

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



BUY | CMP 244 | TARGET 310 | POTENTIAL UPSIDE 27%

24 JUNE 2019

### Stock Data

M.Cap (₹ in cr)	1762
Equity (₹ in cr)	72.21
52 wk H/L ₹	354/181
Face Value ₹	10
Div. Yield	0.82%
NSE Code	<b>UFLEX</b>
BSE Code	<b>500148</b>

### Valuation Data

P/E	5.61
EV/EBITDA	3.89
BV	596.09

### Financial Data

EV	3836.42
Net Worth	4304.33
EPS (FY19)	43.46

### Index Detail

Sensex	39122.96
Nifty	11699.65

### LEAD RATIONALE

**Innovation-an Growth driver, additional capacities, and increasing demand for flexible packaging to create ample amount of untapped opportunity**

*Company has been at the forefront of innovation and in the past has added several feathers into its cap which has been the fulcrum of its growth story and henceforth game changer innovations expects to consolidate its leadership position and create new business opportunities.*

Furthermore, **On the back of growing domestic market and overseas operations, UFLEX would become \$2 billion company by FY23.** Focusing on 'high margin' and lower investment packaging business, will in turn help company to improve return ratios. The company is continuously adopting an innovative approach, and is creating a niche for itself. Going forward, the company would aim to increase the share of revenue from the packaging business, thus improving return ratios.

Through concerted efforts, total production and sales volume for FY18-19 grew 6.1% and 6.7% to 397492 MT and 395634 MT respectively. In FY2018-19, the. Films Business achieved highest ever production of 316923 MT.

BOPET market continues to be robust resulting in higher capacity utilization across all plants. BOPP market has also shown substantial improvement in Q4 and expect this trend to continue in FY19-20

**Earlier, company announced that it would set up a new facility in BOPP based film in Hungary (plant could be about € 60 million ), through subsidiary Flex Films Europa, which is expected to add 40,000 tones to the company's annual production capacity by 2020. In Q4 FY19, is planning to set up another BOPET film facility in Nigeria in order to increase the production of packaging film business by around 50,000 tone annually, for \$80 million which will largely cater to the West African markets and will have a 'first mover' advantage. The cumulative capex for both the projects is estimated to be \$130 mn and are expected to come up in the next 2 years.**

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED

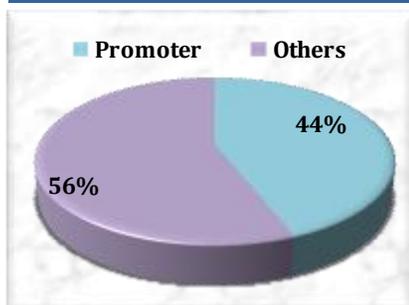
### Share Price Chart



### Improving BOPP & BOPET industry scenario:

H1 of the financial year is always better for the BOPET (biaxially oriented polyethylene terephthalate) industry due to increase in demand during the summer season. BOPET Gross margins have seen an improvement sequentially and stood at Rs. 50-54/kg vs Rs. 47/kg in Q3FY19.

### Share Holding Pattern



And expect growth momentum intact for the next 12 months both domestically as well as overseas markets. The company has also seen a drastic improvement in the BOPP margins with the BOPP industry exhibiting signs of revival and margins too have seen a jump and stood at Rs. 42-45/kg.

***Q4 margins will be better than Q3 (normally a subdued season for the industry depending on the festive season and vendor discrepancies ) as spreads into BOPP and BOPET have been improving in the last quarter of the fiscal with a scope to improve further in FY20.***

### Ventured into Aseptic packaging business to be the next leg of growth for UFLEX

Aseptic packaging facility is shaping up well operating at 40% capacity utilization and has achieved EBITDA break-even in Q4FY19 with an exit run-rate of 80mn packs during FY19. The number of customers it currently serves is at 55 vs The management has guided that the plant would achieve a capacity utilization of 57-60% by FY20 and would be able to achieve sales 1.72 billion - 2 Billion packs (around ₹300 crores turnover) in FY20 with PAT break-even. **Moreover, achieve double-digit production growth in its aseptic packaging business, which produced 80,000 tones in 2018-19 and** expected to generate an additional revenue of around ₹ 1,200 crore from the sale of Aseptic Liquid Packaging Material and ₹300 crore from its Aseptic filling machine in coming 3-4 years.

Over the past one year, it had launched a series of new products and developments are on stream. company has targeted three major categories for aseptic packaging—juice and energy drinks, dairy products, and liquor.

## FUNDAMENTAL COVERAGE

# UFLEX LIMITED



Company has started supplying to fast moving consumer goods giant Gujarat Co-operative Milk Marketing Federation Ltd, which owns the Amul brand, and is looking to supply around 1 bln packs to the company every year. The company has also tied up with Diageo plc to supply around 1.5 bln packs every year, and 800 mln-1 bln packs each to Indian arms of PepsiCo Inc and The Coca-Cola Co.

### Key Highlights

- Currently film business accounts bulk of revenues more than 60% and flexible business around 39%
- Looking at margins of 13-13.5% due to higher capacity utilization.
- Additional revenue coming from aseptic business
- Packaging film capacity utilization at 100%. And Flexible packaging capacity utilization is lower at 60%
- Current net debt stood at ₹ 2100 cr and **management expects to curtail the net debt to ₹ 1800-1900 cr by end of FY20, despite the fresh capex in Hungary**
- Company has been constantly looking to repay debt and estimates to repay debt of ₹ 450 Cr in FY20
- For FY 20, EBITDA margins sustain at same level with volume growth again heating this year.
- Facilities at Egypt, Mexico and Dubai are yet to achieve 100% capacity utilization where the company will look to consolidate. The rest of the plants are running at full capacity
- Company expects its businesses in Mexico, Dubai, Poland, Egypt and the US to reach peak capacity utilization in 2019-20. Add on, **company had spent ₹3.3 bln as capital expenditure in 2018-19, and is looking to bring it down to around ₹2 bln in the current financial year., slowdown in capital expenditure is mainly due to excess capacity the company has in its aseptic packaging business .**

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### At a Glance Quarterly numbers

Packaging business has a total production capacity of 135000 MT whereas company produce 80000 tonners a year, thus leaving enough room to ramp-up production and improve performance of the packaging business. Even though, year came with its own set of challenges -lack of clarity in use of plastic packaging, erratic movement in crude oil prices, and rise in other raw material costs.

### Key Financials (₹ in crores)

Particulars	Q4 FY 19	Q4 FY 18	% ▲
Revenue	1973.77	1763.28	11.94
EBITDA	260.09	229.27	13.44
PBT	109.72	85.41	28.46
PAT	70.41	71.49	-1.51
EPS	9.7	9.85	-1.52

Particulars	Quarter Ended		
	Q4 FY 19	Q4 FY 18	%▲
<b>Segment Revenue</b>			
<b>Flexible Packaging</b>	1985.37	1709.32	16.15
<b>Engineering Activities</b>	92.72	135.48	-31.56
<b>Others (Unallocable)</b>	-5.91	-4.30	37.44
<b>Total</b>	<b>2072.18</b>	<b>1840.50</b>	<b>12.59</b>
<b>Less: Inter segment</b>	<b>14.87</b>	<b>27.61</b>	
<b>Income from operations</b>	<b>2057.31</b>	<b>1812.89</b>	<b>13.48</b>

Company have seen a 6% volume growth in FY 19 and 18.5% top line growth with the EBITDA growing at about 11.6%. **This has been the year where company achieved the highest ever production in our Films Business and we continue to increase the capacity utilization.**

In addition, Company reported a quite decent quarter where consolidated sales for the quarter increased by 11.94 YoY to ₹ 1973.77 cr, & surged 13.5% YoY to ₹2057.3 cr including operating income, however, the overall volume growth remained muted on the back of flattish packaging and film volume growth.

Consolidated EBITDA margins remained flat at 13.18% in Q4FY19 vs 13% in Q4FY18 however improved sequentially. PAT for Q4FY19 was at ₹ 70.41 cr vs ₹ 71.49cr in Q4FY18, attributable due to higher tax rate and increased in interest cost in respective quarter, which is expected to normalize at current levels going ahead. Adjusting for same, PAT margins decreased substantially and stood at 3.5% vs 4.05% in Q4FY18.

## FUNDAMENTAL COVERAGE

# UFLEX LIMITED



**Other expenses** were higher by ₹ 56 Cr on account of one-off elements like, a **JV in Israel** where expenses to replace certain parts were incurred and as per IFRS these expenses should be charged to P&L. *Plus, an advance extended by one of the subsidiaries to a company which has gone into NCLT. Thus the company had to make a provision. Excluding the one-time expense, the consolidated EBITDA margin would stand at 15.2%.*

The tax rate during the quarter was higher due to fading away of tax exemptions in certain international facilities ( in Poland which will be there for the next couple of years and Poland has 20% tax rate. So, apart from that all businesses will have this sort of a tax rate only). Nonetheless, is likely to be in the range of 22-23% in years to come.

### Key Risks & Concerns

- ▶▶ The players have minimal control over price determination in the film business, because of the industry facing intense competition. The industry also lacks customer stickiness, as customers have many options to choose from numerous industry players. These factors could have a negative impact on the margins
- ▶▶ The upward movement in prices of crude results in an increase of raw material prices, thus increasing working capital cycle.
- ▶▶ Uflex has wide global presence, with its production facilities in the US, Dubai, Mexico, Egypt and Poland. Exports amount to 50% of the total sales of the company. This exposes the company to risk of incurring losses due to an adverse movement in multiple currencies, which would in turn affect the profit margins of the company.

### Opportunities:

The flexible packaging market is vast and a mature sector in terms of various stakeholders such as processors, packaging manufactures, raw material suppliers, and end-user industries which includes personal care products, manufactures of food & beverages, and pharmaceuticals. Some of the key materials used in flexible packaging market include polypropylene, polyamide, aluminum, PVC, and so on, it is due to such durable, light weight, and highly aesthetic flexible packaging material, the market for consumer preferences is rising and is expected to significantly boost the growth of the market over the next coming years India's rapidly growing flexible packaging demand compared with other countries is underpinned by a number of factors:

- ▶ Currently barely 5% of food in India reaches the consumer in pre-packaged form. As a result of poor distribution infrastructure nearly 40% of fresh food in India is estimated to perish before reaching the consumer, resulting in lost income for small farmers and higher prices for consumer. These present huge opportunities for rapid flexible packaging growth
- ▶ High demand in the segment of flexible packaging with the developments in SCM
- ▶ Rapid increase in propagation of polymer based technology products
- ▶ Innovation in flexibility of the product makes in compatible for new demands in industry.

***Rising demand for cost-effective packaging solution which provides the ease of preserving and easy distribution of food, beverages, pharmaceuticals and other products which require extended shelf life is accelerating the demand for flexible packaging.***

***The flexible packaging products such as boil-in-the-bag, bake-in-the-carton, mix-in-the-pouch, and serve-from-the-tray are the major examples of flexible packaging products offered from consumer's point of view and avail the kind of convenience consumer require. Consumer packaged goods companies are responding to this demand by creating more snacking options that are smaller sized. Thus, the changing consumer lifestyle and consumption habit will drive the adoption of flexible packaging in several end user sectors such as food and beverages, pharmaceuticals, and home and personal care.***

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Threats:

The company operates in flexible packaging industries, some of the products are commodity grade and are to a large extent fungible with our competitors' products. Demand for the products of the company is sensitive to changes in industry capacity and output levels, cyclical changes in regional and global economic conditions and changes in consumer demand. Plastic Film business is highly competitive. The company faces stiff competition both from international as well as domestic manufactures.

- ▶ High competition can lead to further decrease in the profit margin of the company
- ▶ Stringent environment rules can restrict the growth avenues
- ▶ Huge risk associated with the high concentration in polymers Environmental

***Flexible packaging companies not only have the pressure to innovate in their offerings but at the same time must also ensure that their products are designed to protect the packaged contents from the external environment. Choosing a packaging material that can survive factors such as sunlight, UV rays, high and low temperature, humidity, moisture, and rain is a herculean task. Also, the environmental conditions vary from region to region. Hence, to design and implement a packaging material that meets all these parameters is most likely to put flexible packaging companies in a big dilemma.***

***Further, Anti-plastics sentiment continues to rise, both in absolute numbers and relative to perceptions of alternative materials. Consumers are being exposed to media and publications showcasing the negative aspects of one-time-use plastics. Stringent government regulations regarding polymer and recyclability of packaging material may hinder the flexible packaging market growth.***

### UFLEX Pillars of Business Strategy

- ⇒ Growth through innovation to create differentiation
- ⇒ Speed to market reach
- ⇒ Proximity to customers to ensure quick deliveries & better service to customers
- ⇒ Offer wide range of packaging products both in terms of size and types of goods
- ⇒ Increase capacity in packaging

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Plant Capacities

Products	India	Dubai	Mexico	Egypt	Poland	USA	Total
<b>(A) Main Products</b>							
➤ Laminates/ Pouches/ Tubes/ Big Bags(TPA) (Flexible Packaging Products)	135,000						135,000
➤ Liquid Packs (Million packs)	7,000						7,000
➤ PET Film (TPA)	54,000	52,000	60,000	30,000	30,000	30,000	256,000
➤ PP Film (TPA)	30,000			35,000			65,000
➤ CPP Film (TPA)	4,000			12,000			16,000
	<u>88,000</u>	<u>52,000</u>	<u>60,000</u>	<u>77,000</u>	<u>30,000</u>	<u>30,000</u>	<u>337,000</u>
<b>(B) Intermediary Products</b>							
➤ Poly Film (TPA)	6,000						6,000
➤ Metallization (TPA)	33,600	4,800	15,600	18,000	10,800	10,800	93,600
➤ Holography (TPA)	8,600						8,600
➤ Inks & Adhesives (TPA)	41,000						41,000
➤ Rotogravure Cylinders (Nos)	89,000						89,000
➤ Packaging & Converting Equipments (Nos)	1,570						1,570

### Company Overview

Since its inception in 1985, it has turned into a multi-billion company focusing on trust, value creation for customers, quality innovation and customer satisfaction. Uflex has grown from strength to strength with large manufacturing capacities of Packaging Films and packaging products providing **end-to-end solutions to clients across over 140 countries** where it enjoys a formidable market presence thereby becoming India’s largest flexible packaging company.

Uflex serves as one stop shop flexible packaging solution provider cutting across varied sectors spanning USA, Canada, South America, UK, Europe, Russia, CIS countries, South Africa and other African countries, Middle East and the South Asian Countries. Uflex manufacturing facilities enjoy **ISO & HACCP** accreditations and its products are approved by **FDA**.

## Industry Outlook

The flexible packaging sector has traditionally had an extremely diverse and fragmented structure, consisting of a few large global operations and many small to medium-sized national and regional companies. Increasing demand for convenience foods and fast food is giving rise to demand for lightweight packaging. Also, changing consumer behavior and growing processed-food industry is triggering the demand for easy and flexible packaging material.

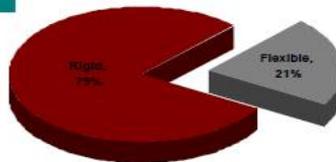
Globally, the demand for flexible packaging has increased at a rapid rate, as it can be used for various purposes. Moreover, with advancements in packaging material and packaging technologies the demand in the flexible packaging has also grown at a significant rate. The demand for flexible packaging is also seen in various industries such as food and beverages, consumer goods, pharmaceuticals, and many others. Thus, the growing use of flexible packaging in different industries is projected to boost the demand for flexible packaging and expand the flexible packaging market.

The global flexible packaging market is **expected to witness a CAGR of 5.1%, and is projected to reach USD 313.1 billion by 2024. Geographically, the flexible packaging industry will witness strong growth over the years to come in all major regions, especially the Asia-Pacific (APAC).** The flexible packaging Industry in APAC has been growing steadily over the last five years, registering a CAGR of approximately 5% between 2015-2019, led by China and India. **This strong growth will continue through 2022 with the size of the flexible packaging industry in India expected to increase USD 6.8 billion, while an increase of USD 5.05 billion is expected for the flexible packaging industry in China.**

Indian Flexible Packaging Industry is growing at 15-17% annually. The increasing demand for flexible packaging products gives strategic advantage to organized players in the domain. The industry provides an ideal opportunity for investment.

### Rigid Packaging

- Old and traditional form of packaging
- Constitutes glass bottles, metal cans, aerosol cans, battery cell cans, aluminum collapsible tubes, corrugated boxes etc.



### Flexible Packaging

- Contains multi-layered laminated sheets of single or a combination of substrates such as plastic, paper and aluminum foils in rolls or preformed sachet.
- Provide strength, moisture resistance, aroma retention, gloss, grease resistance, heat retention, printability, low odor and better brand positioning



### Industry Structure set to change

- With the expanding middle class and rising income levels, consumption patterns are changing substantially
- The increased interaction of India with the developed world is considerably influencing the aesthetic and quality norms of the Indian consumer, leading to better consumption standards
- Greater consumption of branded products is giving unique identity to packaging both in terms of product quality and presentation
- Increase in the demand for quality and convenience-based products is expected to encourage the flexible packaging business
- Setting up of organized retail supply chain in India would create demand for packed goods.

## FUNDAMENTAL COVERAGE

# UFLEX LIMITED



### Valuation Conclusion:

Packaging business (enjoys higher realizations (3x of Film realizations) and higher margins) is a forward integration of Film business where Uflex is one of the India's leading players and has created a niche for itself by introducing many innovative products. With new capacities coming in and going operational, increasing demand for flexible packaging due to increased urbanization will take the company to a higher growth trajectory in terms of increased volumes, improved earnings, higher ROE.

Being a customized product, packaging is not greatly affected by the volatility of the BOPET and BOPP film prices. But also, provides stability and consistency to the business and also helps to abate the effect of the cyclical nature of the commodity business in the long run. Adding to that, Aseptic liquid packaging is another niche offering which we envisage that it would further boost the growth and profitability of the company.

Overall, the company seems impressive, is taking steps to reduce its raw material cost, interest cost, and power & fuel expenses. ROA & ROE is also improving from year to year. The debt of company seems to be impressive, as it expect to curtail the net debt to ₹1900 in by end of FY 20 compared to ₹2100 in FY19 and **the growing demand of flexible packaging industry would be the added advantage for the company.**

We are valuing the estimated share price of the company on the basis of P/E valuation for FY20 Est. EPS at 50.40. The share price for next 1 year horizon turns around to be ₹ 310

VALUATION ( ₹ in crores except per share)	
FY 20 Est. Earnings	363.91
Equity Share Capital	72.21
FV	10
No. of Equity Shares	7.22
EPS(FY20 Est.)	50.40
Estimated P/E Ratio	6
Estimated Price/share	310

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Quarterly Results (₹ in crore except per share)

Particulars	LTM	201903	201812	201809	201806
Net Sales	<b>7765.52</b>	1973.77	1943.27	1976.35	1872.13
<b>EBITDA</b>	<b>1007.53</b>	260.09	227.68	264.60	255.16
Depreciation	<b>380.85</b>	95.95	97.17	95.66	92.07
Operating Income	<b>626.68</b>	164.14	130.51	168.94	163.09
Misc. Income (Exp.)	<b>22.98</b>	6.68	3.84	4.99	7.47
Interest Expenses	<b>217.93</b>	54.42	56.56	53.55	53.40
EBT	<b>408.75</b>	109.72	73.95	115.39	109.69
Taxes	<b>93.54</b>	39.31	19.61	19.29	15.33
Net Income (Reg)	<b>315.21</b>	70.41	54.34	96.10	94.36
Extraordinary Items	<b>0.00</b>	-	-	-	-
<b>Reported Net Income</b>	<b>315.21</b>	70.41	54.34	96.10	94.36
<b>EPS</b>	<b>43.66</b>	9.75	7.53	13.31	13.07
<b>Adj. EPS</b>	<b>43.70</b>	9.80	7.50	13.30	13.10

### Income Statement and Estimates (₹ in Crore except per share)

Particulars	201603	201703	201803	201903	2020E	2021E	2022E
Sales	<b>6221.75</b>	<b>6014.72</b>	<b>6568.86</b>	<b>7765.52</b>	<b>8395.08</b>	<b>9360.51</b>	<b>10599.76</b>
Other operating In- come	143.77	141.93	139.67	191.70	131.25	129.25	123.25
<b>Total Inc. from op- erations</b>	<b>6365.52</b>	<b>6156.65</b>	<b>6708.53</b>	<b>7957.22</b>	<b>8526.33</b>	<b>9489.76</b>	<b>10723.01</b>
<b>Operating EBITA</b>	<b>519.02</b>	<b>556.77</b>	<b>527.81</b>	<b>605.97</b>	<b>666.61</b>	<b>738.86</b>	<b>831.55</b>

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



Profit & Loss							
Particulars	201603	201703	201803	201903	2020E	2021E	2022E
Total Inc. from operations	6365.52	6156.65	6708.53	7957.22	8526.33	9489.76	10723.01
<b>TOTAL EXPENDITURE</b>	<b>5560.97</b>	<b>5282.34</b>	<b>5829.13</b>	<b>6970.40</b>	<b>7445.19</b>	<b>8272.23</b>	<b>9334.38</b>
EBITDA	804.55	874.31	879.40	986.82	1081.14	1217.54	1388.63
Depreciation	(285.53)	(317.54)	(351.59)	(380.85)	(414.53)	(478.67)	(557.08)
Rep. profit before othrin., finance cost,tax & excp. Item	<b>519.02</b>	<b>556.77</b>	<b>527.81</b>	<b>605.97</b>	<b>666.61</b>	<b>738.86</b>	<b>831.55</b>
Goodwill amortization	-	-	-	-	-	-	-
Rep. profit before othrin., fin.cost,tax & excp. Item	519.02	556.77	527.81	605.97	666.61	738.86	831.55
OTHER INCOME	34.92	20.50	23.19	20.71	18.63	18.99	19.90
<b>Profit from ordinary act. Before FinCost ,TAX &amp; Exp.Items</b>	<b>553.94</b>	<b>577.27</b>	<b>551.00</b>	<b>626.68</b>	<b>685.25</b>	<b>757.85</b>	<b>851.45</b>
<b>Net financials</b>							
Interest income	-	-	-	-	-	-	-
Interest expenses	(175.82)	(186.83)	(197.09)	(217.93)	(212.64)	(224.33)	(247.95)
<b>Net Financial Items</b>	<b>(175.82)</b>	<b>(186.83)</b>	<b>(197.09)</b>	<b>(217.93)</b>	<b>(212.64)</b>	<b>(224.33)</b>	<b>(247.95)</b>
<b>Reported Pre-tax profit</b>	<b>378.12</b>	<b>390.44</b>	<b>353.91</b>	<b>408.75</b>	<b>472.61</b>	<b>533.53</b>	<b>603.50</b>
Reported Tax charge	(64.85)	(43.76)	(41.70)	(93.54)	(108.70)	(122.71)	(138.81)
<b>Reported Net profit</b>	<b>313.27</b>	<b>346.68</b>	<b>312.21</b>	<b>315.21</b>	<b>363.91</b>	<b>410.82</b>	<b>464.70</b>
Minorities	3.10	2.29	1.73	1.38	-	-	-
P/L OF ASSOCIATE CO.	3.67	4.07	-	-	-	-	-
Rep. NP after min. Int.	313.84	348.46	310.48	313.83	363.91	410.82	464.70
Extra Ordinary income	-	-	-	-	-	-	-
<b>Rep.Net Income after extra ordinary items</b>	<b>313.84</b>	<b>348.46</b>	<b>310.48</b>	<b>313.83</b>	<b>363.91</b>	<b>410.82</b>	<b>464.70</b>
<b>EPS and Dividend</b>							
Dividend Paid	(23.11)	(25.27)	(14.44)	(14.44)	(14.41)	(14.58)	(14.45)
Retained earnings	290.73	323.19	296.04	299.39	349.50	396.23	450.25
<b>Reported EPS</b>	<b>43.46</b>	<b>48.26</b>	<b>43.00</b>	<b>43.46</b>	<b>50.40</b>	<b>56.89</b>	<b>64.35</b>
DPS - originally de- clared	3.20	3.50	2.00	2.00	2.00	2.00	2.00

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



Number Of Shares							
Opening Balance	72.21	72.21	72.21	72.21	72.21	72.21	72.21
Bought Back	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>72.21</b>						
FV	10	10	10	10	10	10	10
<b>Wtd. Avg. no. of shares</b>	<b>7.221</b>						

BALANCE SHEET							
Particulars	201603	201703	201803	201903	2020E	2021E	2022E
<b>Equity &amp; Liabilities</b>							
<b>Shareholders' Fund</b>							
Share Capital	72.21	72.21	72.21	72.21	72.21	72.21	72.21
Reserves and Surplus	3379.46	3571.86	3907.4	4232.12	4581.62	4977.85	5428.10
<b>Total Shareholders' Fund</b>	<b>3451.67</b>	<b>3644.07</b>	<b>3979.61</b>	<b>4304.33</b>	<b>4653.83</b>	<b>5050.06</b>	<b>5500.31</b>
<b>Non-Current Liabilities</b>							
Long-term Borrowings	1054.27	1029.77	1054.95	876.37	859.13	777.24	816.10
Other LT Liabilities	6.09	8.18	10.06	11.18	11.40	11.63	11.86
Deferred Tax Liability	149.32	126.46	128.21	178.95	130.77	137.31	144.18
Long term Provisions	9.29	19.14	19.69	24.82	27.30	30.03	33.04
<b>Total Non-Current Liabilities</b>	<b>1218.97</b>	<b>1183.55</b>	<b>1212.91</b>	<b>1091.32</b>	<b>1028.61</b>	<b>956.22</b>	<b>1005.18</b>
<b>Current Liabilities</b>							
Short term Borrowings	714.26	751.65	698.68	875.84	735.50	772.28	810.89
Trade Payables	782.40	957.3	1196.42	1056.3	1151.05	1233.67	1340.38
Other current liability	621.81	600.21	588.04	610.43	426.32	664.28	750.61
Short term Provisions	14.98	11.65	12.54	21.41	23.55	25.91	28.50
<b>Total current Liab.</b>	<b>2133.45</b>	<b>2320.81</b>	<b>2495.68</b>	<b>2563.98</b>	<b>2336.42</b>	<b>2696.14</b>	<b>2930.37</b>
<b>Total Equity &amp; Liab.</b>	<b>6804.09</b>	<b>7148.43</b>	<b>7688.17</b>	<b>7959.63</b>	<b>8018.89</b>	<b>8702.42</b>	<b>9435.87</b>

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Assets

#### Non-Current Assets

##### Fixed Assets

Tangible fixed Assets	3519.1	3892.25	3961.56	4019.88	3971.99	4186.60	4411.45
G/W On Consolidation		0.2					
Non-current Investment	75.34	43.19	43.44	41.65	45.82	50.40	55.44
Long term L&A	155.07	85.74	86.51	61.38	67.52	74.27	81.70
Other Non current Ass.	137.51	124.4	109.9	282.26	112.10	114.30	116.60
Deferred tax receivable	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>3887.02</b>	<b>4145.78</b>	<b>4201.41</b>	<b>4405.17</b>	<b>4197.42</b>	<b>4425.57</b>	<b>4665.19</b>

##### Current Assets

Current Investments	-	-	-	-	-	-	-
Inventories	620.83	678.62	796.84	843.54	937.90	1043.87	1179.53
Trade Receivables	1480.19	1659.05	1938.99	2045.53	2192.12	2405.66	2600.33
Cash & cash Equi.	387.92	296.3	315.51	288.14	349.83	447.12	561.28
Short Term L&A	0.01	0.28	0.07	0.54	0.57	0.60	0.63
Other current Assets	428.12	368.4	435.35	376.71	341.05	379.59	428.92
<b>Total current Assets</b>	<b>2917.07</b>	<b>3002.65</b>	<b>3486.76</b>	<b>3554.46</b>	<b>3821.47</b>	<b>4276.83</b>	<b>4770.69</b>
<b>Total Assets</b>	<b>6804.09</b>	<b>7148.43</b>	<b>7688.17</b>	<b>7959.63</b>	<b>8018.89</b>	<b>8702.42</b>	<b>9435.87</b>

Cash & cash equivalents	387.92	296.3	315.51	288.14	349.83	447.12	561.28
Other int. bearing assets	75.34	43.19	43.44	41.65	45.82	50.40	55.44
Interest-bearing debt	2390.34	2381.63	2341.67	2362.64	2020.95	2213.80	2377.60
<b>Net int.-bearing debt</b>	<b>1927.08</b>	<b>2042.14</b>	<b>1982.72</b>	<b>2032.85</b>	<b>1625.30</b>	<b>1716.29</b>	<b>1760.89</b>
<b>Net gearing (%)</b>	<b>55.83%</b>	<b>56.04%</b>	<b>49.82%</b>	<b>47.23%</b>	<b>34.92%</b>	<b>33.99%</b>	<b>32.01%</b>

### Investments

#### Tangible assets

Gross capex	(503.29)	(761.79)	(477.45)	(385.36)	(366.63)	(379.59)	(455.73)
Sale of fixed assets	34.23	1.01	38.59	2.20	-	-	-
<b>Net capex</b>	<b>(469.06)</b>	<b>(760.78)</b>	<b>(438.86)</b>	<b>(383.16)</b>	<b>(366.63)</b>	<b>(379.59)</b>	<b>(455.73)</b>
Depreciation tangibles	(285.53)	(317.54)	(351.59)	(380.85)	(414.53)	(478.67)	(557.08)

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Cash Flow Analysis

Particulars	201603	201703	201803	201903	2020E	2021E	2022E
<b>EBIT</b>	<b>553.94</b>	<b>577.27</b>	<b>551.00</b>	<b>626.68</b>	<b>685.25</b>	<b>757.85</b>	<b>851.45</b>
Depreciation	285.53	317.54	351.59	380.85	414.53	478.67	557.08
<b>Dep. (ex goodwill)</b>	<b>285.53</b>	<b>317.54</b>	<b>351.59</b>	<b>380.85</b>	<b>414.53</b>	<b>478.67</b>	<b>557.08</b>
Mov. in Inventories	40.14	(57.79)	(118.22)	(46.69)	(94.36)	(105.98)	<b>(135.66)</b>
Move. in Debtors	22.88	(191.50)	(280.76)	(120.72)	(146.59)	(213.54)	(194.68)
Move. in Creditors	22.64	174.89	239.11	(90.71)	(94.75)	(82.61)	(106.71)
Other W.C Inc./decrease	14.52	59.38	(49.99)	(102.62)	-	-	-
<b>Change in W.C</b>	<b>100.18</b>	<b>(15.02)</b>	<b>(209.86)</b>	<b>(360.74)</b>	<b>(335.70)</b>	<b>(402.13)</b>	<b>(437.04)</b>
Tax paid	<b>(64.85)</b>	<b>(43.76)</b>	<b>(41.70)</b>	<b>(93.54)</b>	<b>(108.70)</b>	<b>(122.71)</b>	<b>(138.81)</b>
<b>Operating Cash Flow</b>	<b>874.80</b>	<b>836.03</b>	<b>651.03</b>	<b>553.25</b>	<b>655.37</b>	<b>711.69</b>	<b>832.68</b>
Net interest	(175.82)	(186.83)	(197.09)	(217.93)	(212.64)	(224.33)	(247.95)
<b>Cash Earnings</b>	<b>698.98</b>	<b>649.20</b>	<b>453.94</b>	<b>335.32</b>	<b>442.73</b>	<b>487.36</b>	<b>584.74</b>
Gross CapEx	(503.29)	(761.79)	(477.45)	(385.36)	(366.63)	(379.59)	(455.73)
Sale of fixed assets	34.23	1.01	38.59	2.20	-	-	-
<b>Net CapEx</b>	<b>(469.06)</b>	<b>(760.78)</b>	<b>(438.86)</b>	<b>(383.16)</b>	<b>(366.63)</b>	<b>(379.59)</b>	<b>(455.73)</b>
<b>Free CF pre dividend</b>	<b>229.92</b>	<b>(111.58)</b>	<b>15.08</b>	<b>(47.84)</b>	<b>76.10</b>	<b>107.77</b>	<b>129.01</b>
Dividend	(23.11)	(25.27)	(14.44)	(14.44)	(14.41)	(14.58)	(14.45)
<b>Free CF post Dividend</b>	<b>206.81</b>	<b>(136.85)</b>	<b>0.64</b>	<b>(62.28)</b>	<b>61.69</b>	<b>93.19</b>	<b>114.56</b>
Net acqui./disposals	-	-	-	-	-	-	-
<b>Net cash flow</b>	<b>206.81</b>	<b>(136.85)</b>	<b>0.64</b>	<b>(62.28)</b>	<b>61.69</b>	<b>93.19</b>	<b>114.56</b>

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Ratio Analysis

Particulars	201603	201703	201803	201903	2020E	2021E	2022E
Return on assets	-	4.99%	4.19%	4.01%	4.55%	4.91%	5.12%
Return on equity	-	9.82%	8.15%	7.58%	8.12%	8.47%	8.81%
ROCE	-	9.36%	8.50%	9.40%	10.10%	10.81%	11.49%
EBIT Margin	-	9.38%	8.21%	7.88%	8.04%	7.99%	7.94%
Pre tax margin	-	6.34%	5.28%	5.14%	5.54%	5.62%	5.63%
Net Profit Margin	-	5.66%	4.63%	3.94%	4.27%	4.33%	4.33%
Total asset turnover	-	0.88	0.90	1.02	1.07	1.14	1.18
Fixed asset turnover	-	1.66	1.71	1.99	2.13	2.33	2.49
Equity turnover	-	1.74	1.76	1.92	1.90	1.96	2.03
Current Ratio	-	1.29	1.40	1.39	1.64	1.59	1.63
Quick Ratio	-	1.00	1.08	1.06	1.23	1.20	1.23
Cash Ratio	-	0.13	0.13	0.11	0.15	0.17	0.19
Receivable Days	-	93.06	97.88	91.39	90.70	88.42	85.20
Inventory Days	-	38.52	40.14	37.62	38.13	38.11	37.84
Payable Days	-	51.09	57.58	51.37	46.73	45.35	43.26
Conversion Cycle (Days)	-	80.49	80.44	77.64	82.10	81.18	79.78
Financial Leverage Effect	-	2.51	2.83	3.14	2.97	2.96	2.99
Debt to Capital	-	0.40	0.37	0.35	0.30	0.30	0.30
Debt to Equity	-	0.65	0.59	0.55	0.43	0.44	0.43

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Disclosures :

#### Business Activity :

Rudra Shares & Stock Brokers Limited is engaged in the business of providing broking services & distribution of various financial products. RUDRA is also registered as a Research Analyst under SEBI(Research Analyst) Regulations, 2014. SEBI Reg. No. INH100002524.

#### Disciplinary History :

There has been no instance of any Disciplinary action, penalty etc. levied/passed by any regulation/administrative agencies against RUDRA and its Directors. Pursuant to SEBI inspection of books and records of Rudra, as a Stock Broker, SEBI has not issued any Administrative warning to Rudra.

#### Terms & Conditions of issuance of Research Report:

The Research report is issued to the registered clients. The Research Report is based on the facts, figures and information that are considered true, correct and reliable. The information is obtained from publicly available media or other sources believed to be reliable. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation to buy or sell or subscribe for securities or other financial instruments for clients.

#### Disclosures with regard to ownership and material conflicts of interest :

Rudra or its research analysts, or his/her relative or associate has any direct or Indirect financial interest in the subject company.	NO
Rudra or its research analysts, or his/her relative or associate has any other material conflict of interest at time of publication of the research report.	NO
Rudra or its research analysts, or his/her relative or associates have actual ownership of one per cent or more securities of the subject company.	NO

#### Disclosures with regard to receipt of compensation :

Rudra or its associates have received any compensation from the subject company in the past twelve months.	NO
Rudra or its associates have managed or co-managed public offering of securities for the subject in the past twelve months.	NO
Rudra or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report .	NO

# FUNDAMENTAL COVERAGE

## UFLEX LIMITED



### Other Disclosures:

The research analyst has served as an officer,director,employee of the subject company.	NO
Rudra or its research analyst has been engaged in market making activity for the subject company.	NO
Rudra or its or associates have received any compensation from the subject company in the past twelve months.	NO

### Disclaimers:

This Research Report (hereinafter called report) has been prepared and presented by RUDRA SHARES & STOCK BROKERS LIMITED, which does not constitute any offer or advice to sell or does solicitation to buy any securities. The information presented in this report, are for the intended recipients only. Further, the intended recipients are advised to exercise restraint in placing any dependence on this report, as the sender, Rudra Shares & Stock Brokers Limited, neither guarantees the accuracy of any information contained herein nor assumes any responsibility in relation to losses arising from the errors of fact, opinion or the dependence placed on the same.

Despite the information in this document has been previewed on the basis of publicly available information, internal data , personal views of the research analyst(s)and other reliable sources, believed to be true, we do not represent it as accurate, complete or exhaustive. It should not be relied on as such, as this document is for general guidance only. Besides this, the research analyst(s) are bound by stringent internal regulations and legal and statutory requirements of the Securities and Exchange Board of India( SEBI) and the analysts' compensation was, is, or will be not directly or indirectly related with the other companies and/or entities of Rudra Shares & Stock Brokers Ltd and have no bearing whatsoever on any recommendation, that they have given in the research report. Rudra Shares & Stock Brokers Ltd or any of its affiliates/group companies shall not be in any way responsible for any such loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Rudra Shares & Stock Brokers Ltd has not independently verified all the information, which has been obtained by the company for analysis purpose, from publicly available media or other sources believed to be reliable. Accordingly, we neither testify nor make any representation or warranty, express or implied, of the accuracy, contents or data contained within this document. Rudra Share & Stock Brokers Ltd and its affiliates are engaged in investment advisory, stock broking, retail & HNI and other financial services. Details of affiliates are available on our website i.e. [www.rudrashares.com](http://www.rudrashares.com).

We hereby declare, that the information herein may change any time due to the volatile market conditions, therefore, it is advised to use own discretion and judgment while entering into any transactions, whatsoever.

Individuals employed as research analyst by Rudra Shares & Stock Brokers Ltd or their associates are not allowed to deal or trade in securities, within thirty days before and five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, we and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or profits.