

# Avenue Supermarts | BUY



## Looking better

DMart's Sep-Q report was broadly on expected lines. Visible acceleration in growth in average revenue per store (+6.5% vs 4-5% in recent quarters) notwithstanding continued weakness in Discretionary segment is encouraging. LFL growth of 8.6% (1H) for two years or older stores is reasonably strong; this, however, implies that newer stores are pulling system average growth down by quite a bit, which needs some working-upon. Other interesting takeaways: 1) Footfalls at stores continued to get better - 1H average represents a 5% improvement over FY23 level. 2) Basket-size was tad lower vs FY23 average. 3) Apr-Sep capex of INR 12.7bn (Standalone) was significantly higher than the spends needed for the 12 new stores opened (0.5mn sq ft) – nearly 2x, in fact. This implies that a lot more under-construction stores are in the pipeline. On the flip side, Discretionary sales are still not picking up well and margin within Discretionary could also have dropped by a couple of %-points. Positives outweigh negatives at this stage, though. Worst in terms of revenue weakness appears behind and comps are also more favourable going forward. We remain bullish - businesses with such long growth runways are rare, in our view.

- Acceleration in growth in revenue per store sales encouraging, despite continued weakness in Discretionary segments:** DMart's 2QFY24 revenue grew 18.5% to INR123.1bn (standalone). Store-count rose 11.3% yoy to 336 with 9 new stores added during the quarter. On a per-store basis, revenue grew 6.5% yoy – better vs 4-5% seen in recent times. Other operating metrics in terms of daily footfalls at stores, new stores pipeline are also looking better. Basket-size is down a tad vs FY23 average but significantly lower (-13%) yoy. Management has in the recent past alluded to some recovery in General Merchandise but weaker consumer sentiments amongst lower-income households as well as higher competitive intensity in the space has continued to impact Apparels offtakes, which continued to drag down the share of Discretionary revenue for the company. However, there appears to have been some rationalisation in margin as well, which resulted in the 50bps yoy drop in gross margin during the quarter. Subsidiaries' revenue (mainly DMart Ready) grew c.25% yoy and c.13% qoq with losses lower by 21% yoy and 4% qoq.
- Gross margin remained impacted by overall mix and some price-rationalisation as well, it seems; comps more favourable from 2H:** As highlighted above, weaker mix on account of lower contribution from General Merchandise and Apparels (23.2% revenue share in 1HFY24 vs 24.8% in 1H LY) led gross margin lower but lower salience itself doesn't seem to explain the entire fall in gross margin vs year-ago level. We believe that management is likely re-working on the Apparels portfolio itself which could have had some impact on Discretionary margin per se. Employee costs (+20% yoy) grew at a faster pace than topline but was made up by good control over Other Expenses (+16.7% yoy). On a per-store basis, SG&A grew 5.7% vs 6.5% growth in revenue with the lower flowthrough being entirely due to lower gross margin. The decline in gross margin flowed through entirely to EBITDA which grew c.12% to INR10bn - tad below our forecast. Stripping out tax refund of INR 1.4bn LY, adjusted net profit grew c.12% yoy to INR 6.6bn which is inline with what we were expecting.

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	4,500
Upside/(Downside)	14.4%
Previous Price Target	4,255
Change	5.8%

### Key Data – DMART IN

Current Market Price	INR3,933
Market cap (bn)	INR2,561.2/US\$30.8
Free Float	36%
Shares in issue (mn)	624.1
Diluted share (mn)	648.3
3-mon avg daily val (mn)	INR1,402.7/US\$16.8
52-week range	4,399/3,292
Sensex/Nifty	66,283/19,751
INR/US\$	83.3

### Price Performance

%	1M	6M	12M
Absolute	3.2	12.4	-8.7
Relative*	5.6	2.5	-20.2

\* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	308,584	427,054	504,608	615,391	747,423
Sales Growth (%)	28.2%	38.4%	18.2%	22.0%	21.5%
EBITDA	24,985	36,370	41,947	53,101	66,608
EBITDA Margin (%)	8.1%	8.5%	8.3%	8.6%	8.9%
Adjusted Net Profit	15,058	22,397	25,656	32,436	41,146
Diluted EPS (INR)	23.2	34.6	39.6	50.0	63.5
Diluted EPS Growth (%)	38.7%	48.6%	14.5%	26.4%	26.9%
ROIC (%)	12.4%	16.5%	15.1%	16.3%	17.5%
ROE (%)	11.6%	15.1%	14.8%	16.0%	17.2%
P/E (x)	169.2	113.8	99.4	78.6	62.0
P/B (x)	18.6	15.9	13.7	11.6	9.8
EV/EBITDA (x)	109.1	74.1	64.2	50.5	40.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data, JM Financial. Note: Valuations as of 13/Oct/2023

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.

**Exhibit 1. Considering the long growth runway for the business, we expect the stock to offer double-digit return over the next five years even if one-year forward PE multiple compresses significantly to a level that is closer vs what Consumer Staples ex-ITC is currently trading at**

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
EPS - INR	20.1	16.8	23.2	34.6	39.6	50.0	63.5	80.7	99.6	122.1
EPS growth	40%	-17%	39%	49%	15%	26%	27%	27%	23%	23%
PER at CMP (x)			169	114	99					
Target PER						85	75	65	60	55
EPS	20.1	16.8	23.2	34.6	39.6	50.0	63.5	80.7	99.6	122.1
Share Px Date	10/14/2023			TP Dates:		March-24	March-25	March-26	March-27	March-28
CMP	3,933			TP - Rs/sh		4,253	4,760	5,248	5,977	6,715
No of years vs today						0.5	1.5	2.5	3.5	4.5
CAGR vs CMP						18%	14%	12%	13%	13%

Source: Company, Bloomberg, JM Financial

**Exhibit 2. 2QFY24 result snapshot: Performance largely in-line; operating metrics tracking well now**

(INR mn)

	Parent			Consolidated					
	2QFY24	2QFY23	YoY growth	2QFY24 E	% Var	2QFY24	2QFY23	YoY growth	
<b>Revenue</b>	<b>123,077</b>	<b>103,847</b>	<b>18.5%</b>	<b>123,077</b>	<b>0.0%</b>	<b>126,244</b>	<b>106,383</b>	<b>18.7%</b>	
<b>Gross Profit</b>	<b>17,190</b>	<b>15,049</b>	<b>14.2%</b>	<b>17,231</b>	<b>-0.2%</b>	<b>18,526</b>	<b>16,091</b>	<b>15.1%</b>	
Gross Profit Margin %	14.0%	14.5%	-52 bps	14.0%	-3 bps	14.7%	15.1%	-45 bps	
Staff Cost	1,956	1,630	20.0%	1,886	3.7%	2,247	1,886	19.1%	
Other Expenses	5,217	4,470	16.7%	5,221	-0.1%	6,229	5,285	17.9%	
<b>EBITDA</b>	<b>10,018</b>	<b>8,949</b>	<b>11.9%</b>	<b>10,124</b>	<b>-1.1%</b>	<b>10,050</b>	<b>8,920</b>	<b>12.7%</b>	
EBITDA margin %	8.1%	8.6%	-48 bps	8.2%	-9 bps	8.0%	8.4%	-42 bps	
Depreciation	1,509	1,365	10.5%	1,549	-2.6%	1,744	1,620	7.7%	
EBIT	8,509	7,584	12.2%	8,575	-0.8%	8,306	7,301	13.8%	
Interest Expense	117	118	-0.8%	220	-47.0%	156	177	-11.8%	
Financial Other Income	456	438	4.3%	520	-12.3%	369	356	3.8%	
<b>PBT</b>	<b>8,848</b>	<b>7,904</b>	<b>12.0%</b>	<b>8,875</b>	<b>-0.3%</b>	<b>8,519</b>	<b>7,480</b>	<b>13.9%</b>	
Taxes	2,263	599	278.0%	2,263	0.0%	2,286	622	267.3%	
<b>Reported Net Profit</b>	<b>6,585</b>	<b>7,305</b>	<b>-9.8%</b>	<b>6,612</b>	<b>-0.4%</b>	<b>6,236</b>	<b>6,858</b>	<b>-9.1%</b>	
<b>Adjusted Net Profit</b>	<b>6,585</b>	<b>5,897</b>	<b>11.7%</b>	<b>6,612</b>	<b>-0.4%</b>	<b>6,236</b>	<b>5,450</b>	<b>14.4%</b>	

Source: Company, JM Financial

**Exhibit 3. 2QFY24 costs breakdown**

% of net sales	Parent			Consolidated		
	2QFY24	2QFY23	2QFY24 E	2QFY24	2QFY23	
Cost of Goods Sold	86.0%	85.5%	86.0%	85.3%	84.9%	
Staff Cost	1.6%	1.6%	1.5%	1.8%	1.8%	
Other Expenses	4.2%	4.3%	4.2%	4.9%	5.0%	
Depreciation	1.2%	1.3%	1.3%	1.4%	1.5%	

Source: Company, JM Financial

**Exhibit 4. Overview of Subsidiaries' net contribution to revenue, EBITDA and net profit**

(INR mn)

	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Subsidiaries Revenue	881	1,093	1,086	1,514	1,393	1,527	1,804	2,312	2,537	2,645	2,570	2,810	3,167
yoy	111%	92%	74%	203%	58%	40%	66%	53%	82%	73%	42%	22%	25%
Subsidiaries EBITDA	46	-22	-40	30	-16	-17	-27	3	-29	-92	-107	-12	32
Subsidiaries PAT	-120	-233	-211	-198	-311	-333	-396	-368	-448	-514	-451	-366	-352

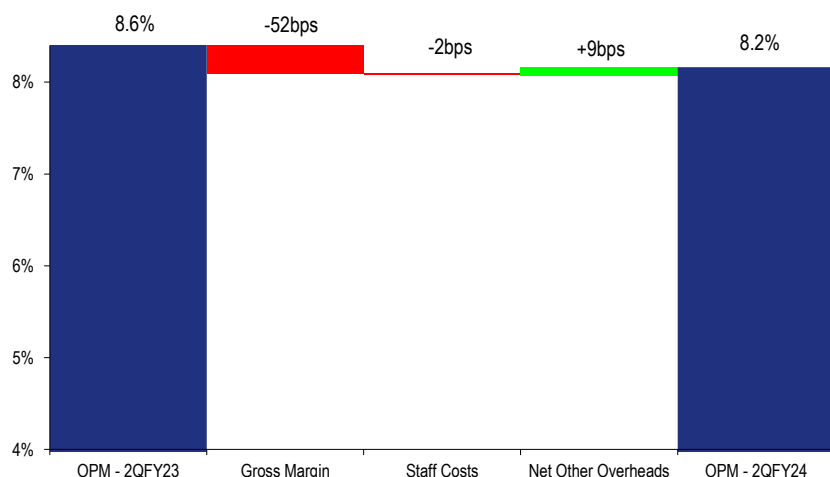
Source: Company, JM Financial

**Exhibit 5. Operational datapoints: Share of Discretionary business is still lower yoy**

	1HFY23	1HFY24				
Foods	54.8%	56.2%				
Non-Foods (FMCG)	20.5%	20.6%				
General Merchandise & Apparel	24.8%	23.2%				
	FY20	FY21	FY22	FY23	1HFY23	1HFY24
Bill cuts (Annualised)	201	152	181	258	216	294
LFL growth (24 months)	10.9%	-13.1%	16.7%	24.2%	41.6%	8.6%

Source: Company, Bloomberg, JM Financial

**Exhibit 6. Sep-Q EBITDA margin (Standalone) down 45bps yoy primarily due to gross margin compression**



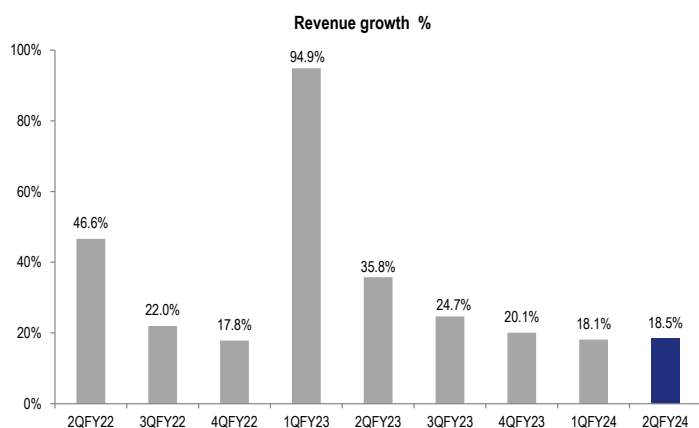
Source: Company, JM Financial

**Exhibit 7. 1H Cash Flow Summary (Consolidated) – significantly higher capex spends vs new stores that got commercialised during the period (INR mn)**

Rs. Mn	1HFY23	1HFY24
Operating profit after tax before working capital changes	15,294	17,390
Working Cap changes	-6,882	-8,318
Reported cash flow from operations	8,412	9,072
Less: Lease related payments	-1,033	-1,112
Less: Capex	-9,676	-13,005
FCFF	-2,297	-5,045
Cash flow from investing activities	-7,481	-9,104
Cash flow from financing activities	-1,034	-374
Est net cash balance at Sep-end	12,499	15,555

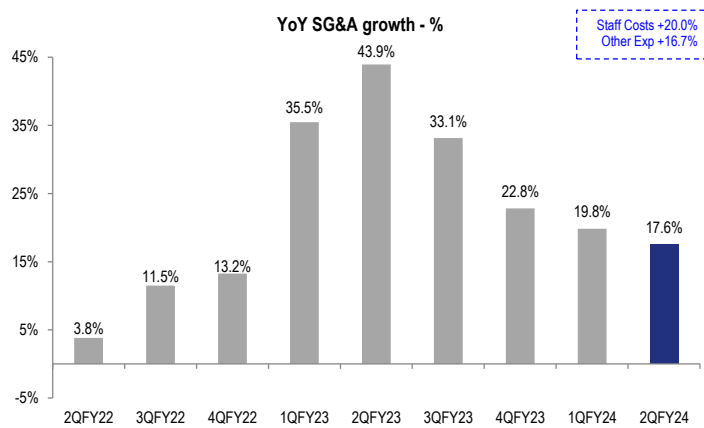
Source: Company, JM Financial

**Exhibit 8. Revenue grew 18.5% yoy led by c.11% increase in store-count and 6.5% growth in average revenue per-store**



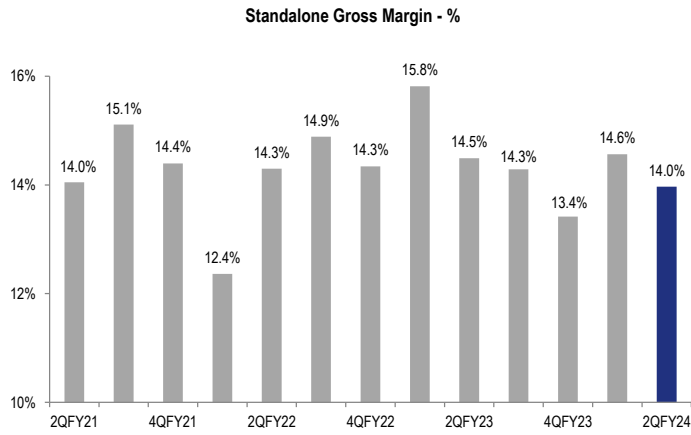
Source: Company, JM Financial

**Exhibit 9. SG&A grew slightly lower (0.9x) than the rate of growth in revenue**



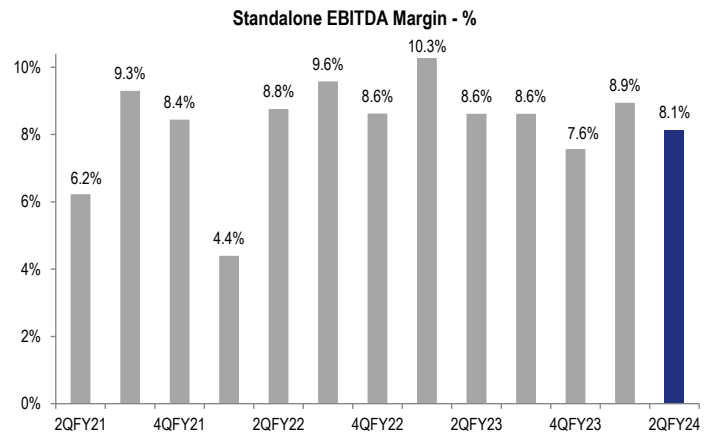
Source: Company, JM Financial

**Exhibit 10. Gross margin down 60bps qoq and 52bps yoy**



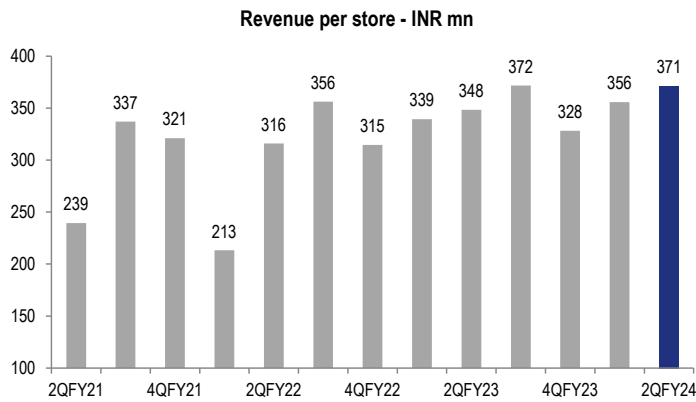
Source: Company, JM Financial

**Exhibit 11. EBITDA margin fell by 48bps yoy as a consequence**



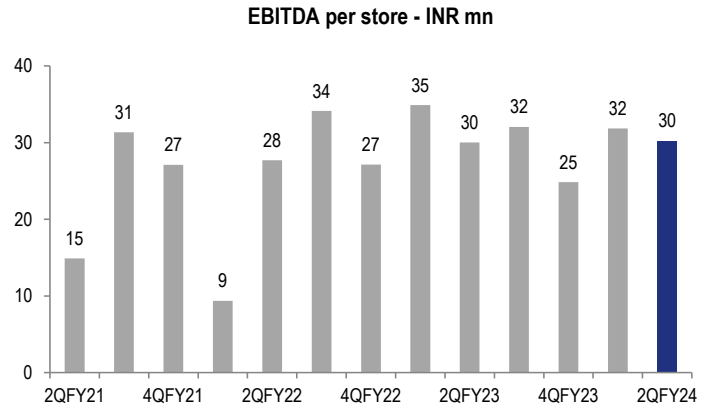
Source: Company, JM Financial

**Exhibit 12. Revenue per store grew by 6.5% yoy**



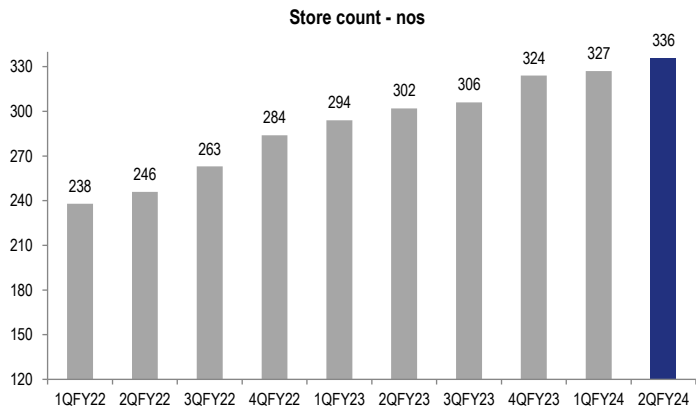
Source: Company, JM Financial

**Exhibit 13. EBITDA per store was broadly flattish vs year-ago level**



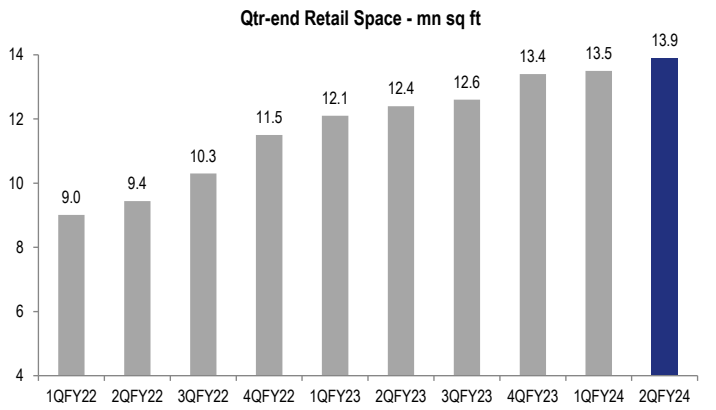
Source: Company, JM Financial

**Exhibit 14. 9 new stores added during Sep-Q taking total to 336**



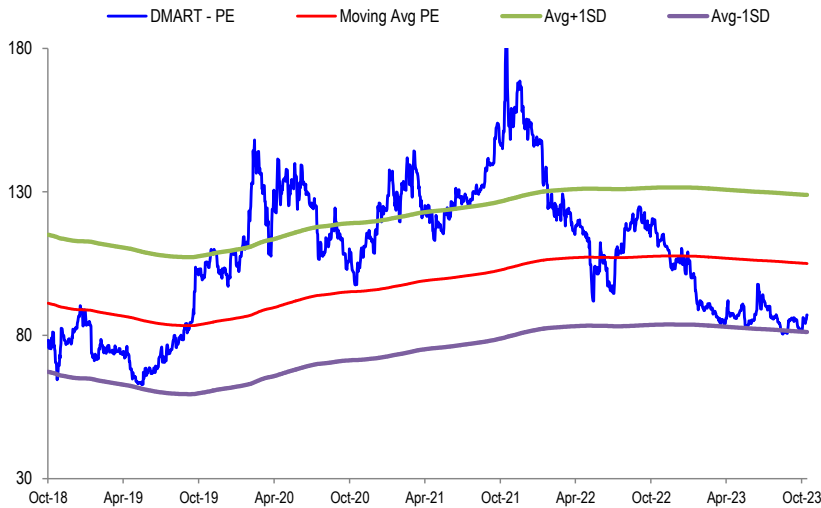
Source: Company, JM Financial

**Exhibit 15. Retail business area (sq footage) grew 12.1% yoy**



Source: Company, JM Financial

Exhibit 16. DMart one-year forward PE band



Source: Company, Bloomberg, JM Financial

Exhibit 17. Our DCF-based Target Price at INR 4,500/share

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	(INR mn)
<b>Explicit Forecast</b>																	FY23-35
Revenue	248,702	241,431	309,763	428,396	506,193	617,324	749,771	907,578	1,082,302	1,285,985	1,524,156	1,780,977	2,053,828	2,364,109	2,693,395	3,059,074	17.8%
yoy growth	24.3%	-2.9%	28.3%	38.3%	18.2%	22.0%	21.5%	21.0%	19.3%	18.8%	18.5%	16.9%	15.3%	15.1%	13.9%	13.6%	
EBITDA Pre Ind-AS 116	20,297	16,087	23,223	34,213	39,446	50,112	63,051	78,964	96,222	116,954	141,795	169,036	198,169	231,943	267,728	308,185	20.1%
EBITDA margin %	8.2%	6.7%	7.5%	8.0%	7.8%	8.1%	8.4%	8.7%	8.9%	9.1%	9.3%	9.5%	9.6%	9.8%	9.9%	10.1%	
Comparable EBIT (Pre Ind As 116)	17,567	13,042	19,669	29,602	33,725	43,202	54,795	69,215	84,855	103,804	126,686	151,857	178,811	210,213	243,423	281,168	20.6%
Tax Rate	25.4%	25.9%	27.7%	22.3%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	
<b>NOPAT</b>	<b>13,099</b>	<b>9,666</b>	<b>14,221</b>	<b>23,007</b>	<b>24,781</b>	<b>31,745</b>	<b>40,263</b>	<b>50,859</b>	<b>62,351</b>	<b>76,276</b>	<b>93,735</b>	<b>112,359</b>	<b>132,302</b>	<b>155,536</b>	<b>180,108</b>	<b>208,036</b>	<b>20.1%</b>
Depreciation	2,730	3,045	3,554	4,611	5,721	6,909	8,256	9,749	11,367	13,150	15,109	17,179	19,358	21,730	24,305	27,017	
Change in net working capital	-3,916	-1,081	-4,888	-4,985	-2,828	-5,826	-6,988	-8,355	-6,594	-10,761	-12,474	-13,492	-9,302	-15,593	-16,567	-18,428	
Capex	-15,357	-19,149	-24,569	-22,167	-28,125	-31,873	-35,629	-39,460	-41,798	-48,234	-50,889	-53,515	-56,300	-63,738	-67,052	-70,521	
<b>Free Cash Flow</b>	<b>-3,445</b>	<b>-7,519</b>	<b>-11,683</b>	<b>467</b>	<b>-450</b>	<b>955</b>	<b>5,903</b>	<b>12,793</b>	<b>25,326</b>	<b>30,430</b>	<b>45,481</b>	<b>62,530</b>	<b>86,058</b>	<b>97,936</b>	<b>120,795</b>	<b>146,104</b>	
<b>% growth</b>			55.4%	-104.0%	-196.5%	-312.1%	518.2%	116.7%	98.0%	20.2%	49.5%	37.5%	37.6%	13.8%	23.3%	21.0%	
Discount Factor						0.95	0.87	0.79	0.72	0.65	0.59	0.54	0.49	0.44	0.40	0.37	
<b>Discounted FCFF</b>						<b>910</b>	<b>5,116</b>	<b>10,081</b>	<b>18,142</b>	<b>19,817</b>	<b>26,926</b>	<b>33,654</b>	<b>42,106</b>	<b>43,562</b>	<b>48,845</b>	<b>53,708</b>	
<b>Fade Period</b>	<b>FY36</b>	<b>FY37</b>	<b>FY38</b>	<b>FY39</b>	<b>FY40</b>	<b>FY41</b>	<b>FY42</b>	<b>FY43</b>	<b>FY44</b>	<b>FY45</b>							
FCFF	174,678	206,403	241,010	278,056	316,918	356,789	396,698	435,536	472,101	505,148							
<b>% growth</b>	19.6%	18.2%	16.8%	15.4%	14.0%	12.6%	11.2%	9.8%	8.4%	7.0%							
Discount factor	0.33	0.30	0.28	0.25	0.23	0.21	0.19	0.17	0.16	0.14							
<b>Discounted FCFF</b>	<b>58,374</b>	<b>62,706</b>	<b>66,563</b>	<b>69,813</b>	<b>72,337</b>	<b>74,034</b>	<b>74,832</b>	<b>74,690</b>	<b>73,600</b>	<b>71,593</b>							
<b>Valuation</b>																	
PV of explicit forecast	302,868																
PV of Fade period	698,542																
PV of terminal value	1,897,205																
<b>Enterprise Value</b>	<b>2,898,614</b>																
<b>Less:</b>																	
Net Debt	-18,844																
Minority interest	1																
<b>Value for equity shareholders</b>	<b>2,917,457</b>																
No. of shares - mn	648																
<b>Target price - INR/share</b>	<b>4500</b>																
<b>WACC</b>	<b>10.0%</b>																
<b>Terminal growth rate</b>	<b>6.0%</b>																

Source: Company, Bloomberg, JM Financial

## Financial Tables (Consolidated)

Profit & Loss Statement						(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
<b>Sales</b>	<b>308,584</b>	<b>427,054</b>	<b>504,608</b>	<b>615,391</b>	<b>747,423</b>	
Sales Growth	28.2%	38.4%	18.2%	22.0%	21.5%	
Other Operating Income	1,179	1,341	1,585	1,933	2,348	
<b>Total Revenue</b>	<b>309,763</b>	<b>428,396</b>	<b>506,193</b>	<b>617,324</b>	<b>749,771</b>	
Cost of Goods Sold/Op. Exp.	263,974	363,840	430,670	524,175	635,739	
Personnel cost	6,162	7,470	8,889	10,525	12,388	
Other expenses	14,642	20,716	24,686	29,523	35,035	
<b>EBITDA (Comparable)</b>	<b>23,223</b>	<b>34,213</b>	<b>39,446</b>	<b>50,112</b>	<b>63,051</b>	
EBITDA (%)	7.5%	8.0%	7.8%	8.1%	8.4%	
EBITDA Growth (%)	44.4%	47.3%	15.3%	27.0%	25.8%	
<b>Reported EBITDA</b>	<b>24,985</b>	<b>36,370</b>	<b>41,947</b>	<b>53,101</b>	<b>66,608</b>	
Deprn & Amort	4,981	6,389	7,635	9,233	10,914	
EBIT	20,004	29,982	34,312	43,868	55,694	
Other Income	1,175	1,293	1,384	1,335	1,701	
Finance Cost	538	674	779	1,060	1,399	
PBT before Excep & Forex	20,641	30,601	34,916	44,143	55,996	
Excep & forex Inc/Loss(-)	0	0	0	0	0	
PBT	20,641	30,601	34,916	44,143	55,996	
Taxes	5,717	6,818	9,260	11,707	14,850	
Extraordinary Inc/Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	-2	-2	0	0	0	
Reported Net profit	14,926	23,785	25,656	32,436	41,146	
<b>Adjusted Net Profit</b>	<b>15,058</b>	<b>22,397</b>	<b>25,656</b>	<b>32,436</b>	<b>41,146</b>	
Net Margin (%)	4.9%	5.2%	5.1%	5.3%	5.5%	
Diluted share capital (mn)	647.8	648.3	648.3	648.3	648.3	
<b>Diluted EPS (Rs)</b>	<b>23.2</b>	<b>34.6</b>	<b>39.6</b>	<b>50.0</b>	<b>63.5</b>	
Diluted EPS Growth	38.7%	48.6%	14.5%	26.4%	26.9%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (Rs)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Balance Sheet						(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	136,776	160,787	186,443	218,879	260,025	
Share capital	6,478	6,483	6,483	6,483	6,483	
Reserves & Surplus	130,299	154,304	179,961	212,397	253,542	
Preference Share Capital						
Minority Interest	3	1	1	1	1	
Total Loans	0	0	0	0	0	
Def. Tax Liab / Assets (-)	624	752	933	1,163	1,454	
<b>Total - Equity &amp; Liab</b>	<b>137,403</b>	<b>161,540</b>	<b>187,377</b>	<b>220,043</b>	<b>261,480</b>	
Net Fixed Assets	101,136	118,499	140,710	165,279	192,152	
Gross Fixed Assets	101,425	126,593	154,718	186,591	222,220	
Intangible Assets						
Less: Deprn. & Amort.	14,740	19,246	24,967	31,876	40,132	
Net Lease Assets & Capital WIP	14,451	11,152	10,959	10,564	10,064	
Investments	13,783	14,038	0	0	0	
Current Assets	33,299	41,904	62,880	74,455	93,156	
Inventories	27,427	32,435	38,325	46,485	56,151	
Sundry Debtors	669	622	734	896	1,088	
Cash & Bank Balances	951	2,072	16,502	18,844	26,513	
Loans & Advances	2,213	4,249	4,413	4,889	5,562	
Other Current Assets	2,040	2,527	2,906	3,341	3,843	
Current Liab. & Prov.	10,815	12,901	16,212	19,691	23,828	
Current Liabilities	9,309	11,649	15,263	18,550	22,460	
Provisions & Others	1,506	1,252	950	1,141	1,368	
Net Current Assets	22,484	29,003	46,668	54,764	69,328	
<b>Application of Funds</b>	<b>137,403</b>	<b>161,540</b>	<b>187,377</b>	<b>220,043</b>	<b>261,480</b>	

Source: Company, JM Financial

Cash Flow statement						(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	20,641	30,601	34,916	44,143	55,996	
Deprn. & Amort.	4,981	6,389	7,635	9,233	10,914	
Net Interest Exp. / Inc. (-)	-637	-619	-604	-275	-301	
Inc (-) / Dec in WCap.	-5,825	-3,199	-2,828	-5,826	-6,988	
Others	166	220	182	230	291	
Taxes Paid	-5,603	-7,089	-9,666	-11,635	-14,758	
<b>Operating Cash Flow</b>	<b>13,724</b>	<b>26,303</b>	<b>29,634</b>	<b>35,870</b>	<b>45,155</b>	
Capex	-23,895	-22,065	-28,125	-31,873	-35,629	
Free Cash Flow	-10,172	4,238	1,510	3,996	9,525	
-Inc/dec in investments	10,500	-1,557	14,038	0	0	
Other current assets	500	491	1,384	1,335	1,701	
<b>Investing Cash Flow</b>	<b>-12,895</b>	<b>-23,131</b>	<b>-12,703</b>	<b>-30,538</b>	<b>-33,929</b>	
Inc/dec in capital	0	155	0	0	0	
Dividend+Tax Thereon	0	0	0	0	0	
Inc/dec in loans	0	0	0	0	0	
Other assets	-1,792	-2,207	-2,501	-2,989	-3,557	
<b>Financing Cash Flow</b>	<b>-1,792</b>	<b>-2,051</b>	<b>-2,501</b>	<b>-2,989</b>	<b>-3,557</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-964</b>	<b>1,120</b>	<b>14,430</b>	<b>2,342</b>	<b>7,669</b>	
Opening cash balance	1,915	951	2,072	16,502	18,844	
Closing cash balance	951	2,071	16,502	18,844	26,513	

Source: Company, JM Financial

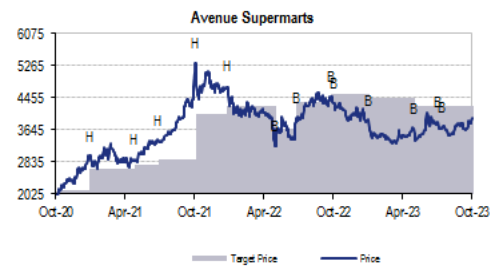
Dupont Analysis					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Margin	4.9%	5.2%	5.1%	5.3%	5.5%
Asset Turnover (x)	2.4	2.9	2.9	3.0	3.1
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	11.6%	15.1%	14.8%	16.0%	17.2%
Key Ratios					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
BV/Share (Rs)	211.1	248.0	287.6	337.6	401.1
ROIC (%)	12.4%	16.5%	15.1%	16.3%	17.5%
ROE (%)	11.6%	15.1%	14.8%	16.0%	17.2%
Net Debt-equity ratio (x)	-0.1	-0.1	-0.1	-0.1	-0.1
PER	169.2	113.8	99.4	78.6	62.0
PBV	18.6	15.9	13.7	11.6	9.8
EV/EBITDA	109.1	74.1	64.2	50.5	40.0
EV/Net Sales	8.2	5.9	5.0	4.1	3.4
Debtor days	1	1	1	1	1
Inventory days	32	28	28	28	27
Creditor days	12	11	12	12	12

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Apr-20	Hold	2,060	
23-May-20	Hold	2,060	0.0
8-Jul-20	Hold	2,060	0.0
11-Jul-20	Hold	2,075	0.7
5-Aug-20	Hold	2,075	0.0
8-Oct-20	Hold	2,075	0.0
17-Oct-20	Hold	2,135	2.9
9-Jan-21	Hold	2,655	24.4
8-May-21	Hold	2,760	4.0
10-Jul-21	Hold	2,905	5.3
16-Oct-21	Hold	4,055	39.6
8-Jan-22	Hold	4,240	4.6
14-May-22	Buy	3,675	-13.3
9-Jul-22	Buy	4,330	17.8
7-Oct-22	Buy	4,540	4.8
15-Oct-22	Buy	4,535	-0.1
14-Jan-23	Buy	4,440	-2.1
13-May-23	Buy	4,255	-4.2
15-Jul-23	Buy	4,255	0.0
26-Jul-23	Buy	4,255	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.

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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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