

Vijaya Diagnostic Centre | BUY

The fastest growing diagnostic chain

Vijaya Diagnostics (Vijaya) has a strong thrust on expansion with focus on organic (Kolkata and Hyderabad) and inorganic (Pune) growth which has helped it to grow to a strong network of ~150 centres. This report explores: (1) Growth prospects of Vijaya in the new locations including Pune and Kolkata; (2) The geographic presence and pricing comparison with competition in these locations; (3) Its ability to gain and retain its customer base based on the services provided and (4) Its ability to retain premium pricing. Led by these factors, we are confident that Vijaya would be fastest growing firm among listed peers with the ability to maintain 40% margins (industry leading) due to business mix and strong pricing power in region it operates. This enables us to value Vijaya at 55x (vs 50x earlier) and arrive at TP of INR 1,145. Reiterate BUY rating on the stock.

- Geographic Expansion – Massive Drivers for Future Growth:** Vijaya's expansion strategy in Pune aims to triple its present revenue of INR 444mn in 4-5 years, by leveraging a strong growth plan. The company's plan includes opening 5 new hubs (including a flagship hub featuring advanced diagnostic technologies) over the next two years and 12-15 spokes over the next 4-5 years as the hubs scale. Vijaya is likely to invest INR 1.2bn in the next 2 years and we project its revenue from Pune region to rise with 28% CAGR over the next five years to reach INR 1.5bn by FY29. Despite this aggressive expansion, Vijaya is expected to maintain stable EBITDA margins (39-40%), in our view. With a focus on consolidating its presence in Pune's growing diagnostic sector, the company is well positioned to capture significant growth opportunities, particularly in the North and Central regions due to limited competition
- Strong presence in Pathology and Radiology – Better Customer Experience:** Vijaya has a strong presence in both pathology and radiology across locations. This positioning as a comprehensive service provider enhances the customer experience through a seamless, one-stop diagnostic solution. This integrated offering allows Vijaya to cater to a wider range of diagnostic needs under one roof, saving patients time and the hassle of visiting multiple centres. On comparing the major diagnostic players in Pune, we found that less than half provide pathology as well as radiology services (refer Exhibit 12), and those who do, provide radiology services from limited number of centres. With a growing number of hubs in Pune and Kolkata, offering advanced services like MRI, CT, and X-ray, in addition to routine pathology tests, Vijaya is well-placed to attract and retain customers and driving customer loyalty in an increasingly competitive market.
- Premium Pricing – Significant Edge over Peers:** Vijaya's ability to command premium pricing across locations for both pathology and radiology tests, supported by its reputation for quality and reliability, is a key driver of its financial performance. Comparison with major diagnostic players highlights that Vijaya charges rates which are higher than the average, for common tests, such as blood and urine tests, as well as advanced imaging services like X-Ray and MRI, across its locations. Despite the premium pricing strategy, Vijaya has been consistently experiencing volume growth in its home



Amey Chalke

amey.chalke@jmfl.com | Tel: (91 22) 66303056

Jainil Shah

jainil.shah@jmfl.com | Tel: (91 22) 66303155

Raghav Vedanarayanan

raghav.vedanarayanan@jmfl.com | Tel: (91 22) 62241851

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,145
Upside/(Downside)	19.4%
Previous Price Target	990
Change	15.7%

Key Data – VIJAYA IN

Current Market Price	INR959
Market cap (bn)	INR98.5/US\$1.2
Free Float	46%
Shares in issue (mn)	101.9
Diluted share (mn)	102.0
3-mon avg daily val (mn)	INR290.4/US\$3.5
52-week range	989/485
Sensex/Nifty	84,300/25,811
INR/US\$	83.8

Price Performance

%	1M	6M	12M
Absolute	5.1	50.7	92.2
Relative*	2.7	32.3	50.1

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	4,592	5,478	6,793	7,914	9,140
Sales Growth (%)	-0.7	19.3	24.0	16.5	15.5
EBITDA	1,820	2,209	2,799	3,300	3,894
EBITDA Margin (%)	39.6	40.3	41.2	41.7	42.6
Adjusted Net Profit	852	1,217	1,549	1,921	2,344
Diluted EPS (INR)	8.4	11.9	15.2	18.8	23.0
Diluted EPS Growth (%)	-23.0	42.8	27.3	24.0	22.0
ROIC (%)	22.9	27.1	28.9	32.7	38.2
ROE (%)	16.8	20.2	21.5	22.4	22.7
P/E (x)	114.8	80.4	63.1	50.9	41.7
P/B (x)	18.0	14.9	12.5	10.4	8.6
EV/EBITDA (x)	52.9	43.7	34.2	28.7	23.8
Dividend Yield (%)	0.1	0.1	0.3	0.4	0.4

Source: Company data, JM Financial. Note: Valuations as of 30/Sep/2024

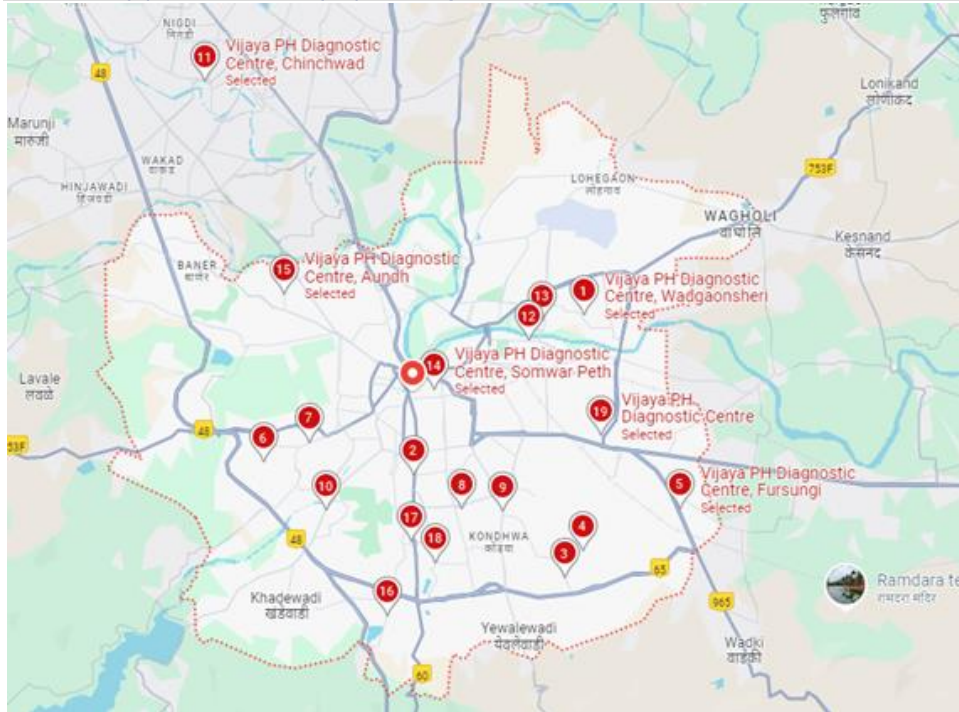
JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

market. We believe this combination will continue across new markets thereby expanding its customer base and making it well-positioned to drive future growth

- **High organic growth and profitability merit superior valuation:** Vijaya Diagnostics is poised for sustained financial growth with projected Revenue/EBITDA/PAT CAGR of 19%/21%/25% over FY24-27E, supported by a 230bps expansion in EBITDA margin over the next three years. The company's premium pricing and integrated diagnostic offering are key drivers of revenue growth, particularly in new markets like Pune and Kolkata. With a robust margin profile and increasing market share, Vijaya is well-positioned to deliver strong earnings growth, justifying a higher valuation. Consequently we increase the PE multiple to 55x (in line with Dr Lal), deriving a Price Target of INR 1,145. Reiterate BUY rating on the stock

Exhibit 1. Vijaya PH centres majorly focusing on the southern side of Pune



Source: Google Maps

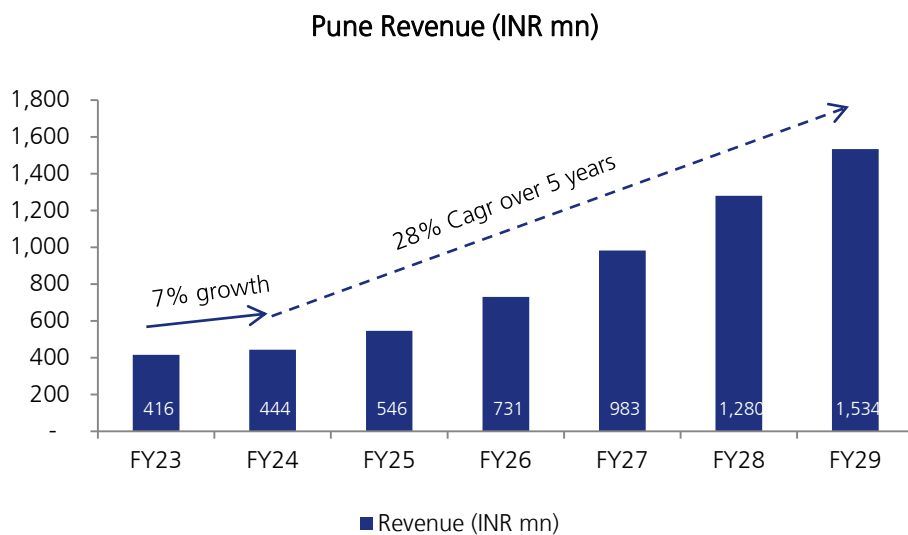
1. Pune Entry provides strategic edge with significant growth potential

- Vijaya recently completed the acquisition of PH, Pune's largest B2C integrated diagnostic chain, effective from December 21, 2023. The acquisition enhances Vijaya's market presence in another tier 1 city.
- PH has a 23-year history and is recognized for its comprehensive diagnostic services and a strong customer base. Currently, the facility has 3 Spokes which provide services including Sample collection, Ultrasound, X-Ray, 2D Echo, etc., and 3 hubs which provide additional services including BMD, MRI, CT, etc. Apart from this, the facility has 12 collection centres and 1 processing lab.
- The hubs, spokes, and collection centres are spread across Pune region with one facility situated in Chinchwad.

2. Integration plans to triple the revenue potential

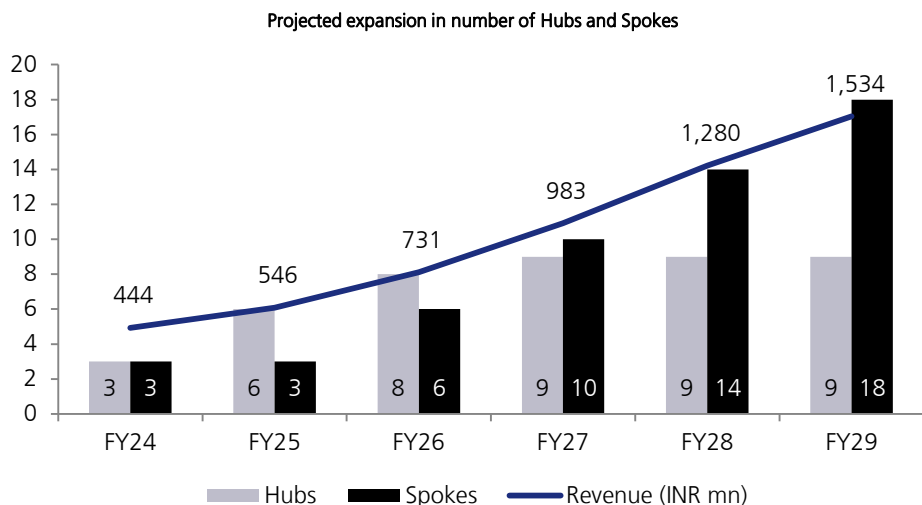
- Vijaya has an immediate focus on consolidating its presence in Pune and plans to open at least 5 new hub centres over the next two years, followed by 12 to 15 spokes, to significantly enhance its network.
- Out of these, it has already signed lease agreements for 2 hub locations and expects them to be operational in the coming 12-18 months.
- It further plans a flagship hub in Pune with state-of-the-art facility, which is expected to feature advanced diagnostic technologies including PET CT, gamma camera, etc., further enhancing its service offerings.
- The current revenues for Pune region is INR 444mn for FY24, which the management expects to triple within the next 4-5 years as the new hubs commence operations.
- Assuming an increase in revenue per centre of 3.5% yoy and increased number of hubs and spokes, the Pune region revenue is projected to rise with a CAGR of 28% to reach INR 1,534mn by FY29.

Exhibit 2. Pune revenue is projected to rise with a CAGR of 28% reaching INR 1,534mn



Source: Company, JM Financial

Exhibit 3. Projected expansion in Pune



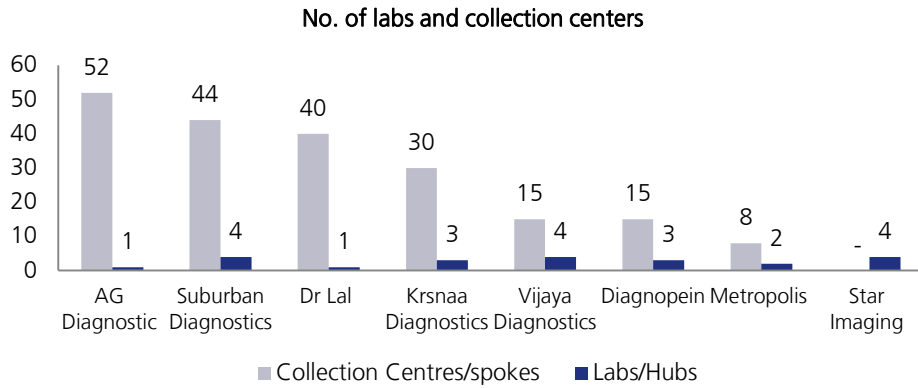
Source: Company, JM Financial

- The planned capex for Pune region in the next 2 years is INR 1,200mn, where capex per hub ranges from INR 120-140mn, increasing to INR 180-190mn for advanced facilities.
- Despite the aggressive expansion strategy, Vijaya is confident that it can maintain a stable EBITDA margins between 39% and 40%, with recent figures indicating margins close to 41%.

3. Consolidating diagnostics space in Pune region

- The diagnostics industry in Pune is undergoing a consolidation, with smaller labs merging into larger companies. These larger companies are centralizing the operations through a few consolidated labs and a network of collection centres offering more efficient diagnostic services.

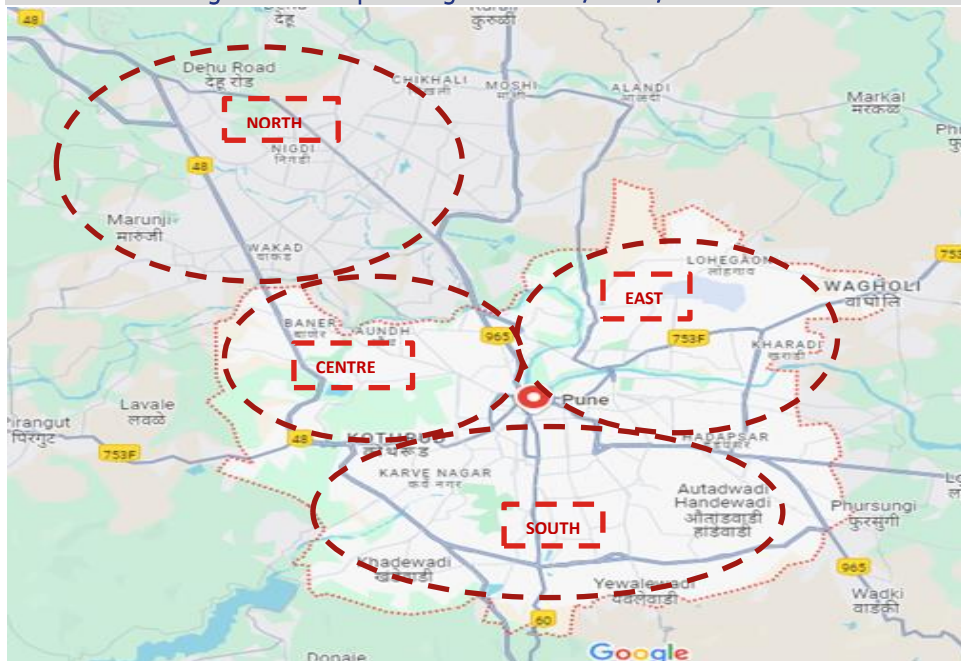
Exhibit 4. Consolidating presence of larger players



Source: Company, JM Financial

- For assessing the growth opportunities in the Pune region and determining the focus area of each of the major diagnostic companies, we divided the Pune city map into 4 regions – North, Centre, East, and South.
- The North includes the Pimpri-Chinchwad and Hinjewadi area, the Centre includes Baner, Aundh and Kothrud, the East includes Viman Nagar, Koregaon Park and Wagholi, and the South includes Swargate and Bibwewadi.

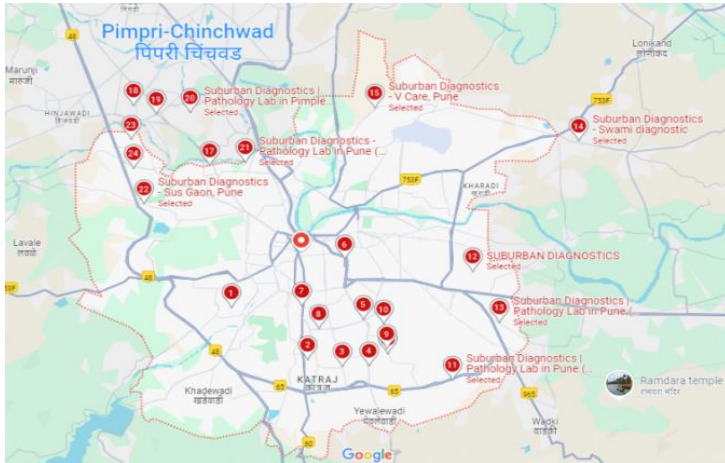
Exhibit 5. Bifurcating the Pune map in 4 regions – North, South, East and Centre



Source: Google Maps, JM Financial

Major Diagnostic players in Pune with region wise presence

Exhibit 6. Suburban Diagnostics with focus on south and North



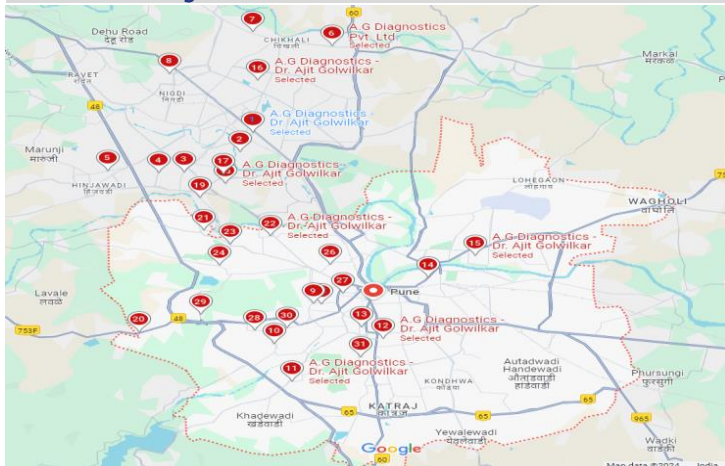
Source: Google Maps

Exhibit 7. Vijaya focusing on south and East



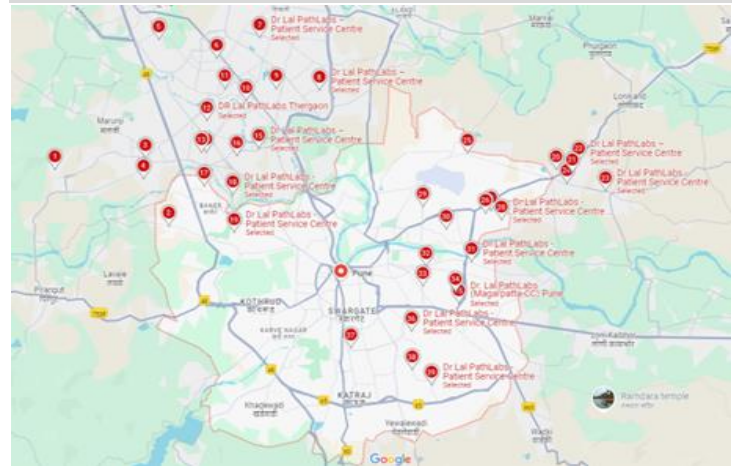
Source: Google Maps

Exhibit 8. AG Diagnostics with focus on North and Centre



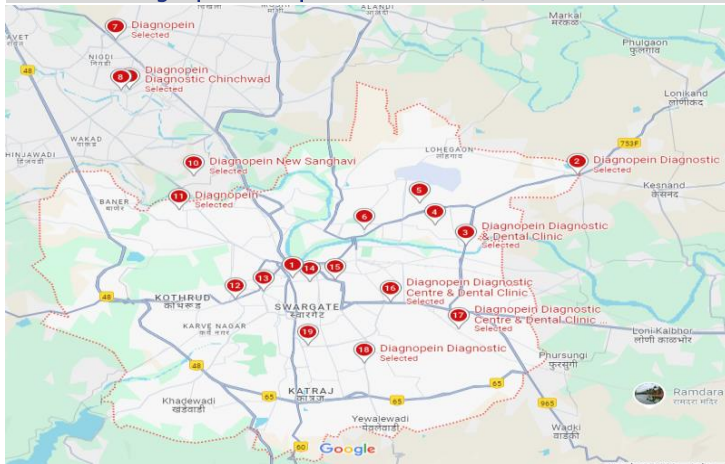
Source: Google Maps

Exhibit 9. Dr Lal with focus on East and North



Source: Google Maps

Exhibit 10. Diagnopen with presence in North, Centre and East



Source: Google Maps

Exhibit 11. Krsnaa with focus on South and North



Source: Google Maps

- Currently, the Vijaya diagnostic centres are densely located in the Southern and Eastern parts of Pune, with a few centres located in Centre and North.
- **Growth opportunities in the Northern part:** Currently, most of the major diagnostics companies are focusing on the Northern area of Pune. These are densely populated areas with growing industrial and IT sector. However, at present, Vijaya only has one centre in Chinchwad, offering a huge expansion potential for both Hubs and Spokes to create a network of diagnostic centres in the industrial area as well as the residential space.
- **Growth opportunities in the Central Pune:** Although the central part of Pune accommodates a dense population with developed residential areas as well as areas developing with a very fast pace; only 2 major players have a network of diagnostic centres present currently. This provides Vijaya another opportunity to grow its hub and spoke network to target the residential space.

4. Diagnostic Space led by Comprehensive Service Providers

- Amongst the 8 major diagnostics companies identified by us, 3 provide pathology as well as radiology services, 4 provide only pathology services, and 1 provides only Radiology services.
- We believe that diagnostic centres offering **both pathology and radiology services** can attract more customers and justify premium pricing by delivering a seamless, one-stop diagnostic experience.
- Amongst the other players which provide both the services, Diagnopein provides MRI services only from one centre and X-Ray services from 4 centres, while other centres only provide pathology services along with sonography and ECG. Krsnaa Diagnostics has 4 radiology centres in Pune which are partnered with government hospitals.
- With Vijaya's previous experience from Hyderabad as a prominent radiology player and increasing number of hubs providing all major services including pathology tests, Ultrasound, X-Ray, 2D Echo, BMD, MRI, CT, etc., it has a significant opportunity to attract and retain increasing number of customers, while charging a premium price over the others.

Exhibit 12. Services provided by major diagnostic players

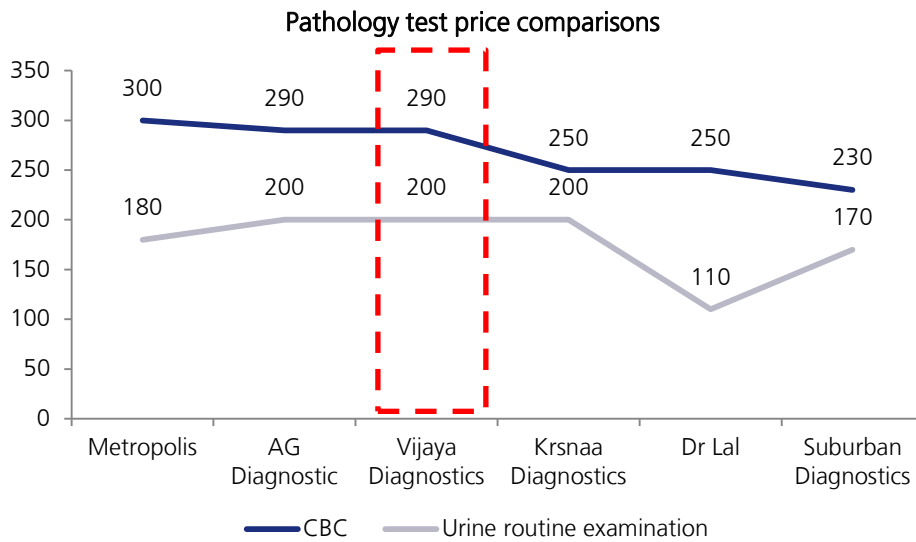
Diagnostic centres	Services Provided	Geographic presence
Vijaya Diagnostics	Pathology and radiology	South and East
Diagnopein	Pathology and radiology	Centre, East and North
Krsnaa Diagnostics	Pathology and radiology	North and South
Suburban Diagnostics	Pathology, X-Ray	North and South
AG Diagnostic	Pathology	North and Centre
Dr Lal	Pathology	North and East
Metropolis	Pathology	Centre and East
Star Imaging	Radiology	Centre and East

Source: Company, JM Financial

5. Favourable Premium Pricing by Vijaya supported by Historical Volume Growth in the Home Market

- Comparison of diagnostic pricing for common pathology tests such as Complete Blood Count test (CBC) and Routine Urine Test (RUT) across Pune reveals that Vijaya has been commanding premium rates from its customers.
- Vijaya has also been charging a premium in its home market, Hyderabad, where the company has been experiencing an increase in test volumes consistently.
- The premium pricing, supported by its reputation for quality and reliability, seems to be working in its favour, allowing it to sustain profitability while growing its customer base across different regions.
- Vijaya charges INR 290 and INR 200 for CBC and RUT compared to the average price of INR 259 and INR 166 respectively.

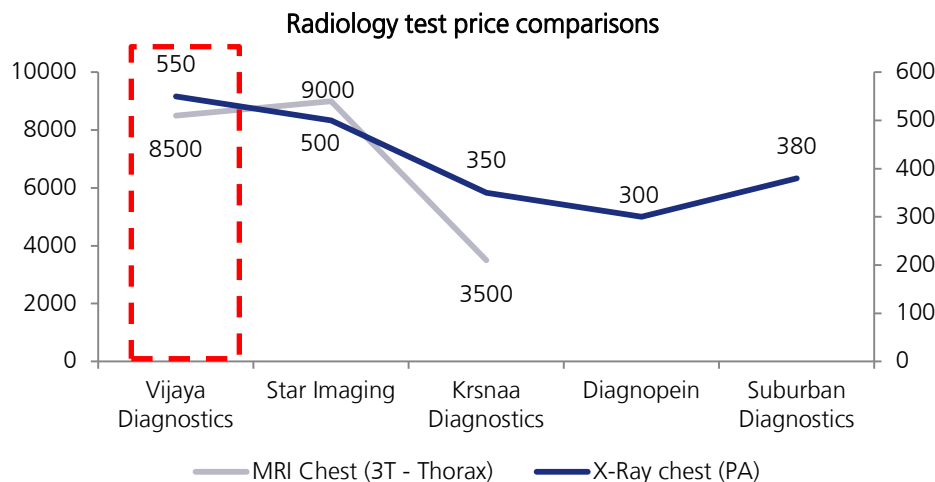
Exhibit 13. Vijaya charging higher than the average price



Source: Company, JM Financial

- On comparing the pricing trends for radiology tests such as Chest MRI and Chest X-Ray, it was observed that Vijaya charges higher than the average of INR 416 and INR 7000 respectively.
- This further highlights the premium pricing policy working in Vijaya’s favour.

Exhibit 14. High radiology prices charged by Vijaya



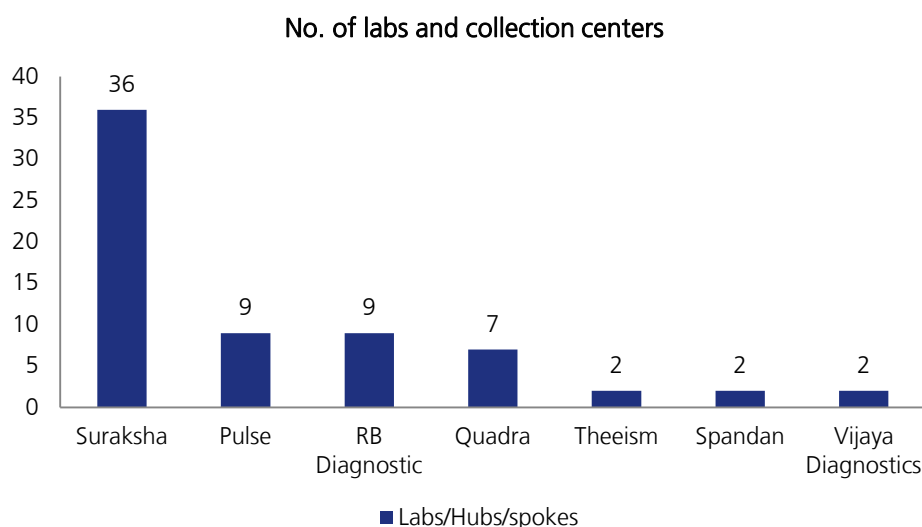
Source: Company, JM Financial

*Krsnaa operates out of Government hospitals and charges lower than the private players

6. Rapid Breakeven at Kolkata Hub lays Foundation for Continued Growth

- Vijaya launched its first hub in Kolkata in July 2023, which is a state-of-the-art facility, located on VIP Road, spanning 10,000 square feet and equipped with advanced diagnostic tools such as a 3T MRI and a 128-slice Cardiac CT.
- The company achieved operational break-even within just three quarters of launching its first hub. This rapid break-even highlights the strong demand for Vijaya's high quality diagnostic services, reflecting its brand strength even in a new market like Kolkata.
- The faster breakeven is driven through initial revenue growth from advanced radiology services with pathology services picking up pace eventually.
- Currently, the company has two more hubs in the pipeline, with leases already signed, which is in line with Vijaya's growth strategy in the East.
- The company has also hired a consultant with 13+ years of experience for developing their operations at Kolkata.
- Looking ahead, the company aims to establish additional hubs organically, with plans for one new hub every two quarters, helping Vijaya to develop a robust hub-and-spoke model.
- Presently, the company faces significant competition from major players such as Suraksha Diagnostics, RB Diagnostics, Pulse, and Quadra.

Exhibit 15. Presence of major diagnostic players in Kolkata



Source: Company, JM Financial

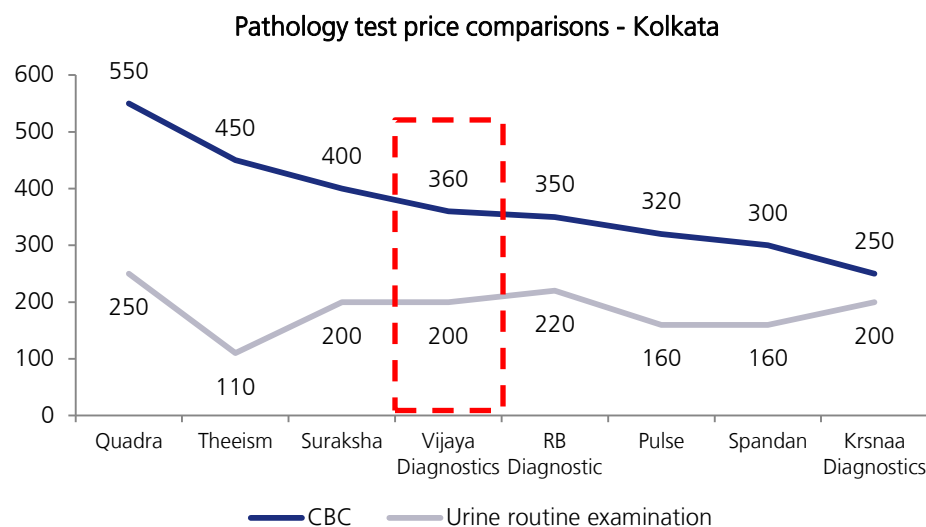
- Suraksha holds a significant position in East India, with a market share ranging from 1.15% to 1.3%, making it the largest diagnostic provider in Kolkata. In FY24, the company generated revenue of INR 2.2bn, driven by a balanced offering of radiology and pathology services, similar to Vijaya's service mix. Suraksha also has strong average revenue per patient of INR 1,922 and an EBITDA per patient of INR 647.
- As Vijaya actively seeks to expand into the East India region, it aims to leverage its operational efficiency and profitability from its core markets in South India, applying its expertise in delivering cost-effective diagnostic services to scale its operations and establish itself as a strong competitor in the region.

Exhibit 16. Financial and Operational comparison of Vijaya and Suraksha Diagnostics

Particulars	Vijaya Diagnostics	Suraksha Diagnostics
Revenue	5,478	2,187
EBITDA	2,417	736
EBITDA Margin	40%	34%
Average Revenue per Patient	1,543	1,922
EBITDA per Patient	681	647
Revenue % generated from East India	3%	100%
Number of patients served (in mn)	3.55	1.14
Number of tests performed (in mn)	11.89	5.98
Revenue from Radiology	36%	46%
Revenue from Pathology	64%	54%

Source: Suraksha Diagnostics DRHP, Company

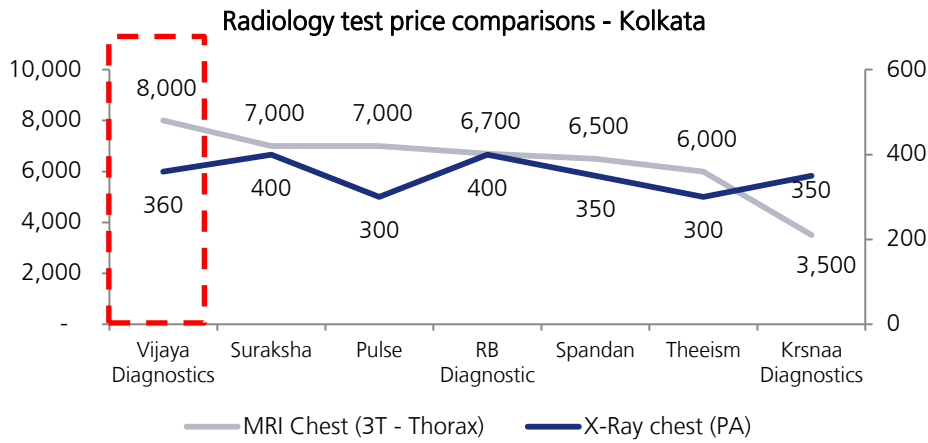
- Looking at the pricing strategy followed by Vijaya, the company is charging premium prices in Kolkata region, similar to Pune and Hyderabad. The state-of-the-art facility and the comprehensive services provided by the company justify the premium pricing, which helped it to gain market share and reach operational break even within three quarters.
- Comparing the pathology tests, the average prices charged by major players for CBC and RUT in Kolkata region are INR 360 and INR 188 respectively. Vijaya charges INR 360 and INR 200 for the same.

Exhibit 17. High test prices charged by Vijaya

Source: Company, JM Financial

- Comparing the Radiology tests, the average prices charged by major players for Chest MRI and Chest X-Ray in Kolkata region are INR 6,386 and INR 358 respectively. Vijaya charges INR 8,000 and INR 360 for the same.

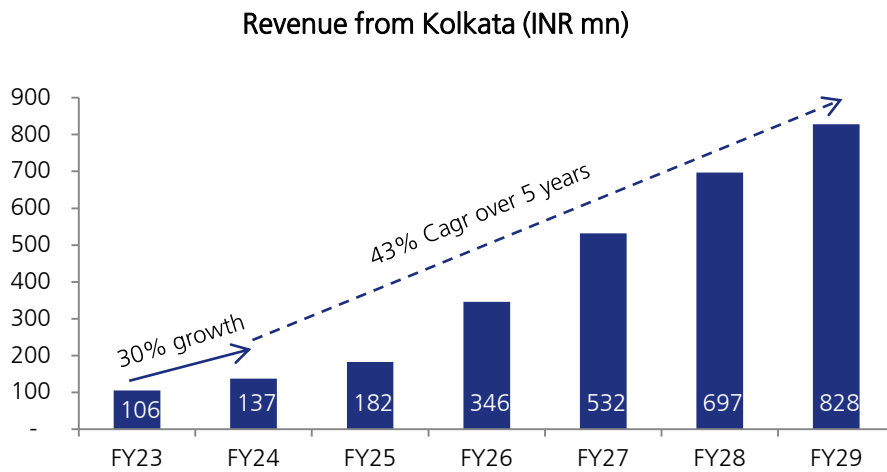
Exhibit 18. Vijaya charging higher radiology prices than its peers in Kolkata



Source: Company, JM Financial

- Vijaya's quick break-even in Kolkata reflects strong demand for its premium diagnostic services, allowing it to compete with established players like Suraksha. With plans to expand its hub-and-spoke model and its tested premium pricing strategy, Vijaya is set for continued growth in the region. We project the revenue from Kolkata to grow at a 43% CAGR over the next five years, reaching INR 828mn.

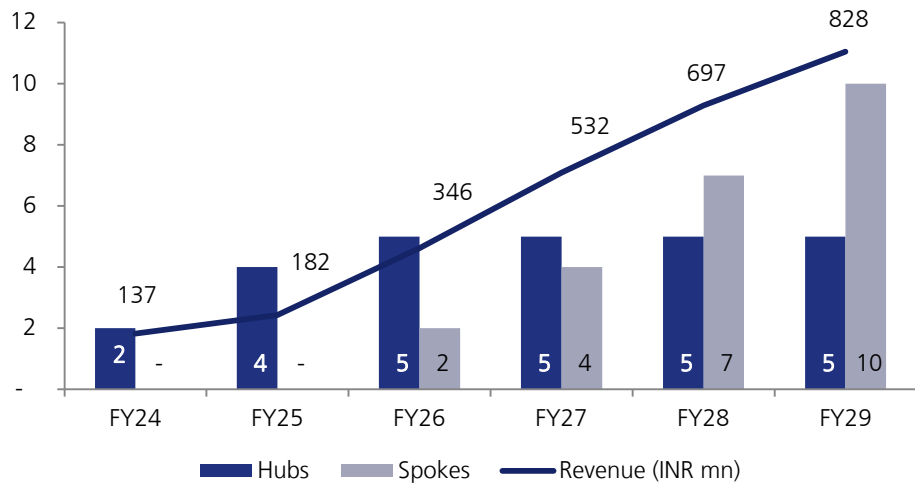
Exhibit 19. Revenue from Kolkata projected to rise with 43% CAGR



Source: Company, JM Financial

Exhibit 20. Estimated expansion in Kolkata

Estimated expansion in number of Hubs and Spokes



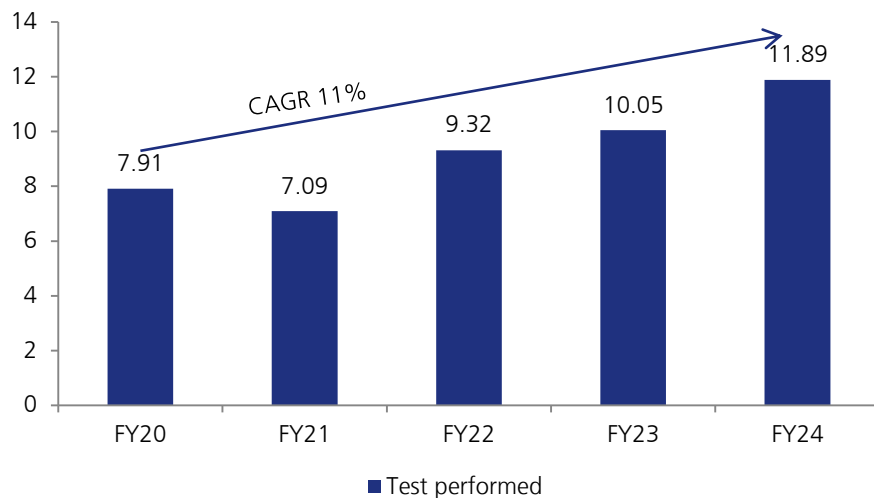
Source: JM Financial, Company

7. Increasing Test Volumes despite Premium pricing strategy

- Vijaya has been witnessing a growth in the overall test volumes with a CAGR of 11% from FY20 to FY24, reaching 11.89 mn tests. This increase in test volumes comes despite Vijaya following a premium pricing strategy across its centres.

Exhibit 21. Number of tests performed increasing with a CAGR of 11%

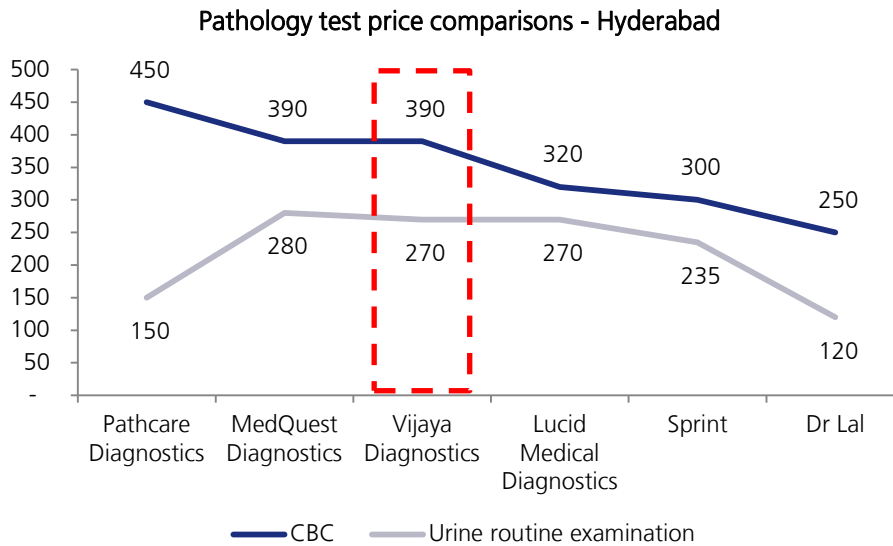
Test performed (In mn)



Source: Company, JM Financial

- Vijaya has the highest number of centres in its home market Hyderabad. On comparing the prices charged by Vijaya in its Hyderabad centres with the average test prices charged by prominent players in the city, it is clear that Vijaya charges higher than the average.
- The average prices charged by major players for CBC and RUT in Hyderabad region are INR 350 and INR 185 respectively. Vijaya charges INR 390 and INR 270 for the same, which is higher than the average by 11% and 46% respectively.

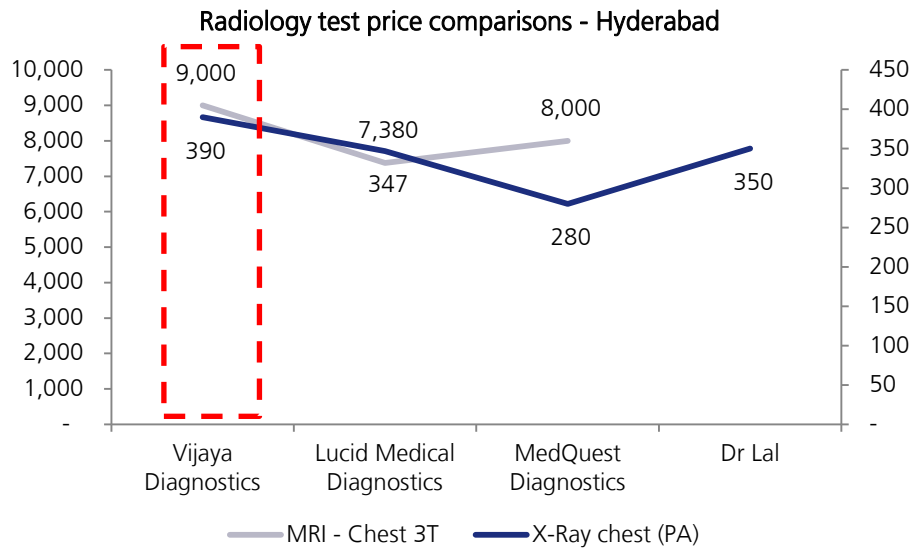
Exhibit 22. Pathology test price comparison in Hyderabad



Source: Company, JM Financial

- The average prices charged by major players for Chest MRI and Chest X-Ray in Hyderabad region are INR 8,127 and INR 342 respectively. Vijaya charges INR 9,000 and INR 390 for the same, which is higher than the average by 11% and 14% respectively.

Exhibit 23. Radiology tests price comparison in Hyderabad



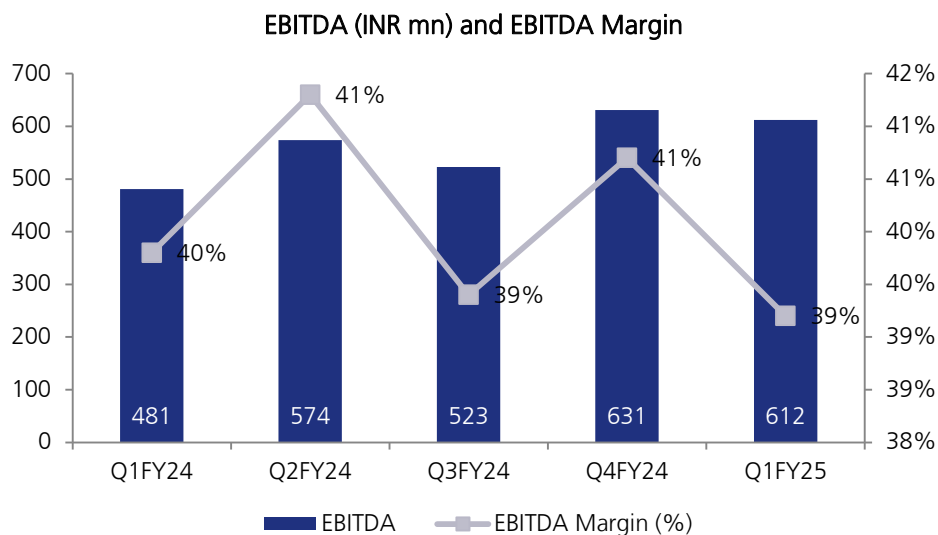
Source: Company, JM Financial

8. Consistent EBITDA Margins despite increase in number of Hubs and Spokes

- Vijaya historically earns EBITDA margins consistently between 39%-41%.
- Currently, Vijaya is expanding aggressively with targets of opening about 15 new centres hubs/spokes every year.
- Despite the expansion, the company remains confident of maintaining 40% EBITDA margins in its core business.
- These new hubs are expected to take 2-3 quarters to break even, with potential short-term impacts on EBITDA margins (1%-2%) during the ramp-up phase.

- The management expects the margins to improve further by 2028, as new hubs and spokes mature. Further, the company incurred significant IT costs in the last year. The company expects the margins to slightly improve with the additional benefits received from this expenditure.

Exhibit 24. Stable EBITDA and EBITDA Margin



Source: Company, JM Financial

9. High organic growth and profitability merit superior valuation:

- We expect Vijaya Diagnostics to register Sales/ EBITDA/ PAT CAGR of 19%/ 21%/ 25% over FY24-27E with EBITDA margin expanding from 40.3% in FY24 to 42.6% in FY27E.
- Vijaya is poised for sustained growth and robust financial performance, driven by its stable EBITDA margins in the range on 39% to 41%. The company's rising market share is derived by increasing number of hubs and spokes across locations, with significant revenue increases from new markets such as Pune and Kolkata and minimal impact on margins.
- The company's premium pricing policy along with the ability to acquire and develop a strong customer base becomes a significant revenue driver. This is justified by the availability of both pathology and radiology services which deliver a seamless, one-stop diagnostic experience for the customers.
- We ascribe 55x multiple on Sep'26 earnings resulting in a target price of INR 1,145.

Exhibit 25. Target price of INR 1,145 with PE Multiple of 55x

Valuation (INR mn)	FY24	FY25e	FY26e	FY27e
Revenue	5,478	6,793	7,914	9,140
Gross Profit	4,824	5,978	6,964	7,979
Gross Margin	88%	88%	88%	87%
EBITDA	2,209	2,799	3,300	3,894
EBITDA Margin	40%	41%	42%	43%
PAT	1,188	1,540	1,911	2,329
PAT Margin	22%	23%	24%	25%
EPS	12	15	19	23
Multiple			55x	
Target Price (INR)			1,145	

Source: JM Financial

Exhibit 26. Peer comps

Company	Rating	Mkt Cap (Rs bn)	CMP (Rs)	12M TP (Rs)	(% upside)	EV/EBITDA (x)		PE (x)		EPS Gr (%) 24-26	ROE (%)	
						FY25E	FY26E	FY25E	FY26E		FY25E	FY26E
Diagnostics												
Dr Lal Pathlabs	HOLD	273	3,272	3,425	4.7	38.3	33.3	63.6	54.6	18.2	22.2	23.6
Metropolis Healthcare	BUY	112	2,183	2,490	14.1	31.4	25.6	61.7	47.7	35.3	15.5	17.6
Vijaya Diagnostics	BUY	90	959	1,145	19.7	31.3	26.2	57.9	46.7	25.6	21.5	22.4
Krsnaa Diagnostics	BUY	27	829	880	6.1	14.5	11.7	33.3	24.7	36.0	9.5	11.5
Hospitals												
Max Healthcare Institute	HOLD	967	995	840	-15.6	44.3	36.9	65.3	53.6	18.7	14.9	15.8
Fortis Healthcare	BUY	450	597	595	-0.3	30.5	24.5	61.4	45.9	29.7	9.2	11.2
Global Health	BUY	277	1,032	1,400	35.6	31.0	24.6	53.8	42.9	16.2	16.5	18.0
KIMS	BUY	218	545	571	4.8	31.5	22.8	65.2	47.0	22.2	16.8	19.4
Aster DM Healthcare	HOLD	208	416	385	-7.4	27.7	21.7	64.1	44.9	88.6	7.6	11.1
Jupiter Life Line Hospitals	BUY	91	1,387	1,535	10.7	29.2	24.4	42.6	35.9	16.1	16.7	16.8
GPT Healthcare	BUY	15	183	255	39.1	15.5	12.2	24.6	20.1	25.1	25.5	26.0
Pharma												
Sun Pharma	BUY	4,675	1,949	1,995	2.4	30.2	26.1	51.5	43.5	11.3	13.2	13.4
Cipla	HOLD	1,351	1,673	1,515	-9.4	17.8	15.1	38.7	32.8	13.4	12.0	12.2
Torrent Pharma	HOLD	1,179	3,483	3,190	-8.4	30.4	25.9	57.9	44.8	29.6	26.3	27.4
Dr Reddy's Labs	BUY	1,126	6,750	8,565	26.9	11.6	9.6	33.1	23.8	19.0	11.1	12.9
Zydus Lifesciences	HOLD	1,083	1,076	1,135	5.5	15.7	14.8	22.5	21.9	13.2	22.0	18.9
Lupin	HOLD	1,012	2,219	2,130	-4.0	20.9	16.5	33.1	25.0	45.1	19.6	21.7
Aurobindo Pharma	BUY	878	1,511	1,710	13.1	12.5	10.6	24.0	19.7	17.1	11.7	12.7
Biocon	BUY	443	369	385	4.4	18.1	14.0	NA	25.0	26.0	2.0	7.7
Ipca Laboratories	BUY	375	1,478	1,545	4.5	21.7	17.7	37.6	29.6	42.6	14.8	16.4
JB Pharma	BUY	285	1,838	2,210	20.2	26.0	22.1	38.2	32.4	20.9	23.0	22.4
Innova Captab	BUY	44	773	765	-1.0	21.1	15.3	30.3	22.9	43.2	16.1	18.0

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	4,592	5,478	6,793	7,914	9,140	
<i>Sales Growth</i>	-0.7%	19.3%	24.0%	16.5%	15.5%	
Other Operating Income	0	0	0	0	0	
Total Revenue	4,592	5,478	6,793	7,914	9,140	
Cost of Goods Sold/Op. Exp	589	654	815	950	1,161	
Personnel Cost	785	902	1,087	1,250	1,435	
Other Expenses	1,398	1,712	2,092	2,414	2,651	
EBITDA	1,820	2,209	2,799	3,300	3,894	
<i>EBITDA Margin</i>	39.6%	40.3%	41.2%	41.7%	42.6%	
<i>EBITDA Growth</i>	-10.6%	21.4%	26.7%	17.9%	18.0%	
Depn. & Amort.	617	570	675	711	739	
EBIT	1,203	1,639	2,124	2,589	3,155	
Other Income	142	208	198	257	270	
Finance Cost	209	240	261	285	299	
PBT before Excep. & Forex	1,135	1,607	2,060	2,561	3,125	
Excep. & Forex Inc./Loss(-)	0	-21	0	0	0	
PBT	1,135	1,587	2,060	2,561	3,125	
Taxes	283	390	511	640	781	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	852	1,196	1,549	1,921	2,344	
Adjusted Net Profit	852	1,217	1,549	1,921	2,344	
<i>Net Margin</i>	18.6%	22.2%	22.8%	24.3%	25.6%	
Diluted Share Cap. (mn)	102.0	102.0	102.0	102.0	102.0	
Diluted EPS (INR)	8.4	11.9	15.2	18.8	23.0	
<i>Diluted EPS Growth</i>	-23.0%	42.8%	27.3%	24.0%	22.0%	
Total Dividend + Tax	102	102	306	357	357	
Dividend Per Share (INR)	1.0	1.0	3.0	3.5	3.5	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	5,447	6,572	7,806	9,360	11,332	
Share Capital	102	102	102	102	102	
Reserves & Surplus	5,345	6,470	7,704	9,258	11,230	
Preference Share Capital	0	0	0	0	0	
Minority Interest	19	27	36	46	61	
Total Loans	0	0	0	0	0	
Def. Tax Liab. / Assets (-)	0	0	0	0	0	
Total - Equity & Liab.	5,466	6,599	7,842	9,406	11,393	
Net Fixed Assets	5,516	7,508	7,933	8,322	8,583	
Gross Fixed Assets	7,752	10,317	11,417	12,517	13,517	
Intangible Assets	22	207	207	207	207	
Less: Depn. & Amort.	-2,528	-3,098	-3,773	-4,484	-5,223	
Capital WIP	271	82	82	82	82	
Investments	1,390	1,092	1,092	1,092	1,092	
Current Assets	1,627	1,228	1,962	3,178	5,000	
Inventories	20	52	56	59	72	
Sundry Debtors	95	162	149	108	125	
Cash & Bank Balances	242	222	966	2,219	4,011	
Loans & Advances	0	0	0	0	0	
Other Current Assets	1,270	791	791	791	791	
Current Liab. & Prov.	3,068	3,228	3,145	3,185	3,281	
Current Liabilities	2,612	2,723	2,640	2,680	2,776	
Provisions & Others	456	505	505	505	505	
Net Current Assets	-1,441	-2,000	-1,182	-7	1,719	
Total - Assets	5,466	6,599	7,842	9,406	11,394	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	1,135	1,587	2,060	2,561	3,125	
Depn. & Amort.	617	570	675	711	739	
Net Interest Exp. / Inc. (-)	111	220	261	285	299	
Inc (-) / Dec in WCap.	90	-14	-74	78	66	
Others	-46	-190	0	0	0	
Taxes Paid	-262	-339	-511	-640	-781	
Operating Cash Flow	1,646	1,833	2,411	2,995	3,448	
Capex	-1,248	-880	-1,100	-1,100	-1,000	
<i>Free Cash Flow</i>	398	953	1,311	1,895	2,448	
Inc (-) / Dec in Investments	0	-1,475	0	0	0	
Others	153	932	0	0	0	
Investing Cash Flow	-1,096	-1,423	-1,100	-1,100	-1,000	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-102	-102	-306	-357	-357	
Inc / Dec (-) in Loans	-6	0	-261	-285	-299	
Others	-311	-343	0	0	0	
Financing Cash Flow	-419	-445	-567	-642	-656	
Inc / Dec (-) in Cash	131	-36	744	1,253	1,792	
Opening Cash Balance	110	241	222	965	2,219	
Closing Cash Balance	241	222	965	2,219	4,010	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
Net Margin		18.6%	22.2%	22.8%	24.3%	25.6%
Asset Turnover (x)		0.6	0.6	0.7	0.7	0.7
Leverage Factor (x)		1.4	1.4	1.4	1.3	1.2
RoE		16.8%	20.2%	21.5%	22.4%	22.7%

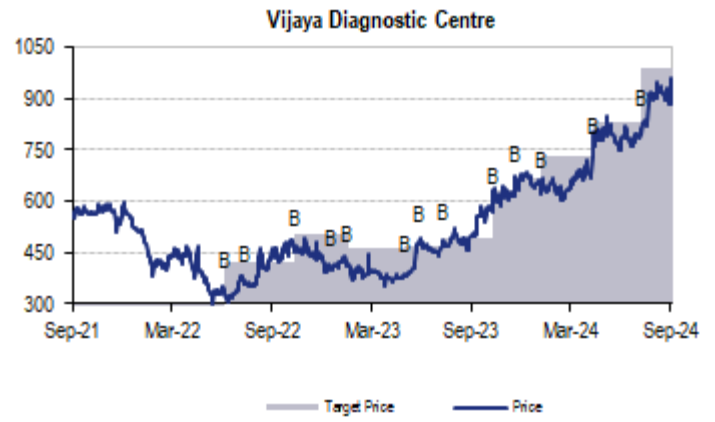
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
BV/Share (INR)		53.4	64.5	76.6	91.8	111.1
ROIC		22.9%	27.1%	28.9%	32.7%	38.2%
ROE		16.8%	20.2%	21.5%	22.4%	22.7%
Net Debt/Equity (x)		-0.3	-0.2	-0.3	-0.4	-0.5
P/E (x)		114.8	80.4	63.1	50.9	41.7
P/B (x)		18.0	14.9	12.5	10.4	8.6
EV/EBITDA (x)		52.9	43.7	34.2	28.7	23.8
EV/Sales (x)		20.9	17.6	14.1	11.9	10.2
Debtor days		8	11	8	5	5
Inventory days		2	3	3	3	3
Creditor days		36	37	22	23	27

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
4-Jul-22	Buy	420	
10-Aug-22	Buy	419	-0.2
11-Nov-22	Buy	505	20.5
17-Jan-23	Buy	505	0.0
15-Feb-23	Buy	460	-8.9
30-May-23	Buy	470	2.2
25-Jun-23	Buy	470	0.0
10-Aug-23	Buy	493	4.9
8-Nov-23	Buy	630	27.8
21-Dec-23	Buy	665	5.6
6-Feb-24	Buy	730	9.8
9-May-24	Buy	830	13.7
6-Aug-24	Buy	990	19.3

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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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.
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* REITs refers to Real Estate Investment Trusts.

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