation	7,405	8,403	9,550	10,789	12,136
Net Block	9,235	9,730	10,083	10,344	10,997
CWIP	1,392	1,585	1,554	1,554	1,554
Intangible and others	0	0	0	0	0
Other non-current assets	698	812	413	333	269
Investments	0	1,980	1,980	1,980	1,980
Trade receivables	6,148	5,931	6,574	6,976	7,603
Inventories	6,458	5,561	5,404	5,716	6,223
Cash & Cash Equivalents	2,476	2,393	6,020	6,404	6,691
Other current assets	932	1,149	1,724	2,586	3,879
Total current assets	16,019	15,040	19,728	21,691	24,406
Trade payables	4,302	4,461	5,304	5,634	6,141
Other current liabilities	609	652	912	867	823
Total current liabilities	4,972	5,171	6,272	6,553	7,015
Total Assets	22,372	23,976	27,487	29,349	32,191

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Cash flow

Y/E March (Rsmn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	4,730	3,755	3,630	3,982	4,515
Depreciation	835	998	1,146	1,239	1,348
Interest	217	224	215	228	194
Other adjustments	-3	-122	-390	-488	-438
Change in Working capital	903	1,110	39	-1,297	-1,966
Tax paid	-953	-781	-607	-679	-963
Operating cash flow	5,730	5,184	4,033	2,986	2,690
Capex	-1,461	-1,583	-1,469	-1,500	-2,000
Free cash flow	4,269	3,602	2,564	1,486	690
Other investing activities	-25	-1,857	977	568	502
Investing cash flow	-1,486	-3,439	-492	-932	-1,498
Issuance of share capital	-	-	-	-	-
Movement of Debt	-1,039	-1,404	1,093	-780	0
Dividend paid (incl DDT)	-1,275	-143	-605	-661	-710
Other financing activities	-328	-342	-215	-228	-194
Financing cash flow	-2,643	-1,889	274	-1,669	-904
Net change in cash flow	1,601	-144	3,815	385	287
Opening C&CE	638	2,319	2,205	6,020	6,404
Closing C&CE	2,319	2,205	6,020	6,404	6,691

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Key ratios

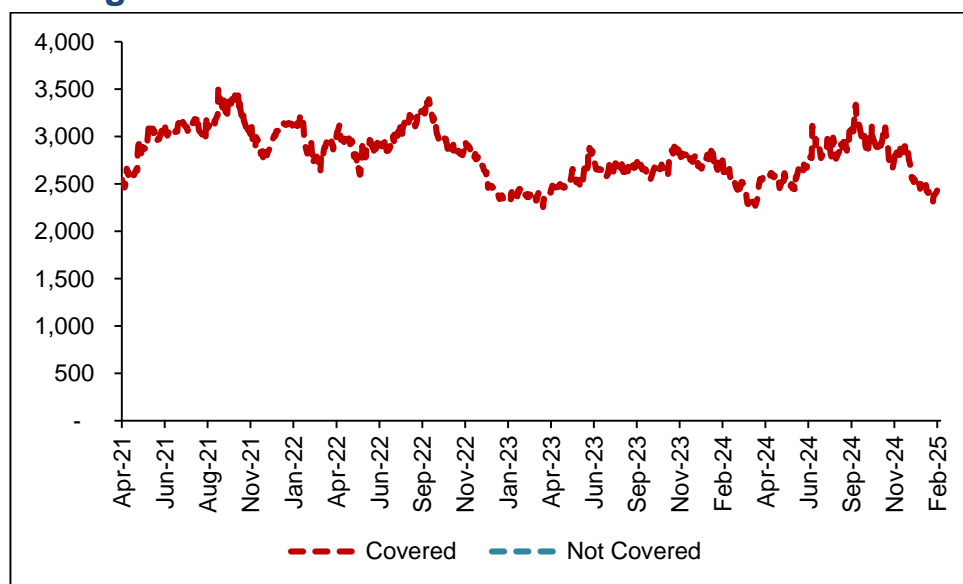
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Per share (Rs)					
Adj EPS	107.5	85.0	85.3	93.2	100.2
Book value	531.0	614.7	683.0	757.5	837.7
DPS	58.0	22.0	17.1	18.6	20.0
Valuation (x)					
P/Sales	1.9	2.2	2.1	2.0	1.8
EV/EBITDA	15.0	17.8	17.3	15.8	13.9
P/E	22.3	28.2	28.2	25.8	24.0
P/BV	4.5	3.9	3.5	3.2	2.9
Return ratios (%)					
RoCE	19.1	13.0	11.6	11.2	11.2
RoCE (pre-tax)	23.7	16.2	13.9	13.5	14.3
RoE	22.0	14.8	13.1	12.9	12.6
RoIC	24.1	16.1	14.2	14.0	14.0
Profitability ratios (%)					
Gross margin	30.6	32.1	31.1	31.5	30.9
EBITDA margin	12.7	12.2	11.2	11.4	11.9
PAT margin	8.5	7.9	7.3	7.5	7.4
Liquidity ratios (%)					
Current ratio	2.4	2.8	3.0	3.2	3.4
Quick ratio	1.4	1.9	2.3	2.4	2.6
Solvency ratio (%)					
Net Debt to Equity ratio	0.0	-0.1	-0.2	-0.3	-0.2
Turnover ratios					
Fixed asset turnover ratio (x)	2.9	2.2	2.2	2.1	2.1
Debtor days	51	58	60	60	55
Inventory days	56	58	60	60	48
Creditor days	39	42	45	45	41
Net Working capital days	68	74	75	75	62

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
1 April 2021	HOLD	2,546	2,800
9 June 2021	HOLD	3,023	3,200
11 August 2021	HOLD	3,075	3,200
23 September 2021	BUY	3,383	4,000
11 November 2021	BUY	3,033	3,800
14 February 2022	BUY	2,810	3,300
18 May 2022	BUY	2,688	3,100
10 August 2022	BUY	3,152	3,700
19 September 2022	HOLD	3,160	3,500
23 September 2022	HOLD	3,159	3,500
10 November 2022	HOLD	2,820	3,000
13 February 2023	HOLD	2,316	2,500
22 March 2023	HOLD	2,404	2,500
24 May 2023	HOLD	2,593	2,500
14 August 2023	HOLD	2,709	2,800
12 November 2023	HOLD	2,952	2,900
26 December 2023	BUY	2,661	3,100
13 February 2024	BUY	2,622	3,100
28 February 2024	BUY	2,442	3,300
13 March 2024	BUY	2,405	3,300
22 May 2024	BUY	2,558	3,300
09 August 2024	BUY	2,880	3,400
15 September 2024	BUY	3,032	3,500
14 November 2024	BUY	2,770	3,300
11 February 2025	HOLD	2,401	2,500

Rating Chart



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Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to 14%

SELL < -5%

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