

Balrampur Chini | BUY

Sector tailwinds to outweigh; PLA on track

Balrampur Chini's (BRCM) 1QFY25 reported EBITDA was 19% and 16% ahead of our and consensus estimates respectively led by 8% beat in revenue and lower-than-anticipated other expenses. Going forward, we expect improved cane availability to increase crushing in the ensuing season on account of lower cane diversion towards gur and khandsari and better rainfall vis-à-vis the previous year. Further, we believe higher closing inventory of 8.5mnt by the end of Sep'24 will increase the likelihood of exports and higher diversion towards ethanol. The management has refrained from guiding on crushing volume; however, it expects sector tailwinds such as good rainfall pattern, reduction in pest attacks, and free electricity for irrigation to farmers in UP to outweigh sector headwinds such as lower acreage due to lack of winter rains. The company's PLA project has progressed well and it has spent INR 3bn FYTD; the management expects it to be commissioned by Oct'26. We have tweaked our FY25-27 estimates and changed our valuation methodology to an SOTP-based one to include the PLA project. We conservatively ascribe 10x Mar'30E EBITDA multiple to the PLA business and discount it to Mar'27 and ascribe 8x Mar'27E EBITDA multiple to the existing sugar and distillery business and arrive at a Mar'26TP of INR 640 (implied PE of 19x on Mar'27E EPS). We maintain BUY.

- 1QFY25 EBITDA beats expectation:** BRCM's 1QFY25 consolidated gross profit came in 2% above JMFe at INR 3.6bn (flat YoY) as revenue came in 8% above JMFe at INR 14.2bn (up 2% YoY) offsetting lower-than-anticipated gross margin of 25.0% (vs. JMFe of 26.5% and 25.6% in 1QFY24). Further, during the quarter, other expenses were lower than anticipated and stood at INR 979mn (vs. JMFe of INR 1.1bn and INR 1.0bn in 4QFY24). As a result, EBITDA was 19%/16% above JMFe/consensus and stood at INR 1.6bn (up 2% YoY). Moreover, on account of jump in finance costs of INR 360mn (vs. JMFe of INR 175mn), PAT came in 3%/6% below JMFe and stood at INR 646mn (3% below JMFe).
- Sugar EBIT higher than anticipated:** Sugar sales of INR 9.5bn was up 9% YoY (+11% QoQ) led by 3% YoY (+9%QoQ) growth in sugar volume and realisation (+5% YoY/+2% QoQ). We believe sugar prices will continue to remain firm on account of anticipation of announcement of MSP hike (last hike was announced in 2019), government allowing exports and higher diversion towards ethanol. Sugar EBIT margin was higher than anticipated of 6.6% (vs. 6.4% in 1QFY24). As a result, sugar EBIT was significantly ahead of our expectation and stood at INR 747mn (up 5% YoY).
- Distillery volume restricted due to government's policy:** Distillery volume fell by 7% YoY mainly due to restriction in diversion by the government to 68.5mn litres while realisation declined 2% YoY to INR 57/litre (-1% QoQ). Lower crushing days due to unavailability of cane on account of higher diversion towards khandsari and lack of winter rains led to under-absorption of fixed costs leading to lower distillery EBIT (-4% YoY/-17% QoQ, 8% below JMFe) The management highlighted that there was no change in ethanol price under the juice/ syrup route and B-heavy route, unlike in the past, despite increase in FRP



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	640
Upside/(Downside)	25.1%
Previous Price Target	515
Change	24.3%

Key Data – BRCM IN

Current Market Price	INR511
Market cap (bn)	INR103.2/US\$1.2
Free Float	57%
Shares in issue (mn)	201.7
Diluted share (mn)	201.7
3-mon avg daily val (mn)	INR1,093.0/US\$13.0
52-week range	523/343
Sensex/Nifty	78,956/24,139
INR/US\$	84.0

Price Performance

%	1M	6M	12M
Absolute	16.1	37.5	30.9
Relative*	18.4	25.1	8.4

* To the BSE Sensex

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	46,659	55,937	57,627	65,913	69,465
Sales Growth (%)	-3.7	19.9	3.0	14.4	5.4
EBITDA	5,120	6,806	8,562	10,572	11,376
EBITDA Margin (%)	11.0	12.2	14.9	16.0	16.4
Adjusted Net Profit	3,273	4,990	4,839	6,479	6,969
Diluted EPS (INR)	16.2	24.7	24.0	32.1	34.5
Diluted EPS Growth (%)	-32.2	52.5	-3.0	33.9	7.6
ROIC (%)	6.3	6.9	9.7	11.9	11.2
ROE (%)	11.6	16.2	13.8	16.0	14.8
P/E (x)	31.5	20.7	21.3	15.9	14.8
P/B (x)	3.6	3.1	2.8	2.4	2.0
EV/EBITDA (x)	23.8	18.1	13.8	11.2	10.6
Dividend Yield (%)	0.5	0.6	0.2	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 13/Aug/2024

JM Financial Institutional Securities Limited

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and expects revision in ethanol pricing methodology back to a formula-based one soon.

- **PLA project on track, management expects commissioning by Oct'26:** The management highlighted that the PLA project is progressing at a healthy pace. The company has already spent INR 3bn as capex in the project and expects further capex over FY25-27. The project is expected to be commissioned by Oct'26. However, in our estimates, we have factored in a few months of trial run before the commercialisation starting FY28.
- **India sugar sector update:** BRCM estimates India's net sugar production for SS25 at 32mnt (pre-diversion), which is conservative vis-à-vis ISMA estimates of 33.3mnt (pre diversion). UP is expected to produce a little higher than last year due to lower-than-anticipated diversion of sugarcane to gur and khandsari. On the other hand, sugar production in Maharashtra and Karnataka is expected to decline slightly because of reduced acreage and inadequate rainfall last year. With opening stock of 5.6mnt and domestic consumption of 29mnt, closing inventory by the end of the SS24 (Sep'24) is expected to be 8.5mnt. Given this increased inventory, BRCM is hopeful of government intervention to facilitate diversion towards ethanol to manage excess inventory, which will also support sugar prices.
- **17% EPS CAGR over FY24-27E; maintain BUY:** We have revised our EBITDA estimates by c. 3% for FY25-27 to account for improved cane availability, firm sugar prices and higher diversion. However, our EPS estimates remain unchanged accounting for higher finance cost and lower other income. We have changed our valuation methodology to an SOTP-based method and now value the PLA business separately. We conservatively ascribe 10x Mar'30E EBITDA multiple to the PLA business and discount it to Mar'27 and ascribe 8x Mar'27E EBITDA multiple to the existing sugar and distillery business. As a result, we arrive at Mar'26 TP of INR 640 (earlier Sep'25 TP of INR 515). We maintain BUY. Key downside risks: Lower-than-expected cane crushing volume and any unfavourable change in government regulations. Key upside risks: further re-rating of the PLA business.

1QFY25 Result Review

Key takeaways from post-results conference call

- **Management expects higher closing sugar inventories of c. 8.5mnt in SS24 should lead to exports and no cap on diversion.** The management estimates sugar production of 32 mnt pre-diversion, which is lower than ISMA estimates of 33mnt; with a domestic consumption of 29mnt, inventory by end of SS24 is expected to be 8.5mnt. Historically, the government has been comfortable with a closing inventory of 5.5mnt to allow exports. The management expects exports announcement to come in the middle of the year. In SS25, UP sugar production is expected to be higher for the company due to lower cane diversion towards gur and khandsari and decent rainfall.
- **Sugar sales volume (+3% YoY/+9% QoQ) and realisation (+5% YoY/+2% QoQ) outperforms distillery business. Sugar prices are firm on account of anticipation of MSP, higher diversion and exports.** The sugar segment continued to outperform due to higher volume and higher realisation vs. the distillery business, which was impacted due to cap on diversion. Reduction in crushing days due to lower availability of cane has led to lower absorption of fixed costs, leading to lower profitability.
- **Sector tailwinds to offset headwinds:** The management highlighted potential tailwinds such as lesser cane diversion to khandsari and gur, good rainfall pattern, reduction in insect and pest attack, ratoon management due to early closure of mills, free electricity announced by UP government for irrigation to outweigh headwinds such as lower planting acreage due to lack of winter rain.
- **In the ethanol business, the management expects diversion to be c. 4mnt, policy announcement to come before crushing starts.** On ethanol blending in diesel, the management believes it can be a huge opportunity but the blending in diesel is still at an experimental stage for large-scale application.
- **Polylactic acid (PLA) plant to commission in Oct-Nov'26.** There has been healthy progress in the PLA segment, viewing this project as a natural extension of its existing business. FYTD, the company has spent INR 300cr towards the project.
- **Capex - no capex besides regular maintenance capex and investments towards PLA (INR 2000crs).** The management highlighted the PLA plant is expected to commence operations by Oct-Nov'26; hence, there will have capex spread over 2.5-3 years.
- **Guidance on cane crushing to announce in Oct'24:** On cane crushing guidance, the management highlighted it will be comfortable in guiding during Oct'24, which is by the end of SS24.
- **Outlook:** The sugar industry is continuously working with the government for MSP on sugar pricing, bringing in the old regime in ethanol pricing and allowing sugar exports as the industry's inventory situation is comfortable.

Exhibit 1. Quarterly performance snapshot

Standalone (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	1QFY25E	% QoQ	% YoY	% difference
Revenue	10,801	11,131	9,812	14,915	13,896	15,395	12,304	14,343	14,216	13,216	-1%	2%	8%
RM Cost (Incl. Change in Stock)	8,904	9,664	7,137	8,388	10,342	11,701	8,962	8,164	10,656	9,714	31%	3%	
Gross Profit	1,897	1,467	2,675	6,527	3,554	3,694	3,342	6,178	3,560	3,502	-42%	0%	2%
Gross Margin	17.6%	13.2%	27.3%	43.8%	25.6%	24.0%	27.2%	43.1%	25.0%	26.5%	-1804 bps	-54 bps	
Employee Costs	740	950	938	1,010	889	929	1,090	1,077	919	996	-15%	3%	
Employee cost % of Sales	6.8%	8.5%	9.6%	6.8%	6.4%	6.0%	8.9%	7.5%	6.5%	7.5%	-105 bps	7 bps	
Other Expenses	714	676	940	1,475	1,033	1,116	1,118	1,654	979	1,116	-41%	-5%	
Other expenses as % of Sales	6.6%	6.1%	9.6%	9.9%	7.4%	7.2%	9.1%	11.5%	6.9%	8.4%	-464 bps	-55 bps	
Total Expenditure	10,357	11,290	9,015	10,874	12,264	13,746	11,170	10,895	12,555	11,826	15%	2%	
EBITDA	444	-159	797	4,042	1,632	1,649	1,134	3,447	1,661	1,390	-52%	2%	19%
EBITDA Margin (%)	4.1%	-1.4%	8.1%	27.1%	11.7%	10.7%	9.2%	24.0%	11.7%	10.5%	-1235 bps	-6 bps	117 bps
Depreciation	282	283	328	402	406	412	420	426	426	422	0%	5%	
EBIT	162	-443	469	3,640	1,226	1,236	714	3,021	1,235	968	-59%	1%	28%
Other Income	145	117	201	165	122	382	193	43	77	130	78%	-37%	
Finance Costs	138	78	59	211	335	172	79	250	360	175	44%	7%	
Extra-ordinary exp./-inc.	0	0	0	0	0	0	0	0	0	0		NA	
Profit Before Tax	169	-403	611	3,593	1,013	1,446	828	2,815	952	923	-66%	-6%	3%
Tax Expense	52	-90	167	1,086	319	384	225	841	305	256	-64%	-4%	
Tax Rate (%)	31.1%	22.4%	27.3%	30.2%	31.5%	26.5%	27.2%	29.9%	32.1%	27.7%	220 bps	55 bps	439 bps
Reported Net Profit	116	-313	444	2,508	693	1,062	603	1,973	646	668	-67%	-7%	-3%
PAT margin	1.1%	-2.8%	4.5%	16.8%	5.0%	6.9%	4.9%	13.8%	4.5%	5.1%	-921 bps	-44 bps	-51 bps
Reported EPS	0.6	-1.5	2.2	12.4	3.4	5.3	3.0	9.8	3.2	3.3	-67%	-7%	-3%

Source: Company, JM Financial

Exhibit 2. Segment performance

INR mn	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	1QFY25E	%QoQ	%YoY	% diff
Revenues													
Sugar (incl intersegment)	9,144	9,362	9,657	15,223	11,161	11,094	11,610	13,109	11,316	12,171	-14%	1%	-7%
Distillery	2,981	2,299	1,582	4,778	4,660	5,997	2,505	4,129	4,241	3,245	3%	-9%	31%
Others	74	55	27	90	50	53	50	85	23	0	-74%	-55%	NA
Total	12,198	11,715	11,266	20,091	15,871	17,144	14,165	17,323	15,579	15,416	-10%	-2%	1%
Total revenue	10,801	11,131	9,812	14,915	13,896	15,795	12,304	14,343	14,216	13,216	-1%	2%	8%
% of overall revenues													
Sugar	75%	80%	86%	76%	70%	65%	82%	76%	73%	79%	-304 bps	231 bps	
Distillery	24%	20%	14%	24%	29%	35%	18%	24%	27%	21%	339 bps	-214 bps	
Others	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-35 bps	-17 bps	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			
Volume													
Sugar volume (tonnes)	212,700	245,700	202,600	242,800	238,000	256,100	228,200	224,900	245,500	240,000	9%	3%	2%
Distillery (KL)	51,800	41,100	27,900	77,000	73,900	88,300	41,900	66,600	68,500	55,000	3%	-7%	25%
Co gen (mn units)	30	6	89	192	69	69	105	206	70	70	-66%	1%	0%
Realisation													
Sugar (INR / kg)	35.6	35.7	36.5	36.2	36.9	37.7	39.4	38.2	38.8	38.7	2%	5%	0%
Distillery (INR/ ltr)	54.2	52.4	52.1	58.8	58.3	57.2	56.5	57.7	57.0	59.0	-1%	-2%	-3%
Co gen (INR/ units)	3.4	3.2	3.4	3.4	3.8	4.6	3.9	4.0	5.5	4.8	38%	46%	16%
EBIT													
Sugar	-557	-902	706	3,138	714	391	761	2,331	747	360	-68%	5%	108%
Distillery	984	730	59	840	846	1,093	351	972	811	880	-17%	-4%	-8%
Total	464	-146	776	4,035	1,591	1,520	1,136	3,342	1,568	1,272	-53%	-1%	23%
EBIT/ unit													
Sugar (INR/kg)	-2.6	-3.7	3.5	12.9	3.0	1.5	3.3	10.4	3.0	1.5	-71%	1%	103%
Distillery (INR/ ltr)	19.0	17.8	2.1	10.9	11.4	12.4	8.4	14.6	11.8	16.0	-19%	3%	-26%
EBIT Margin													
Sugar	-6.1%	-9.6%	7.3%	20.6%	6.4%	3.5%	6.6%	17.8%	6.6%	3.0%	-1118 bps	21 bps	365 bps
Distillery	33.0%	31.7%	3.7%	17.6%	18.2%	18.2%	14.0%	23.5%	19.1%	27.1%	-443 bps	96 bps	-800 bps
Total	3.8%	-1.2%	6.9%	20.1%	10.0%	8.9%	8.0%	19.3%	10.1%	8.3%	-923 bps	4 bps	181 bps

Source: Company, JM Financial

Exhibit 3. Key assumptions

Y/E March	Units	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cane crushed	mn tonnes	10.3	8.9	9.4	10.8	10.1	11.1	11.5
YoY	%		-14%	6%	16%	-7%	10%	4%
Sugar Production	mn tonnes	1.1	0.9	0.9	1.1	1.0	1.1	1.1
YoY	%		-17%	-3%	27%	-10%	8%	3%
Sales Volume	mn tonnes	1.1	1.0	0.9	0.9	1.0	1.1	1.1
YoY	%		-9%	-12%	5%	7%	8%	4%
Realisation (Ex-mill)	INR/kg	48	53	55	58	59	60	60
YoY	%		10%	4%	4%	2%	2%	0%
Sugar revenue	INR bn	36.3	35.6	32.5	36.0	39.6	43.9	46.3
YoY	%		-2%	-9%	11%	10%	11%	5%
Distillery volume	mn litres	165	177	198	271	239	293	309
YoY	%		7%	12%	37%	-12%	22%	5%
Distillery realisation (blended)	INR/ ltr	48	53	55	58	59	60	60
YoY	%		10%	4%	4%	2%	2%	0%
Distillery revenue	INR bn	8.0	9.4	10.9	15.6	14.0	17.5	18.5
YoY	%		18%	16%	42%	-10%	25%	6%
Total Revenue	INR bn	48.1	48.5	46.7	55.9	57.6	65.9	69.5
YoY	%		1%	-4%	20%	3%	14%	5%
EBITDA	INR bn	7.1	7.0	5.1	7.9	8.6	10.6	11.4
YoY	%		-2%	-27%	54%	9%	23%	8%
PAT	INR bn	4.7	5.1	2.8	4.3	4.8	6.5	7.0
YoY	%		10%	-47%	57%	12%	34%	8%

Source: Company, JM Financial

Exhibit 4. Balrampur Chini's P&L statement including PLA

P&L (including PLA)		FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Revenue	INR mn	55,937	57,627	65,913	69,465	76,945	82,135	89,490
YoY (%)		20%	3%	14%	5%	11%	7%	9%
EBITDA	INR mn	7,862	8,562	10,572	11,376	13,343	15,151	17,876
YoY (%)		54%	9%	23%	8%	17%	14%	18%
EBITDA from existing business	INR mn					11,630	11,773	12,410
Additional EBITDA from PLA	INR mn					1,713	3,378	5,466
EBITDA margin		14.1%	14.9%	16.0%	16.4%	17.3%	18.4%	20.0%
Depreciation	INR mn	1,664	1,713	1,775	1,968	2,349	2,635	2,734
EBIT	INR mn	6,198	6,849	8,797	9,408	10,994	12,516	15,142
EBIT margin		11.1%	11.9%	13.3%	13.5%	14.3%	15.2%	16.9%
Finance cost	INR mn	836	856	773	773	593	519	446
PBT	INR mn	5,362	5,993	8,024	8,635	10,401	11,997	14,696
YoY (%)		61%	12%	34%	8%	20%	15%	23%
Other income	INR mn	740	723	795	812	877	995	1,118
PBT (post other income)	INR mn	6,102	6,716	8,819	9,448	11,279	12,992	15,815
Tax	INR mn	1,770	1,878	2,340	2,478	2,563	2,528	3,018
Tax %		29.0%	28.0%	26.5%	26.2%	22.7%	19.5%	19.1%
PAT	INR mn	4,332	4,839	6,479	6,969	8,715	10,464	12,797
YoY (%)		57%	12%	34%	8%	25%	20%	22%

Ratios

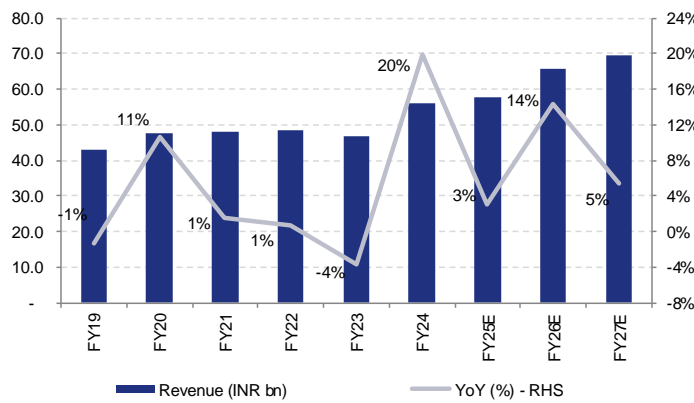
RoCE	%	7.8%	8.3%	9.8%	9.4%	10.4%	11.3%	13.0%
ROCE (1-tax rate)	%	5.5%	6.0%	7.2%	6.9%	8.0%	9.1%	10.5%
ROE	%	13.2%	12.9%	14.8%	13.8%	15.2%	16.4%	18.1%
CFO	INR mn	1,778	7,166	5,887	7,783	7,442	9,878	11,354
Capex	INR mn	-2,688	-2,100	-6,100	-10,100	-2,100	-2,100	-2,100
FCFF	INR mn	-909	5,066	-213	-2,317	5,342	7,778	9,254
CFO/EBITDA	x	0.23	0.84	0.56	0.68	0.56	0.65	0.64
FCFF/PAT	x	(0.2)	1.0	(0.0)	(0.3)	0.6	0.7	0.7

Source: Company, JM Financial

Exhibit 5. Change in estimates

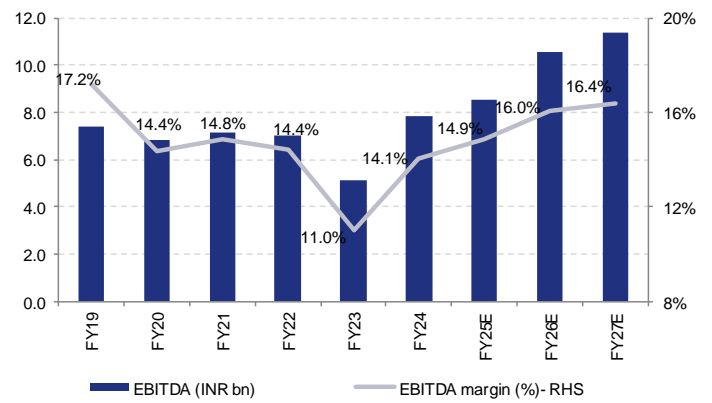
	New	Old	Difference
Revenue (INR Mn)			
FY25	57,627	56,484	2.0%
FY26	65,913	64,635	2.0%
FY27	69,465	68,127	2.0%
EBITDA (INR Mn)			
FY25	8,562	8,327	2.8%
FY26	10,572	10,304	2.6%
FY27	11,376	11,088	2.6%
PAT (INR Mn)			
FY25	4,839	4,829	0.2%
FY26	6,479	6,480	0.0%
FY27	6,969	6,961	0.1%
EPS (INR)			
FY25	24.0	23.9	0.2%
FY26	32.1	32.1	0.0%
FY27	34.5	34.5	0.1%

Exhibit 6. Sales expected to see 7% CAGR over FY24-27E



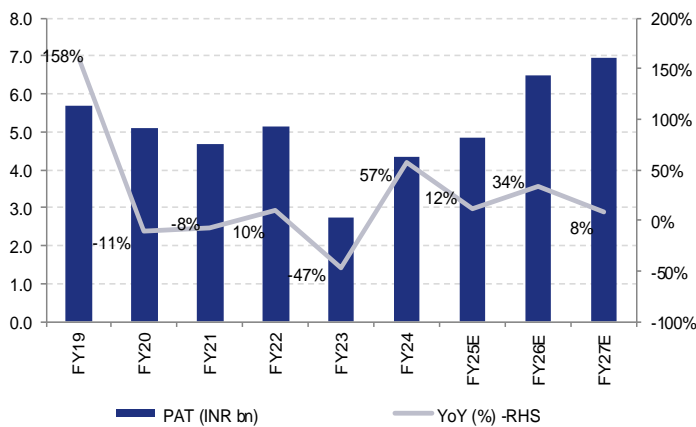
Source: Company, JM Financial

Exhibit 7. EBITDA expected to see 13% CAGR over FY24-27E



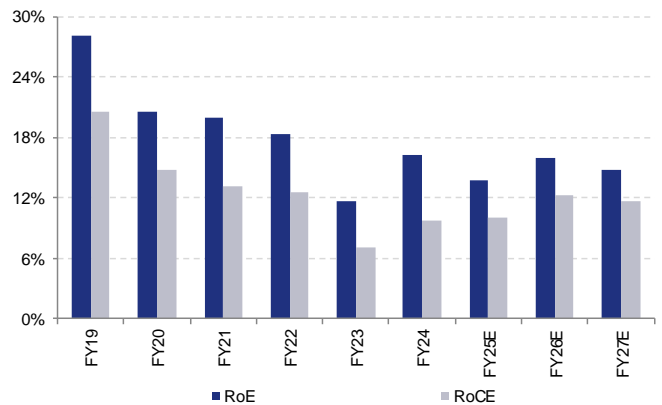
Source: Company, JM Financial

Exhibit 8. PAT expected to see 17% CAGR over FY24-27E



Source: Company, JM Financial

Exhibit 9. RoCE to stabilise at 12% while RoE is expected to reach to 15% by FY27E



Source: Company, JM Financial

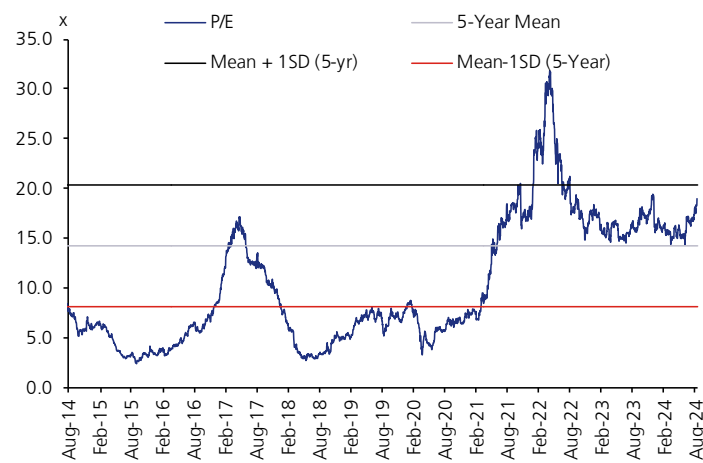
Valuations

Exhibit 10. Our SOTP-based Mar'26TP stands at INR 640/ share

Segments	Valuation methodology	EBITDA (INR mn)	Multiple (x)	Valuation (INR mn)	Value per share (INR)
Sugar and distillery business (A)	8x FY27E EBITDA	11,376	8	91,010	451
PLA business (B)	10x FY30E EBITDA discounted to Mar'27	5,466	10	38,906	193
Enterprise value (A) + (B)				129,917	644
Less: Net Debt/(cash)	Mar'30E net debt discounted to Mar'26			(1,184)	(6)
Equity value				128,732	640
Mar'27E consolidated EPS					35
Implied P/E multiple (x)					19

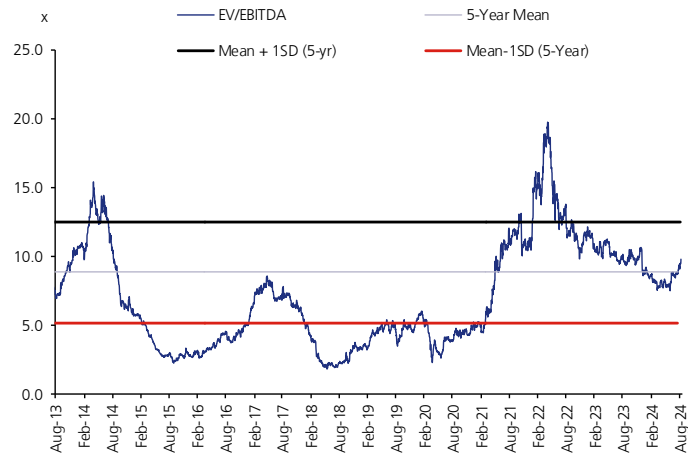
Source: Company, JM Financial

Exhibit 11. 1 year forward PE valuation band chart



Source: Company, JM Financial

Exhibit 12. 1 year forward EV/EBITDA valuation band chart



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	57,627	65,913	69,465	
Sales Growth	-3.7%	19.9%	3.0%	14.4%	5.4%	
Other Operating Income	0	0	0	0	0	
Total Revenue	46,659	55,937	57,627	65,913	69,465	
Cost of Goods Sold/Op. Exp	34,092	39,169	40,747	46,319	48,576	
Personnel Cost	3,638	3,986	4,424	4,778	5,160	
Other Expenses	3,808	5,976	3,894	4,243	4,353	
EBITDA	5,120	6,806	8,562	10,572	11,376	
EBITDA Margin	11.0%	12.2%	14.9%	16.0%	16.4%	
EBITDA Growth	-26.8%	32.9%	25.8%	23.5%	7.6%	
Depn. & Amort.	1,295	1,664	1,713	1,775	1,968	
EBIT	3,825	5,143	6,849	8,797	9,408	
Other Income	628	740	723	795	812	
Finance Cost	486	836	856	773	773	
PBT before Excep. & Forex	3,967	5,046	6,716	8,819	9,448	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	3,967	5,046	6,716	8,819	9,448	
Taxes	1,214	1,770	1,878	2,340	2,478	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	2,752	3,277	4,839	6,479	6,969	
Adjusted Net Profit	3,273	4,990	4,839	6,479	6,969	
Net Margin	7.0%	8.9%	8.4%	9.8%	10.0%	
Diluted Share Cap. (mn)	201.8	201.8	201.7	201.7	201.7	
Diluted EPS (INR)	16.2	24.7	24.0	32.1	34.5	
Diluted EPS Growth	-32.2%	52.5%	-3.0%	33.9%	7.6%	
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	6,716	8,819	9,448	
Depn. & Amort.	1,295	1,664	1,713	1,775	1,968	
Net Interest Exp. / Inc. (-)	478	622	133	-22	-39	
Inc (-) / Dec in WCap.	-583	-5,831	81	-2,745	-1,134	
Others	48	217	400	400	400	
Taxes Paid	-678	-995	-1,878	-2,340	-2,478	
Operating Cash Flow	4,529	1,778	7,166	5,887	8,163	
Capex	-8,561	-2,688	-2,100	-6,100	-10,100	
Free Cash Flow	-4,032	-909	5,066	-213	-1,937	
Inc (-) / Dec in Investments	-175	-60	0	0	0	
Others	148	500	723	795	812	
Investing Cash Flow	-8,588	-2,248	-1,377	-5,305	-9,288	
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	-856	-773	-773	
Financing Cash Flow	4,058	470	-3,158	-2,575	625	
Inc / Dec (-) in Cash	0	0	2,631	-1,993	-499	
Opening Cash Balance	33	119	30	2,661	668	
Closing Cash Balance	33	119	2,661	668	169	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	28,754	32,796	37,433	43,710	50,477	
Share Capital	202	202	202	202	202	
Reserves & Surplus	28,553	32,594	37,231	43,508	50,275	
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	57,714	62,791	71,558	
Net Fixed Assets	26,229	26,849	27,236	31,561	39,693	
Gross Fixed Assets	34,094	36,166	36,721	38,821	44,921	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	8,108	9,772	11,485	13,260	15,228	
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	33,293	34,711	35,631	
Inventories	23,187	28,688	28,419	31,602	33,115	
Sundry Debtors	1,248	1,256	1,579	1,806	1,713	
Cash & Bank Balances	119	30	2,661	668	169	
Loans & Advances	1,488	635	635	635	635	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	5,262	4,491	4,627	5,292	5,577	
Current Liabilities	3,519	2,951	3,040	3,477	3,664	
Provisions & Others	1,743	1,541	1,587	1,815	1,913	
Net Current Assets	20,780	26,117	28,666	29,419	30,054	
Total - Assets	48,759	54,777	57,714	62,791	71,558	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin		7.0%	8.9%	8.4%	9.8%	10.0%
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%

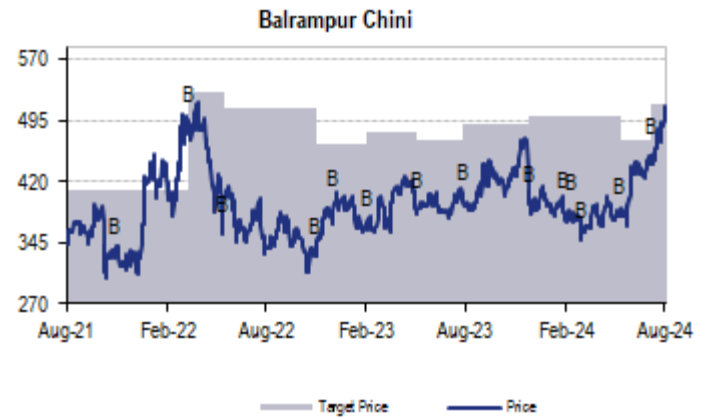
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)		142.5	162.6	185.5	216.7	250.2
ROIC		6.3%	6.9%	9.7%	11.9%	11.2%
ROE		11.6%	16.2%	13.8%	16.0%	14.8%
Net Debt/Equity (x)		0.6	0.6	0.4	0.4	0.4
P/E (x)		31.5	20.7	21.3	15.9	14.8
P/B (x)		3.6	3.1	2.8	2.4	2.0
EV/EBITDA (x)		23.8	18.1	13.8	11.2	10.6
EV/Sales (x)		2.6	2.2	2.1	1.8	1.7
Debtor days		10	8	10	10	9
Inventory days		181	187	180	175	174
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

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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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