

Balrampur Chini | BUY

Sweeter than it appears

Given the higher closing inventory expected in SS24 and policy stability around the corner (post general elections), industry has started pressing government for a) removing the export ban and b) increasing the diversion of sugar towards ethanol production. In our view, there is a high probability of increased diversion playing out. Hence, from a medium-term point of view, Balrampur Chini's outlook looks promising as we expect it to deliver 17%EPS CAGR over FY24-27E. Moreover, from a long-term point of view, poly lactic acid (PLA) contribution will start kicking in from FY28. In our view, with this project, Balrampur Chini has laid out a strong foundation for sustaining the growth momentum. Considering this investment, Balrampur can register 19% EPS CAGR over FY24-30E. Currently, the stock is trading at 13x Sep'26E EPS. Even if we don't consider re-rating due to the company's foray into bio-plastics, investors can make ~19% CAGR returns over the next 5 years, in our view. We tweak our estimates to reflect the possibility of higher diversion in FY26 and maintain BUY with Sep'25 TP of INR 515 (based on 15x Sep'26E EPS) from Mar'25 TP of INR 470 (based on Mar'26E EPS).

- Sugar production estimated at 32.1mnt, -3% YoY; ease on diversion likely:** As per industry reports, Indian sugar mills are expected to produce sugar around 32.1mnt, showing a decline of 3% YoY (refer Exhibit 1); however, it is up from the industry's first advance estimate of 30.5mnt. With opening inventory of 5.9mnt and estimated domestic consumption of 28.5mnt, closing inventory is expected to be around 9.6mnt with a surplus of 3.6mnt. Given the high closing inventory, mill owners are pressing to ease the restriction on diversion of sugar towards Ethanol production. Further, forecast of a favourable monsoon and increase in fair and remunerative price for sugarcane farmers has fuelled optimism in sugar production in SS25 (Oct'24-Sep'25). The recent PPAC data for Jun'24 highlighted Ethanol Blending Program (EBP) has achieved 15.9% blending in Jun'24 and 13% during Nov'23-Jun'24. In our view, to achieve the blending target of 20%, government will require ethanol volume of 10bn litres (refer Exhibit 4) which increases the possibility of higher diversion.
- PLA project to provide long-term growth visibility:** We believe that adequate sugar inventory level coupled with favourable monsoons may lead the government to consider removing the restriction on diversion of direct route and B-heavy. We estimate Balrampur's ethanol production to grow at 14% CAGR over FY25-27E after a significant decline of 17% in FY25E. Our working on the BRCM's upcoming project suggests it can incrementally add revenue of INR 13.8bn and EBITDA of INR 5.5bn in FY30E (refer Exhibit 5). We expect the project to start commercial production in FY28 and reach 70% utilisation level in FY30. Our realisation and profitability assumptions are based on prevailing global PLA prices and consumption cost of raw sugar.
- Expect a subdued 1QFY25 owing to lower diversion:** We expect BRCM's revenue in 1QFY25 to decline 5% YoY to INR 13.2bn led by decline in distillery revenue (-25%) on account of lower production due to restriction in diversion, whereas sugar revenue could


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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	515
Upside/(Downside)	14.6%
Previous Price Target	470
Change	9.6%

Key Data – BRCM IN

Current Market Price	INR450
Market cap (bn)	INR90.7/US\$1.1
Free Float	57%
Shares in issue (mn)	201.7
Diluted share (mn)	201.7
3-mon avg daily val (mn)	INR942.9/US\$11.3
52-week range	486/343
Sensex/Nifty	81,343/24,801
INR/US\$	83.7

Price Performance

%	1M	6M	12M
Absolute	4.8	16.9	18.5
Relative*	-0.3	3.0	-2.3

* To the BSE Sensex

Financial Summary

	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	46,659	55,937	56,484	64,635	68,127
Sales Growth (%)	-3.7	19.9	1.0	14.4	5.4
EBITDA	5,120	7,862	8,331	10,308	11,093
EBITDA Margin (%)	11.0	14.1	14.7	15.9	16.3
Adjusted Net Profit	3,273	4,990	4,832	6,483	6,965
Diluted EPS (INR)	16.2	24.7	23.9	32.1	34.5
Diluted EPS Growth (%)	-32.2	52.5	-3.2	34.2	7.4
ROIC (%)	6.3	9.1	9.5	11.7	11.0
ROE (%)	11.6	16.2	13.8	16.0	14.8
P/E (x)	27.7	18.2	18.8	14.0	13.0
P/B (x)	3.2	2.8	2.4	2.1	1.8
EV/EBITDA (x)	21.4	14.1	12.7	10.3	9.8
Dividend Yield (%)	0.6	0.7	0.2	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 18/Jul/2024

JM Financial Research is also available on:
 Bloomberg - JMFR <GO>,
 Thomson Publisher & Reuters,
 S&P Capital IQ, FactSet and Visible Alpha

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grow 6% YoY primarily on account of higher realisation. We expect EBITDA margin to contract 120bps YoY to 10.5% on account of higher cane prices and lower ethanol sales.

- **Sugar prices remain firm; triggers for further strengthening of prices:** Domestic sugar prices (ex-mill) are current trading at INR 39/kg (+6% YoY). Prices remained firm despite restriction on diversion largely on account of lower production estimates in SS24 and likelihood of further diversion. However, they have softened from the peak of INR 40/kg in June'24. Removal of exports ban, ease in restriction in diversion and increase in MSP for sugar (from current INR 31/kg, unchanged since 2019) are key triggers for sugar prices to further strengthen. Global sugar prices corrected 20% YoY and from recent highs on account of expectation of improvement in supplies from various countries, including India (though India has NIL exports on account of restrictions).
- **Long-term outlook robust; maintain BUY:** By FY27, Balrampur's sugar and ethanol production is likely to have achieved near-peak utilisation (assuming no further capacity addition). Beyond FY27, its PLA project would start contributing to the topline as well bottom line. Hence, Balrampur's outlook is robust from a medium term as well as long term point of view. We expect the company to register a 17% EPS CAGR over FY24-27E. We maintain BUY with a Sep'25 TP of INR 515 (based on 15x Sep'26E EPS). **We transfer the coverage to Krishan Parwani.**

Exhibit 1. Sugar production and consumption - closing inventory of 9.6mnt in SS24

Y/E September; mn tonnes	SS17	SS18	SS19	SS20	SS21	SS22	SS23	SS24E	SS25E*
Opening stock	7.7	3.9	10.5	14.3	10.5	8.4	7.0	5.9	9.6
Production	20.3	32.3	33.2	27.4	31.1	36.0	33.1	32.1	34.5*
YoY growth	-19%	60%	3%	-17%	14%	16%	-8%	-3%	7%
Uttar Pradesh	8.8	12.0	11.8	12.6	11.1	10.2	10.5	10.4	11.1
Maharashtra	4.2	10.7	10.7	6.2	10.7	13.8	10.5	11.0	11.8
Karnataka	2.1	3.7	4.4	3.5	4.5	6.1	5.6	5.4	5.8
others	5.1	5.9	6.2	5.1	4.9	5.9	6.5	5.3	5.8
Imports	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local consumption	24.4	25.4	25.5	25.3	26.0	26.5	27.8	28.5	29.4
YoY growth	-2%	4%	0%	-1%	3%	2%	5%	3%	3%
India population YoY growth	1%	1%	1%	1%	1%	1%	1%	1%	1%
Exports	0.0	0.6	3.8	5.9	7.2	11.2	6.4	0.0	0.0
Closing stock	3.9	10.5	14.3	10.5	8.4	6.7	5.9	9.6	14.7
Surplus/Deficit	-4.2	6.9	7.7	2.1	5.1	9.5	5.3	3.6	5.1
# of months consumption	1.9	4.9	6.7	5.0	3.9	3.0	2.6	4.0	6.0

Source: Company, JM Financial; * estimates for SS25 are based on media reports and our estimates.

Exhibit 2. Timeline – sugar production estimates

Time	Policy announcements	Sugar prodn (mnt)	Sugar price
		SS24E	INR/kg
Sept'23 (1 st estimate)		31.7	36.9
Nov'23	Full restriction on direct route	29.2	37.6
Dec'23	1.7mnt of diversion allowed	30.5	38.7
July'24		32.5	38.8

Source: Company, JM Financial

Exhibit 3. Global sugar demand and supply

Particulars ('000 tons)	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Beginning Stocks	44,798	48,756	44,422	42,012	51,574	52,871	47,702	50,354	44,488	38,558	33,681
Total Sugar Production (Gross)	177,582	164,972	172,143	194,222	179,158	166,559	180,239	180,348	183,150	183,461	186,024
YoY growth	1%	-7%	4%	13%	-8%	-7%	8%	0%	2%	0%	1%
Brazil	35,950	34,650	39,150	38,870	29,500	30,300	42,050	35,450	38,050	41,000	44,000
India	30,460	27,385	22,200	34,309	34,300	28,900	33,760	36,880	35,800	36,000	34,500
Thailand	10,793	9,743	10,033	14,710	14,581	8,294	7,587	10,157	10,500	9,400	10,240
Human Dom Consumption	168,037	168,976	169,148	173,287	172,240	171,427	172,133	173,240	176,374	178,431	178,788
YoY growth	1%	1%	0%	2%	-1%	0%	0%	1%	2%	1%	0%
Ending Stocks	48,756	44,422	42,012	51,574	52,871	47,702	50,354	44,488	38,558	33,681	38,339
Inventory as % of consumption	29.0%	26.3%	24.8%	29.8%	30.7%	27.8%	29.3%	25.7%	21.9%	18.9%	21.4%
Surplus/(Deficit)	9,545	-4,004	2,995	20,935	6,918	-4,868	8,106	7,108	6,776	5,030	7,236

Source: Company, JM Financial

Exhibit 4. Ethanol volume requirement of 10bn litres to achieve blending rate of 20%

	Nov'20-Oct'21	Nov'21-Oct'22	Nov'22-Oct'23*	Nov'23-Jun'24	Nov'23-Oct'24	Nov'24-Oct'25
Ethanol blended (mn litres)	3,023	4,336	5,551	4,144	6,692	9,958
YoY growth		43%	28%		21%	49%
Ethanol blending as % of gasoline (%)	8.1%	10.0%	12.1%	13.0%	14.0%	20.0%
Gasoline (mn litres)	37,321	43,360	45,872	31,877	47,877	49,792
YoY growth		16%	6%		4%	4%

Source: PPAC, Oct'23 monthly ethanol blending is assumption.

Exhibit 5. BRCM projection including the PLA project

Profit and loss (including PLA)		FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	INR mn	46,659	55,937	56,484	64,635	68,127	75,577	80,743	88,032
YoY (%)		-4%	20%	1%	14%	5%	11%	7%	9%
EBITDA	INR mn	5,120	7,862	8,331	10,308	11,093	13,033	14,829	17,530
YoY (%)		-27%	54%	6%	24%	8%	17%	14%	18%
EBITDA from existing business	INR mn						11,320	11,451	12,064
Additional EBITDA from PLA	INR mn						1,713	3,378	5,466
EBITDA margin		11.0%	14.1%	14.7%	15.9%	16.3%	17.2%	18.4%	19.9%
Depreciation	INR mn	1,295	1,664	1,640	1,700	1,884	2,294	2,562	2,658
EBIT	INR mn	3,825	6,198	6,691	8,609	9,209	10,739	12,267	14,872
EBIT margin		8.2%	11.1%	11.8%	13.3%	13.5%	14.2%	15.2%	16.9%
Finance cost	INR mn	486	836	761	601	601	593	519	446
PBT	INR mn	3,339	5,362	5,930	8,007	8,607	10,147	11,748	14,426
YoY (%)		-40%	61%	11%	35%	7%	18%	16%	23%
Other income	INR mn	628	740	778	817	835	902	1,022	1,147
PBT (post other income)	INR mn	3,967	6,102	6,707	8,824	9,442	11,049	12,769	15,573
Tax	INR mn	1,214	1,770	1,876	2,341	2,477	2,515	2,481	2,967
Tax %		30.6%	29.0%	28.0%	26.5%	26.2%	22.8%	19.4%	19.1%
PAT	INR mn	2,752	4,332	4,832	6,483	6,965	8,534	10,289	12,606
YoY (%)		-40%	57%	12%	34%	7%	23%	21%	23%
Ratios									
RoCE	%	5.6%	7.8%	8.2%	9.6%	9.3%	10.2%	11.2%	12.9%
ROCE (1-tax rate)	%	3.9%	5.5%	5.9%	7.1%	6.8%	7.9%	9.0%	10.4%
ROE	%	9.6%	13.2%	12.9%	14.8%	13.8%	14.9%	16.2%	18.0%
CFO	INR mn	4,529	1,778	7,440	5,664	7,526	7,194	9,613	11,088
Capex	INR mn	-8,561	-2,688	-2,100	-6,100	-10,100	-2,100	-2,100	-2,100
FCFF	INR mn	-4,032	-909	5,340	-436	-2,574	5,094	7,513	8,988
CFO/EBITDA	x	0.88	0.23	0.89	0.55	0.68	0.55	0.65	0.63
FCFF/PAT	x	(1.5)	(0.2)	1.1	(0.1)	(0.4)	0.6	0.7	0.7

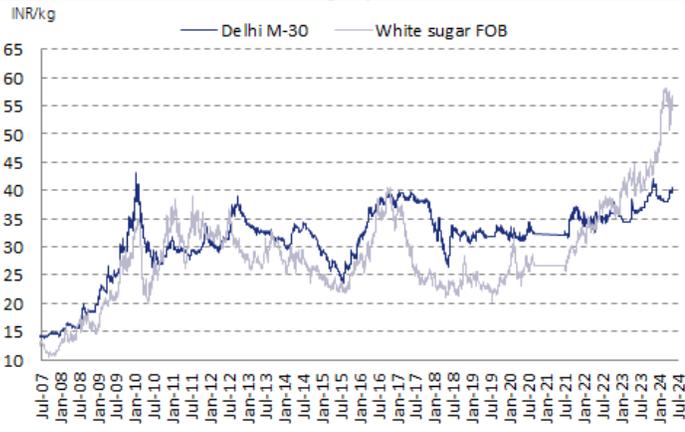
Source: Company, JM Financial

Balrampur Chini – Key takeaways from Annual Report'24

Annual report FY24 highlights mainly three key aspects of the business – a) BRCM's cane development programme where the company has gradually shifted from dependence of single varietal cane to multi varietal cane, b) diversifying into bio-plastics by venturing in manufacturing of PLA (polylactic acid) and c) notwithstanding the short-term policy challenges in the distillery business, BRCM is poised to improve its revenue mix and overall profitability.

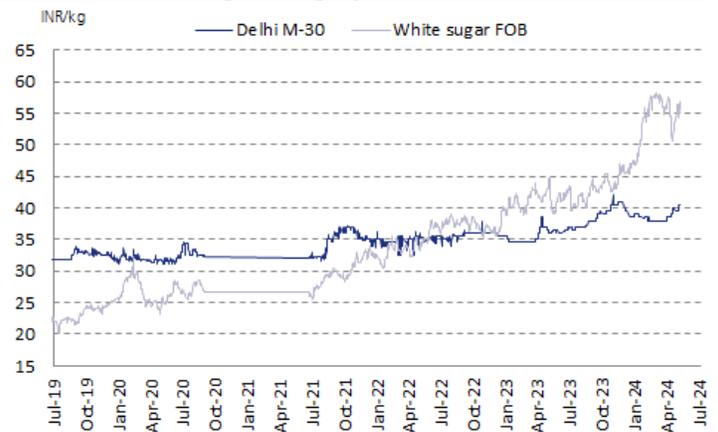
- **Cane development programme – switching from dependence on a single variety to basket of varieties:** Balrampur Chini Mills continued to deepen its core cane development competence during the year. This programme is expected to lead to sustainable cane output and attractive recovery through varietal re-balancing. In the cane development programme, the team is consistently focused on convincing farmers to plant more of their land with cane or broad basing cane varieties across their farms with the objective of generating a superior yield across the portfolio of cane varieties and a superior overall return from the land under cultivation. During FY24, the company stabilised the presence of three new resilient cane varieties. The prevalence of non-Co-0238 cane within the cane mix increased from 28% in SS21 to 54% in SS23 and 75% in SS24.
- **Protecting crop outcomes through varietal balance:** The Company's decision to broad base its varietal balance comes from reducing the outcome of disease simultaneously improving recovery. One cane variety could possess early maturing capabilities, while another could possess superior yield characteristics and the third variety could possess a mix of these competencies.
- **Diversifying into manufacturing of PLA (poly-lactic acid):** In Feb'24, Balrampur announced its decision to diversify into the manufacturing of polylactic acid (PLA), also known as 'bio-plastic'. Towards this, the company will be investing INR 20bn (INR 8bn equity from internal accruals and INR 12bn through debt) over a period of 2.5 years. This development is in line with the company's long-term direction to moderate its excessive dependence on sugar. The company intends to construct a greenfield PLA plant, built at a global scale of 75,000 MTPA. The proposed plant will be located proximate to its existing sugar manufacturing unit, where it is logistically placed to capitalise on a ready availability of sugar and baggase. The company has acquired a minority stake in Konspec (Konkan Speciality Polyproducts Pvt. Ltd) to enhance its PLA market presence.
- **PLA – natural extension for Balrampur; virtually unlimited addressable market:** The principal resource used in the manufacturing of PLA is cane based. Due to its versatile and biocompatible nature, PLA has replaced several other conventional polymers. As per the company, PLA under the Indian weather conditions will be completely degraded by micro-organisms in nature, producing CO₂ and water. PLA offers a large market opportunity substituting demand for single use plastics. PLA, being biobased and compostable, makes it possible to combat larger issues such as global warming and plastic pollution. The versatility of PLA makes it a bio-polymer of growing preference – available in the form of pellets (suitable for injection molding, extrusion and thermo-forming), filament, film, sheet, fiber and foam.
- **Outlook:** Balrampur Chini Mills is optimistic about its future growth due to several factors. Firstly, the company's efforts to increase cane yield and production are expected to support its growing downstream operations. Secondly, its substantial distillery capacity positions it well to diversify revenue and improve profitability despite current policy challenges. Lastly, the company's investment in PLA manufacturing presents a significant opportunity for long-term expansion.

Exhibit 6. Short-term domestic sugar price trend



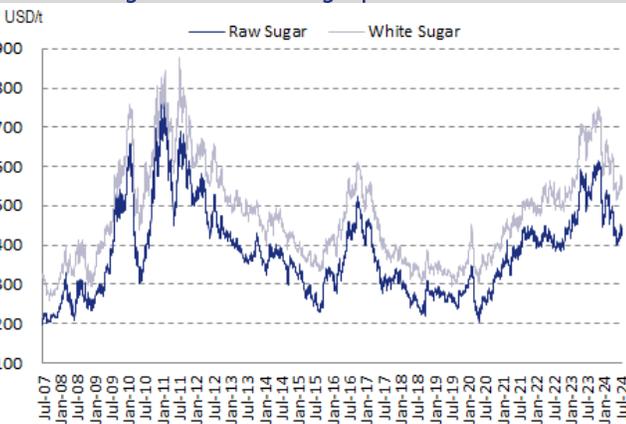
Source: Bloomberg, JM Financial

Exhibit 7. Short-term global sugar price trend



Source: Bloomberg, JM Financial

Exhibit 8. Long-term domestic sugar price trend



Source: Bloomberg, JM Financial

Exhibit 9. Long-term global sugar price trend



Source: Bloomberg, JM Financial

Exhibit 10. Global demand and supply scenario

Particulars ('000 tons)	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Beginning Stocks	44,798	48,756	44,422	42,012	51,574	52,871	47,702	50,354	44,488	38,558	33,681
Total Sugar Production (Gross)	177,582	164,972	172,143	194,222	179,158	166,559	180,239	180,348	183,150	183,461	186,024
YoY growth	1%	-7%	4%	13%	-8%	-7%	8%	0%	2%	0%	1%
Brazil	35,950	34,650	39,150	38,870	29,500	30,300	42,050	35,450	38,050	41,000	44,000
India	30,460	27,385	22,200	34,309	34,300	28,900	33,760	36,880	35,800	36,000	34,500
Thailand	10,793	9,743	10,033	14,710	14,581	8,294	7,587	10,157	10,500	9,400	10,240
Human Dom Consumption	168,037	168,976	169,148	173,287	172,240	171,427	172,133	173,240	176,374	178,431	178,788
YoY growth	1%	1%	0%	2%	-1%	0%	0%	1%	2%	1%	0%
Ending Stocks	48,756	44,422	42,012	51,574	52,871	47,702	50,354	44,488	38,558	33,681	38,339
Inventory as % of consumption	29.0%	26.3%	24.8%	29.8%	30.7%	27.8%	29.3%	25.7%	21.9%	18.9%	21.4%
Surplus/(Deficit)	9,545	-4,004	2,995	20,935	6,918	-4,868	8,106	7,108	6,776	5,030	7,236

Source: Company, JM Financial

Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	46,659	55,937	56,484	64,635	68,127	
Sales Growth	-3.7%	19.9%	1.0%	14.4%	5.4%	
Other Operating Income	0	0	0	0	0	
Total Revenue	46,659	55,937	56,484	64,635	68,127	
Cost of Goods Sold/Op. Exp	34,092	39,169	39,895	45,370	47,588	
Personnel Cost	3,638	3,986	4,424	4,778	5,160	
Other Expenses	3,808	4,921	3,835	4,179	4,286	
EBITDA	5,120	7,862	8,331	10,308	11,093	
EBITDA Margin	11.0%	14.1%	14.7%	15.9%	16.3%	
EBITDA Growth	-26.8%	53.5%	6.0%	23.7%	7.6%	
Deprn. & Amort.	1,295	1,664	1,640	1,700	1,884	
EBIT	3,825	6,198	6,691	8,609	9,209	
Other Income	628	740	778	817	835	
Finance Cost	486	836	761	601	601	
PBT before Excep. & Forex	3,967	6,102	6,707	8,824	9,442	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	3,967	6,102	6,707	8,824	9,442	
Taxes	1,214	1,770	1,876	2,341	2,477	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	2,752	4,332	4,832	6,483	6,965	
Adjusted Net Profit	3,273	4,990	4,832	6,483	6,965	
Net Margin	7.0%	8.9%	8.6%	10.0%	10.2%	
Diluted Share Cap. (mn)	201.8	201.8	201.7	201.7	201.7	
Diluted EPS (INR)	16.2	24.7	23.9	32.1	34.5	
Diluted EPS Growth	-32.2%	52.5%	-3.2%	34.2%	7.4%	
Total Dividend + Tax	508	605	202	202	202	
Dividend Per Share (INR)	2.5	3.0	1.0	1.0	1.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	3,970	6,102	6,707	8,824	9,442	
Deprn. & Amort.	1,295	1,664	1,640	1,700	1,884	
Net Interest Exp. / Inc. (-)	478	622	-16	-216	-234	
Inc (-) / Dec in WCap.	-583	-5,831	584	-2,703	-1,490	
Others	48	217	400	400	400	
Taxes Paid	-678	-995	-1,876	-2,341	-2,477	
Operating Cash Flow	4,529	1,778	7,440	5,664	7,526	
Capex	-8,561	-2,688	-2,100	-6,100	-10,100	
Free Cash Flow	-4,032	-909	5,340	-436	-2,574	
Inc (-) / Dec in Investments	-175	-60	0	0	0	
Others	148	500	778	817	835	
Investing Cash Flow	-8,588	-2,248	-1,322	-5,283	-9,265	
Inc / Dec (-) in Capital	-1,008	0	0	0	0	
Dividend + Tax thereon	-508	-605	-202	-202	-202	
Inc / Dec (-) in Loans	6,640	973	-2,100	-1,600	1,600	
Others	-1,066	102	-761	-601	-601	
Financing Cash Flow	4,058	470	-3,063	-2,403	797	
Inc / Dec (-) in Cash	0	0	3,054	-2,022	-942	
Opening Cash Balance	33	119	30	3,084	1,062	
Closing Cash Balance	33	119	3,084	1,062	120	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	28,754	32,796	37,426	43,707	50,471	
Share Capital	202	202	202	202	202	
Reserves & Surplus	28,553	32,594	37,224	43,506	50,269	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	18,785	20,083	17,983	16,383	17,983	
Def. Tax Liab. / Assets (-)	1,219	1,899	2,299	2,699	3,099	
Total - Equity & Liab.	48,759	54,777	57,707	62,789	71,552	
Net Fixed Assets	26,229	26,849	27,309	31,709	39,925	
Gross Fixed Assets	34,094	36,166	36,721	38,821	44,921	
Intangible Assets	0	0	0	0	0	
Less: Deprn. & Amort.	8,108	9,772	11,412	13,112	14,996	
Capital WIP	243	455	2,000	6,000	10,000	
Investments	1,750	1,811	1,811	1,811	1,811	
Current Assets	26,042	30,608	33,122	34,457	35,285	
Inventories	23,187	28,688	27,855	30,989	32,664	
Sundry Debtors	1,248	1,256	1,548	1,771	1,866	
Cash & Bank Balances	119	30	3,084	1,062	120	
Loans & Advances	1,488	635	635	635	635	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	5,262	4,491	4,535	5,190	5,470	
Current Liabilities	3,519	2,951	2,979	3,409	3,594	
Provisions & Others	1,743	1,541	1,556	1,780	1,876	
Net Current Assets	20,780	26,117	28,587	29,268	29,815	
Total - Assets	48,759	54,777	57,707	62,788	71,551	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	7.0%	8.9%	8.6%	10.0%	10.2%	
Asset Turnover (x)	1.0	1.1	1.0	1.1	1.0	
Leverage Factor (x)	1.6	1.7	1.6	1.5	1.4	
RoE	11.6%	16.2%	13.8%	16.0%	14.8%	

Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	142.5	162.6	185.5	216.6	250.2	
ROIC	6.3%	9.1%	9.5%	11.7%	11.0%	
ROE	11.6%	16.2%	13.8%	16.0%	14.8%	
Net Debt/Equity (x)	0.6	0.6	0.4	0.4	0.4	
P/E (x)	27.7	18.2	18.8	14.0	13.0	
P/B (x)	3.2	2.8	2.4	2.1	1.8	
EV/EBITDA (x)	21.4	14.1	12.7	10.3	9.8	
EV/Sales (x)	2.3	2.0	1.9	1.6	1.6	
Debtor days	10	8	10	10	10	
Inventory days	181	187	180	175	175	
Creditor days	31	22	23	23	23	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
25-Jun-20	Hold	160	
7-Nov-20	Hold	180	12.5
20-Apr-21	Buy	300	66.7
2-Jun-21	Buy	350	16.7
10-Aug-21	Buy	410	17.1
9-Nov-21	Buy	410	0.0
24-Mar-22	Buy	530	29.3
25-May-22	Buy	510	-3.8
12-Nov-22	Buy	465	-8.8
15-Dec-22	Buy	465	0.0
13-Feb-23	Buy	480	3.2
15-May-23	Buy	470	-2.1
8-Aug-23	Buy	490	4.3
8-Dec-23	Buy	500	2.0
9-Feb-24	Buy	500	0.0
22-Feb-24	Buy	500	0.0
13-Mar-24	Buy	500	0.0
23-May-24	Buy	470	-6.0
18-Jul-24	Buy	515	9.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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