



NGL FINE-CHEM LTD

22nd June, 2023

Industry: Pharmaceuticals
Recommendation: Buy

Cmp: ₹ 1704
Target : ₹ 2223

Key Data

| | |
|-------------------|---------|
| BSE Code | 524774 |
| NSE Code | NGLFINE |
| 52 Week High (₹) | 1956 |
| 52 Week Low (₹) | 1161 |
| Market Cap (₹ Cr) | 1057 |
| Face Value | 5 |

About the Company

NGL Finechem Limited (NGLFL), a prominent Indian Animal Health company with a global presence, is a leading manufacturer and exporter of human and veterinary Active Pharmaceutical Ingredients (APIs), advanced intermediates, and finished dosage forms. With a diverse product portfolio consisting of 26 APIs (24 Veterinary APIs, 2 Human APIs), 4 Intermediates, and 10 finished dosage forms. It holds a dominant market share in veterinary APIs, catering to 5 of the top 10 global animal healthcare companies. Demonstrating its commitment to quality and global accessibility, it has secured regulatory approvals in over 45 countries, primarily targeting unregulated markets. With three manufacturing facilities located in Tarapur and Navi Mumbai, Maharashtra, and an impressive 75% of production coming from zero liquid discharge facilities, the company ensures sustainable manufacturing practices. With a strong global presence and a customer base of 400, the company continues to excel in the animal health industry.

Industry Snapshot

| | |
|------------------|----------|
| Customers | Open |
| Market Presence | Global |
| Govt Regulations | Medium |
| Msearch View | Positive |

Investment Rationale

Market Leadership

NGLFL has established itself as a dominant player in the veterinary Active Pharmaceutical Ingredient (API) industry, enjoying a recognized market leadership position and serving as a trusted supplier to prominent global animal healthcare companies. The company's strong market presence is evident in its top-ranking position for six products, as well as its second-place ranking for an additional five products, which collectively account for over 11 of the company's 26 offerings. NGLFL has achieved significant market share in key products, ranging from 15% to over 50 and is a trusted supplier to five out of the top ten global animal healthcare companies..

Unprecedented and Strategic Capex

The ongoing greenfield expansion at Tarapur Facilities, featuring a 50% capacity increase, is anticipated to have a significant positive impact. This expansion, with an asset turnover ratio of 2x, is expected to generate an additional topline of ₹ 200 crores. The estimated capital expenditure of ₹ 140 Crore would be financed through a combination of debt and internal accruals in the ratio of 2:1.

Strong Inhouse Manufacturing and Backward Integration

With 95% in-house manufacturing capabilities, the company maintains robust control over processes. It recently acquired Macrotech Polychem, facilitating capacity expansion and cost reduction, particularly in the production of intermediaries. Remarkably, the company has not experienced any market rejection for its products over the past 15 years, further reinforcing its reputation for delivering high-quality offerings.

High Barrier to Entry

The animal health industry has high barriers to entry stemming from stringent regulatory requirements, expensive research and development endeavors, the imperative to safeguard intellectual property, complexities associated with manufacturing and distribution, the crucial aspect of cultivating relationships with veterinarians, intense market competition, and protracted product development cycles. Furthermore, the relatively small product size within the animal pharmaceutical sector acts as a deterrent for potential competitors. Especially, the industry operates within a highly regulated environment, and any underperformance of a product holds the potential to significantly impact a company's profitability.

Shareholding March 2023

| | |
|-----------|--------|
| Promoters | 73.53% |
| Public | 26.47% |

Promoters/ Management

| | |
|-------------------|-------------------|
| Mr Milind Shinde | Non-Exe, Chairman |
| Mr Rahul Nachane | Exe-MD, CEO |
| Mr Rajesh Lawande | ED & CFO |

Key Ratios

| | |
|------|--------|
| PE | 52.16 |
| PB | 4.65 |
| EPS | 32.53 |
| RoE | 8.9% |
| ROCE | 11.30% |

Price Chart



Research Analyst

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Risk

- **Regulatory Risk:** Being subject to heavy regulations in the animal API sector, any unfavorable changes in the regulatory environment may impact the company's operations and financial performance.
- **Competition:** Intense competition from both domestic and foreign companies poses a challenge for market share.
- **Raw Material Price Volatility:** Fluctuations in raw material prices could affect the company's profitability and financial performance.

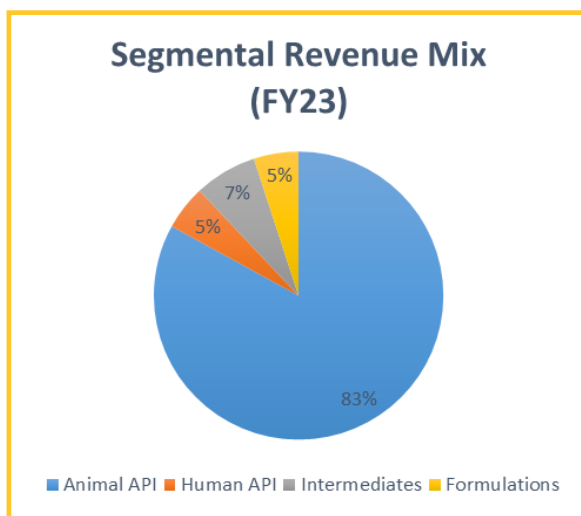
MView

NGL Finechem is well-positioned to capitalize on the resurgence in segment demand, benefiting from its dominant market position and diverse product offering. The company's CAPEX investment of 140 crores is set to increase capacity by 50%, while its strong product pipeline with six new products in the pilot stage provides further growth potential. Going forward, the company has planned to enter into the European market, expected to receive approval by CY24e, which would enhance the bottom-line performance due to higher margins in regulated markets. Based on our assessment, with a current PE ratio of 26x on FY25E EPS, we initiate coverage with a 'BUY' rating, recommending investors to purchase the stock at the current price with a target of ₹ 2223 over the next 12-24 months.

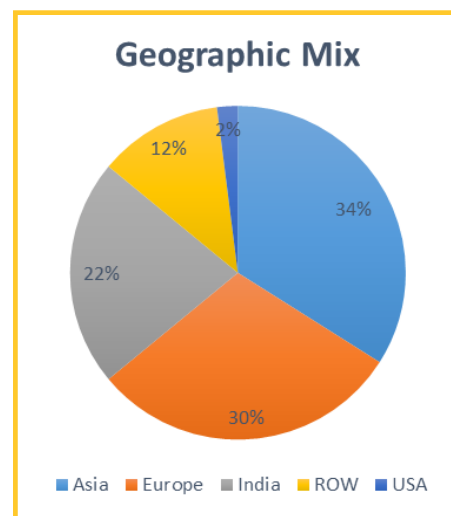
INVESTMENT RATIONALES

1 MARKET LEADERSHIP

NGLFL has established itself as a dominant player in the veterinary Active Pharmaceutical Ingredient (API) industry, enjoying a recognized market leadership position and serving as a trusted supplier to prominent global animal healthcare companies. The company's strong market presence is evident in its top-ranking position for six products, as well as its second-place ranking for an additional five products, which collectively account for over 11 of the company's 26 offerings. NGLFL has achieved significant market share in key products, ranging from 15% to over 50 and is a trusted supplier to five out of the top ten global animal healthcare companies.



Source: Company report



Source: Company report

The company boasts a diversified product portfolio, with a notable emphasis on serving the livestock and farm animals sector. This strategic focus aligns with the significant market potential of the Livestock industry, which represents approximately 65% of the global market for animal Active Pharmaceutical Ingredients (APIs) and intermediates. Within the animal health segment, NGLFL has established a strong presence with over 24 APIs, and they aim to introduce two to four new product lines annually based on market demand. The company's business model predominantly revolves around generic APIs, capitalizing on their expertise in smaller molecules. This approach has proven successful in the past, enabling NGLFL to enter the market and capture substantial market share.

2 UNPRECEDENTED AND STRATEGIC CAPEX

The ongoing greenfield expansion at Tarapur Facilities, featuring a 50% capacity increase, is anticipated to have a significant positive impact. This expansion, with an asset turnover ratio of 2x, is expected to generate an additional topline of 200 crores. The estimated capital expenditure of ₹ 140 Crore would be financed through a combination of debt and internal accruals in the ratio of 2:1.

NGLFL has strategically set its sights on entering the European markets, undertaking the necessary steps to secure regulatory approval. The company has initiated the European registration process for three of its products, with an estimated approval timeline projected for CY24. Furthermore, the company intends to file for the registration of three additional products by FY24, with an anticipated approval timeframe of 2025. This market expansion initiative would be facilitated by the utilization of the new facility. Penetrating regulated markets, notably Europe, is expected to drive revenue growth, as such markets offer higher profit margins. Consequently, this strategic move is anticipated to positively impact the company's bottom line.

3 STRONG INHOUSE MANUFACTURING AND BACKWARD INTEGRATION

With 95% in-house manufacturing capabilities, the company maintains robust control over processes. It recently acquired Macrotech Polychem, facilitating capacity expansion and cost reduction, particularly in the production of intermediaries. Remarkably, the company has not experienced any market rejection for its products over the past 15 years, further reinforcing its reputation for delivering high-quality offerings.

During FY23, the company opted to outsource a small portion, ranging from 1% to 3%, of its total production. This decision was primarily driven by two factors. Firstly, the subdued demand for products played a significant role in the reduced in-house production requirements. Secondly, the comparative costliness of outsourcing, when compared to internal production, influenced the company's outsourcing strategy.

However, as demand conditions improve, the company has set a target to increase its outsourcing volume to reach 15% of total production. This strategic move is motivated by the necessity to maintain sufficient inventory levels and ensure uninterrupted product supply to meet market demands effectively. By striking a balance between in-house production and outsourcing, NGLFL aims to optimize its operational efficiency and adapt to changing market dynamics.

4 HIGH BARRIER TO ENTRY

The animal health industry has high barriers to entry stemming from stringent regulatory requirements, expensive research and development endeavors, the imperative to safeguard intellectual property, complexities associated with manufacturing and distribution, the crucial aspect of cultivating relationships with veterinarians, intense market competition, and protracted product development cycles. Furthermore, the relatively small product size within the animal pharmaceutical sector acts as a deterrent for potential competitors. Especially, the industry operates within a highly regulated environment, and any underperformance of a product holds the potential to significantly impact a company's profitability.

However, the animal healthcare industry is expected to experience significant growth due to factors such as the increasing ownership of pets, rising demand for protein-rich food, and growing awareness of animal health. NGLFL is poised to capitalize on these favorable industry trends.

Benefiting from a diversified product portfolio encompassing various APIs, intermediates, and finished dosage forms, NGLFL is well-equipped to navigate market fluctuations and maintain a stable revenue stream.

With regulatory approvals secured in over 45 countries, the company has established a robust global presence, enabling it to tap into the expanding demand for animal healthcare products worldwide. By focusing on unregulated markets, NGLFL gains a competitive edge in terms of pricing and market penetration.

INDUSTRY OVERVIEW

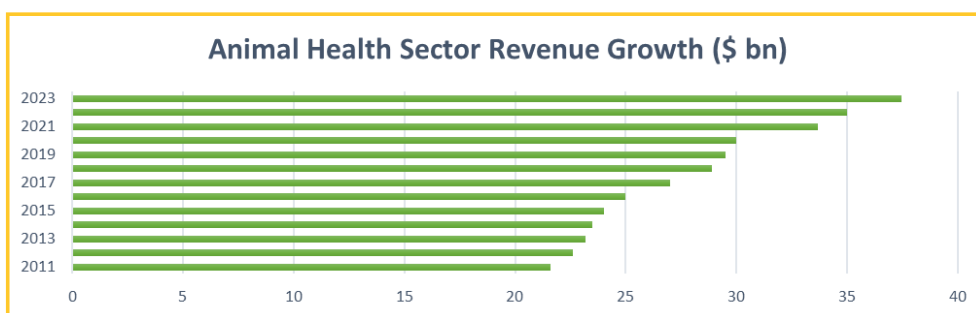
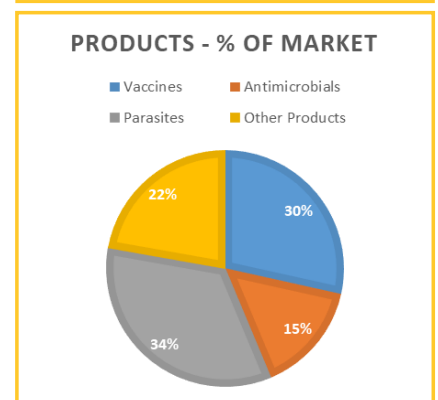
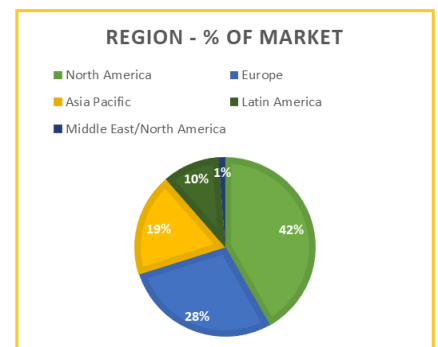
GLOBAL PHARMACEUTICAL MARKET

After the pandemic, the global pharmaceutical industry is undergoing significant changes in response to emerging challenges and opportunities. Projections indicate that the industry would experience a Compound Annual Growth Rate (CAGR) of 7.7%, increasing from US\$ 1,454.66 Billion in CY 2021 to US\$ 2,135.18 Billion to CY 2026. This growth is primarily driven by corporate restructuring and recovery efforts following the impact of COVID-19, which resulted in operational hurdles due to containment measures like social distancing, remote work, and temporary business closures.

In terms of market share, North America is expected to maintain its dominance in the global pharmaceutical industry, capturing a market share of 45.33% by CY 2023. However, Europe is anticipated to witness a decline in market share by approximately 20.24%. On the other hand, the Asia-Pacific pharmaceutical market is projected to maintain its second-place position with a market share of 24.07%. Positive growth is also expected in the Latin America and Middle East and Africa (MEA) markets, contributing to the industry's overall trajectory.

GLOBAL ANIMAL MARKET

Recently, the market for animal APIs and intermediates has been witnessing significant advantages. Factors such as increased expenditure on pets, a surge in companion animal adoption, rising veterinary visits, a growing livestock population, augmented R&D investments, mandatory pet vaccinations, increased meat consumption, and the introduction of antimicrobial feed additives are all contributing to a heightened emphasis on animal health. Additionally, advancements in technology, coupled with a growing awareness of animal health and welfare, are further driving interest in the sector.



Note: Combined revenues of top 20 Animal Health Companies (\$bn), Source: Healthforanimals

Note: The data on this page is based on actual 2021 sales data from the 9 largest companies and some smaller companies representing 2/3rds of the global animal health sector. It is collected by CEESA, the Executive Animal Health Study Center, which collects and aggregates raw industry sales data. 17 CEESA collects limited data on diagnostics, therefore information on this product area is provided later in the document. Source: CEESA

The animal health sector has demonstrated a robust revenue growth trajectory from 2011 to 2021, with an impressive annual growth rate of 9.4%. In 2022, the sector experienced a notable surge in revenue, with a growth rate of 12%. These figures reflect the sector's resilience and its ability to capitalize on evolving market trends. The consistent growth underscores the increasing demand for animal health products and services, creating favorable market conditions for companies in the sector. As the industry continues to evolve, there are ample opportunities for companies to drive innovation, strategically invest, and leverage the expanding market dynamics in the years ahead.

WHY ANIMAL HEALTHCARE IS IMPORTANT?

■ Bridging the gap in care:

A substantial number of animals suffer from preventable diseases annually, highlighting a significant gap in their healthcare. Expanding the level and quality of animal healthcare presents a promising opportunity to bridge this gap. By ensuring widespread implementation of vital vaccinations, diagnostic testing, treatments, and comprehensive wellness care, more animals can be safeguarded against illnesses. This approach fosters a stronger and more sustainable relationship between animals and humans, promoting their overall well-being.



20% of global livestock production is lost to disease each year⁸



Only 40% of U.S. pet owners bring their animal to a veterinarian annually⁹

Source: Healthforanimals

■ Disease pressures & Public support:

The occurrence of animal diseases carries substantial economic and societal burdens, driving increased investment and public backing for animal health initiatives. Recognizing the pivotal role of animals, there is growing emphasis on leveraging their potential to contribute towards achieving the global Sustainable Development Goals by 2030.

■ Economic & social costs of disease example:



African Swine Fever (2019 outbreak)¹¹
US\$112.5 billion



Foot and Mouth Disease (annually)¹²
US\$21 billion



Salmonella (annually)¹³
80.3 million food-borne cases



Zoonotic Disease (annually)¹⁴
2.2 million human deaths

Source: Healthforanimals

INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharmaceutical industry has gained global recognition for its cost-effective vaccines and generic medicines. Over the years, it has flourished and now ranks third in global pharmaceutical production by volume and 14th by value. The industry makes a significant contribution of approximately 1.72% to the country's GDP. Key segments include generic drugs, over-the-counter (OTC) medicines, active pharmaceutical ingredients (APIs)/bulk drugs, vaccines, contract research and manufacturing, biosimilars, and biologics.

India also holds the position of the third-largest global market for APIs, capturing an 8% share of the API industry. The country manufactures over 500 different APIs, with 57% of them included in the World Health Organization's prequalified list. The pharmaceutical industry ranks among the top ten sectors attracting foreign investment in India. Indian pharmaceutical exports reach more than 200 nations worldwide, including highly regulated markets like the USA, Western Europe, Japan, and Australia.

According to government data, the Indian pharmaceutical industry is valued at approximately US\$ 50 billion, with exports accounting for over US\$ 25 billion of that value. The Indian pharmaceutical market is projected to reach a value of US\$ 130 billion by 2030. The country has a well-established domestic pharmaceutical industry, with a robust network comprising around 3,000 drug companies and approximately 10,500 manufacturing units.

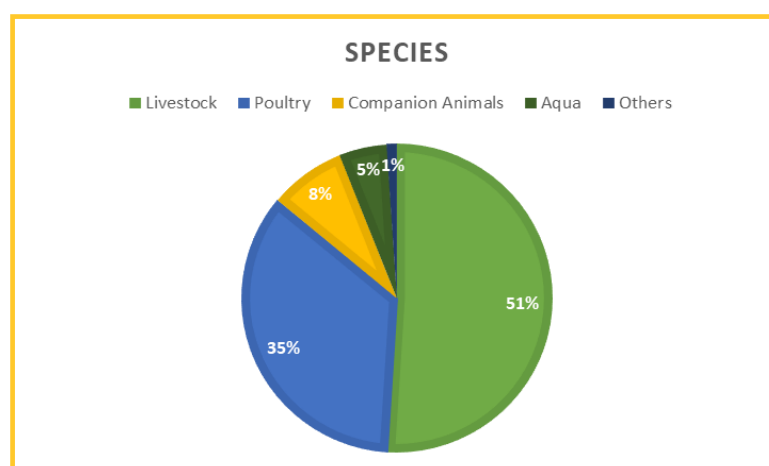
INDIAN ANIMAL MARKET

The Indian animal market is a diverse and rapidly expanding market encompassing a wide range of products and services related to animals. This includes animal feed, animal health products, veterinary services, and pet care products.

In recent years, the Indian animal market has experienced significant growth, propelled by factors like increasing urbanization, rising disposable incomes, and growing awareness of animal welfare concerns. The market has also been bolstered by government initiatives aimed at promoting the animal husbandry sector and supporting the development of associated industries.

Key players in the Indian animal market include prominent animal feed manufacturers like Godrej Agrovet, leading dairy companies such as Amul, and veterinary service providers like Vivaldis Animal Health.

The Indian Animal Health Industry has played a crucial role in safeguarding the interests of animal husbandry in the country. The estimated value of the Indian animal healthcare market stands at approximately ₹ 7000 crores (2021-22).



Source: INFAH

The market distribution among different species in India is as follows: livestock accounts for 55%, poultry for 33%, companion animals for 8%, aqua for 3%, and the remaining 1% is attributed to other animals. The Indian Federation of Animal Health (INFAH) projects that various categories of animal health products contribute as follows: nutritionals at 39%, parasiticides at 20%, antibacterials at 17%, biologicals at 13%, and the remaining 11% from other categories. The animal health market in India is served by over 50 major companies, although the market is dominated by the top 10 players.

India is home to one of the world's largest livestock populations, which plays a crucial role in the country's agricultural and rural economy. Key statistics regarding India's contribution to the world's livestock population are as follows:

- **Cattle:** India has the largest population of cattle globally, estimated at around 192 million.
- **Buffaloes:** India also has the largest population of buffaloes globally, estimated at around 109 million.
- **Sheep and Goats:** : India ranks second globally in terms of sheep population, with around 78 million sheep and a substantial goat population estimated at around 148 million.
- **Poultry:** India is among the largest producers of poultry products worldwide, with a significant poultry population estimated to be over 850 million.
- **Swine:** India has a substantial swine population, estimated at over 10 million, primarily for meat production.

India's large livestock population contributes to milk production, meat production, and agricultural activities, providing livelihoods for rural communities. The government of India has implemented various programs and initiatives to support the livestock sector, improve animal health, and enhance productivity.

The regulation of animal health products in India is overseen by the Veterinary Cell of the Central Drug Standard Control Organisation (CDSCO). The Department of Animal Husbandry and Dairying reviews and approves veterinary products for registration related to farm and companion animal products, while the Department of Fisheries handles aqua products. Biologicals are evaluated by the Indian Institute of Veterinary Science (IVRI). The Department of AYUSH is responsible for establishing regulations for herbal and contemporary medicines intended for animal use.

In recent years, animal husbandry in India has witnessed significant transformations with the adoption of innovative technologies for the prevention and treatment of farm and companion animals. Animal health companies have shifted their focus from therapeutics to preventive measures and productivity enhancement, emphasizing overall animal healthcare.

These advancements have propelled the animal health industry in India and contributed to remarkable achievements in animal husbandry.

OPPORTUNITY

1 INCREASE IN OPPORTUNITIES DUE TO THE PATENT CLIFF

Due to patent expiration, Indian pharmaceutical businesses are anticipated to experience growth of about US\$5-6 billion over the following 4-5 years. Generic drugs can enter the market after patents expire, increasing the variety of products available. Numerous Indian pharmaceutical firms are currently working on generic copies of copyrighted medications in anticipation of this chance. A total of \$240 billion worth of patents are scheduled to expire during the next four to five years, through CY 2026.

2 INCREASING FDI INVESTMENTS

India's pharmaceutical sector has once again captured global attention. From April 2000 to March 2022, the Indian pharmaceutical industry received approximately US\$19.34 billion in foreign direct investment (FDI). This constitutes almost 3.35% of the total FDI inflow received across sectors. 100% FDI is allowed in Greenfield Investment, and 74% is allowed under brownfield investment.

3 INCREASING FOCUS ON ANIMAL HEALTH

Recently, the market for animal APIs and intermediates is experiencing significant benefits. The increase in spending on pets, the rise in companion animal adoption, an increase in veterinary visits, a growing livestock population, augmented R&D investments, mandatory pet vaccinations, increased meat consumption, and the introduction of feed additives with antimicrobial properties are all factors contributing to an increased focus on animal health. Furthermore, new advances and increased animal health and welfare awareness are boosting the sector's interest.

4 FOCUS ON UNREGULATED MARKETS

The market penetration is relatively low in most of the markets. The company is not operating in the USA due to strict regulatory policies.

5 CONSOLIDATED INDUSTRY

- **Smaller product size** – The products size in the animal pharma industry is very small. This deters new competition.
- **High barrier to entry** – The animal pharmaceutical sector operates within a heavily regulated environment, and the underperformance of a product has the potential to significantly affect the company's profitability.
- **High fixed costs** – The industry requires significant investment in setting up plants, resulting in high fixed costs.
- **Slower price erosion for off-patent products** – Price erosion for off-patent products is generally slower in the animal health product compared to human health. This slow process of building up market share deters new entrants.
- **Required front-end presence** – In the animal health industry, marketing and distribution of products differ from the human pharmaceutical sector. Companies are required to deploy a localized field force to facilitate the promotion and sales of their products within specific regional markets.

| Year | Expected no. of products going off patent |
|-------|---|
| 2024E | 11 |
| 2025E | 29 |
| 2026E | 8 |
| 2027E | 9 |
| 2028E | 2 |
| 2029E | 7 |
| 2030E | 16 |
| 2031E | 7 |
| 2032E | 14 |
| 2033E | 9 |
| 2034E | 4 |
| 2035E | 4 |

Source: Multiple public domain reports

COMPETITION

GLOBAL COMPETITORS

1 ZOETIS



Zoetis, the preeminent global animal health company, with a rich legacy of over 70 years, Zoetis has consistently pioneered groundbreaking approaches to predict, prevent, detect, and treat animal illnesses. Its unwavering commitment extends to a diverse range of stakeholders worldwide, including veterinarians, pet owners, livestock farmers, and ranchers. Leveraging its extensive portfolio and a robust pipeline of medicines, vaccines, diagnostics, and technologies, Zoetis continues to make a profound impact across more than 100 countries.

- Market Presence: **100+ countries**
- Revenue Mix: **Companion animals – 64% Livestock Animals – 35%**
- Core animal species: **8**
- Provides: **Medicines, Vaccines, Diagnostics, Genetic tests, Biodevices, Precision animal health**
- Manufacturing Sites: **29**

2 ELANCO



As a global independent animal health leader, we are dedicated to innovating and delivering products and services to prevent and treat disease in pets and farm animals, creating value for pet owners, veterinarians, farmers, stakeholders, and society as a whole. With a presence in more than 90 countries, our diverse, durable portfolio serves animals across our core species consisting of: dogs and cats (collectively, pet health) and cattle, poultry, swine, sheep, and aqua (collectively, farm animal)

- Market Presence: **90 countries**
- Revenue Mix:
Product wise: **Companion animals – 48% Livestock Animals – 50%**
Geography-wise: **USA – 45% International – 55% (Largest markets outside the US: China, Brazil, and the U.K.)**
- Core animal species: **19**
- Provides: **Medicines, Vaccines, Diagnostics, Genetic tests, Biodevices, Precision animal health**
- Manufacturing Sites: **18**
- 18 sites are present in the USA, Brazil, Canada, China, France, Germany, Mexico, Newzealand, South Korea, Taiwan, and Vietnam.

3 MERCK



Merck Animal Health, a division of Merck & Co., Inc., is a prominent global player in the animal health industry. With a strong presence in various markets, Merck Animal Health focuses on developing and delivering innovative solutions for the well-being of animals.

- Market Presence: **150 countries**
- Core animal species: **19**
- Provides: **Pharmaceuticals, Vaccines, Biological, parasites, nutritional supplements, diagnostics, and equipment related to animal health**

4 BOEHRINGER INGELHEIM



Boehringer Ingelheim is a renowned multinational pharmaceutical company with a strong presence in the animal health sector. Established in 1885, the company is committed to improving health and well-being through innovative research and development, particularly in the areas of human and animal health. Boehringer Ingelheim Animal Health offers a wide range of products and solutions for various animal species, including livestock and companion animals. These products cover areas such as pharmaceuticals, vaccines, feed additives, and diagnostics

5 SEQUENT SCIENTIFIC



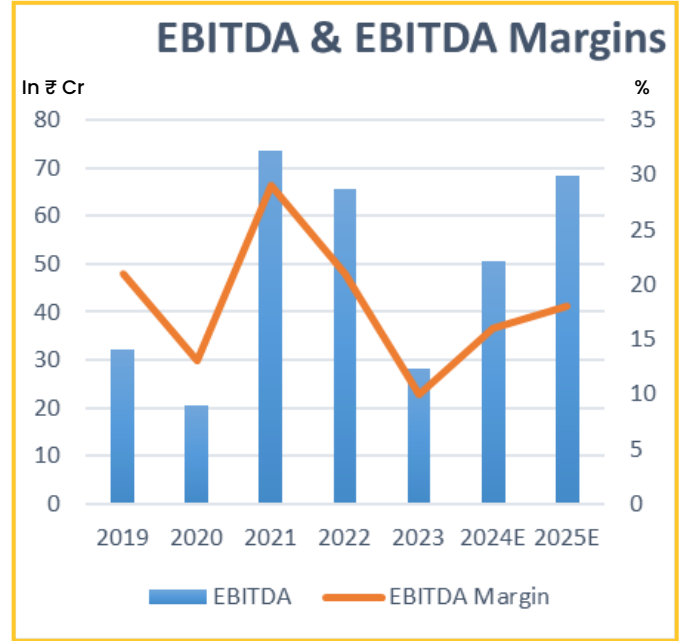
SeQuent Scientific Limited is a leading player in the Indian animal health industry, offering a comprehensive range of APIs under the brand name Alivira, finished drug formulations, and analytical services on a global scale. With nine state-of-the-art manufacturing facilities strategically located in Europe, Turkey, Brazil, and India, the company solidifies its position among the top 20 companies in the sector.

- Market Presence: **80+ countries**
- Revenue Mix: API : **28% Formulations – 72%**
- Manufacturing Sites: **9**
- Focus is on Regulated Markets

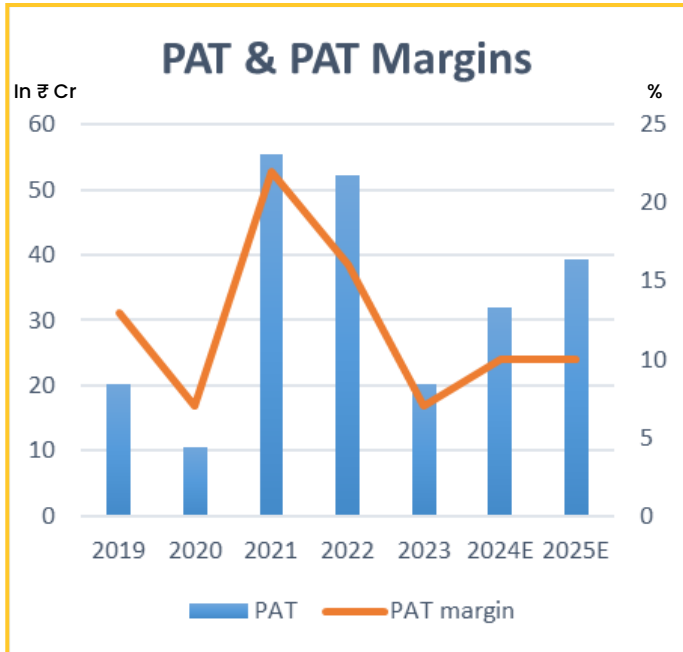
STORY IN CHARTS



Source: Cline, Msearch



Source: Cline, Msearch



Source: Cline, Msearch



Source: Cline, Msearch

INCOME STATEMENT

| Particulars (In ₹ Cr) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Revenue from Operations | 153 | 152 | 255 | 319 | 275 | 316 | 380 |
| Growth | 32% | -1% | 68% | 25% | -14% | 15% | 20% |
| Raw Material Consumed | 64 | 70 | 101 | 170 | 117 | 139 | 163 |
| Employee Expenses | 21 | 24 | 27 | 33 | 34 | 38 | 42 |
| Other Expenses | 37 | 43 | 52 | 72 | 73 | 89 | 106 |
| TOTAL EXPENDITURE | 121 | 132 | 182 | 253 | 247 | 266 | 311 |
| EBITDA | 32 | 21 | 74 | 66 | 28 | 51 | 68 |
| Growth | 37% | -36% | 259% | -11% | -57% | 80% | 35% |
| EBITDA Margin | 21% | 13% | 29% | 21% | 10% | 16% | 18% |
| Other Income | 4 | 3 | 12 | 13 | 8 | 8 | 8 |
| Depreciation | 6 | 7 | 7 | 8 | 8 | 12 | 16 |
| EBIT | 30 | 17 | 78 | 71 | 28 | 47 | 60 |
| Interest | 2 | 2 | 2 | 2 | 1 | 4 | 8 |
| PBT | 28 | 14 | 76 | 69 | 27 | 43 | 52 |
| Tax | 7 | 4 | 21 | 17 | 6 | 11 | 13 |
| PAT | 20 | 11 | 55 | 52 | 20 | 32 | 39 |
| Growth | 38% | -47% | 423% | -6% | -62% | 60% | 22% |
| PAT Margin | 13% | 7% | 22% | 16% | 7% | 10% | 10% |
| EPS | 32.57 | 17.16 | 89.79 | 84.57 | 32.55 | 51.73 | 63.52 |

Source: Cline, Msearch

CASHFLOW

| Particulars (In ₹ Cr) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|-------|--------|--------|--------|--------|--------|--------|
| Net Cash from Operating Activities | 8.85 | 20.46 | 27.35 | 13.83 | 35.29 | 25.00 | 38.00 |
| Net Cash Used in Investing Activities | -9.54 | -19.55 | -24.57 | -14.21 | -27.02 | -23.38 | -18.85 |
| Net Cash Used in Financing Activities | 0.00 | -1.30 | -1.08 | -1.08 | -1.08 | -1.08 | -1.08 |
| Net Inc/(Dec) in Cash and Cash Equivalent | -0.70 | -0.39 | 1.70 | -1.46 | 7.18 | 0.71 | 18.15 |

Source: Cline, Msearch

BALANCE SHEET

| Particulars (In ₹ Cr) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|------------|------------|------------|------------|------------|------------|------------|
| SOURCES OF FUNDS: | | | | | | | |
| Share Capital | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Reserves & Surplus | 89 | 96 | 151 | 200 | 219 | 251 | 291 |
| Loan Funds | 23 | 23 | 11 | 27 | 30 | 65 | 107 |
| Deferred Tax Liability | 0 | 1 | 2 | 2 | 1 | 1 | 1 |
| Other Liabilities | 4 | 2 | 3 | 3 | 3 | 3 | 3 |
| Total Liabilities | 119 | 125 | 170 | 235 | 257 | 324 | 405 |
| APPLICATION OF FUNDS: | | | | | | | |
| Fixed Assets (A) | 61 | 67 | 76 | 95 | 114 | 159 | 200 |
| Intangible Assets (B) | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Investments (C) | 0 | 11 | 29 | 29 | 39 | 45 | 50 |
| Current Assets, Loans & Advances | 71 | 70 | 95 | 145 | 123 | 148 | 188 |
| Inventories | 19 | 28 | 38 | 56 | 27 | 46 | 54 |
| Sundry Debtors | 9 | 26 | 38 | 64 | 66 | 60 | 72 |
| Cash & Bank Balance | 34 | 3 | 5 | 1 | 13 | 24 | 42 |
| Other Current Assets | 8 | 13 | 15 | 24 | 17 | 18 | 20 |
| Loans & Advances | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Liabilities & Provisions | 23 | 28 | 37 | 42 | 30 | 40 | 46 |
| Current Liabilities | 6 | 6 | 7 | 4 | 5 | 5 | 6 |
| Trade Payables | 16 | 21 | 30 | 37 | 25 | 35 | 41 |
| Provisions | 0 | 1 | 1 | 1 | 1 | 0 | 0 |
| Net Current Assets (D) | 49 | 42 | 58 | 103 | 93 | 108 | 141 |
| Other Assets (E) | 10 | 5 | 7 | 8 | 10 | 12 | 13 |
| Total Assets (A+B+C+D+E) | 119 | 125 | 170 | 235 | 257 | 324 | 405 |

Source: Cline, Msearch



MSEARCH

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Accumulate: 5% to 20% within the next 12 Months Sell : < -20% within the next 12 Months

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