

Sudarshan Chemical

Uncertainty in global market

The Sudarshan Chemical Industries (SCIL) stock has run up more than 60% in the past seven months as the company has initiated integration with Heubach. The combination of cutting-edge technologies, a diverse product portfolio catering to a wide range of customer needs, and Heubach's expansive global production and service network uniquely position the company to serve a worldwide customer base in coatings, plastics, inks, and specialty applications. This comprehensive offering enables SCIL to deliver industry-leading products and services with a global reach. Operational optimization and cost reduction programme undertaken by SCIL will improve efficiency. However, the gains from the synergy will take time to realize as it is a multi-geography, multi asset integration. Weak demand in global pigment markets, high inventory level at the customer end, and strong competition are adding to the woes. The global pigment manufacturers are uncertain over the demand outlook owing to geopolitical situation and ongoing tariff war. The intense competition from global players shall curb any potential price hike in the near term. We expect EBITDA to increase from INR7.88bn in FY26 to INR 9.36bn in FY28 at a 9% CAGR. EPS is expected to grow at 20% CAGR from FY26-28E. The stock is trading at EV/EBITDA 15.2/13.8/12.5x FY26/27/28, which is 33-166% premium to global peers. We believe the current valuation is contextually high. Thus, we are downgrading SCIL from ADD to SELL with a target price of INR1,175/share.

- **System integration and customer engagement is the priority:** SCIL has now become one of the top players in the pigment industry globally. It will have 19 manufacturing sites in 11 countries across five continents. Post takeover of Heubach, the company has noticed that it has to focus on improving customer engagement and integration of data, systems, processes, and culture. There is limited focus on customers owing to internal issues and gaps in support functions as well. Therefore, SCIL has taken integration exercise at various functional levels like operation, procurement, IT, and product management. In an effort to integrate systems, the company has launched a project to integrate the four different SAP systems that were in place into one SAP system.
- **Cost reduction initiatives:** SCIL has launched cost reduction programme across operations and supply chain and manufacturing sites, procurement, IT, SG&A, and portfolio optimization. Safety stocks have increased despite there being a broken supply chain previously. The company will focus on producing speciality pigments in Europe considering manufacturing cost in Europe is higher while commodity chemicals will be manufactured in India. Operational optimization shall improve efficiency and save costs.
- **Acquisition will enhance the value proposition:** The acquisition will broaden the company's product offerings. The company will have a footprint in organic pigments (high-performance to classical), effect pigments (Sudarshan legacy), and significantly strengthen portfolios in inorganic pigments, corrosion protection, pigment dispersion, and dyes. It will allow the company to offer value proposition to the customer. SCIL has reinstated customer's service in each geography. Senior management is engaging with customers to rebuild trust and allowing customers to reach out directly.

SELL

CMP (as on 26 Sept 2025)	INR 1,400
Target Price	INR 1,175
NIFTY	24,655

KEY CHANGES	OLD	NEW
Rating	ADD	SELL
Price Target	INR 1,202	INR 1,175
EPS %	FY26E -58.2%	FY27E -48.1%

KEY STOCK DATA

Bloomberg code	SCHI IN
No. of Shares (mn)	79
MCap (INR bn) / (\$ mn)	110/1,240
6m avg traded value (INR mn)	303
52 Week high / low	INR 1,604/796

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	15.9	42.9	31.1
Relative (%)	19.9	38.8	37.4

SHAREHOLDING PATTERN (%)

	Mar-25	Jun-25
Promoters	23.89	16.4
FIs & Local MFs	23.57	23.52
FPIs	7.95	8.51
Public & Others	44.59	51.56

Pledged Shares

Source: BSE

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Financial summary (consolidated)

INR mn	1Q FY26	4Q FY25*	QoQ (%)	1Q FY25#	YoY (%)	FY24#	FY25	FY26E	FY27E	FY28E
Net Sales	25,069	13,494	85.8	6,336	295.6	25,388	33,456	1,02,670	1,08,079	1,14,553
EBITDA	1,924	1,270	51.5	806	138.8	3,164	3,810	7,879	8,568	9,363
APAT	621	737	(15.7)	294	111.0	2,716	1,436	2,653	3,266	3,847
AEPS (INR)	9.0	10.6	(15.7)	4.3	111.0	34.6	18.3	33.8	41.6	49.0
P/E (x)						41.7	78.8	42.6	34.6	29.4
EV/EBITDA(x)						37.0	31.2	15.2	13.8	12.5
RoE (%)						27.5	6.3	7.5	8.8	9.8

Source: Company, HSIE Research

*SCIL completed acquisition on March 2025

#SCIL financial before acquisition of Heubach

Change in estimates (consolidated)

Y/E Mar	FY26E Old	FY26E New	% Ch	FY27E Old	FY27E New	% Ch	FY28E Old	FY28E New	% Ch
EBITDA (INR mn)	9,909	7,879	(20.5)	11,078	8,568	(22.7)	12,157	9,363	(23.0)
Adj. EPS (INR/sh)	80.7	33.8	(58.2)	80.2	41.6	(48.1)	87.4	49.0	(44.0)

Source: Company, HSIE Research

Headwinds for the company to regain market share

Post acquiring Heubach, the global pigment market share of SCIL has increased to ~12% in pigment business excluding black and white pigment. SCIL has started optimizing the resources at consolidation. The company has initiated a customer-centric approach to push pigments in European and other markets and to gain market share. However, we believe the company will face headwinds due to weak demand, high inventory level at the customer end, and strong competition.

Global pigment market is showing sluggish demand in Europe and North America. Leading players in Titanium Oxide (white pigment) (Exhibit 1) expect correction in prices in coming quarters. Fear in customers' minds owing to ongoing tariff war and supply chain disruption due to bankruptcy filed by Heubach resulted in high level of inventories at their end. This inventory is expected to recede not before January 2026. We expect pricing pressure as well volume uncertainty in global pigment market in the medium term.

DIC corporation is the leader with ~14% global market share in the pigment business, excluding black and white pigments. DIC had undergone structural changes with consolidation of assets in Europe and cutting workforce. Additionally, it had also undergone reforms in CY25 under which, the company has reduced losses by cost reduction. The company had taken advantage of bankruptcy filed by Heubach and raised the product price at the start of CY25. This has resulted in company's overseas business of colours and pigments turning positive in H1CY25 (Exhibit 2). However, the management expects volume to decline in H2CY25, owing to weakness in the plastic and coating segment coupled with continuing uncertainty due to tariff war.

SCIL shall face competition from DIC in all its products as the later has presence in all types of pigments (Exhibit 3). DIC has a presence in all leading markets with manufacturing facilities in America. We expect it to create competitive rivalry among the pigment manufacturers. (Exhibit 1).

Exhibit- 1: SCIL has become a sizeable player in global market post-acquisition

Company	Market Share (Overall Pigment Market)	Market Share (Pigments Excluding Black and White)	Key Characteristics
Huntsman International	~ 8%	-	Strong presence in industrial and specialty coatings sectors
The Chemours Company	~ 6%	-	Pioneer in titanium dioxide pigments, driving market innovation
Kronos Worldwide	~ 4%	-	Key player in the titanium dioxide pigment market
DIC Corporation	~ 3%	~ 14.1%	Diverse pigment portfolio across various industries
Cabot Corporation	~ 3%	-	Specializes in high-performance pigments for various applications
Heubach group:	~ 2.0%	~ 9.3%	Second largest manufacturer in pigments excluding black & white, focus on organic & inorganic pigments (2023)
Sudarshan Chemicals	-	~ 3%	Holds approx. 3% share by value in pigments excluding black & white (2023)

Source: Company, HSIE Research

Exhibit-2: Overseas pigment business turning positive in H1CY25

(Billion yen)	Net sales					Operating income					Operating margin	
	2024 6 Months	2025 6 Months	Change	% Change	% Change on a local currency basis	2024 6 Months	2025 6 Months	Change	% Change	% Change on a local currency basis	2024 6 Months	2025 6 Months
Packaging & Graphic	280.8	268.8	-12.0	-4.3%	-1.1%	15.2	13.4	-1.8	-11.9%	-5.2%	5.4%	5.0%
Japan	63.2	62.2	-1.0	-1.6%	-1.6%	3.5	2.5	-1.0	-28.6%	-28.6%	5.5%	4.0%
The Americas and Europe	181.4	172.7	-8.7	-4.8%	-0.4%	9.0	8.2	-0.8	-9.1%	+1.6%	5.0%	4.7%
Asia and Oceania	44.3	41.0	-3.4	-7.6%	-5.4%	3.0	2.6	-0.4	-11.9%	-10.4%	6.8%	6.4%
Eliminations	(8.1)	(7.1)	1.0	-	-	(0.3)	0.1	0.4	-	-	-	-
Color & Display	134.3	132.0	-2.3	-1.7%	+0.5%	0.4	5.7	5.2	13.1 times	8.0 times	0.3%	4.3%
Japan	17.0	18.0	1.1	+6.3%	+6.3%	2.8	3.1	0.3	+12.0%	+12.0%	16.2%	17.1%
Overseas	125.0	123.4	-1.6	-1.3%	+1.3%	(2.2)	2.6	4.8	Into the black	Into the black	-	2.1%
Eliminations	(7.7)	(9.5)	-1.8	-	-	(0.2)	(0.1)	0.1	-	-	-	-
Functional Products	144.7	143.0	-1.8	-1.2%	-0.4%	10.8	10.9	0.1	+0.8%	+1.3%	7.5%	7.6%
Japan	87.8	88.9	1.0	+1.2%	+1.2%	5.6	5.2	-0.4	-6.5%	-6.5%	6.4%	5.9%
Overseas	73.2	69.8	-3.5	-4.7%	-3.2%	5.3	5.7	0.4	+7.6%	+8.8%	7.2%	8.2%
Eliminations	(16.3)	(15.7)	0.7	-	-	(0.1)	(0.0)	0.0	-	-	-	-
Others, Corporate and eliminations	(20.9)	(20.5)	0.5	-	-	(4.5)	(3.0)	1.5	-	-	-	-
Total	538.8	523.2	-15.6	-2.9%	-0.5%	21.9	27.0	5.0	+22.9%	+27.9%	4.1%	5.2%
Yen/US\$	152.13	148.58		-2.3%		152.13	148.58		-2.3%			
Yen/EUR	164.43	162.72		-1.0%		164.43	162.72		-1.0%			

Source: Company, HSIE Research, (DIC Japan Investor presentation)

Exhibit-3: Overlap amongst the product portfolio

Pigment Type	DIC (Japan)	Sudarshan	Heubach Group (Now part of Sudarshan)
High-Performance Organic Pigments (HPPs)	✓	✓	✓
General Organic Pigments	✓	✓	✓
Inorganic Pigments	✓	✓	✓
Effect Pigments	✓	✓	✓
Functional Pigments	✓	✗	~
Cosmetic Pigments	✓	✓	✓
Display / Electronic Pigments	✓	✗	✗
Hybrid / Specialty Pigments	✓	✗	✓
Anticorrosive Pigments	✗	✓	✓

Source: Company, HSIE Research

✓-The company has a strong, established presence in this pigment/product category.

~The company has a limited or partial presence

✗-The company does not manufacture / is absent in this pigment/product category.

Exhibit-4: Sizeable comparable to historical financials

DIC	Mcap (INR bn)	EV/EBITDA (1YFWD)	P/E (1YFWD)	Year (USDmn)	CY18	CY19	CY20	CY21	CY22	CY23	CY24
DIC Corporation operates as a chemical company that specializes in printing inks, organic pigments, and thermosetting resins. The Company also manufactures polymers, specialty plastics and compounds, and others which include building materials, pressure-sensitive adhesives materials, and biochemicals. DIC markets its products across worldwide.	208	7.1	10.9	Revenue	7,297	7,051	6,571	7,793	8,068	7,407	7,077
				Operating Income (Loss)	438	379	372	391	304	128	294
				Net Income, GAAP	290	216	124	40	135	-284	141
				EBITDA margin	6%	5%	6%	5%	4%	2%	4%
				APAT margin	4%	3%	2%	1%	2%	-4%	2%
Laxness	Mcap (INR mn)	EV/EBITDA (1YFWD)	P/E (1YFWD)	Year (USDmn)	CY18	CY19	CY20	CY21	CY22	CY23	CY24
LANXESS AG manufactures specialty chemicals. The Company focuses on the development, manufacturing, and marketing of plastics, rubber, intermediates, and specialty chemicals. LANXESS offers its products around the world	204	6.5	58.5	Revenue	8,060	7,615	6,969	8,938	8,519	7,261	6,887
				Operating Income (Loss)	702	494	-593	595	417	-26	27
				Net Income, GAAP	509	230	1,010	316	263	479	-191
				EBITDA margin	9%	6%	-9%	7%	5%	0%	0%
				APAT margin	6%	3%	14%	4%	3%	7%	-3%
Kronos Worldwide Inc	Mcap (INR mn)	EV/EBITDA (1YFWD)	P/E (1YFWD)	Year (USDmn)	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Kronos Worldwide, Inc. produces titanium dioxide pigments. The Company offers products for whiten, brighten, and add opacity to thousands of commonly used products such as paints, plastics, inks, and cosmetics.	60	6.2	8.7	Revenue	1,662	1,731	1,639	1,939	1,930	1,667	1,887
				Operating Income (Loss)	330	144	120	186	148	-48	126
				Net Income, GAAP	205	87	64	113	105	-49	86
				EBITDA margin	20%	8%	7%	10%	8%	-3%	7%
				APAT margin	12%	5%	4%	6%	5%	-3%	5%

Source: Company, HSIE Research, Bloomberg

Substantial asset size

On 3 March 2025, SCIL completed the acquisition of Heubach group. It paid a preliminary price of EUR 151.9mn (~INR 15.19bn), and assets taken over include tangible and ROU assets of EUR 181mn (~INR 18.1bn) and net working capital of EUR 190mn (~INR 19bn) and cash/cash equivalents of EUR 68mn (~INR 0.68bn)

Exhibit-5: Global assets of Heubach group

Region	City, Country	Office	Organic Pigments	Pigment Preparations	Specialty Dyes	Global Distribution	Anticorrosive	Inorganic Pigments	Number of warehouses
North America	Toronto, Canada								6
	Fairless Hills, PA, USA								
	Santa Clara, Mexico								
	Charlotte, NC, USA								
Latin America	Bogota, Colombia								4
	Suzano, Brasil								
	Maipu, Chile								
	Sao Paulo, Brasil								
	Buenos Aires, Argentina								
Europe	Langelsheim, Germany								4
	Frankfurt, Germany								
	Brussels, Belgium								
	Paris, France								
	Barcelona, Spain								
	Cologne, Germany								
	Pratteln, Switzerland								
	Milan, Italy								
	Vienna, Austria								
	Istanbul, Turkey								
IMEA	Chamdor, South Africa								7
	Nagda, India								
	Roha, India								
	Ankleshwar, India								
	Dubai, UAE,								
	Dahej, India								
	Vadodara, India								
	Mumbai, India								
	Cuddalore, India								
APAC	Bangkok, Thailand								12
	Bangpoo, Thailand								
	Shah Alam, Malaysia								
	Tangerang, Indonesia								
	Tianjin, China								
	Shanghai, China								
	Seoul, South Korea								
	Tokyo, Japan								
	Osaka, Japan								
	Shizuoka, Japan								
	Taipai, Taiwan								
	Hangzhou, China								
	Singapore								

Source: Company, HSIE Research

Financials

We expect revenue from INR 102.6bn in FY26 to 114.5bn till FY28 with a CAGR of 6%. In medium term, we expect headwinds in the global business owing to expected increase in competitive rivalry and volume uncertainty. Globally organic pigment market is valued at USD 5bn and expected to grow at ~3%. SCIL expects majority of EBITDA growth to come from acquired entity. Margin expansion will be driven by cost-reduction initiatives. SCIL expects the EBITDA of EUR 35mn (~INR3,500mn) from the acquired entity to reach EUR 90-100 mn (~INR 9,000mn-~INR 10,000mn) in FY29.

We expect the EBITDA to grow from INR7.87bn in FY26 to INR 9.36bn in FY28. EPS is expected to grow from INR 33.8/share in FY26 to INR 49/share in FY28 at 20% CAGR. Globally, sizeable comparable (Exhibit 4) EBITDA margins were in the same range of 6-10%. We expect EBITDA margin of 7.7% in FY26 to expand by ~50bps to 8.2% in FY28.

SCIL expects no major investment for the next 4-5 years. The maintenance capex of INR 1,500mn to INR 2,000mn and minor capex for strategic backward integration projects. SCIL's total debt has increased from INR 4.4bn in FY24 to INR 20.85bn in FY25, owing to acquisition costs. We expect net debt to equity changing from 0.17x to 0.11x in FY28, owing to debt repayment. RoE/RoCE is expected to improve from 6.3/3.8% in FY25 to 9.8/6.4% in FY28.

Exhibit-6: SCIL is trading at a premium valuation compared to global peers

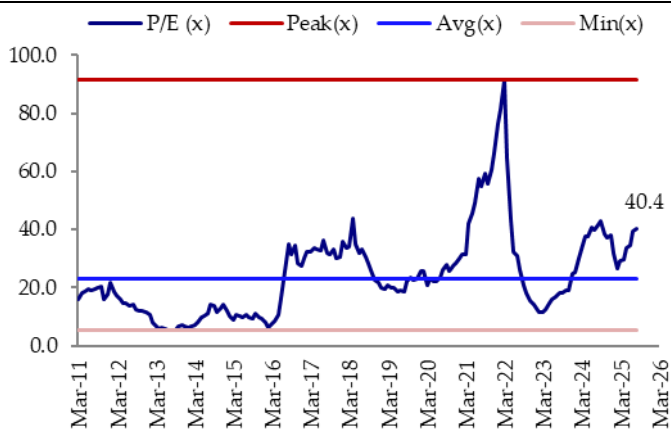
Name	MKT CAP (INR bn)	P/E*	EV/EBITDA*
BASF SE	3,935.0	14.21	7.52
PPG Industries Inc	2,111.5	12.59	10.01
Dow Inc	1,447.8	--	8.58
Evonik Industries AG	732.4	10.33	5.38
LB Group Co Ltd	565.6	13.67	10.17
Cabot Corp	358.2	9.75	6.03
Kemira Oyj	311.4	12.02	5.60
Chemours Co/The	217.2	8.55	6.76
DIC Corp	207.7	10.88	7.14
LANXESS AG	203.6	58.55	6.48
Ferrotec Corp	117.1	9.87	5.51
Sudarshan Chemical Industries	113.1	40.4	13.3
Tronox Holdings PLC	62.0	--	7.29
Kronos Worldwide Inc	60.2	8.73	6.16
Meghmani Organics Ltd	21.3	14.09	8.77

Source: Bloomberg consensus, Company, HSIE Research

*1 year forward Bloomberg estimates

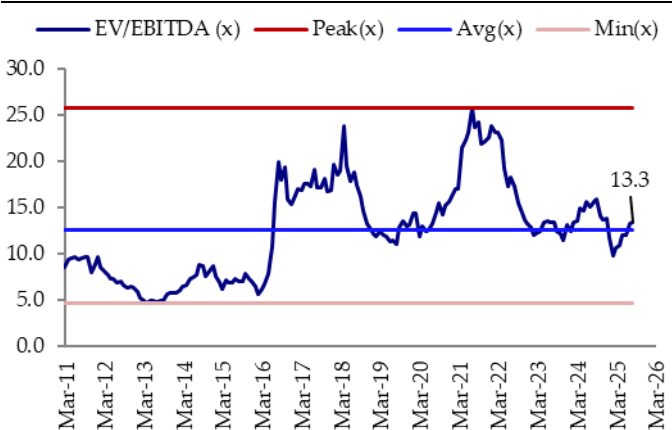
After the acquisition, SCIL has become a global leading pigment player. Globally, sizeable peers are trading at 1-year forward EV/EBITDA in the range of 5-10x (Bloomberg consensus) (Exhibit 6). SCIL is trading at a 1-year forward EV/EBITDA of 13.30x as per HSIE estimates. It is premium to global players of 33-166%, which is contextually high. Thus, we have downgraded SCIL from ADD to SELL with a target price of INR1,175/share. At our target price, implied EV/EBITDA for September 26 is 12x.

Exhibit 7: SCIL 1-year forward P/E chart



Source: NSE, Company, HSIE Research

Exhibit 8: SCIL 1 year forward EV/EBITDA chart



Source: NSE, Company, HSIE Research

Income Statement

INR mn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	17,082	18,641	22,008	23,017	25,388	33,456	1,02,670	1,08,079	1,14,553
Growth %	7.2	9.1	18.1	4.6	10.3	31.8	206.9	5.3	6.0
Raw Material	9,762	10,605	12,704	13,683	14,154	17,737	57,609	62,993	66,315
Employee Cost	1,457	1,557	1,840	1,840	2,100	3,560	10,230	8,417	9,091
Other Expenses	3,400	3,602	4,716	5,389	5,970	8,348	26,952	28,100	29,784
EBITDA	2,463	2,878	2,748	2,106	3,164	3,810	7,879	8,568	9,363
EBITDA Margin (%)	14.4	15.4	12.5	9.2	12.5	11.4	7.7	7.9	8.2
EBITDA Growth %	20.7	16.8	(4.5)	(23.3)	50.2	20.4	106.8	8.7	9.3
Depreciation	735	865	893	1,142	1,412	1,662	3,951	3,896	4,010
EBIT	1,728	2,012	1,855	964	1,752	2,148	3,928	4,672	5,354
Other Income (Including EO Items)	218	70	50	48	3,322	(702)	1,034	1,038	1,042
Interest	142	179	194	415	369	483	1,424	1,354	1,267
PBT	1,804	1,904	1,711	597	4,705	963	3,538	4,355	5,129
Tax	353	493	412	150	1,131	390	884	1,089	1,282
Profit after tax from discontinued operations	(5)	0	0	0	0	0	0	0	0
RPAT	1,445	1,411	1,300	448	3,574	602	2,653	3,266	3,847
EO (Loss) / Profit (Net Of Tax)	134	-	-	-	2,459	(834)	-	-	-
APAT	1,311	1,411	1,300	448	2,716	1,436	2,653	3,266	3,847
Share from associates	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-
Consolidated APAT	1,311	1,411	1,300	448	2,716	1,436	2,653	3,266	3,847
Consolidated APAT Growth (%)	29.7	7.6	(7.9)	(65.6)	506.7	(47.1)	84.8	23.1	17.8
AEPS	16.7	18.0	16.5	5.7	34.6	18.3	33.8	41.6	49.0
AEPS Growth %	29.7	7.6	(7.9)	(65.6)	506.7	(47.1)	84.8	23.1	17.8

Source: Company, HSIE Research

Balance Sheet

INR mn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS									
Share Capital	138	138	138	138	138	157	157	157	157
Reserves And Surplus	5,869	7,297	8,193	8,144	11,352	34,243	35,835	37,795	40,103
Total Equity	6,008	7,436	8,332	8,282	11,490	34,401	35,992	37,952	40,260
Minority Interest	-	-	-	-	-	5,982	5,982	5,982	5,982
Long-term Debt	2,250	3,081	3,686	4,492	1,933	16,319	14,319	12,319	10,319
Short-term Debt	2,736	3,060	4,502	3,683	2,476	4,528	5,528	6,528	7,028
Total Debt	4,986	6,141	8,187	8,175	4,409	20,847	19,847	18,847	17,347
Deferred Tax Liability	446	490	519	716	911	2,940	3,028	3,119	3,213
Long-term Provision and others	193	395	438	496	591	8,520	8,690	8,864	9,041
TOTAL SOURCES OF FUNDS	11,632	14,461	17,476	17,670	17,401	72,689	73,540	74,764	75,843
APPLICATION OF FUNDS									
Net Block	6,271	6,149	8,316	11,262	11,016	29,576	29,326	29,281	29,196
Capital WIP	480	2,783	2,847	445	145	1,402	1,701	1,850	1,925
LT Loans And Advances	845	734	380	544	432	2,462	2,511	2,562	2,613
Total Non-current Investments	9	13	17	21	24	2,193	2,193	2,193	2,193
Total Non-current assets	7,604	9,679	11,559	12,271	11,617	35,634	35,732	35,886	35,928
Inventories	4,107	4,116	5,660	4,941	4,376	24,652	28,129	29,611	29,815
Debtors	3,641	4,847	5,007	4,861	5,853	12,250	15,471	16,286	17,261
Cash and Cash Equivalents	156	238	353	294	559	15,113	12,930	13,564	12,999
Other Current Assets	733	1,115	1,032	1,552	1,145	9,657	9,850	10,047	10,248
Total Current Assets	8,637	10,316	12,051	11,649	11,933	61,671	66,380	69,508	70,323
Creditors	3,717	4,411	5,218	5,087	5,120	13,985	16,877	17,766	18,831
Other Current Liabilities & Provns	891	1,122	917	1,163	1,028	10,631	11,694	12,864	11,577
Total Current Liabilities	4,608	5,534	6,134	6,250	6,149	24,616	28,572	30,630	30,408
Net Current Assets	4,028	4,782	5,917	5,399	5,784	37,055	37,808	38,878	39,915
TOTAL APPLICATION OF FUNDS	11,632	14,461	17,476	17,670	17,401	72,689	73,540	74,764	75,843

Source: Company, HSIE Research

Cash Flow Statement

(INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	1,799	1,904	1,711	597	4,705	963	3,538	4,355	5,129
Non-operating & EO Items	(218)	(70)	(50)	(48)	(3,322)	702	(1,034)	(1,038)	(1,042)
Interest Expenses	142	179	194	415	369	483	1,424	1,354	1,267
Depreciation	735	865	893	1,142	1,412	1,662	3,951	3,896	4,010
Working Capital Change	887	(672)	(1,020)	460	(121)	(16,718)	(2,936)	(435)	(1,603)
Tax Paid	(453)	(448)	(383)	48	(936)	1,639	(796)	(998)	(1,189)
OPERATING CASH FLOW (a)	2,891	1,757	1,345	2,614	2,107	(11,268)	4,148	7,134	6,572
Capex	(2,597)	(3,046)	(3,124)	(1,686)	(866)	(21,479)	(4,000)	(4,000)	(4,000)
Free Cash Flow (FCF)	295	(1,289)	(1,779)	929	1,241	(32,748)	148	3,134	2,572
Investments	(9)	(4)	(4)	(4)	(4)	(2,169)	-	-	-
Non-operating Income	218	70	50	48	3,322	(702)	1,034	1,038	1,042
Others	(523)	110	355	(165)	112	(2,030)	(49)	(50)	(51)
INVESTING CASH FLOW (b)	(2,910)	(2,870)	(2,723)	(1,806)	2,564	(26,381)	(3,016)	(3,013)	(3,009)
Debt Issuance/(Repaid)	1,315	1,155	2,046	(12)	(3,766)	16,437	(1,000)	(1,000)	(1,500)
Interest Expenses	(142)	(179)	(194)	(415)	(369)	(483)	(1,424)	(1,354)	(1,267)
FCFE	1,467	(312)	73	501	(2,894)	(16,793)	(2,277)	780	(195)
Share Capital Issuance	-	-	-	(0)	-	19	-	-	-
Dividend	(1,002)	-	-	-	-	-	-	-	-
Others	(77)	218	(360)	(440)	(272)	36,201	(891)	(1,133)	(1,361)
FINANCING CASH FLOW (c)	94	1,195	1,492	(867)	(4,406)	52,174	(3,315)	(3,487)	(4,128)
NET CASH FLOW (a+b+c)	75	82	115	(59)	265	14,525	(2,183)	635	(566)
EO Items, Others									
Closing Cash & Equivalents	156	238	353	294	559	15,084	12,929	13,564	12,999

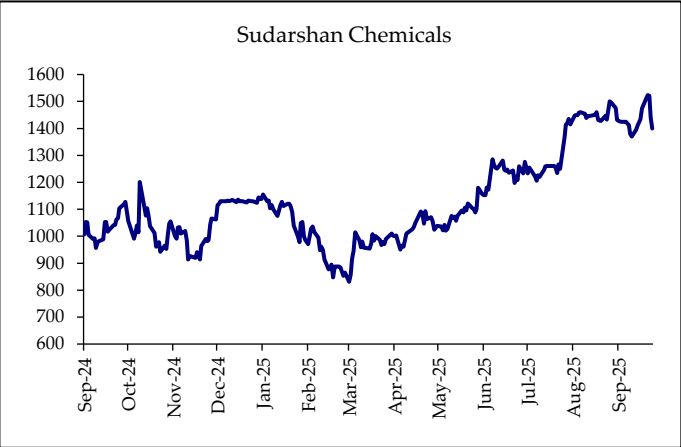
Source: Company, HSIE Research

Key Ratios

	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY %									
Gross profit margin	43	43	42	41	44	47	44	42	42
EBITDA Margin	14.4	15.4	12.5	9.2	12.5	11.4	7.7	7.9	8.2
EBIT Margin	10.1	10.8	8.4	4.2	6.9	6.4	3.8	4.3	4.7
APAT Margin	7.7	7.6	5.9	1.9	10.7	4.3	2.6	3.0	3.4
RoE	22.4	21.0	16.5	5.4	27.5	6.3	7.5	8.8	9.8
RoIC	12.0	13.3	11.0	4.6	4.0	5.1	5.3	6.2	6.9
RoCE	13.1	11.8	9.1	4.3	17.1	3.8	5.1	5.8	6.4
EFFICIENCY									
Tax Rate %	21.7	25.9	24.1	25.1	24.0	40.5	25.0	25.0	25.0
Fixed Asset Turnover (x)	2.3	2.1	2.0	1.6	1.5	1.2	2.6	2.5	2.4
Inventory (days)	88	81	94	78	63	269	100	100	95
Debtors (days)	78	95	83	77	84	134	55	55	55
Other Current Assets (days)	16	22	17	25	16	105	35	34	33
Payables (days)	79	86	87	81	74	153	60	60	60
Other Current Liab & Provns (days)	19	22	15	18	15	116	42	43	37
Cash Conversion Cycle (days)	83	89	92	81	75	239	88	85	86
Net Debt/EBITDA (x)	2.0	2.1	2.9	3.7	1.2	1.5	0.9	0.6	0.5
Net D/E	0.8	0.8	0.9	1.0	0.3	0.17	0.19	0.14	0.11
Interest Coverage	12.1	11.3	9.6	2.3	4.7	4.4	2.8	3.4	4.2
PER SHARE DATA (Rs)									
EPS	16.7	18.0	16.5	5.7	34.6	18.3	33.8	41.6	49.0
CEPS	26.0	29.0	27.9	20.2	52.5	39.4	84.1	91.2	100.0
Dividend	6.3	6.0	5.0	1.5	13.8	-	13.5	16.6	19.6
Book Value	76.5	94.6	106.0	105.4	146.2	437.8	458.1	483.0	512.4
VALUATION									
P/E (x)	86.3	80.2	87.1	252.7	41.7	78.8	42.6	34.6	29.4
P/Cash EPS (x)	55.3	49.7	51.6	71.2	27.4	36.5	17.1	15.8	14.4
P/BV (x)	18.8	15.2	13.6	13.7	9.8	3.3	3.1	3.0	2.8
EV/EBITDA (x)	47.9	41.4	44.0	57.5	37.0	31.2	15.2	13.8	12.5
EV/Revenue (x)	6.9	6.4	5.5	5.3	4.6	3.6	1.2	1.1	1.0
Dividend Yield (%)	0.4	0.4	0.3	0.1	1.0	-	0.9	1.2	1.4
OCF/EV (%)	2.5	1.5	1.1	2.2	1.8	(9.5)	3.5	6.0	5.6
FCFF/EV (%)	0.2	(1.1)	(1.5)	0.8	1.1	(27.5)	0.1	2.6	2.2
FCFE/M Cap (%)	1.3	(0.3)	0.1	0.4	(2.6)	(14.8)	(2.0)	0.7	(0.2)

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

- BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

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