

Archean Chemical Industries | BUY

Cyclone rips through earnings

Archean's 2QFY25 earnings print was significantly weaker than expected with EBITDA miss of ~19%, on account of less-than-expected sales due to the impact of cyclone Asna on salt volume (resulting in a stock loss of 472k MT). The management has indicated ~1mn MT quarterly run-rate of industrial salt volume buoyed by long-term contracts with its customers. On the bromine front, it is confident of achieving 20k MT volume in FY25 and has guided for 20-25k MT for FY26. Overall, in the coming quarters, we expect i) sharp uptick in salt volumes towards the quarterly run-rate guidance, ii) steady bromine volumes, iii) ramp-up of bromine derivatives, and iv) INR 1bn contribution in FY25 from Oren Hydrocarbon. Taking into account 2QFY25 results and management commentary, we lower our FY25/26/27 EPS estimates by ~40%/29%/14%. We maintain our positive stance on the name as with the ramp-up of bromine derivatives and oren hydrocarbon facilities, contribution from non-commodity business will increase to ~20-25% in FY27E. Further, zinc bromide and silicon carbide story is likely to play out beyond FY27E. Moreover, the bromine cycle has also bottomed out in our view, which provides an upside risk in the case of a pick-up in bromine prices. Considering this, stock is trading at attractive valuation of ~14x Mar'27E EPS. Hence, we maintain BUY with a revised Mar'26 TP of INR 795/share (based on 16X Mar'27E EPS) (from INR 830 earlier).

- EBITDA miss on account of cyclone impact on industrial salt sales:** Archean Chemicals' consolidated 2QFY25 gross profit came in 15% below JMFe at INR 2.3bn (down 2%/17% QoQ/YoY) on account of a sharp drop in revenue to INR 2.4bn (19%/25% below JMFe/consensus, up 13% QoQ while down 17% YoY), more than offsetting higher-than-anticipated gross margin of 94.3% (vs. JMFe of 90%). Further, with other expenses coming in lower at INR 1.4bn (vs. JMFe of INR 1.6bn), EBITDA was 19%/35% below JMFe/consensus and stood at INR 747mn (up 5% QoQ while down 22% YoY). During the quarter, the company reported an exceptional loss of INR 402mn on account of Asna cyclone impact, resulting in loss of industrial salt stock of 472k MT. The company has initiated the claim process with the insurance company. As a result, PAT was 75%/80% below JMFe/consensus and stood at INR 157mn (down 65%/76% QoQ/YoY). In 2QFY25, industrial sales volume stood at 792k MT (vs. average run-rate of ~985k MT over the last 5-6 quarters) on account of loss of 472k MT of industrial salt volume due to the cyclone. Further, salt realisation jumped to ~INR 2,064/MT (vs. INR 1,772/MT in 1QFY25). As a result, industrial salt revenue came in at INR 1.6bn in 2QFY25 (vs. INR 1.2bn in 1QFY25). The management indicated a quarterly run-rate of ~1mn MT industrial salt volume in the upcoming quarters owing to steady demand from customers with long-term contracts.
- Bromine sales lower than anticipated:** In 2QFY25, bromine sales volume stood at 4,800MT with bromine realisation coming in at ~ INR 160/kg (vs. INR 200/kg in 1QFY25). As a result, bromine sales were below our estimates and stood at INR 769mn (vs. JMFe of INR 950mn). Going forward, the company expects bromine demand to improve gradually as the domestic demand has been healthy while export demand is expected to improve. In FY25, the company

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	14,411	13,301	11,951	17,883	24,369
Sales Growth (%)	27.5	-7.7	-10.2	49.6	36.3
EBITDA	6,340	4,627	3,999	5,943	8,711
EBITDA Margin (%)	44.0	34.8	33.5	33.2	35.7
Adjusted Net Profit	3,826	3,190	2,775	4,022	6,116
Diluted EPS (INR)	31.0	25.9	22.5	32.6	49.6
Diluted EPS Growth (%)	102.9	-16.6	-13.0	44.9	52.1
ROIC (%)	37.6	22.7	15.9	22.6	33.1
ROE (%)	45.2	20.4	15.4	19.3	23.9
P/E (x)	22.1	26.6	30.5	21.1	13.8
P/B (x)	5.9	5.0	4.5	3.7	3.0
EV/EBITDA (x)	13.0	17.5	20.3	13.2	8.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 11/Nov/2024



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	795
Upside/(Downside)	15.7%
Previous Price Target	830
Change	-4.3%

Key Data – ACI IN

Current Market Price	INR687
Market cap (bn)	INR84.8/US\$1.0
Free Float	44%
Shares in issue (mn)	123.3
Diluted share (mn)	123.3
3-mon avg daily val (mn)	INR387.0/US\$4.6
52-week range	838/516
Sensex/Nifty	79,496/24,141
INR/US\$	84.4

Price Performance

%	1M	6M	12M
Absolute	2.1	9.1	30.3
Relative*	4.6	-0.2	6.4

* 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

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expects to produce ~20,000MT of bromine (including captive consumption).

- **Estimates lowered; we expect ~24% EPS CAGR over FY24-27E, maintain BUY:** On the downstream products front, we expect meaningful contribution from bromine derivatives in the upcoming quarters. Factoring in 2QFY25 results and the management commentary, we lower our FY25/26/27 EBITDA estimates by ~36%/26%/12% and EPS estimates by ~40%/29%/14%. We expect ~23%/24% EBITDA/EPS CAGR over FY24-27E. Our maintained target multiple of 16x Mar'27E EPS builds in 25x target multiple for ~25% EPS contribution from non-commodity business and 12x target multiple for ~75% EPS contribution from commodity business (salt and bromine). We maintain BUY with a revised Mar'26TP of INR 795 (based on 16x Mar'27E EPS).

2QFY25 Result Review

Key takeaways from post-results conference call

- **INR 500mn-750mn capex for 2HFY25** – Company expects to spend INR 500mn-750mn capex in 2HFY25 mainly for existing initiatives. It has already completed almost all of the capex planned for its derivatives business and Oren Hydrocarbon and is not expecting any significant additional investment in FY25. The company is not planning any major capex for its base business of salts, bromine and sulphate of potash in the foreseeable future
- **FY25 industrial salt volume to be impacted by cyclone, bromine volume to be at 20k MT** – The management informed that it expects a downward variance of 10% on the previously guided industrial salts volume of 4.5mn MT due to the impact of Asna cyclone. Bromine (including captive consumption) volume is expected to reach 20k MT in FY25. In 2QFY25, industrial salt volume was at 792k MT, bromine at 4.8k MT and Sulphate of Potash 27MT. There was a loss of 472k MT of industrial salts due to the cyclone. Domestic demand for bromine improved while export demand remained soft in 2QFY25.
- **Expecting 1mn MT quarterly run-rate of industrial salt volume, bromine volume is expected to be 20-25k MT in FY26** – The management said that it is expecting 1mn MT per quarter of industrial salt volumes, going forward. It expects this to be driven by its major markets Asia and Far East with deliveries for long-term contracts and customers on track so far. It expects the bromine volume to be 20-25k MT in FY26. The company expects volume to pick up with the situation in China stabilising, recovery in domestic demand and local players in end-user industries expanding their operations.
- **Meaningful contribution from SoP in FY26, CBF in coming quarters** – The management expects meaningful contribution from SoP from next year as it has seen encouraging results in trials and good global and domestic demand. The company has already dispatched trial orders to clients and has seen an encouraging response. It is actively engaging with clients to conduct further trials and define customer requirements and is expecting meaningful contribution in the coming quarters. On the PTA synthesis front, the company sees extensive applications across various industries, particularly in textiles and packaging. With growth in these industries and increase in polymer usage, it anticipates growing demand for its PTA synthesis products.
- **Oren Hydrocarbon to contribute from 4QFY25** – The company is actively working on refurbishing and renovating existing facilities with two plants to be fully operational in the next 2 weeks. Meaningful contribution is expected from 4QFY25. This will enable the company to expand its product offerings with CBF and chemicals for the oil & gas drilling industry.
- **Global SiC semiconductor devices market size at USD 2bn-3bn** – The management said the global market size of SiC semiconductor devices was USD 2bn-3bn. It expects this to grow at a CAGR of 25+% till 2030 to USD 10+bn.
- **SiC segment commercialisation in 2-3 years** - The management expects a 2-3 year period for concept to commercialisation of SiC semiconductor products. It has submitted its project plan and is waiting for approvals from the government with regards to possible incentives. The quantum of government incentives will have an impact on the return ratios of the project. The commercial supplies will be for the domestic and the global market.

- **Zinc bromide battery pilot plant to come up in the UK, giga factory to be in India** – the company is providing support to its partner for the establishment of a pilot manufacturing facility in the UK and intends to setup a giga factory in India in the near future to ramp up zinc bromide battery production. The concept to commercialisation time is expected to be 2 years. As per the company, zinc bromide batteries offer superior cycle life, safety and cost effectiveness compared to existing battery technologies. This makes them ideal for daily charging cycles in commercial and industrial solar applications and grid stability projects. The company's bromine business provides synergy as the batteries use bromide chemistry for the battery zinc gel.

Exhibit 1. Archean quarterly financial snapshot

Consolidated (INR mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25E	% QoQ	% YoY	% difference vs. JMFe
Net Sales	3,649	3,824	3,431	2,905	4,126	2,839	2,127	2,405	2,970	13%	-17%	-19%
COGS	-64	-251	299	188	469	-79	-180	137	297	-176%	-27%	
Gross Profit	3,714	4,074	3,132	2,717	3,657	2,918	2,307	2,268	2,673	-2%	-17%	-15%
Gross margin	101.8%	106.6%	91.3%	93.5%	88.6%	102.8%	108.5%	94.3%	90.0%	-1417 bps	77 bps	
Employee cost	265	244	203	192	182	147	147	128	150	-13%	-33%	
Employee cost as % of sales	7%	6%	6%	7%	4%	5%	7%	5%	5%	-158 bps	-127 bps	
Other expenditure	1,850	1,887	1,583	1,570	2,020	1,900	1,448	1,392	1,600	-4%	-11%	
Other expenditure as % of sales	51%	49%	46%	54%	49%	67%	68%	58%	54%	-1019 bps	383 bps	
EBIDTA	1,599	1,944	1,346	955	1,454	871	712	747	923	5%	-22%	-19%
EBITDA margin	44%	51%	39.2%	32.9%	35.2%	30.7%	33.5%	31.1%	31.1%	-240 bps	-180 bps	
Depreciation	168	173	175	175	177	177	186	195	185	4%	11%	
EBIT	1,431	1,771	1,171	780	1,278	695	526	553	738	5%	-29%	
Interest expense	194.2	34.2	30.1	18.5	18.9	17.0	17.0	32.1	19.0	89%	73%	
Other income	75	83	109	112	92	120	97	109	120	13%	-2%	
PBT before exceptional	1,312	1,820	1,251	873	1,351	797	606	630	839	4%	-28%	
Exceptional items								-402				
PBT	1,312	1,820	1,251	873	1,351	797	606	228	839			
Tax	331	455	312	213	336	221	157	70	210	-55%	-67%	
PAT	981	1,365	939	660	1,016	576	448	157	629	-65%	-76%	-75%
PAT margin	27%	36%	27%	23%	25%	20%	21%	7%	21%	-1454 bps	-1618 bps	
Basic EPS (INR)	8.71	11.09	7.61	5.35	8.23	4.67	3.63	1.27	5.10	-65%	-76%	
Tax rate	25.2%	25.0%	24.9%	24.4%	24.9%	27.8%	26.0%	11.2%	25.0%	-1476 bps	-1319 bps	

Source: Company, JM Financial

Exhibit 2. Archean Chemicals' quarterly operational snapshot

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Sales Volumes (MT)												
Industrial Salt	900,000	1,160,000	959,813	690,187	1,100,000	997,000	1,060,000	976,000	1,300,000	930,000	660,000	792,000
Bromine	5,200	5,525	5,730	4,588	4,000	4,391	4,272	3,400	5,000	4,800	4,700	4,800
SoP	2,322	105	65		582	104	382	3,800	4,300	820	666	27
Revenue Split (INR mn)												
Industrial Salt Revenue	1,291	1,900	1,960	1,242	2,044	2,103	2,024	1,844	2,745	1,790	1,170	1,635
Bromine Revenue	1,660	1,826	2,039	1,732	1,569	1,721	1,372	823	1,070	1,020	936	769
SoP Revenue	123	-	2		36	0	34	139	184	29	21	0
Bromine derivatives												
Revenue Split (%)												
Industrial Salt Revenue	42%	51%	49%	42%	56%	55%	59%	63%	67%	63%	55%	68%
Bromine Revenue	54%	49%	51%	59%	43%	45%	40%	28%	26%	36%	44%	32%
SoP Revenue	4%	0%	0%		1%	0%	1%	4%	4%			
Bromine derivatives												
Realisations (INR/MT)												
Industrial Salt Revenue	1,434	1,638	1,466	1,800	1,858	2,109	1,910	1,889	2,112	1,925	1,772	2,064
Bromine Revenue	319,145	330,453	356,966	377,589	392,292	391,867	321,245	241,953	214,000	212,500	199,116	160,300
SoP Revenue	52,941	-			62,702	-	89,814	36,498	42,791	35,428	31,936	-

Source: Company, JM Financial

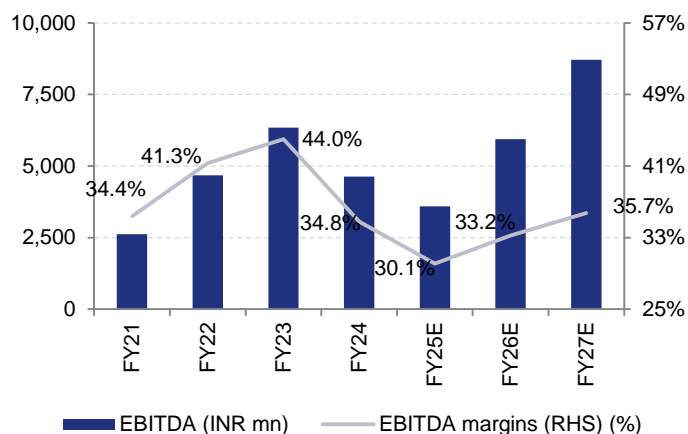
Assumptions and Estimates

Exhibit 3. Key assumptions and estimates

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Segment wise sales (INR mn)							
Industrial salt	3,687	5,109	7,349	8,403	6,722	8,602	10,302
Bromine	3,444	6,081	7,061	4,285	3,487	4,945	7,467
Sulphate of Potash	325	101	0	613	166	416	624
Flame retardants (BFR)				0	0	480	960
Clear brine fluids (CBR)				0	416	1,040	1,456
PTA Synthesis				0	160	400	560
Oren Hydrocarbon					1,000	2,000	3,000
Segment wise contribution to sales (%)							
Industrial salt	49%	45%	51%	63%	56%	48%	42%
Bromine	46%	54%	49%	32%	29%	28%	31%
Sulphate of Potash	4%	1%	0%	5%	1%	2%	3%
Flame retardants (BFR)				0%	0%	3%	4%
Clear brine fluids (CBR)				0%	3%	6%	6%
PTA Synthesis				0%	1%	2%	2%
Oren Hydrocarbon					8%	11%	12%

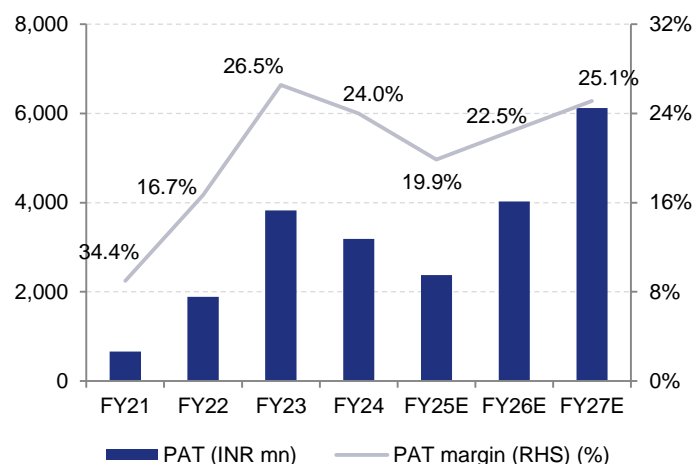
Source: Company, JM Financial

Exhibit 4. Archean's EBITDA likely to post ~23% CAGR over FY24-27E



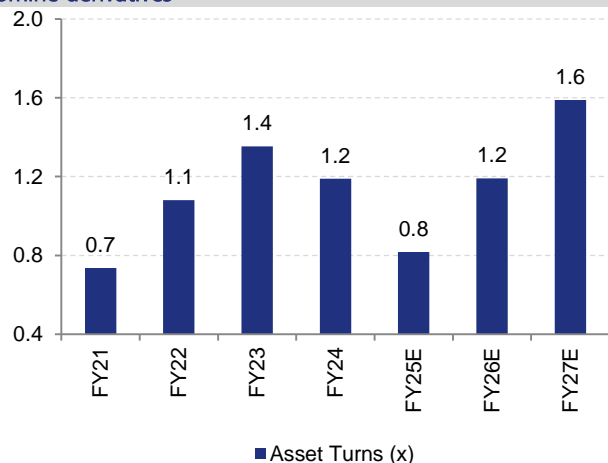
Source: Company, JM Financial

Exhibit 5. Archean likely to post ~24% PAT CAGR over FY24-27E



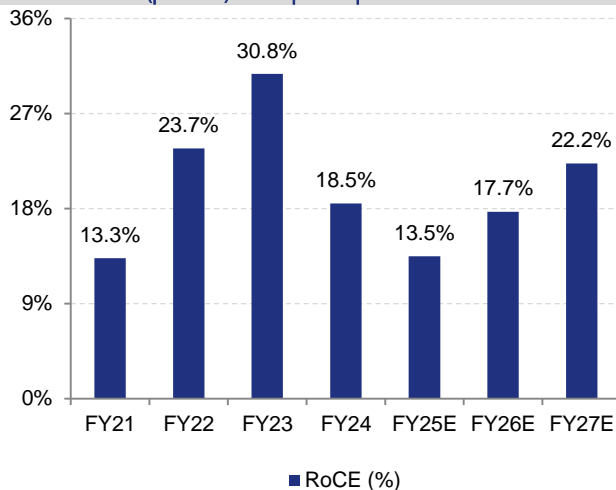
Source: Company, JM Financial

Exhibit 6. Asset turns (x) to improve meaningfully due to entry of bromine derivatives



Source: Company, JM Financial

Exhibit 7. RoCE (pre-tax) to improve post-FY25E



Source: Company, JM Financial

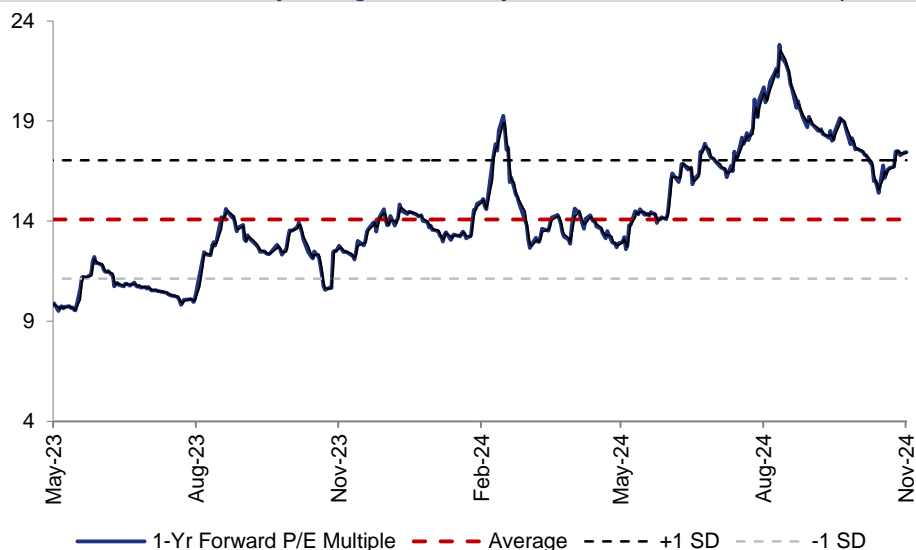
Exhibit 8. Change in estimates

	New	Old	Change
EBITDA (INR Mn)			
FY25	3,597	5,640	-36.2%
FY26	5,943	8,062	-26.3%
FY27	8,711	9,937	-12.3%
PAT (INR Mn)			
FY25	2,373	3,937	-39.7%
FY26	4,022	5,679	-29.2%
FY27	6,116	7,104	-13.9%
EPS (INR)			
FY25	19	32	-39.7%
FY26	33	46	-29.2%
FY27	50	58	-13.9%

Source: JM Financial

Valuation

Exhibit 9. Archean is currently trading at ~17.4x 1-year forward consensus P/E multiple



Source: Bloomberg, JM Financial

Exhibit 10. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
SRF	BUY	2,266	2,660	50.2	53.8	34.8	27.1	5.8	5.3	4.7	4.1	27.6	26.2	20.0	16.2	12.3	10.4	14.3	16.1
PI Industries	HOLD	4,538	4,340	41.3	41.9	35.9	31.2	7.9	6.6	5.6	4.8	32.3	27.5	23.5	20.2	21.0	17.2	16.9	16.5
Deepak Nitrite	BUY	2,570	3,180	48.1	39.9	32.2	27.0	8.1	6.8	5.7	4.8	34.7	26.0	21.4	17.6	18.2	18.6	19.3	19.3
Clean Science	BUY	1,360	1,845	59.2	50.9	37.3	29.1	12.0	9.8	7.8	6.2	42.6	35.3	26.5	20.3	22.1	21.1	23.2	23.7
Navin Fluorine	BUY	3,310	4,105	71.8	58.9	43.2	33.7	6.9	6.3	5.7	5.0	43.1	35.0	27.0	22.0	10.0	11.2	13.8	15.7
Fine Organics	SELL	4,865	4,035	40.5	35.1	35.6	35.6	8.0	6.8	5.8	5.1	29.0	24.5	23.9	22.7	21.8	20.9	17.6	15.4
Galaxy Surfactants	HOLD	2,898	2,700	34.1	31.2	28.7	26.6	4.7	4.1	3.6	3.2	21.6	19.4	17.7	16.3	14.8	14.1	13.4	12.8
PCBL Ltd.	BUY	405	620	31.1	28.5	20.0	15.1	4.7	4.0	3.4	2.7	19.0	13.3	11.0	9.3	16.2	15.2	18.3	20.0
Aether Industries	BUY	822	1,135	113.6	64.0	43.0	32.5	5.3	4.9	4.4	3.9	79.7	42.7	29.7	21.8	5.8	8.0	10.8	12.7
Ami Organics	BUY	2,042	2,055	103.2	69.5	41.2	30.3	12.4	6.5	5.7	4.9	66.2	43.8	27.6	20.6	12.7	12.3	14.8	17.4
Anupam Rasayan	HOLD	729	725	62.2	71.0	38.9	24.8	2.9	2.8	2.6	2.3	23.4	25.0	18.0	13.5	5.0	4.0	6.8	9.8
Archean Chemicals	BUY	687	795	28.2	32.4	22.3	14.7	5.3	4.7	4.0	3.2	18.7	21.7	14.1	9.1	20.4	15.4	19.3	23.9
Tatva Chintan Pharma Chem	SELL	884	705	68.1	144.5	62.1	37.6	2.8	2.8	2.7	2.5	30.0	45.3	27.3	19.4	4.8	1.9	4.4	6.9

Source: Companies, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	14,411	13,301	11,951	17,883	24,369	
Sales Growth	27.5%	-7.7%	-10.2%	49.6%	36.3%	
Other Operating Income	0	0	0	0	0	
Total Revenue	14,411	13,301	11,951	17,883	24,369	
Cost of Goods Sold/Op. Exp	27	877	1,195	2,682	3,899	
Personnel Cost	720	724	674	741	815	
Other Expenses	7,323	7,073	6,083	8,516	10,943	
EBITDA	6,340	4,627	3,999	5,943	8,711	
EBITDA Margin	44.0%	34.8%	33.5%	33.2%	35.7%	
EBITDA Growth	35.7%	-27.0%	-13.6%	48.6%	46.6%	
Depn. & Amort.	686	703	866	1,008	1,078	
EBIT	5,654	3,923	3,133	4,935	7,633	
Other Income	433	433	500	500	600	
Finance Cost	970	85	60	60	60	
PBT before Excep. & Forex	5,117	4,272	3,574	5,375	8,173	
Excep. & Forex Inc./Loss(-)	0	0	-402	0	0	
PBT	5,117	4,272	3,172	5,375	8,173	
Taxes	1,291	1,082	798	1,353	2,057	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	3,826	3,190	2,373	4,022	6,116	
Adjusted Net Profit	3,826	3,190	2,775	4,022	6,116	
Net Margin	26.5%	24.0%	23.2%	22.5%	25.1%	
Diluted Share Cap. (mn)	123.3	123.3	123.3	123.3	123.3	
Diluted EPS (INR)	31.0	25.9	22.5	32.6	49.6	
Diluted EPS Growth	102.9%	-16.6%	-13.0%	44.9%	52.1%	
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

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	14,310	17,016	19,019	22,671	28,418	
Share Capital	246	247	247	247	247	
Reserves & Surplus	14,064	16,769	18,772	22,424	28,171	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	215	595	595	595	595	
Def. Tax Liab. / Assets (-)	-3	-11	-11	-11	-11	
Total - Equity & Liab.	14,522	17,600	19,603	23,256	29,002	
Net Fixed Assets	11,463	12,079	15,051	15,443	15,764	
Gross Fixed Assets	14,385	15,586	19,886	21,286	22,686	
Intangible Assets	2	21	21	21	21	
Less: Depn. & Amort.	3,286	3,990	4,856	5,864	6,943	
Capital WIP	362	462	0	0	0	
Investments	2,368	3,499	3,499	3,499	3,499	
Current Assets	3,721	4,970	4,476	8,468	14,693	
Inventories	1,678	1,273	1,144	1,711	2,332	
Sundry Debtors	1,177	1,564	1,405	2,102	2,865	
Cash & Bank Balances	59	455	249	2,976	7,817	
Loans & Advances	4	4	4	4	4	
Other Current Assets	802	1,674	1,674	1,674	1,674	
Current Liab. & Prov.	3,029	2,948	3,423	4,154	4,954	
Current Liabilities	2,468	2,548	3,023	3,755	4,554	
Provisions & Others	562	399	399	399	399	
Net Current Assets	692	2,022	1,053	4,314	9,739	
Total - Assets	14,522	17,600	19,603	23,256	29,002	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	5,117	4,272	3,172	5,375	8,173	
Depn. & Amort.	686	703	866	1,008	1,078	
Net Interest Exp. / Inc. (-)	970	85	60	60	60	
Inc (-) / Dec in WCap.	-157	64	763	-534	-584	
Others	-1,447	-241	0	0	0	
Taxes Paid	-208	-1,090	-798	-1,353	-2,057	
Operating Cash Flow	4,961	3,794	4,062	4,557	6,671	
Capex	-999	-1,310	-3,838	-1,400	-1,400	
Free Cash Flow	3,962	2,484	224	3,157	5,271	
Inc (-) / Dec in Investments	-1,951	-1,167	0	0	0	
Others	46	-596	0	0	0	
Investing Cash Flow	-2,903	-3,073	-3,838	-1,400	-1,400	
Inc / Dec (-) in Capital	7,886	1	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	-8,380	255	0	0	0	
Others	-1,626	-582	-429	-429	-429	
Financing Cash Flow	-2,120	-326	-429	-429	-429	
Inc / Dec (-) in Cash	-62	395	-206	2,727	4,841	
Opening Cash Balance	122	59	455	249	2,976	
Closing Cash Balance	59	455	249	2,976	7,817	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin		26.5%	24.0%	23.2%	22.5%	25.1%
Asset Turnover (x)		1.0	0.8	0.6	0.8	0.9
Leverage Factor (x)		1.7	1.1	1.1	1.1	1.1
RoE		45.2%	20.4%	15.4%	19.3%	23.9%

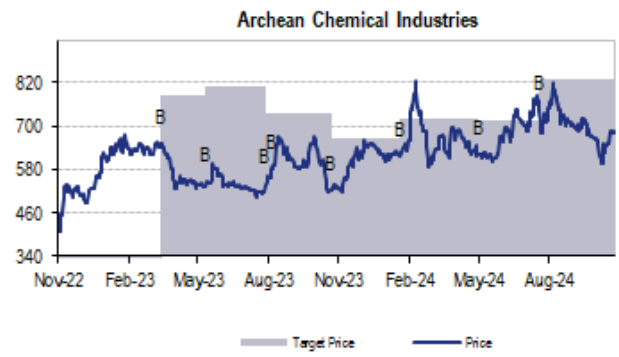
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)		116.1	138.0	154.3	183.9	230.5
ROIC		37.6%	22.7%	15.9%	22.6%	33.1%
ROE		45.2%	20.4%	15.4%	19.3%	23.9%
Net Debt/Equity (x)		-0.2	-0.2	-0.2	-0.3	-0.4
P/E (x)		22.1	26.6	30.5	21.1	13.8
P/B (x)		5.9	5.0	4.5	3.7	3.0
EV/EBITDA (x)		13.0	17.5	20.3	13.2	8.5
EV/Sales (x)		5.7	6.1	6.8	4.4	3.0
Debtor days		30	43	43	43	43
Inventory days		42	35	35	35	35
Creditor days		43	42	68	67	70

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
31-Mar-23	Buy	785	
29-May-23	Buy	810	3.1
14-Aug-23	Buy	735	-9.2
22-Aug-23	Buy	735	0.0
8-Nov-23	Buy	665	-9.5
6-Feb-24	Buy	720	8.3
17-May-24	Buy	715	-0.7
5-Aug-24	Buy	830	16.1

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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