

## Atul Ltd

No. of shares (m)	29.59
Mkt cap (Rs crs/\$m)	26863/3609.2
Current price (Rs/\$)	9079/122.0
Price target (Rs/\$)	11877/159.6
52 W H/L (Rs.)	9660/4852
Book Value (Rs/\$)	1364/18.3
Beta	0.5
Daily volume NSE (avg. monthly)	17460
P/BV (FY22e/23e)	5.8/4.9
EV/EBITDA (FY22e/23e)	21.0/18.0
P/E (FY22e/23e)	34.2/29.0
EPS growth (FY21/22e/23e)	-1.5/20.2/17.6
OPM (FY21/22e/23e)	24.6/24.6/24.8
ROE (FY21/22e/23e)	19.1/18.8/18.3
ROCE(FY21/22e/23e)	18.4/18.2/17.8
D/E ratio (FY21/22e/23e)	0.0/0.0/0.0
BSE Code	500027
NSE Code	ATUL
Bloomberg	ATLP IN
Reuters	ATLP.NS

Shareholding pattern	%
Promoters	44.9
MFs / Banks / FIs	22.4
FPIs	10.3
Govt. Holding	0.0
Public & Others	22.4
<b>Total</b>	<b>100.0</b>

As on June 30, 2021

## Recommendation

**BUY**

## Analyst

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## Company Brief

Atul Ltd manufactures value added chemicals for diverse industries - agriculture, construction, textiles, pharmaceuticals and automobiles.

## Quarterly Highlights

- Helped by base effect (from the pandemic), Atul's income from operations by a little enthralling 63.5% to Rs 1080.20 crs from just Rs 660.56 crs in the same quarter a year ago; though quarter on quarter income from operations slid 3.2%. Performance and other chemicals business accounted for most of the swell for its sales advanced by a blistering 79.2% on yoy basis, while life science chemicals increased by 30.1%.
- Though operating profit leapt by 48.8% to Rs 236.11 crs in Q1, yet operating margin declined barely unstrikingly to 21.9% from 24% and 22.8% in Q4. Margin slid across businesses - presumably due to lower of take due to the localized lockdowns - with EBIT margin its flagship performance and other chemicals segment declining to 21.9% from 22.5% (23.2% in Q4) while that of life science chemicals falling to 14% from 18.8% (16.2% in Q4).
- Combined effect of lower other income (Rs 29.62 crs Vs Rs 40.64 crs) and higher depreciation expense (Rs 43.26 crs Vs Rs 33.12 crs ) stymied PBT growth to 35.8%. (PBT improved from Rs 163.51 crs to Rs 220.41 crs). Post tax consolidated earnings though rose by 40.9% to Rs 165.94 crs from Rs 117.78 crs in the same quarter a year ago, but down 5.2% from the fourth quarter of last fiscal.
- The stock currently trades at 34.2x FY22e EPS of Rs 265.78 and 29x FY23e EPS of Rs 312.56. Little suppressed by higher margins, Atul's post tax earnings would rise by some 20% in the current fiscal. Revenues would gain greater velocity as the company commissions some of the capital projects yet in construction stage. Commissioning of its MCA projects coupled with stabilization of operations of Atul Biosciences would buoy volumes. Weighing odds, we retain our buying rating on the stock with revised target of Rs 11877 (previous target: Rs 7381) based on 38x FY23e earnings ( the price target discounts FY23 estimated free cash flows with 7.5% perpetual growth rate).

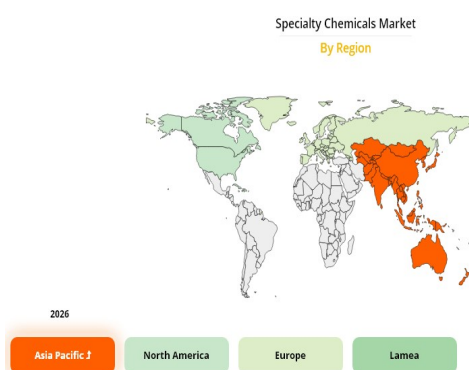
(Figures in Rs crs)	FY19	FY20	FY21	FY22e	FY23e
Income from operations	4037.81	4093.06	3731.47	4321.18	4978.57
Other Income	34.86	78.04	102.98	143.15	173.18
EBITDA (other income included)	801.64	980.05	1020.10	1205.12	1408.66
Adjusted PAT	433.06	666.24	655.12	786.38	924.77
EPS(Rs)	146.00	224.61	221.17	265.78	312.56
EPS growth (%)	56.8	53.8	-1.5	20.2	17.6

## Outlook & Recommendation

### Global Specialty Chemicals Update

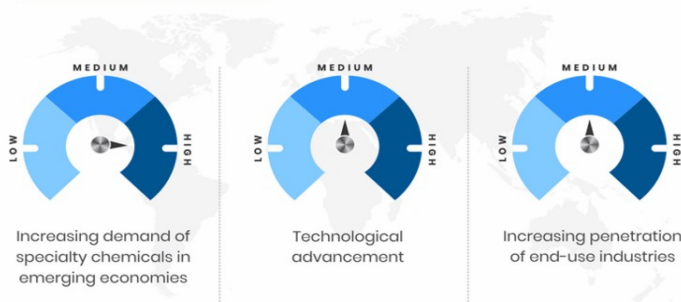
According to ResearchAndMarkets, the global specialty chemical industry was moderately impacted by the pandemic in 2020 as the demand declined by just 1%. Asia-Pacific region bucked the trend for it recorded growth of about 1% while all other major regions witnessed a negative growth of about 2% in 2020. The research firm believes that evolutionary nature of the specialty chemicals business has meant that the traditionally dominant regions of North America, Europe and Japan have made way for fast growth in emerging Asian, South America and Middle Eastern & African economies. It attributes buoyancy in this region to rapid industrialization, improved standards of living in several developing regions, perceptible shift in the global chemical industry towards the Middle East due to the abundant availability of cheap petrochemical feed stocks and Asian markets offering cheap labor coupled with fast economic growth.

ResearchAnd Market pegs growth of the global specialty chemicals market at 5.5% during 2020 and 2030, which it believes would be driven by growing automobile, textile, and food and beverage industries, especially in developing countries. Robust urbanization and industrialization in emerging economies of China, Brazil, and India would fuel the consumption of cosmetics, packaged food items, and pharmaceuticals. It contends that among all the user categories, lubricant & oilfield chemicals category will display the fastest growth in the forecast period due to the increase in the production of shale gas.



Source: Allied Market Research

### DRIVERS FOR SPECIALTY CHEMICALS MARKET: IMPACT ANALYSIS



Source: Prescient Strategic Intelligence

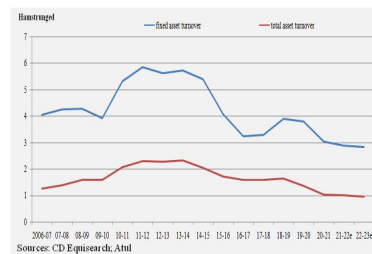
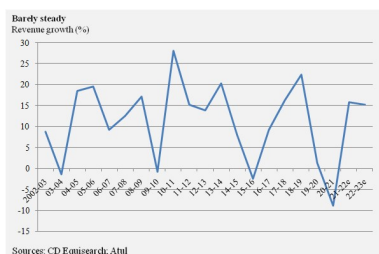
By some industry reports, the Indian specialty chemical industry would nearly double by 2025 driven by consumption growth and export opportunity. Consequently, the Indian specialty chemicals industry which has grown at a CAGR of around 11% from 2014-2019 and is expected to grow at 12% CAGR in the next 5 years. Some of this growth would be fueled by shift in overseas business to India as many chemical units in China now face stricter environmental norms. Moreover, the production cost of Chinese chemical companies has also gone up due to increase in pollution control norms and this has narrowed down the cost differential between Indian and Chinese companies to an extent.

India's share in the global specialty chemical markets stands at a meager 3%, which would provide ample opportunities for growth. Other factors which will support Indian specialty chemical industry growth include domestic availability of petrochemical intermediates, increasing capital expenditure incurred for expanding portfolio of value-added/customized products, backward integration and increasing R&D spends to enter into new age products and new chemistry.

## Financials & Valuation

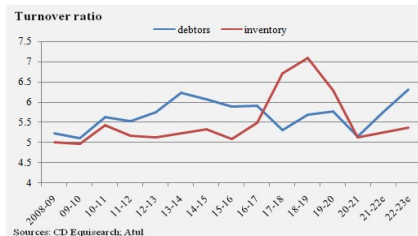
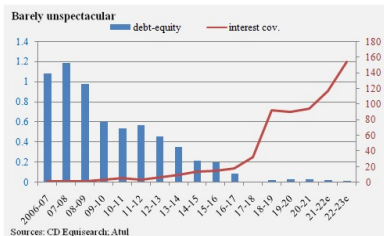
Atul's capital spending would barely hit the skids for fund deployments are planned across businesses, including that of subsidiaries and joint ventures. Some Rs 700 crs investment is planned at its wholly owned subsidiary, Atul Products Ltd, besides Rs 725 crs worth of projects in pipeline for the standalone entity. After having completed one major project at the acquired facility in Ambarnath, Atul Bioscience is currently undertaking a couple of more projects. Amal Ltd, where Atul's holds a shade below 50%, is implementing an expansion project which is expected to be completed in the current fiscal.

Production ramp up of monochloroacetic acid (MCA) is expected at Anaven, Atul's 50% JV with Nouryon, this year as it gears up to exploit India's rapidly growing demand in agricultural, personal care and pharmaceutical markets. Atul's crop protection business would gain from the backward integration of MCA, thus also ensuring faster raw material availability. The project set up with an initial capacity of 32000 tons per year has the potential to produce 60000 tons per year after expansion.



Much of Atul's business scalability over the years would rest on its ability to launch integrated value added products and on ramp up of newly set up capacities. Debottlenecking exercises in most of its businesses including polymers, bulk chemicals and intermediates, aromatics and pharmaceuticals would restrain capital costs of capacities, thus lending no small competitive advantage. Baring colors and bulk chemicals business, volumes of most of its businesses are estimated to grow in high single digits this fiscal, thus stoking increased "sales velocity".

The stock currently trades at 34.2x FY22e EPS of Rs 265.78 and 29x FY23e EPS of Rs 312.56. Notwithstanding demand disruption due to the pandemic - as was apparent in Atul's polymers, colors and bulk chemicals businesses last fiscal - its post tax earnings is estimated to grow well nigh 19% CAGR over the next two years.; though return on capital would barely get free rein not least due to subdued fixed asset turnover. Timely commissioning of its pipeline of projects coupled with increased scaling of Atul Biosciences business would act as growth catalysts. Weighing odds, we retain our buying rating on the stock with revised target of Rs 11877 (previous target: Rs 7381) based on 38x FY23e earnings ( the price target discounts FY23 estimated free cash flows with 7.5% perpetual growth rate); for more info refer to our August report.



## Cross Sectional Analysis

Company	Equity (Rs crs)	CMP (Rs crs)	Mcap (Rs crs)	Inc. from ops. (Rs crs)	Profit (Rs crs)	OPM (%)	NPM (%)	Int. cov.	ROE (%)	Mcap / IO	P/BV	P/E
Aarti Inds.	181	896	32473	4506	523	21.8	11.9	8.7	16.3	7.2	7.0	59.6
Atul Ltd	30	9079	26863	4151	703	24.0	16.8	107.5	19.3	6.5	6.7	38.2
Deepak Nitrite	27	1922	26212	4360	776	28.6	17.8	15.0	40.4	6.0	11.5	33.8
Sudarshan Chem	14	756	5232	1864	141	15.4	7.6	11.7	21.9	2.8	7.5	37.1

;calculations on ttm basis

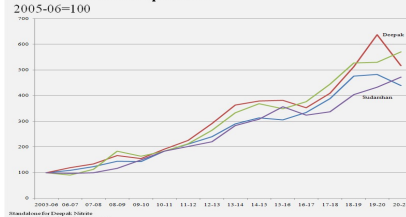
ROE of IC adjusted for revaluation reserves; book value adjusted for goodwill & revaluation reserves wherever applicable;

Fueled by its pigments business, Sudarshan Chemicals posted over 28% growth in sales in Q4 of last fiscal, thus barely styming surge in operating profit by 62% - OPMs expanded by some 320 bps to 15.2%. If it would not have been for the buoyancy in pigments margins - 12.2% in Q4 Vs 12.4% in Q3 Vs 6.8% in Q4 of FY20 - post tax earnings would have hardly followed a progressive path. Of some Rs 600 crs capex initiated in FY20, all would be implemented by the end of current fiscal. Much of this capex would be channelized in development of new molecules in high -performance pigment, augmenting capacities of existing products and debottlenecking at Roha and Mahad facilities.

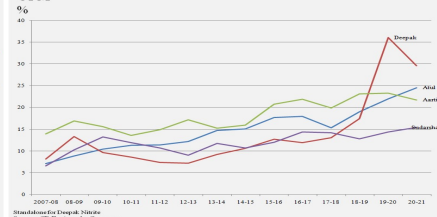
Bolstered by phenolics and fine & specialty chemicals business, DNL's income from operations rose apace in Q4 with the phenolics accounting for nearly two-thirds of the whole. Swiftly pacing, its phenol business logged capacity utilization in excess of 115% when compared to 98% in the same quarter a year ago. Overall demand 'velocity' (FSC volume growth 15% in Q4) coupled with higher realizations of phenol had little damning impact on operating profits, which surged 28.4% in Q4 (q-o-q), and post tax earnings escalated by some 34% (q-o-q) and 68.4% (y-o-y).

With Aarti barely putting rein on its capex program, its fixed assets block jumped by over 45% last fiscal as it hurried to commission chlorination unit at Jhagadia by ramping up capacity by some 65000 tpa and Phase II at Dahej SEZ unit. Plans have been firmed up for expanding NCB capacity, boosting pharma production capability and undertaking projects related to second and third long term contracts. Notwithstanding Covid induced demand stress, Aarti's specialty chemicals has barely displayed any "scaling" effect for its EBIT slid by 7.5% last fiscal at a time when sales rose 7.4%.

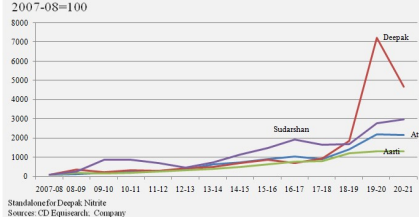
Indexed income from operations  
2005-06=100



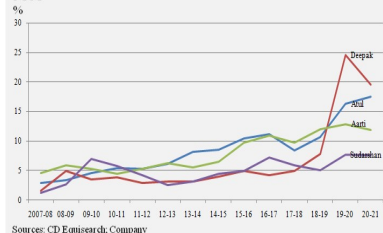
OPM



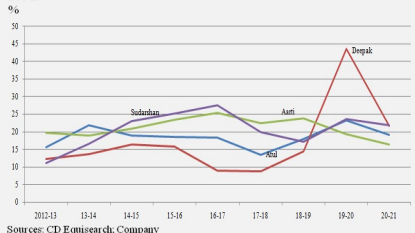
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NPM



ROE



## Financials

## Quarterly Results

Figures in Rs crs

	Q1FY22	Q1FY21	% chg.	FY21	FY20	% chg.
<b>Income from operations (net)</b>	<b>1080.20</b>	<b>660.56</b>	<b>63.5</b>	<b>3731.47</b>	<b>4093.06</b>	<b>-8.8</b>
Other Income	29.62	40.64	-27.1	102.98	78.04	32.0
<b>Total Income</b>	<b>1109.82</b>	<b>701.20</b>	<b>58.3</b>	<b>3834.45</b>	<b>4171.10</b>	<b>-8.1</b>
Total Expenditure	844.09	501.90	68.2	2814.35	3191.05	-11.8
<b>PBIDT (other income included)</b>	<b>265.73</b>	<b>199.30</b>	<b>33.3</b>	<b>1020.10</b>	<b>980.05</b>	<b>4.1</b>
Interest	2.06	2.67	-22.8	9.35	9.40	-0.5
Depreciation	43.26	33.12	30.6	136.32	130.21	4.7
<b>PBT</b>	<b>220.41</b>	<b>163.51</b>	<b>34.8</b>	<b>874.43</b>	<b>840.44</b>	<b>4.0</b>
Tax	57.20	45.85	24.8	221.66	174.51	27.0
<b>PAT</b>	<b>163.21</b>	<b>117.66</b>	<b>38.7</b>	<b>652.77</b>	<b>665.93</b>	<b>-2.0</b>
Profit/loss of associate & JV	1.94	0.28	592.9	7.25	4.98	45.6
MI	-0.79	0.16	-593.8	4.26	4.45	-4.3
<b>Net profit after MI &amp; JV</b>	<b>165.94</b>	<b>117.78</b>	<b>40.9</b>	<b>655.76</b>	<b>666.46</b>	<b>-1.6</b>
Extraordinary Item	-	-	-	0.64	0.22	189.4
<b>Adjusted Net Profit</b>	<b>165.94</b>	<b>117.78</b>	<b>0.4</b>	<b>655.12</b>	<b>666.24</b>	<b>-1.7</b>
EPS (F.V. 10)	56.09	39.71	41.3	221.17	224.61	-1.5

## Segment Results

Figures in Rs crs

	Q1FY22	Q1FY21	% chg.	FY21	FY20	% chg.
<b>Segment Revenue</b>						
Life Science Chemicals	352.49	270.86	30.1	1216.37	1251.95	-2.8
Performance & Other Chemicals	753.51	420.49	79.2	2621.88	2984.50	-12.2
Others	14.70	8.71	68.8	48.48	36.83	31.6
<b>Sub Total</b>	<b>1120.70</b>	<b>700.06</b>	<b>60.1</b>	<b>3886.73</b>	<b>4273.28</b>	<b>-9.0</b>
Inter - Segment Revenue	40.50	39.50	2.5	155.26	180.22	-13.8
<b>Income from ops. (gross)</b>	<b>1080.20</b>	<b>660.56</b>	<b>63.5</b>	<b>3731.47</b>	<b>4093.06</b>	<b>-8.8</b>
<b>Segment EBIT</b>						
Life Science Chemicals	49.29	51.04	-3.4	219.57	223.16	-1.6
Performance & Other Chemicals	156.33	85.55	82.7	594.16	603.97	-1.6
Others	3.52	-0.52	-776.9	11.30	11.13	1.5
<b>Sub Total</b>	<b>209.14</b>	<b>136.07</b>	<b>53.7</b>	<b>825.03</b>	<b>838.26</b>	<b>-1.6</b>
Interest	2.06	2.67	-22.8	9.35	9.40	-0.5
Other Unallocable Exp. (net of income)	-13.33	-30.11	-55.7	-58.75	-11.58	407.3
<b>PBT</b>	<b>220.41</b>	<b>163.51</b>	<b>34.8</b>	<b>874.43</b>	<b>840.44</b>	<b>4.0</b>

## Consolidated Income Statement

Figures in Rs crs

	FY19	FY20	FY21	FY22e	FY23e
<b>Income from operations</b>	<b>4037.81</b>	<b>4093.06</b>	<b>3731.47</b>	<b>4321.18</b>	<b>4978.57</b>
Growth (%)	22.5	1.4	-8.8	15.8	15.2
Other Income	34.86	78.04	102.98	143.15	173.18
<b>Total Income</b>	<b>4072.67</b>	<b>4171.10</b>	<b>3834.45</b>	<b>4464.32</b>	<b>5151.75</b>
Total Expenditure	3271.03	3191.05	2814.35	3259.20	3743.09
<b>EBITDA (other income included)</b>	<b>801.64</b>	<b>980.05</b>	<b>1020.10</b>	<b>1205.12</b>	<b>1408.66</b>
Interest	7.41	9.40	9.35	8.97	8.02
<b>EBDT</b>	<b>794.23</b>	<b>970.65</b>	<b>1010.75</b>	<b>1196.15</b>	<b>1400.63</b>
Depreciation	118.91	130.21	136.32	151.83	172.29
Tax	244.32	174.51	221.66	262.86	309.17
<b>Net profit</b>	<b>431.00</b>	<b>665.93</b>	<b>652.77</b>	<b>781.46</b>	<b>919.17</b>
Profit/loss of associate & JV	5.02	4.98	7.25	7.91	9.10
MI	3.79	4.45	4.26	3.00	3.50
<b>Net profit after MI</b>	<b>432.23</b>	<b>666.46</b>	<b>655.76</b>	<b>786.38</b>	<b>924.77</b>
Extraordinary item	-0.83	0.22	0.64	-	-
<b>Adjusted Net Profit</b>	<b>433.06</b>	<b>666.24</b>	<b>655.12</b>	<b>786.38</b>	<b>924.77</b>
EPS (Rs.)	146.00	224.61	221.17	265.78	312.56

## Segment Results

Figures in Rs crs

	FY19	FY20	FY21	FY22e	FY23e
<b>Segment Revenue</b>					
Life Science Chemicals	1353.43	1251.95	1216.37	1454.31	1702.42
Performance & Other Chemicals	2881.58	2984.50	2621.88	2968.69	3376.34
Others	29.97	36.83	48.48	58.18	69.81
<b>Income from operations</b>	<b>4264.98</b>	<b>4273.28</b>	<b>3886.73</b>	<b>4481.18</b>	<b>5148.57</b>
Inter - Segment Revenue	227.17	180.22	155.26	160.00	170.00
<b>Net Segment Revenue</b>	<b>4037.81</b>	<b>4093.06</b>	<b>3731.47</b>	<b>4321.18</b>	<b>4978.57</b>
<b>Segment EBIT</b>					
Life Science Chemicals	229.15	223.16	219.57	269.05	314.95
Performance & Other Chemicals	462.10	603.97	594.16	674.08	785.55
Others	6.26	11.13	11.30	14.54	17.45
<b>Sub Total</b>	<b>697.51</b>	<b>838.26</b>	<b>825.03</b>	<b>957.68</b>	<b>1117.95</b>
Interest	7.41	9.40	9.35	8.97	8.02
Other Unallocable Exp. (net of income)	14.78	-11.58	-58.75	-95.61	-118.41
<b>PBT</b>	<b>675.32</b>	<b>840.44</b>	<b>874.43</b>	<b>1044.32</b>	<b>1228.34</b>

**Consolidated Balance Sheet**

Figures in Rs crs

	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22e</b>	<b>FY23e</b>
<b>SOURCES OF FUNDS</b>					
Share Capital	29.68	29.68	29.61	29.61	29.61
Reserves	2676.03	3125.22	3796.91	4691.15	5584.72
<b>Total Shareholders Funds</b>	<b>2705.71</b>	<b>3154.90</b>	<b>3826.52</b>	<b>4720.76</b>	<b>5614.33</b>
Minority Interest	23.80	26.37	30.63	33.63	37.13
Long term debt	43.14	86.58	98.21	78.21	58.21
<b>Total Liabilities</b>	<b>2772.65</b>	<b>3267.85</b>	<b>3955.36</b>	<b>4832.60</b>	<b>5709.67</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	1469.56	1603.28	1999.09	2399.09	2849.09
Less: Accumulated Depreciation	365.27	493.15	597.33	749.16	921.45
<b>Net Block</b>	<b>1104.29</b>	<b>1110.13</b>	<b>1401.76</b>	<b>1649.93</b>	<b>1927.64</b>
Capital Work in Progress	172.27	368.14	249.70	275.00	275.00
Investments	752.01	1137.31	1361.05	1795.70	2247.57
<b>Current Assets, Loans &amp; Advances</b>					
Inventory	511.82	503.37	594.14	648.18	746.79
Sundry Debtors	698.47	719.73	733.23	769.89	808.39
Cash and Bank	54.50	35.37	348.18	512.90	613.54
Other Assets	188.67	171.65	148.20	161.71	174.36
<b>Total CA &amp; LA</b>	<b>1453.46</b>	<b>1430.12</b>	<b>1823.75</b>	<b>2092.68</b>	<b>2343.07</b>
Current liabilities	547.36	694.10	768.36	834.46	906.73
Provisions	29.87	37.67	37.76	40.28	42.97
<b>Total Current Liabilities</b>	<b>577.23</b>	<b>731.77</b>	<b>806.12</b>	<b>874.75</b>	<b>949.69</b>
Net Current Assets	876.23	698.35	1017.63	1217.93	1393.38
Net Deferred Tax	-138.96	-107.84	-132.88	-165.73	-197.23
Other Assets (Net of liabilities)	6.81	61.76	58.10	59.76	63.30
<b>Total Assets</b>	<b>2772.65</b>	<b>3267.85</b>	<b>3955.36</b>	<b>4832.60</b>	<b>5709.67</b>

## Key Financial Ratios

	FY19	FY20	FY21	FY22e	FY23e
<b>Growth Ratios</b>					
Revenue (%)	22.5	1.4	-8.8	15.8	15.2
EBIDTA (%)	51.3	22.0	4.0	18.2	16.9
Net Profit (%)	56.8	53.8	-1.7	20.0	17.6
EPS (%)	56.8	53.8	-1.5	20.2	17.6
<b>Margins</b>					
Operating Profit Margin (%)	19.0	22.0	24.6	24.6	24.8
Gross Profit Margin (%)	19.7	23.7	27.1	27.7	28.1
Net Profit Margin (%)	10.7	16.3	17.5	18.1	18.5
<b>Return</b>					
ROCE (%)	17.8	22.6	18.4	18.2	17.8
ROE (%)	18.1	23.2	19.1	18.8	18.3
<b>Valuations</b>					
Market Cap / Sales	2.6	2.9	5.6	6.2	5.4
EV/EBIDTA	12.3	11.0	19.0	21.0	18.0
P/E	24.6	17.8	32.0	34.2	29.0
P/BV	4.1	3.8	5.6	5.8	4.9
<b>Other Ratios</b>					
Interest Coverage	92.3	90.4	94.4	117.4	154.1
Debt-Equity Ratio	0.0	0.0	0.0	0.0	0.0
Current Ratio	3.5	3.5	3.6	4.0	4.4
<b>Turnover Ratios</b>					
Fixed Asset Turnover	3.9	3.8	3.0	2.9	2.8
Total Asset Turnover	1.7	1.4	1.1	1.0	1.0
Debtors Turnover	5.7	5.8	5.1	5.7	6.3
Inventory Turnover	7.1	6.3	5.1	5.2	5.4
Creditors Turnover	7.8	7.4	5.4	5.5	5.75
<b>WC Ratios</b>					
Debtor Days	64.3	63.2	71.1	63.5	57.9
Inventory Days	51.5	58.1	71.2	69.6	68.0
Creditor Days	46.8	49.0	67.5	66.2	63.4
Cash Conversion Cycle	69.0	72.3	74.7	66.8	62.4



**Cumulative Financial Data**

Figures in Rs crs	FY12-14	FY15-17	FY18-20	FY21-23e
Income from operations	6293	8085	11427	13031
Operating profit	818	1373	2176	3215
EBIT	708	1242	1954	3173
PBT	598	1163	1924	3146
PAT after EO	405	821	1376	2366
Dividends	62	104	199	222
OPM (%)	13.0	17.0	19.0	24.7
GPM (%)	11.9	17.1	20.0	27.7
NPM (%)	6.7	10.0	12.0	18.1
Interest coverage	6.4	15.8	66.1	120.4
ROE (%)	16.6	18.7	18.2	18.3
ROCE (%)	14.4	16.6	17.4	17.8
Debt-equity ratio*	0.4	0.1	0.0	0.0
Fixed asset turnover	5.6	3.7	3.7	2.9
Total asset turnover	2.2	1.8	1.5	1.0
Debtors turnover	5.8	5.6	6.1	5.7
Inventory turnover	5.1	5.2	6.7	5.2
Creditors turnover	6.5	6.8	7.6	5.6
Debtors days	63.3	64.7	59.4	64.2
Inventory days	71.6	69.6	54.6	69.7
Creditor days	56.0	54.0	48.2	64.6
Cash conversion cycle	78.9	80.3	65.7	69.3
Dividend payout ratio (%)	14.1	12.7	14.6	9.5

FY12-14 implies three years ending fiscal 14; \*as on terminal year

Scraped by the pandemic, Atul's cumulative income from operations in FY21-23 period would grow by a barely alluring 14% (compared to 41.3% in FY18-20), thus styming effect of arduous capacity expansion and debottlenecking exercises - absolute revenue additions would halved to just over Rs 1600 crs in FY21-23 period (see table). Yet revenue abyss would barely hinder operating profit growth for it is estimated to grow by a still pleasing 47.7%.; thence OPM would surge to a record 24.7% in FY21-23 period as against 19% in the preceding three year period. Partly helped by taxes, cumulative post tax earnings growth would better previous three period's rise (72% Vs 67.6%).

Increase in margins would scarcely help improve return on capital ratios not least due to lower fixed asset utilization efficiency (fixed asset turnover in FY21-23 period pegged at 2.9 vs 3.7 in the previous three year period). Cash conversion cycle though would barely deteriorate (69.3 days Vs 65.7 days) not least due to higher churn of inventory and debtors (see table). Falling debt and buoyancy in earnings will help push interest coverage ratio further higher in FY21-23 period.

**Financial Summary – US dollar denominated**

million \$	FY19	FY20	FY21	FY22e	FY23e
Equity capital	4.3	3.9	4.0	4.0	4.0
Shareholders funds	378.6	414.6	508.6	620.4	738.5
Total debt	7.9	14.4	17.2	13.9	11.2
Net fixed assets (incl CWIP)	179.9	192.2	220.7	254.7	292.0
Investments	108.7	150.9	185.2	241.3	302.0
Net current assets	118.8	92.6	130.4	153.7	175.3
Total assets	388.3	429.6	526.1	635.4	751.3
Revenues	577.7	577.5	502.9	580.6	668.9
EBITDA	114.9	138.2	137.4	161.9	189.3
EBDT	113.8	136.9	136.1	160.7	188.2
PBT	96.8	118.5	117.7	140.3	165.0
PAT	62.0	94.0	88.3	105.7	124.2
EPS(\$)	2.09	3.17	2.98	3.57	4.20
Book value (\$)	12.8	14.0	17.2	21.0	25.0

\*income statement figures translated at average rates; balance sheet and cash flow at year end rates; projections at current rates(Rs 74.43\$)

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buy: >20%    accumulate: >10% to ≤20%    hold: ≥-10% to ≤10%    reduce: ≥-20% to <-10%    sell: <-20%

Exchange Rates Used- Indicative

Rs/\$	FY18	FY19	FY20	FY21
Average	64.45	69.89	70.88	74.20
Year end	65.04	69.17	75.39	73.50

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.