

# Sapphire Foods India | BUY

## Operational performance weak; elongated recovery ahead

Sapphire's revenue grew 13% YoY (in line) led by 12%/5%/31% growth in KFC/Pizza Hut (PH)/Sri Lanka business. KFC's SSSG continues to recover (QoQ) but is still negative (-1%) while PH reported 1% SSSG on weak base. Store openings remain underwhelming with addition of 6 stores in KFC and closure of 5 stores in PH. The management couldn't undertake mass advertising in 4Q in PH due to difference of opinion with Devyani, leading to lower footfalls and weak SSTG in PH. This coupled with weak operating leverage and high delivery mix in KFC/ PH dragged EBITDA margin (~140bps contraction YoY to 14.9%) in 4Q along with ~70bps YoY contraction in gross margin due to increase in value offerings. Performance remained resilient in Sri Lanka, with 16% SSSG and 27% ADS growth. The management maintains its store opening guidance of 70-80 stores in KFC with extreme caution in Pizza Hut limiting store openings to a maximum of 20-25 stores. It highlighted that demand trends remain neutral with SSSG flat in April. Going ahead, the focus will be to drive SSSG led by improvement in SSTG driven by higher value offerings in KFC/PH. We cut our Pre Ind AS EBITDA estimates by 14%/10% for FY26/27 due to the weak demand environment and elongated recovery in SSSG and ADS in KFC/PH. While near-term demand remains challenging, the company's core fundamentals are intact. We maintain our BUY rating with a revised TP of INR 365 (earlier INR 400) as the valuations remains attractive and still offers upside of ~18%, based on 25x EV/EBITDA Mar'27.

- **Revenue in line, margins disappoint; lower depreciation leads to PAT beat:** Consolidated revenue grew 13% YoY to INR 7.1bn (in line with estimate). EBITDA grew 3 % YoY to INR 1.1bn (4% below estimate) as EBITDA margin contracted ~140bps YoY to 14.9% (JMFe: 15.4%) led by gross margin (GM) contraction of 70bps YoY to 68.2% (JMFe: 68.4%) and higher employee/other expenses by 20/50 bps YoY due to negative leverage. APAT declined 27% YoY to INR 18mn (JMFe: loss of INR 18mn) despite 2% YoY decline in depreciation expense (17% lower vs. JMFe) due to 8% YoY increase in interest partially offset by 5% YoY higher other income. Pre-Ind AS EBITDA was down 7% YoY to INR 508mn as margin contracted 150bps YoY to 7.1%. Consolidated brand EBITDA stood at INR 856mn, down 1% YoY as brand margin contracted 160bps YoY to 12%.
- **KFC/PH remains impacted; SL business improvement sustained:** KFC's revenue grew 12% YoY to INR 4.8bn. It added 6 stores QoQ (502 stores). EBITDA declined 6% YoY to INR 753mn as brand EBITDA margin contracted ~300bps YoY to 15.7% (JMFe: 16%) on ~30 bps YoY gross margin (GM) contraction to 68% and negative leverage. **Pizza Hut's (PH)** revenue grew 5% YoY (4% below JMFe) to INR 1.2bn due to closure of 5 stores (334 stores). EBITDA margin contracted ~190bps YoY to -4.6% (JMFe: 0%) led by GM contraction by 70bps YoY to 74.8%. **Sri Lanka (SL)** revenue grew 31% YoY to INR 1.1bn (2% above JMFe). It added one store QoQ (127 stores). EBITDA grew 57% YoY to INR 158mn as brand contribution margin grew 250bps YoY to 14.8% (JMFe: 15.5%) despite GM contracting by ~130bps YoY to 60.6%. KFC/PH/SL's SSSGs were at -1/+1/+16%. ADS of KFC declined by 5% YoY while that of Pizza Hut/SL increased by 2%/27% YoY.



**Gaurav Jogani**

gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

**Mehul Desai**

mehul.desai@jmfl.com | Tel: (91 22) 66303065

**Tanuj Pandia**

tanuj.pandia@jmfl.com | Tel: (91 22) 66303051

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	365
Upside/(Downside)	17.5%
Previous Price Target	400
Change	-8.8%

### Key Data – SAPPHIRE IN

Current Market Price	INR311
Market cap (bn)	INR99.9/US\$1.2
Free Float	61%
Shares in issue (mn)	318.5
Diluted share (mn)	321.2
3-mon avg daily val (mn)	INR184.5/US\$2.2
52-week range	401/242
Sensex/Nifty	80,747/24,414
INR/US\$	84.8

### Price Performance

%	1M	6M	12M
Absolute	6.3	-2.2	10.0
Relative*	-2.3	-3.8	0.1

\* To the BSE Sensex

### Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	25,880	28,757	33,280	38,669	44,640
Sales Growth (%)	14.7	11.1	15.7	16.2	15.4
EBITDA	4,613	4,768	5,720	7,334	8,820
EBITDA Margin (%)	17.8	16.5	17.2	18.9	19.7
Adjusted Net Profit	520	297	620	1,227	1,833
Diluted EPS (INR)	1.6	0.9	1.9	3.8	5.7
Diluted EPS Growth (%)	-52.0	-43.4	108.9	98.1	49.3
ROIC (%)	9.2	7.3	9.2	13.8	17.6
ROE (%)	4.0	2.2	4.3	8.1	10.9
P/E (x)	190.7	336.8	161.2	81.4	54.5
P/B (x)	7.4	7.1	6.8	6.3	5.7
EV/EBITDA (x)	21.2	20.4	17.0	13.2	10.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 07/May/2025

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. Quarterly consolidated performance (INR mn)

	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est.	Chg (%)	FY24	FY25	
<b>Net operating income</b>	<b>6,317</b>	<b>7,565</b>	<b>7,113</b>	<b>13</b>	<b>(6)</b>	<b>7,172</b>	<b>(1)</b>	<b>25,943</b>	<b>28,819</b>	<b>11</b>
Material cost	(1,966)	(2,376)	(2,266)	15	(5)	(2,263)	0	(8,109)	(9,068)	12
<b>Gross profit</b>	<b>4,351</b>	<b>5,189</b>	<b>4,848</b>	<b>11</b>	<b>(7)</b>	<b>4,908</b>	<b>(1)</b>	<b>17,834</b>	<b>19,750</b>	<b>11</b>
Employee costs	(857)	(984)	(977)	14	(1)	(976)	0	(3,456)	(3,864)	12
Other Expenses	(2,464)	(2,862)	(2,808)	14	(2)	(2,825)	(1)	(9,765)	(11,119)	14
<b>EBITDA</b>	<b>1,029</b>	<b>1,343</b>	<b>1,062</b>	<b>3</b>	<b>(21)</b>	<b>1,107</b>	<b>(4)</b>	<b>4,613</b>	<b>4,768</b>	<b>3</b>
Other income	124	105	130	5	24	150	(13)	334	372	11
Interest expense	(275)	(275)	(298)	8	8	(285)	4	(1,009)	(1,116)	11
D&A	(870)	(1,005)	(850)	(2)	(15)	(1,020)	(17)	(3,239)	(3,639)	12
<b>PBT</b>	<b>8</b>	<b>168</b>	<b>45</b>	<b>434</b>	<b>(73)</b>	<b>(48)</b>	<b>(194)</b>	<b>699</b>	<b>384</b>	<b>(45)</b>
Provision for taxes	12	(41)	5	(62)	(111)	13		(180)	(88)	(51)
Exceptional Items	-	-	(29)			-		-	(130)	
<b>PAT after EO/Minority interest</b>	<b>24</b>	<b>120</b>	<b>18</b>	<b>(27)</b>	<b>(85)</b>	<b>(18)</b>	<b>(198)</b>	<b>525</b>	<b>192</b>	<b>(63)</b>
<b>Recurring EPS (Rs)</b>	<b>0.1</b>	<b>0.4</b>	<b>0.2</b>	<b>140</b>	<b>(61)</b>	<b>(0.1)</b>	<b>(240)</b>	<b>1.6</b>	<b>0.9</b>	<b>(43)</b>
<b>% of net operating revenues</b>										
<b>Gross margin (%)</b>	<b>68.9</b>	<b>68.6</b>	<b>68.2</b>	<b>-73 bps</b>	<b>-45 bps</b>	<b>68.4</b>	<b>-30 bps</b>	<b>68.7</b>	<b>68.5</b>	<b>-21 bps</b>
<b>EBITDA margin (%)</b>	<b>16.3</b>	<b>17.8</b>	<b>14.9</b>	<b>-137 bps</b>	<b>-283 bps</b>	<b>15.4</b>	<b>-51 bps</b>	<b>17.8</b>	<b>16.5</b>	<b>-124 bps</b>
Material cost	31.1	31.4	31.8	72 bps	44 bps	31.6	29 bps	31.3	31.5	20 bps
Employee cost	13.6	13.0	13.7	16 bps	73 bps	13.6	12 bps	13.3	13.4	8 bps
Other expenditure	39.0	37.8	39.5	46 bps	164 bps	39.4	8 bps	37.6	38.6	93 bps
Income tax rate (% of PBT)	(143.0)	24.3	(10.1)	13297 bps	-3436 bps	26.8	-3683 bps	25.7	22.8	-286 bps
<b>Segmental Performance</b>										
<b>Revenue</b>										
KFC	4,285	4,948	4,793	12	(3)	4,800	(0)	17,157	19,038	11
Pizza Hut	1,188	1,430	1,248	5	(13)	1,300	(4)	5,185	5,451	5
Sri Lanka	816	1,159	1,066	31	(8)	1,044	2	3,397	4,227	24
<b>Brand Contribution</b>										
KFC	801	901	753	(6)	(16)	768	(2)	3,381	3,297	(2)
Pizza Hut	(32)	67	(57)	79	(185)	-	NM	252	130	(48)
Sri Lanka	100	206	158	57	(24)	162	(2)	466	652	40
<b>Brand Contribution Margin</b>										
KFC	18.7	18.2	15.7	-300 bps	-250 bps	16.0	-31 bps	19.7	17.3	-240 bps
Pizza Hut	(2.7)	4.7	(4.6)	-190 bps	-930 bps	-	-460 bps	4.9	2.4	-246 bps
Sri Lanka	12.3	17.8	14.8	250 bps	-300 bps	15.5	-70 bps	13.7	15.4	169 bps

Source: Company, JM Financial

## Exhibit 2. We cut our Pre Ind AS EBITDA estimates by 14%/10% for FY26/27 led by weak demand environment

	FY26E			FY27E		
	Revised	Earlier	Chng (%)	Revised	Earlier	Chng (%)
Revenues (Rs mn)	33,346	34,665	(3.8)	38,739	41,094	(5.7)
EBITDA (Rs mn)	5,720	6,237	(8.3)	7,334	7,833	(6.4)
EBITDA (%)	17.2	18.0		18.9	19.1	
<b>Pre-Ind AS-116</b>						
EBITDA (Rs mn)	3,256	3,797	(14.2)	4,501	5,026	(10.4)
EBITDA (%)	9.8	11.0		11.6	12.2	

Source: Company, JM Financial

### Key Takeaways from the concall

- **Demand** – The management highlighted that consumer demand is soft and it continues to see flat SSSG in the month of April. Overall demand trends have witnessed no improvement or deterioration over the past 3-4 quarters.

#### KFC

- Demand situation was tepid in 4Q. The management believes that overall macro slowdown and high competitive intensity impacted the demand. Company clocked -1% SSSG in Q4 on the back of low single digit SSSG in base quarter. It expects SSSG to see gradual improvement in upcoming quarters despite a weak base.
- The EPIC core variety X value campaign to market its core variety offerings like chicken bucket, boneless, zinger burger, rolls remains its key priority. It expects to on-board new customers, increase penetration and improve brand loyalty through this. Earlier, in H1, it reported negative SSSG led by negative SSTG. However, after introduction of value offering products, the decline registered in SSTG was lower than the decline in SSSG. It expects growth in transactions to sustain.
- **Brand EBITDA margin** contracted ~300 bps YoY to 15.7% due to lower absolute Average Daily Sales (ADS of ₹108K), higher delivery mix and operating deleverage and slight contraction in gross margin. For FY25, management maintained its gross margins despite offering value products by tweaking its product composition.
- Company requires to clock single digit positive SSSG to maintain the current level of margins. Management believes that maintaining these levels will be key for the next 12-18 months. Improvement in margins will be seen once it starts to clock 5% or higher levels of SSSG.
- **Store** – current pace of store expansion to be maintained at 60-80 stores per year.

#### Pizza Hut

- Company launched refreshed core “Juicylicious” pizza range in Apr’25 and has received positive feedback from the consumers. This will be backed by mass media advertising in Tamil Nadu (Sapphire exclusive market) and below the line media in other markets
- PH witnessed improvement in performance during 9MFY25 as ADS improved from INR 41k to 48k. However, in Q4, company didn’t invest in any mass media advertising due to some differences in opinion with Devyani International which impacted the transaction growth in the quarter. Management expects to resolve the issue in next 1-2 quarters. Though, it will continue to advertise via below the line media.
- **Brand EBITDA margin** contracted 190 bps YoY to -4.6% due to lower ADS and lower gross margins led by increase in value and promotional offerings. This shows longer horizon will be required to revive the demand in this segment. ADS of INR 55k and above will help the company to clock double-digit margin.
- **Store** – The company will remain extremely cautious in terms of store openings and guides to open maximum 20-25 (net) stores in FY26.

#### Sri Lanka

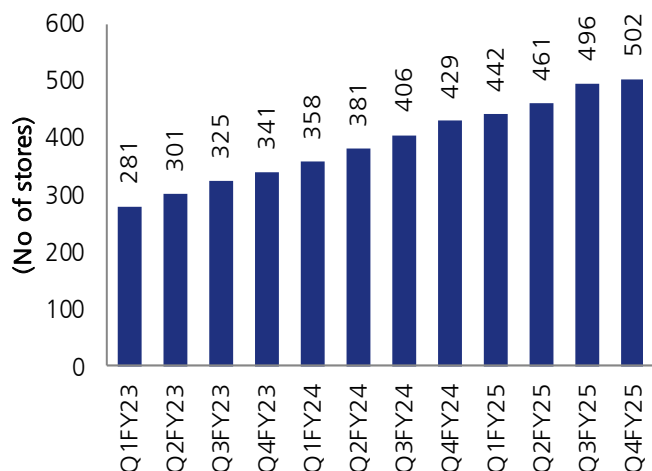
- Demand situation is now stable and management has increased its guidance of store opening from low single digit restaurant addition to high single digits.

#### Other highlights

- Company’s own delivery channel contributes ~10% of the total sales both for PH/ KFC.
- Depreciation charge for the quarter declined 2%/15% YoY/QoQ due to benefit from reversal of ROU asset. Management expects the depreciation charge to go back to its earlier levels of Q3FY25.
- Management expects that the company may see negative cash flow generation in FY26 led by (i) payment of renewal fees for yum, and (ii) refurbishing of old stores.

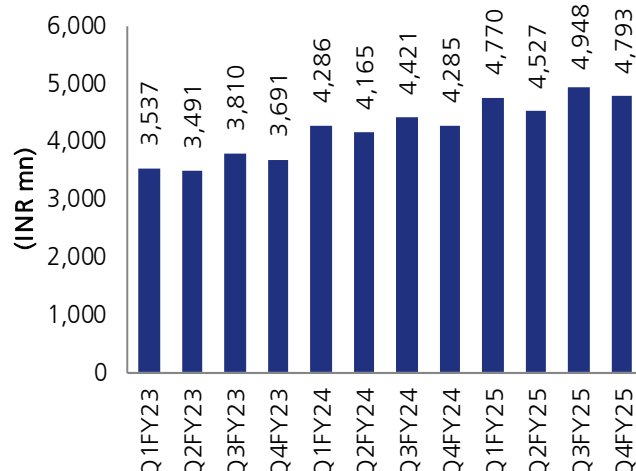
## KFC

Exhibit 3. KFC added 6 stores in 4Q...



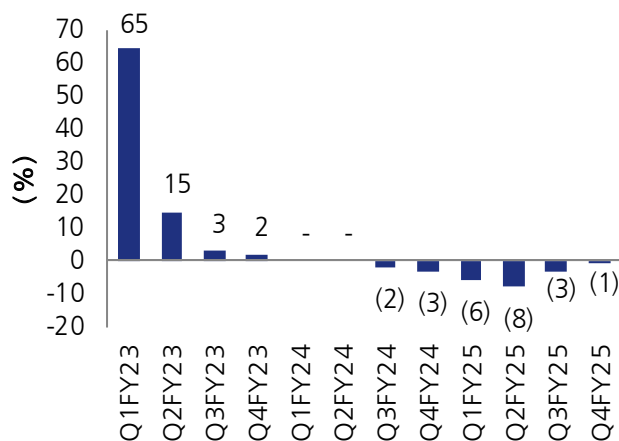
Source: Company, JM Financial

Exhibit 4. ...aiding revenue growth of 12% YoY



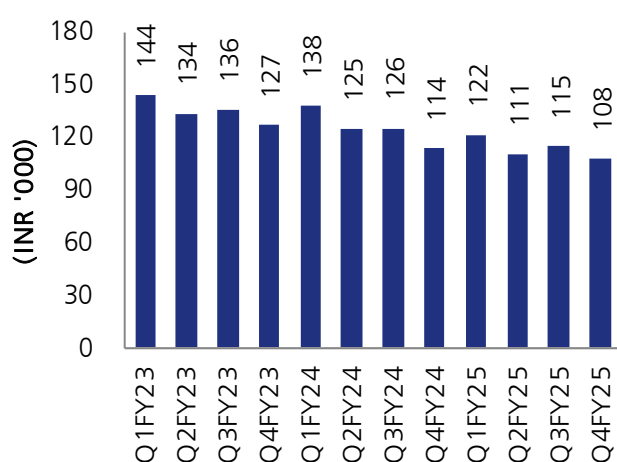
Source: Company, JM Financial

Exhibit 5. SSSG declined by 1% in 4Q...



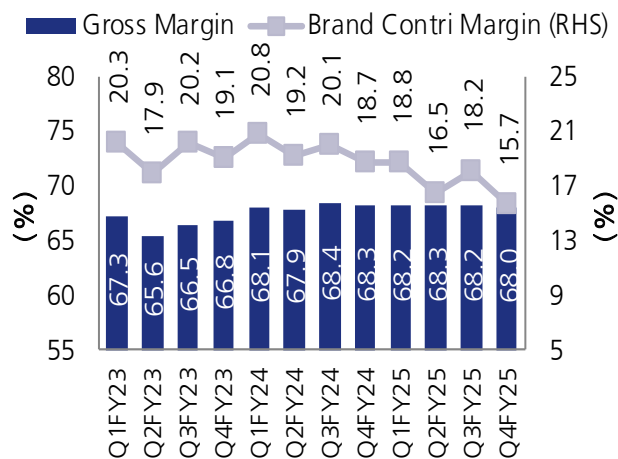
Source: Company, JM Financial

Exhibit 6. ...with ADS also declining by 5% YoY



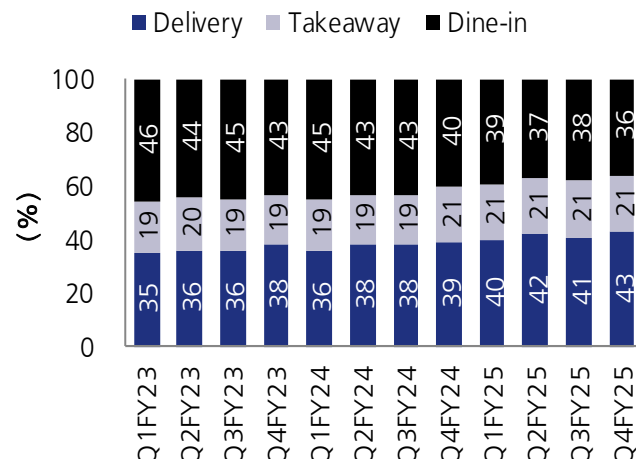
Source: Company, JM Financial

Exhibit 7. GM/EBITDAM contracted ~30/300 bps YoY



Source: Company, JM Financial

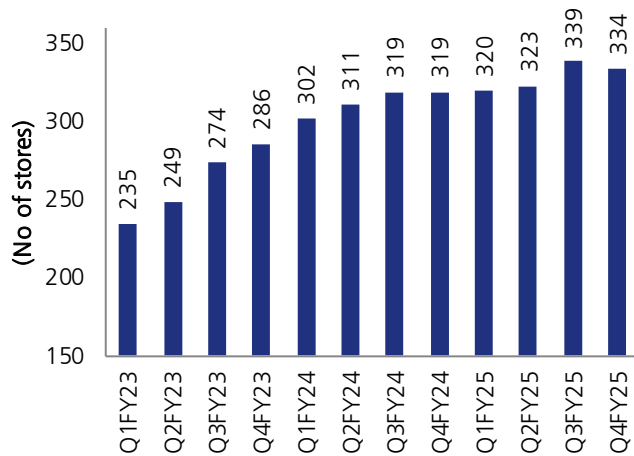
Exhibit 8. Dine-in revenue grew by only 1% YoY



Source: Company, JM Financial

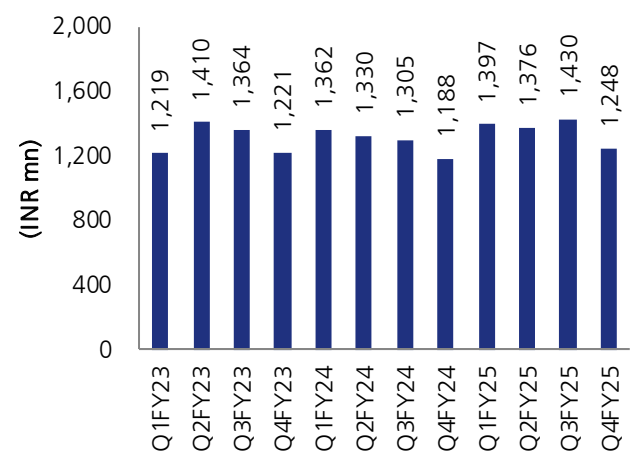
## Pizza Hut

Exhibit 9. Closed 5 Pizza Hut stores in 4Q



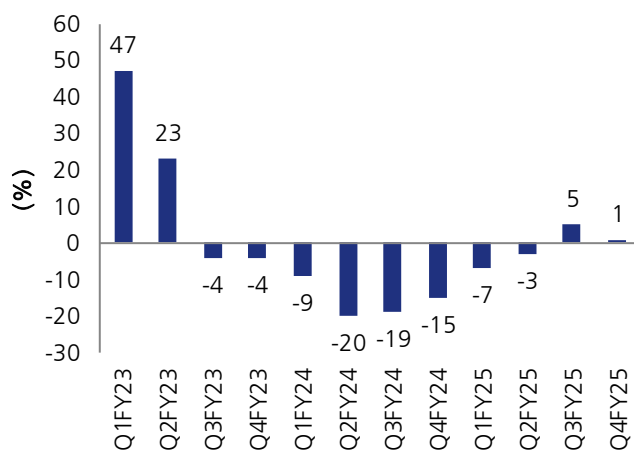
Source: Company, JM Financial

Exhibit 10. Revenue grew 5% YoY



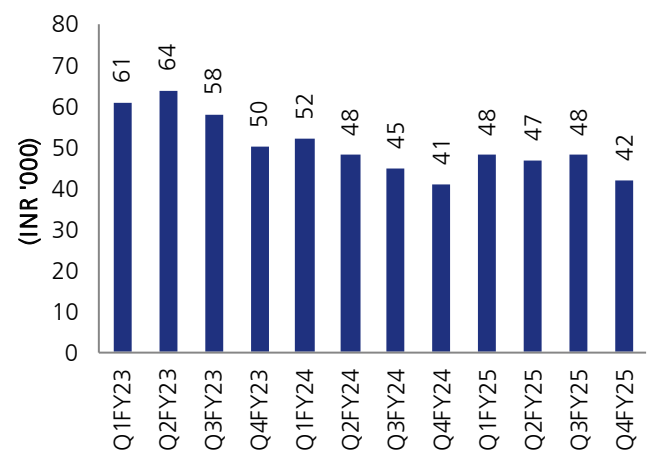
Source: Company, JM Financial

Exhibit 11. SSSG stood at 1% in 4Q...



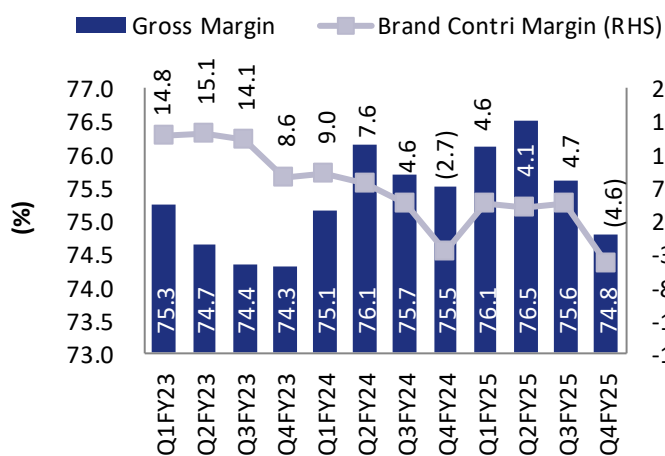
Source: Company, JM Financial

Exhibit 12. ...with ADS improving by 2% YoY



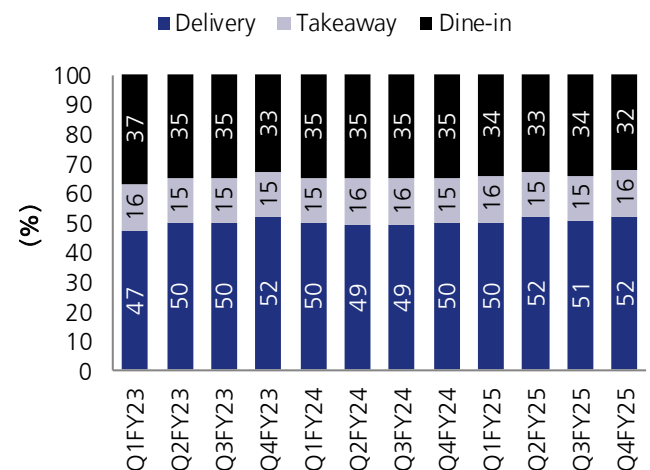
Source: Company, JM Financial

Exhibit 13. GM/EBITDAM contracted ~70/190 bps YoY



Source: Company, JM Financial

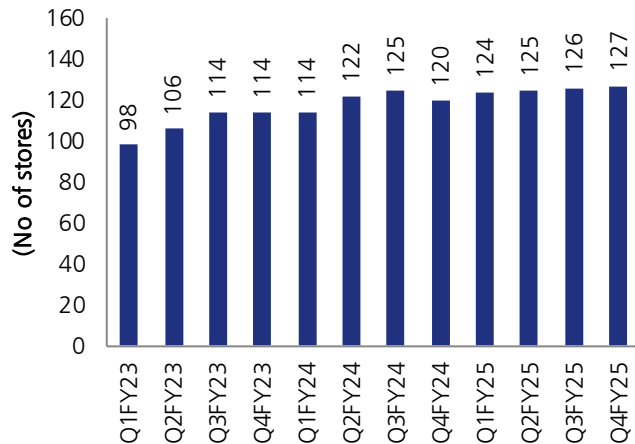
Exhibit 14. Dine-in revenue declines 4% YoY



Source: Company, JM Financial

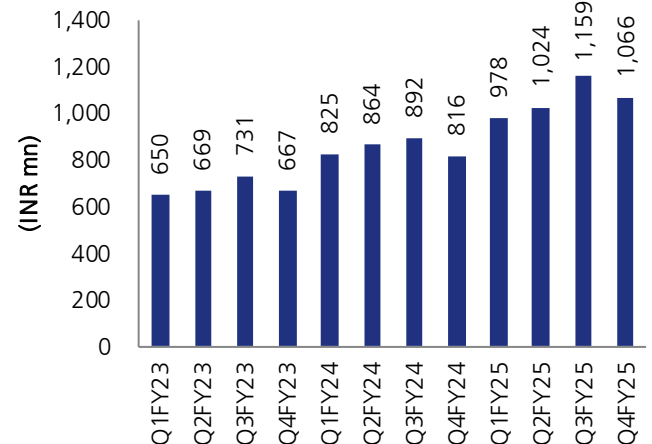
## Sri Lanka

Exhibit 15. Added 1 store in 4Q



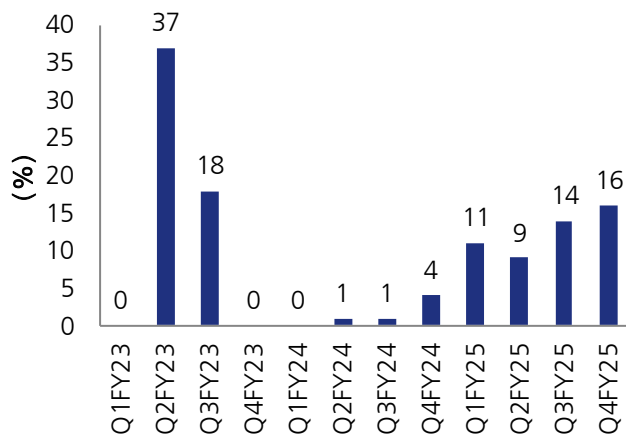
Source: Company, JM Financial

Exhibit 16. Revenue grew 31% YoY as macro situation improved



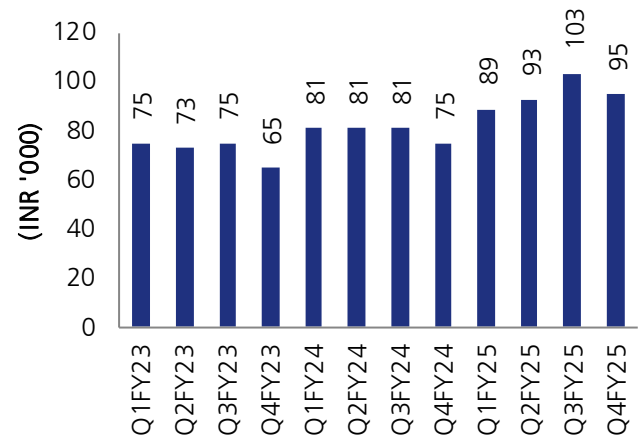
Source: Company, JM Financial

Exhibit 17. SSSG stood at robust 16%



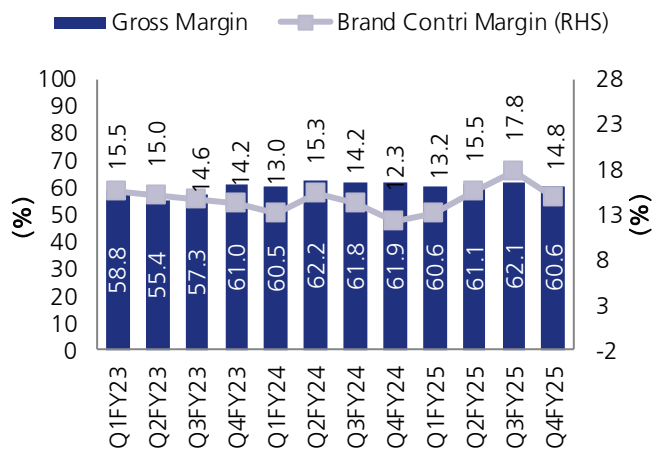
Source: Company, JM Financial

Exhibit 18. ADS grew 27% YoY



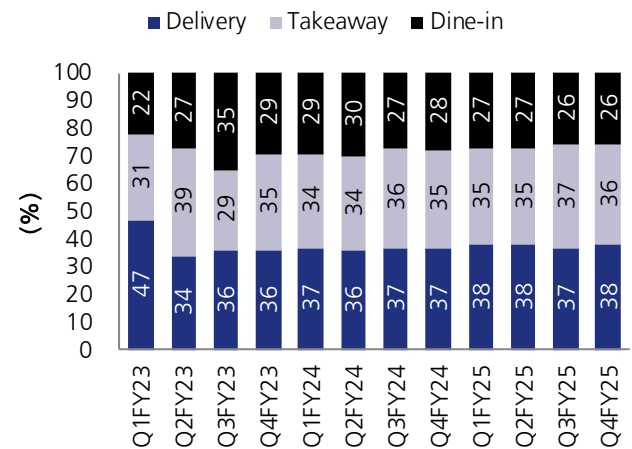
Source: Company, JM Financial

Exhibit 19. GM contracted 130bps; EBITDAM improved 250bps



Source: Company, JM Financial

Exhibit 20. Delivery &amp; Takeaway revenue grew 34% YoY



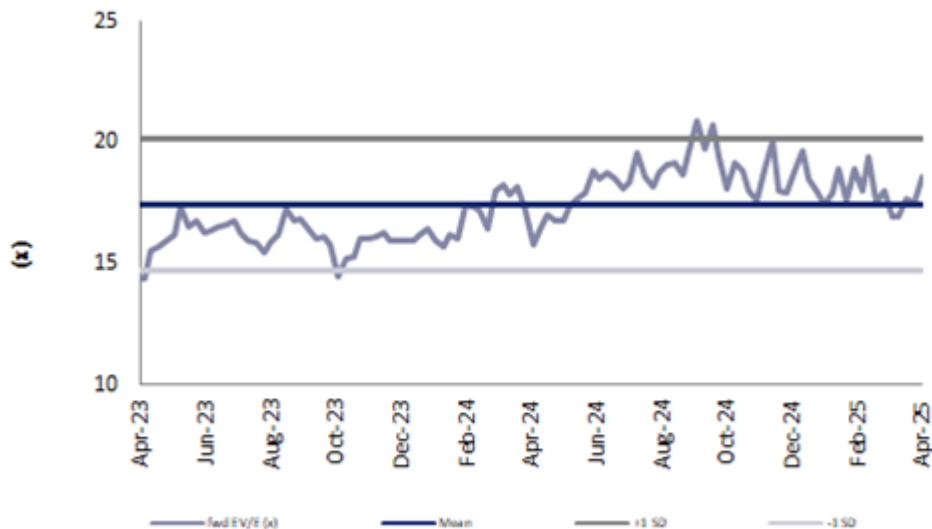
Source: Company, JM Financial

## Exhibit 21. Key assumptions

								CAGR (%/bps)	
Stores	FY19	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY19-25	FY25-28
KFC	158	341	429	502	577	655	733	21	21
Pizza Hut	153	286	319	334	354	379	409	14	11
Sri Lanka	63	114	120	127	135	145	155	12	10
<b>Total</b>	<b>374</b>	<b>741</b>	<b>868</b>	<b>963</b>	<b>1,066</b>	<b>1,179</b>	<b>1,297</b>	<b>17</b>	<b>16</b>
<b>Revenue (INR bn)</b>									
KFC	6.6	14.5	17.2	19.0	22.4	26.7	31.4	19	28
Pizza Hut	3.1	5.2	5.2	5.5	5.9	6.4	7.2	10	15
Sri Lanka	2.0	2.7	3.4	4.2	5.0	5.5	6.0	13	19
Others	0.2	0.1	0.1	0.0	0.0	0.0	0.0	-22	11
<b>Total</b>	<b>11.8</b>	<b>22.6</b>	<b>25.9</b>	<b>28.8</b>	<b>33.3</b>	<b>38.7</b>	<b>44.6</b>	<b>16</b>	<b>25</b>
<b>Gross Profit %</b>									
KFC	65.1	66.6	68.2	68.2	68.1	68.5	68.7	305bps	45bps
Pizza Hut	73.9	74.7	75.6	75.8	75.5	75.6	75.7	187bps	-15bps
Sri Lanka	65.9	58.1	61.6	61.1	61.5	61.6	61.7	-484bps	60bps
Others	62.9	71.5	71.8	70.0	40.0	40.0	40.1	706bps	-2994bps
<b>Total</b>	<b>67.5</b>	<b>67.5</b>	<b>68.8</b>	<b>68.6</b>	<b>68.4</b>	<b>68.7</b>	<b>68.8</b>	<b>107bps</b>	<b>21bps</b>
<b>Rest.EBITDA</b>									
KFC	0.8	2.8	3.4	3.3	3.9	4.9	5.9	26	34
Pizza Hut	0.2	0.7	0.3	0.1	0.2	0.3	0.5	-9	88
Sri Lanka	0.3	0.4	0.5	0.7	0.8	0.9	1.0	13	23
Others	0.0	0.0	-0.0	-0.0	-0.0	-0.0	-	NA	-100
<b>Total</b>	<b>1.4</b>	<b>3.9</b>	<b>4.1</b>	<b>4.1</b>	<b>4.8</b>	<b>6.1</b>	<b>7.3</b>	<b>20</b>	<b>34</b>
<b>Rest.EBITDA (%)</b>									
KFC	12.7	19.4	19.7	17.3	17.3	18.4	18.7	460bps	141bps
Pizza Hut	7.5	13.3	4.9	2.4	2.7	4.7	6.4	-507bps	399bps
Sri Lanka	16.0	14.8	13.7	15.4	15.9	16.2	16.4	-60bps	98bps
Others	5.7	13.4	-5.3	-29.1	-35.0	-21.8	-	-3480bps	2914bps
<b>Total</b>	<b>11.8</b>	<b>17.4</b>	<b>15.8</b>	<b>14.1</b>	<b>14.4</b>	<b>15.8</b>	<b>16.4</b>	<b>234bps</b>	<b>225bps</b>
Corporate Overheads	1.0	1.3	1.4	1.4	1.5	1.6	1.8	7	11
Company-level EBITDA (Pre-IND AS)	0.4	2.6	2.7	2.6	3.3	4.5	5.5	35	45
EBITDA Margin (%)	3.6	11.7	10.5	9.1	9.8	11.6	12.4	543bps	328bps

Source: Company, JM Financial

## Exhibit 22. EV/EBITDA (x) 1 yr forward



Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	25,880	28,757	33,280	38,669	44,640
Sales Growth	14.7%	11.1%	15.7%	16.2%	15.4%
Other Operating Income	63	62	66	71	74
<b>Total Revenue</b>	<b>25,943</b>	<b>28,819</b>	<b>33,346</b>	<b>38,739</b>	<b>44,714</b>
Cost of Goods Sold/Op. Exp	8,109	9,068	10,563	12,160	13,972
Personnel Cost	3,456	3,864	4,315	4,822	5,372
Other Expenses	9,765	11,119	12,747	14,423	16,550
<b>EBITDA</b>	<b>4,613</b>	<b>4,768</b>	<b>5,720</b>	<b>7,334</b>	<b>8,820</b>
EBITDA Margin	17.8%	16.5%	17.2%	18.9%	19.7%
EBITDA Growth	7.7%	3.4%	20.0%	28.2%	20.3%
Depn. & Amort.	3,239	3,639	4,210	4,936	5,591
EBIT	1,374	1,128	1,510	2,398	3,229
Other Income	334	372	456	500	600
Finance Cost	1,009	1,116	1,138	1,257	1,379
PBT before Excep. & Forex	699	384	828	1,641	2,450
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	699	384	828	1,641	2,450
Taxes	180	88	209	414	617
Extraordinary Inc./Loss(-)	0	-130	0	0	0
Assoc. Profit/Min. Int.(-)	-9	-25	-10	-8	0
Reported Net Profit	528	192	630	1,235	1,833
<b>Adjusted Net Profit</b>	<b>520</b>	<b>297</b>	<b>620</b>	<b>1,227</b>	<b>1,833</b>
Net Margin	2.0%	1.0%	1.9%	3.2%	4.1%
Diluted Share Cap. (mn)	318.5	321.2	321.2	321.2	321.2
<b>Diluted EPS (INR)</b>	<b>1.6</b>	<b>0.9</b>	<b>1.9</b>	<b>3.8</b>	<b>5.7</b>
Diluted EPS Growth	-52.0%	-43.4%	108.9%	98.1%	49.3%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	699	384	828	1,641	2,450
Depn. & Amort.	3,239	3,639	4,210	4,936	5,591
Net Interest Exp. / Inc. (-)	675	744	682	757	779
Inc (-) / Dec in WCap.	-317	187	229	147	169
Others	212	168	-2,464	-2,833	-3,292
Taxes Paid	-20	-42	-209	-414	-617
<b>Operating Cash Flow</b>	<b>4,488</b>	<b>5,080</b>	<b>3,277</b>	<b>4,234</b>	<b>5,080</b>
Capex	-3,851	-2,649	-3,413	-4,055	-4,270
Free Cash Flow	636	2,431	-136	179	809
Inc (-) / Dec in Investments	2	18	0	0	0
Others	1,981	-737	494	474	571
<b>Investing Cash Flow</b>	<b>-1,869</b>	<b>-3,368</b>	<b>-2,920</b>	<b>-3,581</b>	<b>-3,700</b>
Inc / Dec (-) in Capital	83	227	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-209	-79	0	0	0
Others	-1,999	-2,253	-365	-299	-149
<b>Financing Cash Flow</b>	<b>-2,125</b>	<b>-2,106</b>	<b>-365</b>	<b>-299</b>	<b>-149</b>
<b>Inc / Dec (-) in Cash</b>	<b>493</b>	<b>-394</b>	<b>-7</b>	<b>354</b>	<b>1,231</b>
Opening Cash Balance	1,182	1,177	745	764	1,147
Closing Cash Balance	1,676	783	738	1,118	2,379

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	13,391	13,981	14,600	15,828	17,660
Share Capital	637	642	642	642	642
Reserves & Surplus	12,754	13,338	13,958	15,185	17,018
Lease Liabilities	11,363	12,723	7,010	6,661	6,177
Minority Interest	7	-19	-19	-19	-19
Total Loans	276	199	199	199	199
Def. Tax Liab. / Assets (-)	-1,016	-921	-890	-853	-812
<b>Total - Equity &amp; Liab.</b>	<b>24,021</b>	<b>25,962</b>	<b>20,900</b>	<b>21,816</b>	<b>23,205</b>
Net Fixed Assets	22,457	23,950	19,131	19,775	20,032
Gross Fixed Assets	14,622	17,236	20,649	24,704	28,974
Intangible Assets	2,342	2,271	2,271	2,271	2,271
Less: Depn. & Amort.	4,998	7,050	9,570	12,631	16,160
Capital WIP	10,492	11,494	5,781	5,432	4,947
Investments	0	1,437	1,437	1,437	1,437
Current Assets	4,784	3,903	4,183	5,077	6,900
Inventories	969	956	1,096	1,274	1,470
Sundry Debtors	344	366	423	491	567
Cash & Bank Balances	1,676	783	738	1,118	2,379
Loans & Advances	985	1,002	1,043	1,212	1,399
Other Current Assets	811	797	883	982	1,085
Current Liab. & Prov.	3,220	3,328	3,850	4,473	5,163
Current Liabilities	2,351	2,461	2,848	3,308	3,818
Provisions & Others	869	867	1,003	1,165	1,345
Net Current Assets	1,564	576	333	604	1,737
<b>Total - Assets</b>	<b>24,021</b>	<b>25,962</b>	<b>20,900</b>	<b>21,816</b>	<b>23,205</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.0%	1.0%	1.9%	3.2%	4.1%
Asset Turnover (x)	1.1	1.1	1.4	1.7	1.9
Leverage Factor (x)	1.8	1.9	1.7	1.5	1.4
RoE	4.0%	2.2%	4.3%	8.1%	10.9%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	42.0	43.5	45.5	49.3	55.0
ROIC	9.2%	7.3%	9.2%	13.8%	17.6%
ROE	4.0%	2.2%	4.3%	8.1%	10.9%
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.1	-0.2
P/E (x)	190.7	336.8	161.2	81.4	54.5
P/B (x)	7.4	7.1	6.8	6.3	5.7
EV/EBITDA (x)	21.2	20.4	17.0	13.2	10.8
EV/Sales (x)	3.8	3.4	2.9	2.5	2.1
Debtor days	5	5	5	5	5
Inventory days	14	12	12	12	12
Creditor days	32	31	31	31	31

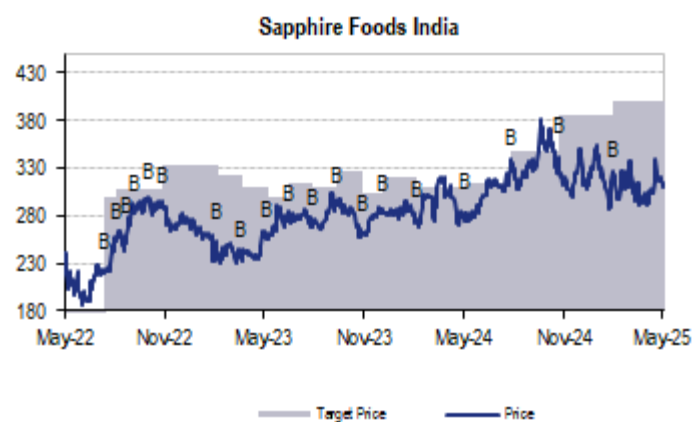
Source: Company, JM Financial



## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Jul-22	Buy	300	
11-Aug-22	Buy	308	2.7
29-Aug-22	Buy	308	0.0
13-Sep-22	Buy	308	0.0
7-Oct-22	Buy	308	0.0
3-Nov-22	Buy	333	8.1
9-Feb-23	Buy	322	-3.3
27-Mar-23	Buy	309	-4.0
13-May-23	Buy	300	-2.9
23-Jun-23	Buy	314	4.7
3-Aug-23	Buy	310	-1.3
18-Sep-23	Buy	326	5.2
3-Nov-23	Buy	304	-6.7
12-Dec-23	Buy	320	5.3
10-Feb-24	Buy	311	-2.8
10-May-24	Buy	314	1.0
31-Jul-24	Buy	348	10.8
28-Oct-24	Buy	385	10.6
6-Feb-25	Buy	400	3.9

## 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, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: [sahil.salastekar@jmfl.com](mailto:sahil.salastekar@jmfl.com)Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: [instcompliance@jmfl.com](mailto: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.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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