

Deepak Nitrite | BUY

A weak quarter; eyes on improvement in 2H

Deepak Nitrite's 1QFY26 earnings print was weaker than our and consensus expectations due to less-than-expected sales. During the quarter, the company's performance was weak on account of weakness in both advanced intermediates and phenolics segments. In phenolics, Deepak saw slight improvement in phenol spreads, with improvement likely to have continued in 2QFY26TD. In our view, volume in the AI segment is likely to normalise from 2HFY26. Moreover, backward integration capacities in AI segment including nitric acid, photochlorination are likely to improve AI segment margin from 2QFY26. On the phenolics side, benefits from commissioning of MIBK/MIBC and acetophenone capacities are likely to flow through from 3QFY26. Additionally, we are also building in some improvement in phenol-acetone spreads. Factoring in 1QFY26 performance and management commentary, our FY26-28 EPS estimates are revised downwards by ~4%. Since Deepak Nitrite's long-term growth story remains intact with potential to more than quadruple its EBITDA over the next 5 years, we maintain our BUY rating on the name with a revised Sep'26 TP of INR 2,265/share (based on 30x Sep'27E EPS) (from INR 2,375 earlier).

- **EBITDA miss due to less-than-expected sales:** Deepak Nitrite's 1QFY26 consol gross profit was 14% below JMFe at ~INR 5.3bn (down 21%/21% QoQ/YoY) as sales was 13%/11% below JMFe/consensus at ~INR 18.9bn (down 13%/13% QoQ/YoY) and gross margin was slightly lower than expected at 28% (vs. JMFe of 28.3% and 30.6% in 4QFY25). Other expenses came in lower at ~INR 2.3bn (vs. JMFe of ~INR 2.5bn and ~INR 2.5bn in 4QFY25). As a result, EBITDA was 28%/23% below JMFe/consensus and stood at ~INR 1.9bn (down 40%/39% QoQ/YoY) and PAT came in 32%/25% below JMFe/consensus at ~INR 1.1bn (down 45%/45% QoQ/YoY). In 1QFY26, Deepak Nitrite received Government incentive in one of its subsidiaries amounting to ~INR 172mn. Excluding this incentive, 1QFY26 EBITDA would be ~34%/30% below JMFe/consensus at ~INR 1.72bn.
- **Phenolics and Advanced Intermediates EBIT lower than expected:** Deepak's Advanced intermediates EBIT was less than expected at INR 355mn (vs. JMFe of INR 549mn, INR 449mn in 4QFY25) as EBIT margin stood at 5.9% (vs. JMFe of 8%, 6.9% in 4QFY25) while revenue was lower than expected at ~INR 6.1bn (vs. JMFe of ~INR 6.9bn, ~INR 6.5bn in 4QFY25). Phenolics EBIT was lower than expected at ~INR 1.2bn (vs. JMFe of ~INR 2bn, down 51%/43% QoQ/YoY) as phenolics EBIT margin declined to 9% (vs. JMFe of 13% and 15.6% in 4QFY25) and revenue was below our estimates at ~INR 13bn (vs. JMFe of ~INR 15bn, ~INR 15.3bn in 4QFY25). The company indicated highest-ever production volume in phenolics in 1QFY26, which is likely to remain at that level in FY26.
- **Estimate 14% EPS CAGR over FY25-28E; maintain BUY:** Factoring in 1QFY26 results and management commentary, we lower our FY26-28 EPS estimates by ~4%. We expect Deepak to register ~20% EBITDA CAGR over FY25-28E. Owing to sharp increase in depreciation from large capex, EPS CAGR is expected at ~14% over the same period. We maintain BUY with a revised Sep'26 TP of INR 2,265 (based on 30x Sep'27E EPS).

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	76,818	82,819	89,117	99,377	1,06,988
Sales Growth (%)	-3.6	7.8	7.6	11.5	7.7
EBITDA	11,233	10,918	12,391	16,308	18,763
EBITDA Margin (%)	14.6	13.2	13.9	16.4	17.5
Adjusted Net Profit	8,108	6,972	7,899	9,879	10,447
Diluted EPS (INR)	59.4	51.1	57.9	72.4	76.6
Diluted EPS Growth (%)	-4.8	-14.0	13.3	25.1	5.8
ROIC (%)	16.6	12.2	10.9	11.5	9.7
ROE (%)	18.2	13.6	13.7	15.0	14.0
P/E (x)	31.5	36.7	32.3	25.9	24.5
P/B (x)	5.3	4.7	4.2	3.6	3.2
EV/EBITDA (x)	22.6	23.9	21.5	17.0	15.7
Dividend Yield (%)	0.3	0.4	0.3	0.3	0.3

Source: Company data, JM Financial. Note: Valuations as of 13/Aug/2025



Krishan Parwani

krishan.parwani@jmfml.com | Tel: (91 22) 66303073

Siddhinathan KN

siddhinathan.kn@jmfml.com | Tel: (91 22) 66303048

Jesvin Solomon

jesvin.solomon@jmfml.com | Tel: (91 22) 66301854

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,265
Upside/(Downside)	22.1%
Previous Price Target	2,375
Change	-4.6%

Key Data – DN IN

Current Market Price	INR1,855
Market cap (bn)	INR255.5/US\$2.9
Free Float	44%
Shares in issue (mn)	136.4
Diluted share (mn)	136.4
3-mon avg daily val (mn)	INR445.2/US\$5.1
52-week range	3,095/1,781
Sensex/Nifty	80,598/24,631
INR/US\$	87.6

Price Performance

%	1M	6M	12M
Absolute	-5.8	-16.3	-34.2
Relative*	-3.8	-21.1	-35.4

* To the BSE Sensex

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.

1QFY26 Result Review

Key takeaways from post-results conference call

- **AI segment to improve in the coming quarters with recovery in agro intermediates** – The company faced delays in volume offtake of key agro intermediates product orders, which affected the AI segment performance in 1QFY26; recovery is expected in the coming quarters. The company is working with strategic customers for some products with 20-30MT of pilot batch volumes for qualification for contracts. It indicated that meaningful volume is likely to start from Jan'26 from existing assets and minimal investment. As a result, it is expecting meaningful improvement in the coming quarters with the delayed orders not being denied orders. Additionally, it said that the agrochem industry is affected by ramped up capacities in China; however, most of that capacity is for the final formulation and the Chinese market is open to intermediate supplies from the company. However, that will be on lower realisation if the company chooses to use the opportunity. It remains focused on engaging with potential customers, mainly in India, Europe and China, to optimise its customer and geography mix.
- **Non-agrochem portfolio remains steady** – The company said that dyes and intermediates segment volumes were largely intact with marginal growth seen in 1QFY26. The company's optical brightener product has seen growth in line with its debottlenecking efforts. It has seen initial improvement in the margin trends in its non-agrochem intermediates portfolio. Commercialisation of a new product in the dyes and cosmetics segment in FY26 will contribute to top line growth in the segment.
- **Highest-ever production volume in phenolics despite production constraints** – The company saw its highest ever production volumes in phenolics despite production constraints due to unprecedented heat wave in Dahej. As a result, production volume was lower than it could have been ideally during the quarter. It will be able to maintain volume at current levels in the rest of the year. Also, the company saw steady phenolics demand in 1QFY26 with better sequential realisation. Benefits from bottlenecking and capacity augmentation are expected in the coming quarters and the company's pipeline of new products and projects are set to contribute meaningfully to the top line. It is also expanding into new applications to expand its market presence and diversify its customer mix.
- **Capex of INR 13bn-15bn for FY26, INR 30bn for FY27, INR 50bn for FY28** – It has planned a capex of INR 8bn-10bn in addition to INR 5bn already spent for FY26. Further, for FY27, the company is likely to have a capex of INR 30bn. For FY28, it plans to spend INR 50bn in capex.
- **INR 2.2bn capex for agro intermediate to be commissioned in 4QFY26** – The company had made an investment of INR 2.2bn for a key specialty agro intermediate in fluorochemicals space, which is currently in its construction phase. This is expected to be commissioned in 4QFY26 during Jan'26-Mar'26. The primary customer for the intermediate is an agrochemical major with the product under patent and the company's process under its intellectual property control. The facility is designed in such a way that the company can make and supply the product to cosmetics industry and advanced polymer industry in addition to agrochem.
- **Nitric acid capacity to be fully commissioned by 2QFY26, 200-300bps benefit to AI margin expected** – Concentrated nitric acid plant is in trial production phase while the weak nitric acid capacity is set to be commissioned in 2QFY26. With this, the company will be able to secure more reliable and predictable raw materials, which will boost operational efficiency and reduce reliance on external suppliers. Also, the management expects 200-300bps addition to AI segment margin once these capacities are commissioned.
- **MIBK and downstream products to be ramped up within months after commissioning** – Once the MIBK-MIBC capacities are commissioned in 2HFY26, products including MIBK, MIBC and a couple of other solvents and mining chemicals are set to be produced. The company expects to ramp up three to four products in the MIBK value chain within months in line with customer approvals. Two to three products in this value chain have significant demand in cosmetic industry with high price and high margin applications.

Exhibit 1. Deepak Nitrite quarterly financial snapshot

Consolidated (INR mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	1QFY26E	% YoY	% QoQ	% diff vs. JMFe
Net Sales	17,683	17,781	20,092	21,262	21,668	20,320	19,034	21,797	18,899	21,793	-13%	-13%	-13%
COGS	12,236	11,658	13,726	14,740	15,002	13,823	13,931	15,124	13,607	15,625	-9%	-10%	
Gross Profit	5,447	6,122	6,366	6,522	6,667	6,497	5,103	6,673	5,292	6,167	-21%	-21%	-14%
Gross Margin (%)	30.8%	34.4%	31.7%	30.7%	30.8%	32.0%	26.8%	30.6%	28.0%	28.3%	-277 bps	-262 bps	
Employee expenses	842	848	891	929	953	971	982	1,016	1,065	1,020	12%	5%	
Employee expenses as % of sales	5%	5%	4%	4%	4%	5%	5%	5%	6%	5%	123 bps	97 bps	
Other expenses	2,507	2,252	2,428	2,582	2,621	2,551	2,436	2,492	2,332	2,520	-11%	-6%	
Other expenses as % of sales	14%	13%	12%	12%	12%	13%	13%	11%	12%	12%	24 bps	90 bps	
EBIDTA	2,098	3,023	3,047	3,011	3,092	2,975	1,685	3,165	1,896	2,627	-39%	-40%	-28%
EBITDA Margin (%)	12%	17%	15%	14%	14%	15%	9%	15%	10%	12%	-424 bps	-449 bps	
Depreciation	381	394	417	465	475	485	482	513	513	530	8%	0%	
EBIT	1,717	2,628	2,630	2,547	2,617	2,491	1,203	2,653	1,383	2,097	-47%	-48%	
Other Income	319	170	136	191	188	213	210	228	246	230	31%	8%	
Interest Cost	18	27	29	44	58	63	61	93	81	95	41%	-13%	
Exceptional items	0	0	0	798	0	0	0	0	0	0			
PBT	2,017	2,772	2,736	3,492	2,748	2,640	1,352	2,787	1,547	2,232	-44%	-44%	
Tax	518	721	715	953	723	698	371	762	425	571	-41%	-44%	
PAT	1,499	2,051	2,020	2,538	2,025	1,942	981	2,025	1,123	1,661	-45%	-45%	-32%
PAT Margin (%)	8%	12%	10%	12%	9%	10%	5%	9%	6%	8%	-341 bps	-335 bps	
EPS (INR)	11.0	15.0	14.8	18.6	14.9	14.2	7.2	14.8	8.2	12.2	-45%	-45%	
Tax rate	26%	26%	26%	27%	26%	26%	27%	27%	27%	26%	116 bps	12 bps	

Source: Company, JM Financial

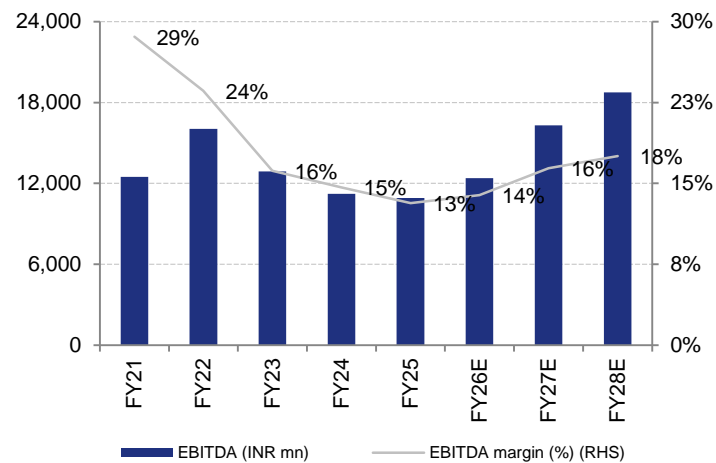
Exhibit 2. Deepak Nitrite quarterly operational snapshot

Segmental Revenue (INR mn)	1QFY24	2QFY24	3QFY24	4QFY24*	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	1QFY26E	% YoY	% QoQ	% diff vs. JMFe
Advanced intermediates	7,083	6,702	6,743	6,711	7,157	6,060	5,517	6,539	6,053	6,866	-15%	-7%	-12%
Phenolics	10,679	11,201	13,493	14,661	14,636	14,435	13,657	15,323	13,040	15,016	-11%	-15%	-13%
Less: Inter segment revenue	-79	-123	-144	-110	-125	-175	-140	-65	-194	-90	56%	198%	116%
Total	17,683	17,781	20,092	21,262	21,668	20,320	19,034	21,797	18,899	21,793	-13%	-13%	-13%
Segmental revenue contribution (%)													
Advanced intermediates	40%	38%	34%	32%	33%	30%	29%	30%	32%	32%			
Phenolics	60%	63%	67%	69%	68%	71%	72%	70%	69%	69%			
Segmental EBIT (INR mn)													
Advanced intermediates	1,149	1,034	937	1,339	665	475	169	449	355	549	-47%	-21%	-35%
Phenolics	876	1,704	1,798	2,061	2,076	2,149	1,212	2,393	1,179	1,952	-43%	-51%	-40%
Total	2,025	2,738	2,734	3,400	2,741	2,623	1,381	2,842	1,534	2,501	-44%	-46%	-39%
Segmental EBIT Margins (%)													
Advanced intermediates	16.2%	15.4%	13.9%	20.0%	9.3%	7.8%	3.1%	6.9%	5.9%	8.0%	-343bps	-100bps	-214 bps
Phenolics	8.2%	15.2%	13.3%	14.1%	14.2%	14.9%	8.9%	15.6%	9.0%	13.0%	-514bps	-658bps	-396 bps
Total	11.5%	15.4%	13.6%	16.0%	12.6%	12.9%	7.3%	13.0%	8.1%	11.5%	-453bps	-492bps	-336 bps

Source: Company, JM Financial

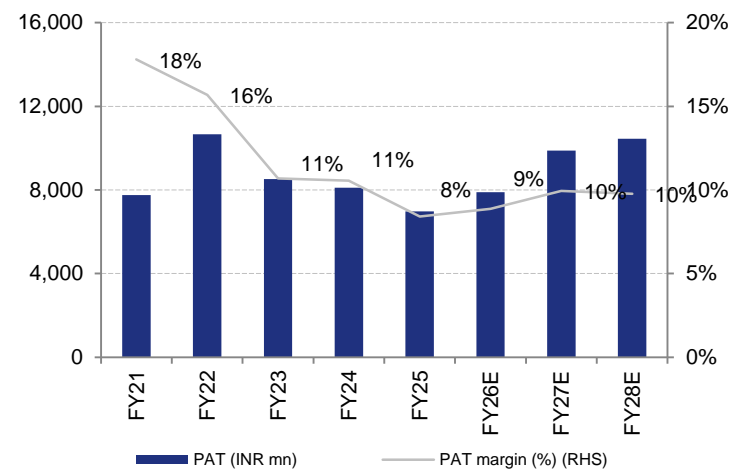
Assumptions and Estimates

Exhibit 3. Deepak's EBITDA likely to register ~20% CAGR over FY25-28E



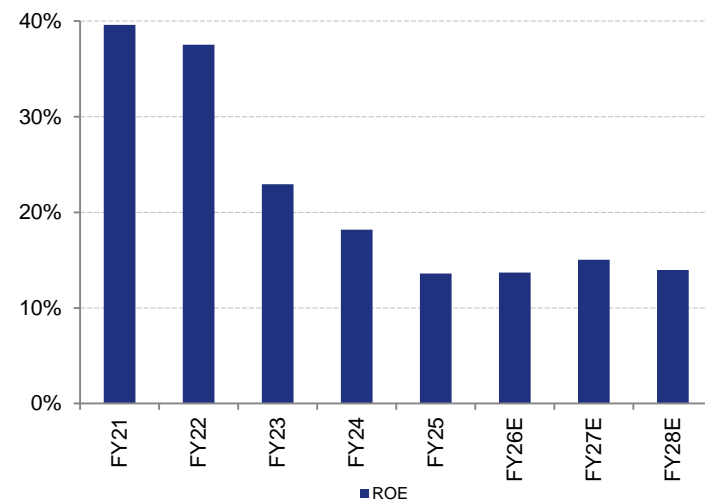
Source: Company, JM Financial

Exhibit 4. Deepak likely to post ~14% PAT CAGR over FY25-28E



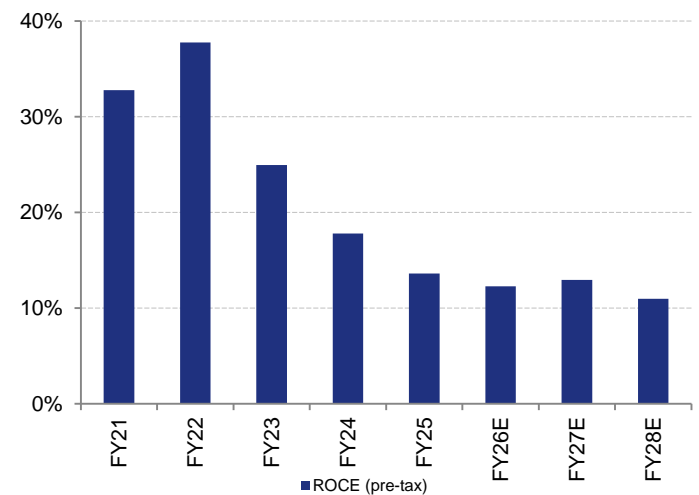
Source: Company, JM Financial

Exhibit 5. RoE to reach to ~14% in FY28E



Source: Company, JM Financial

Exhibit 6. RoCE (pre-tax) to reach ~11% by FY28E



Source: Company, JM Financial

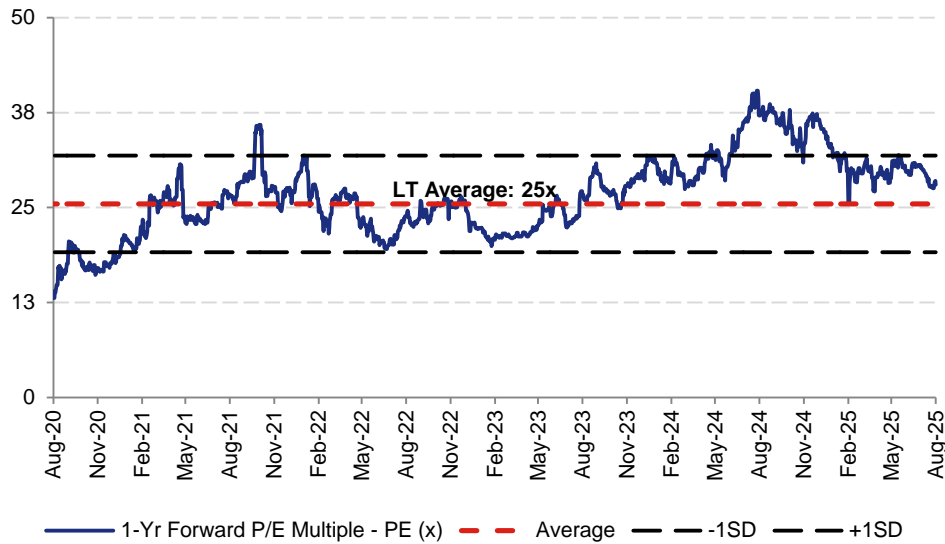
Exhibit 7. Change in estimates

	New	Old	Difference
EBITDA (INR Mn)			
FY26	12,391	13,002	-4.7%
FY27	16,308	17,051	-4.4%
FY28	18,763	19,593	-4.2%
PAT (INR Mn)			
FY26	7,899	8,263	-4.4%
FY27	9,879	10,350	-4.6%
FY28	10,446	10,954	-4.6%
EPS (INR)			
FY26	57.9	60.6	-4.4%
FY27	72.4	75.9	-4.6%
FY28	76.6	80.3	-4.6%

Source: Company, JM Financial

Valuation

Exhibit 8. Deepak Nitrite is currently trading at ~28x 1-year forward consensus P/E multiple



Source: Bloomberg, JM Financial

Exhibit 9. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
SRF	BUY	2,838	3,510	67.2	43.1	31.6	29.7	6.7	5.9	5.1	4.5	32.2	24.4	18.9	16.6	10.4	14.5	17.3	16.1
PI Industries	HOLD	3,671	3,920	33.7	33.1	29.5	26.3	5.5	4.8	4.2	3.7	23.9	21.8	19.2	17.0	17.5	15.5	15.2	15.0
Deepak Nitrite	BUY	1,855	2,265	35.8	31.6	25.3	23.9	4.6	4.1	3.6	3.1	23.4	21.1	16.7	15.4	13.6	13.7	15.0	14.0
Clean Science	BUY	1,187	1,780	47.7	38.0	29.5	23.8	8.9	7.2	5.8	4.7	31.6	26.6	20.2	16.1	20.2	21.0	21.9	22.0
Fine Organic	SELL	4,810	4,070	35.9	36.9	37.0	33.8	6.4	5.6	5.0	4.5	26.9	27.3	25.2	21.4	19.5	16.3	14.3	14.0
Galaxy Surfactants	HOLD	2,263	2,515	26.3	24.2	22.1	20.9	3.4	3.1	2.9	2.6	15.8	14.7	13.4	12.3	13.4	13.5	13.6	13.2
PCBL Chemical	HOLD	378	430	32.8	26.1	20.5	18.0	3.9	3.5	3.2	2.8	14.4	13.4	11.6	10.6	12.5	14.1	16.2	16.4
Aether Industries	BUY	740	1,030	57.8	49.4	32.8	24.9	4.4	4.0	3.6	3.1	40.5	29.5	22.2	16.9	7.9	8.5	11.5	13.4
Acutaas Chemicals	BUY	1,300	1,500	66.3	45.0	34.2	28.0	8.1	7.0	5.8	4.9	44.9	31.2	23.5	19.1	16.2	16.7	18.6	19.0
Anupam Rasayan	SELL	1,166	680	137.4	104.6	62.8	43.7	4.5	4.1	3.8	3.5	35.5	28.6	23.0	18.9	3.3	4.1	6.3	8.3
Archean Chemicals	HOLD	673	635	41.1	28.1	17.9	14.0	4.5	3.9	3.3	2.7	26.2	17.9	11.8	8.9	11.3	14.8	19.9	21.1
Tatva Chintan Pharma Chem	SELL	1,046	535	428.5	92.5	67.1	53.6	3.3	3.2	3.1	2.9	72.2	35.2	27.3	23.6	0.8	3.5	4.7	5.6
Paradeep Phosphates	SELL	200	175	29.6	19.8	17.2	17.0	4.0	3.3	2.8	2.4	15.7	11.6	10.3	9.8	14.4	18.4	17.6	15.2
Gujarat Fluorochemicals	HOLD	3,378	3,645	68.1	51.5	38.9	33.2	5.1	4.7	4.2	3.7	33.4	25.8	20.0	17.0	8.3	9.5	11.4	11.9

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	76,818	82,819	89,117	99,377	1,06,988
Sales Growth	-3.6%	7.8%	7.6%	11.5%	7.7%
Other Operating Income	0	0	0	0	0
Total Revenue	76,818	82,819	89,117	99,377	1,06,988
Cost of Goods Sold/Op. Exp	52,361	57,879	61,889	67,343	71,206
Personnel Cost	3,511	3,922	4,193	4,486	4,805
Other Expenses	9,714	10,101	10,644	11,240	12,215
EBITDA	11,233	10,918	12,391	16,308	18,763
EBITDA Margin	14.6%	13.2%	13.9%	16.4%	17.5%
EBITDA Growth	-12.9%	-2.8%	13.5%	31.6%	15.1%
Depn. & Amort.	1,657	1,954	2,460	3,394	4,795
EBIT	9,576	8,964	9,931	12,914	13,968
Other Income	761	839	1,497	1,597	1,647
Finance Cost	118	275	609	998	1,355
PBT before Excep. & Forex	10,219	9,527	10,818	13,513	14,260
Excep. & Forex Inc./Loss(-)	798	0	0	0	0
PBT	11,017	9,527	10,818	13,513	14,260
Taxes	2,908	2,554	2,919	3,634	3,814
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	8,108	6,974	7,899	9,879	10,446
Adjusted Net Profit	8,108	6,972	7,899	9,879	10,447
Net Margin	10.6%	8.4%	8.9%	9.9%	9.8%
Diluted Share Cap. (mn)	136.4	136.4	136.4	136.4	136.4
Diluted EPS (INR)	59.4	51.1	57.9	72.4	76.6
Diluted EPS Growth	-4.8%	-14.0%	13.3%	25.1%	5.8%
Total Dividend + Tax	819	1,023	819	819	819
Dividend Per Share (INR)	6.0	7.5	6.0	6.0	6.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	11,017	9,528	10,818	13,513	14,260
Depn. & Amort.	1,657	1,954	2,460	3,394	4,795
Net Interest Exp. / Inc. (-)	75	-90	609	998	1,355
Inc (-) / Dec in WCap.	-1,054	-2,761	-1,037	-1,785	-1,524
Others	-290	-232	0	0	0
Taxes Paid	-2,665	-2,152	-2,919	-3,634	-3,814
Operating Cash Flow	8,741	6,247	9,931	12,485	15,071
Capex	-7,384	-11,363	-14,000	-21,000	-31,000
Free Cash Flow	1,357	-5,116	-4,069	-8,515	-15,929
Inc (-) / Dec in Investments	2,887	-3,639	0	0	0
Others	-2,682	89	0	0	0
Investing Cash Flow	-7,178	-14,913	-14,000	-21,000	-31,000
Inc / Dec (-) in Capital	0	102	0	0	0
Dividend + Tax thereon	-1,023	-1,023	-958	-958	-958
Inc / Dec (-) in Loans	1,557	9,177	12,811	11,000	11,000
Others	-98	-194	-609	-998	-1,355
Financing Cash Flow	435	8,062	11,245	9,045	8,687
Inc / Dec (-) in Cash	1,998	-605	7,176	530	-7,242
Opening Cash Balance	376	2,380	1,794	8,970	9,500
Closing Cash Balance	2,380	1,794	8,970	9,500	2,258

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	48,227	54,247	61,188	70,109	79,597
Share Capital	273	273	273	273	273
Reserves & Surplus	47,954	53,974	60,915	69,836	79,324
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	2,792	12,591	25,403	36,403	47,403
Def. Tax Liab. / Assets (-)	1,736	2,128	2,128	2,128	2,128
Total - Equity & Liab.	52,755	68,966	88,719	1,08,640	1,29,127
Net Fixed Assets	32,498	44,156	55,696	73,302	99,507
Gross Fixed Assets	35,745	39,344	53,344	74,344	1,05,344
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	12,818	14,771	17,231	20,626	25,420
Capital WIP	9,571	19,584	19,584	19,584	19,584
Investments	1,219	5,109	5,109	5,109	5,109
Current Assets	27,245	27,912	36,909	40,186	35,270
Inventories	7,599	9,264	10,028	11,179	12,155
Sundry Debtors	12,984	12,738	13,785	15,368	16,704
Cash & Bank Balances	2,380	1,794	8,970	9,500	2,258
Loans & Advances	32	37	47	60	75
Other Current Assets	4,251	4,078	4,078	4,078	4,078
Current Liab. & Prov.	8,207	8,211	8,995	9,957	10,759
Current Liabilities	7,676	7,591	8,375	9,337	10,138
Provisions & Others	531	620	620	620	620
Net Current Assets	19,038	19,701	27,914	30,229	24,511
Total - Assets	52,755	68,966	88,719	1,08,640	1,29,127

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	10.6%	8.4%	8.9%	9.9%	9.8%
Asset Turnover (x)	1.6	1.4	1.1	1.0	0.9
Leverage Factor (x)	1.1	1.2	1.4	1.5	1.6
RoE	18.2%	13.6%	13.7%	15.0%	14.0%

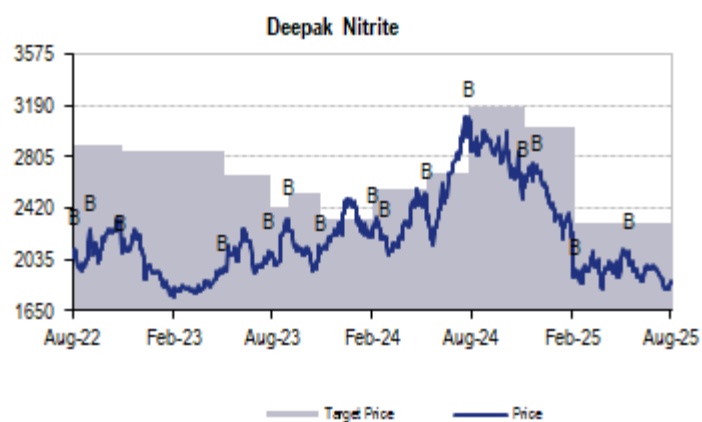
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	353.5	397.6	448.5	513.9	583.4
ROIC	16.6%	12.2%	10.9%	11.5%	9.7%
ROE	18.2%	13.6%	13.7%	15.0%	14.0%
Net Debt/Equity (x)	0.0	0.1	0.2	0.3	0.5
P/E (x)	31.5	36.7	32.3	25.9	24.5
P/B (x)	5.3	4.7	4.2	3.6	3.2
EV/EBITDA (x)	22.6	23.9	21.5	17.0	15.7
EV/Sales (x)	3.3	3.1	3.0	2.8	2.8
Debtor days	62	56	56	56	57
Inventory days	36	41	41	41	41
Creditor days	43	39	40	41	42

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
30-Nov-21	Buy	2,800	
24-Jan-22	Buy	2,760	-1.4
5-May-22	Buy	2,760	0.0
11-Aug-22	Buy	2,895	4.9
17-Aug-22	Buy	2,895	0.0
15-Sep-22	Buy	2,895	0.0
10-Nov-22	Buy	2,845	-1.7
14-May-23	Buy	2,660	-6.5
8-Aug-23	Buy	2,420	-9.0
11-Sep-23	Buy	2,535	4.7
9-Nov-23	Buy	2,340	-7.7
15-Feb-24	Buy	2,565	9.6
6-Mar-24	Buy	2,565	0.0
22-May-24	Buy	2,685	4.7
9-Aug-24	Buy	3,180	18.4
16-Nov-24	Buy	3,020	-5.0
12-Dec-24	Buy	3,020	0.0
17-Feb-25	Buy	2,305	-23.7
29-May-25	Buy	2,305	0.0

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, Chenergy, 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 1743 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 27th Floor, Office No. 2715, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.