

Yet another challenging quarter

UPL's 2QFY24 EBITDA missed JMFe and consensus estimates by 30% and 36%, respectively. This weak earnings print clearly indicates the headwinds faced by generic agrochemicals players on account of significant weakness in realisation due to global destocking issues and tactical purchases and cost management rationalisation by distributors. Owing to these challenges, the management has cut its FY24 EBITDA growth guidance to 0 to negative 5% (from 3-7% earlier). We believe that even negative 5% growth might be difficult task given that would mean mid-teen kind of YoY growth in 2HFY24. Hence, our revised assumptions bake in negative 9% EBITDA growth for FY24. We had indicated in one of our reports ([click here](#)) that price normalisation of generic agrochemicals will only happen gradually. Hence, in our view, things are likely to improve only gradually over the next few quarters for generic players. Factoring in 2QFY24 results and commentary, we have lowered our FY24/25/26 EBITDA estimates by 12%/9%/4% and PAT estimates by 28%/15%/10%, baking in higher finance cost. We maintain BUY with a revised Dec'24 TP of INR 800 (vs. Sep'24 TP of INR 880 earlier) on account of value unlocking of the specialty chemicals business.

- EBITDA miss driven by sharp decline in sales:** UPL's 2QFY24 consolidated EBITDA came in significantly below (30%/34% below JMFe/consensus) at INR 13.2 bn (vs. JMFe/consensus of INR 18.8bn /INR 19.9bn) on account of contraction in revenue to INR 101.7bn (vs. JMFe of INR 108.9bn) due to channel destocking, and elevated price pressures. Moreover, liquidation of high-cost inventory, higher-than-usual sales returns and rebates to support channel partners impacted contribution margin. This led to severe contraction in EBITDA margins to 13% (vs. JMFe of 17% and 20% in 2QFY23). During the quarter, interest expense was higher at INR 8.7bn (vs. JMFe of INR 7.0bn).
- Growth impacted across regions with severe weakness in North America:** UPL's Latin America revenue was a respite, although still weak, to an otherwise weak performance showing by UPL and stood at INR 50.3bn (down 17%/ up 70% YoY/QoQ, 5% lower than JMFe), mainly on account of pricing pressure on key herbicides. North America revenue was 29% below JMFe at INR 5.1bn (down 57%/42% YoY/QoQ) due to a) channel inventory destocking, b) weakness in non-selective herbicides and c) tactical purchases and cost management rationalisation by distributors. Herbicides, particularly Glufosinate, S-Metolachlor, Clethodim and Metribuzin, accounted for ~75% of the regional decline due to lower volume. Europe revenue was 10% ahead of JMFe and stood at INR 12.6bn (down 7%/0% YoY/QoQ) due to channel inventory led challenges, lower volume especially in herbicides and products bans. India revenue was 15% below JMFe at INR 13.9bn (down 23%/32 YoY/QoQ) driven by a) lower acreages for key crops (cotton and pulses), b) shift from cotton in North India, c) exceptionally high sales returns due to elevated channel stocks and d) erratic monsoons in Aug and Sep
- Estimates lowered – maintain BUY:** We have lowered our FY24 EBITDA/PAT estimates by ~12%/28% and FY25 EBITDA/PAT estimates by ~9%/15%. We maintain BUY with a revised Dec'24 TP of INR 800 (from Sep'24 TP of INR 880 earlier).

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	800
Upside/(Downside)	48.6%
Previous Price Target	880
Change	-9.1%

Key Data – UPLL IN

Current Market Price	INR539
Market cap (bn)	INR404.3/US\$4.9
Free Float	63%
Shares in issue (mn)	764.0
Diluted share (mn)	764.0
3-mon avg daily val (mn)	INR1,743.7/US\$20.9
52-week range	807/532
Sensex/Nifty	64,113/19,141
INR/US\$	83.2

Price Performance

%	1M	6M	12M
Absolute	-12.6	-27.2	-24.5
Relative*	-10.3	-30.6	-28.5

* To the BSE Sensex

Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	462,400	535,760	524,455	563,789	608,495
Sales Growth (%)	19.5	15.9	-2.1	7.5	7.9
EBITDA	95,140	103,190	93,724	106,879	119,626
EBITDA Margin (%)	20.6	19.3	17.9	19.0	19.7
Adjusted Net Profit	39,145	37,149	27,071	38,547	46,157
Diluted EPS (INR)	51.2	48.6	35.4	50.5	60.4
Diluted EPS Growth (%)	27.5	-5.1	-27.1	42.4	19.7
ROIC (%)	14.4	13.7	10.7	11.9	12.5
ROE (%)	17.2	13.6	8.8	11.5	12.6
P/E (x)	10.5	11.1	15.2	10.7	8.9
P/B (x)	1.7	1.4	1.3	1.2	1.1
EV/EBITDA (x)	6.8	6.2	6.7	5.9	5.4
Dividend Yield (%)	1.8	1.7	1.3	1.8	2.2

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

2QFY24 Result Review

Key takeaways from post-results conference call

- **Challenging 2Q as company faced multiple headwinds across geographies:** UPL faced several headwinds in 2QFY24 due to i) decline in prices of post-patent products owing to aggressive price competition in almost every region b) significant decline in herbicide volume and c) product bans in Europe. This was further compounded by a) inventory destocking issues being a persistent issue especially in North America and b) higher than usual sales returns and rebates to support contribution margins. Volume growth was strong outside of Brazil in Latin America and in Asia (ex-India) and Africa. North America along with relatively weak volume growth also saw price decline across most AIs. The company also liquidated high cost inventory in the quarter, which led to EBITDA margin compression.
- **India performance weak, Glufosinate to see pick-up:** Cotton products suffered especially in North India on account of lower acreages. Pulses products also suffered in because of poor acreages as a result of drought like conditions in west India. Volume loss in Glufosinate was because of the entry of ~ 13/14 new players that have entered the market. While UPL has not cut prices yet the management believes that generic sellers will face competition as they have not been able to liquidate their stock even at their relatively low prices.
- **2H performance to be markedly better than the first half of the year:** Overall demand, however, remains strong and the company hopes to arrest or reduce further price decline. 3QFY24 will be better than 2QFY24 primarily led by growth in revenue in every region except North America. Europe, which has been weak through the first half of FY24, will also see a recovery as generally purchase gets pushed to the second half in the region. Dry conditions in certain south Asian countries and Australia could be a potential damper on a sequentially better quarter. UPL's 3QFY24 overall revenue, however, will still be weaker YoY as pricing pressure will continue to persist in Brazil. In North America, however, 3QFY24 revenue performance will be on the lines of 3QFY22 with negligible growth in 4QFY24 YoY.
- **Full-year guidance cut even further, volume growth and price competition to help recovery...:** Recovery in herbicide volume in Europe in 2HFY24 and mid CY24 inventory destocking inventory normalisation should help improve topline growth and EBITDA and contribution margin expansion later in FY25. FY24, however, will continue to be bleak with flat revenue growth and flat to negative 5% EBITDA growth YoY. To achieve the stated full year guidance the company will have to demonstrate roughly 18% topline growth and ~30% EBITDA growth in 2HFY24. The management did indicate that this would be possible as volume growth will continue in the second half especially in 4QFY24. EBITDA margin will be ~21% in the second half and this would be on the back of cost savings of ~USD 50mn and price changes of products from China.
- **...but margin resuscitation because of inventory normalisation will be key to better 2HFY24:** As the liquidation of high-cost inventory slows down (with some spillover in 3QFY24) the new replacement inventory, which is at a significantly lower cost, will be pared down later in the quarter will aid margin resuscitation. Improved sales of the differentiated product portfolio, which has now risen to ~38% of the overall product portfolio will also aid in recovery in 2HFY24.
- **Cost reduction plans on track, USD 100mn to be saved over 2 years:** Fixed overheads are down 3% YoY as the company aims to cut cost amounting to ~USD 100mn in the next 2 years. The company has cut around ~USD 8mn-9mn up till now and aims to further cut cost amounting to USD 50mn for the full year.

- **Competition with Chinese players to ease:** UPL's market share gains in the off-patent product market will come against Chinese producers because of market access and portfolio size. The management also said that UPL also has a cost advantage against these Chinese players.
- **Debt reduction plans to accelerate, cash reserves to also be deployed, capex to suffer:** Net finance cost had increased by ~18% primarily on account of benchmark rates. Average borrowing cost is currently around 7%. The management has highlighted that it is taking several initiatives to improve cash flow in order to reduce debt such as 1) slowing down down capex by 50mn from current USD 300mn-325mn levels 2) slowing down on M&A and 3) improving free cash flow generation in 2HFY24. This, the company believes, should help reduce gross debt by USD 500mn. The company aims to liquidate around USD 225mn from its cash reserves so as to achieve ~USD 300mn net debt reduction.

Exhibit 1. UPL's quarterly financial snapshot

Consolidated (INR mn)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	2QFY24E	% YoY	% QoQ	% diff vs. JMFe
Net Sales	85,150	105,670	112,970	158,610	108,210	125,070	136,790	165,690	89,630	101,700	108,975	-19%	13%	-7%
COGS	37,030	52,210	51,540	79,940	46,640	57,810	64,540	98,210	39,300	52,320	50,673	-9%	33%	
Gross Profit	48,120	53,460	61,430	78,670	61,570	67,260	72,250	67,480	50,330	49,380	58,302	-27%	-2%	-15%
Gross Margin	56.5%	50.6%	54.4%	49.6%	56.9%	53.8%	52.8%	40.7%	56.2%	48.6%	53.5%	-522 bps	-760 bps	
Employee cost	10,300	10,790	11,660	13,470	12,440	12,330	13,210	12,580	12,400	12,510	12,500	1%	1%	
Employee cost as % of sales	12%	10%	10%	8%	11%	10%	10%	8%	14%	12%	11%	244 bps	-153 bps	
Other expenditure	20,080	23,360	25,330	31,400	27,670	30,490	30,200	27,680	25,200	23,620	27,000	-23%	-6%	
Other expenditure as % of sales	24%	22%	22%	20%	26%	24%	22%	17%	28%	23%	25%	-115 bps	-489 bps	
EBITDA	17,740	19,310	24,440	33,800	21,460	24,440	28,840	27,220	12,730	13,250	18,802	-46%	4%	-30%
EBITDA Margin	21%	18%	22%	21%	20%	20%	21%	16%	14%	13.0%	17.3%	-651 bps	-117 bps	
Depreciation	5,510	5,660	6,000	6,420	5,880	6,080	6,240	7,270	6,360	6,570	6,500	8%	3%	
EBIT	12,230	13,650	18,440	27,380	15,580	18,360	22,600	19,950	6,370	6,680	12,302	-64%	5%	
Other Income	480	470	700	1,160	730	780	1,150	2,110	1,010	1,050	1,000	35%	4%	
Interest Expense	6,070	3,590	5,290	8,000	5,190	6,440	8,940	9,060	7,000	8,710	7,000	35%	24%	
PBT	6,640	10,530	13,850	20,540	11,120	12,700	14,810	13,000	380	-980	6,302	-108%	-358%	
Tax	-1,520	2,490	1,670	2,650	590	2,310	1,350	3,110	-1,640	-960	464	-142%	-41%	
Exceptional items	630	400	530	1,680	780	430	200	290	430	870	500			
PAT before minority interest	7,490	7,740	11,790	17,350	10,050	9,690	13,600	10,800	1,020	-2,930	6,437	-130%	-387%	
Minority interest	720	1,400	2,430	3,560	1,280	1,550	2,730	2,880	-640	-1,040	1,500			
Share of Profit of associates	-40	100	140	1,140	300	-270	340	1,200	-570	-2,040	1,100			
PAT after minority interest	6,770	6,340	9,360	13,790	8,770	8,140	10,870	7,920	1,660	-1,890	4,937			-138%
Tax rate (%)	-23%	24%	12%	13%	5%	18%	9%	24%	-432%	98%	7%			

Source: Company, JM Financial

Exhibit 2. UPL's quarterly operational snapshot

Region-wise Revenue (INR mn)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	2QFY24E	% YoY	% QoQ	% diff vs. JMFe
India	19,140	14,830	9,070	13,840	20,670	18,080	10,750	15,880	20,540	13,870	16,272	-23%	-32%	-15%
Latin America	25,070	50,880	46,830	57,610	34,640	60,920	59,740	64,440	29,650	50,330	53,000	-17%	70%	-5%
North America	12,210	9,580	21,170	35,120	17,960	11,850	27,450	30,090	8,700	5,070	7,110	-57%	-42%	-29%
Europe	15,220	13,360	14,060	26,290	17,280	13,540	14,440	28,000	12,590	12,630	11,509	-7%	0%	10%
RoW	13,500	17,020	21,850	25,750	17,650	20,670	24,410	27,280	18,140	19,800	21,083	-4%	9%	-6%
Total	85,140	105,670	112,980	158,610	108,200	125,060	136,790	165,690	89,620	101,700	108,975	-19%	13%	-7%
Region-wise Revenue proportion (%)														
India	22%	14%	8%	9%	19%	14%	8%	10%	23%	14%	15%			
Latin America	29%	48%	41%	36%	32%	49%	44%	39%	33%	49%	49%			
North America	14%	9%	19%	22%	17%	9%	20%	18%	10%	5%	7%			
Europe	18%	13%	12%	17%	16%	11%	11%	17%	14%	12%	11%			
RoW	16%	16%	19%	16%	16%	17%	18%	16%	20%	19%	19%			
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			

Source: Company, JM Financial

Assumptions and Estimates

Exhibit 3. Key assumptions

INR mn	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Geographical sales (INR mn)												
India	26,219	26,960	29,630	31,890	34,540	38,280	46,770	56,870	65,390	66,044	70,997	76,677
Europe	20,326	19,250	21,480	23,050	57,520	57,140	64,220	68,930	73,240	73,972	79,520	85,484
North America	22,594	26,120	28,880	30,830	49,670	56,350	56,910	78,080	87,350	83,856	90,145	97,357
Latin America	34,063	42,730	53,960	56,920	110,740	137,640	148,630	180,390	219,750	208,763	224,420	242,373
ROW	17,704	25,420	29,170	31,090	63,690	68,150	70,440	78,120	90,020	91,820	98,707	106,603
Total	120,905	140,480	163,120	173,780	316,160	357,560	386,970	462,390	535,750	524,455	563,789	608,495
YoY growth (%)												
India		3%	10%	8%	8%	11%	22%	22%	15%	1%	8%	8%
Europe		-5%	12%	7%	150%	-1%	12%	7%	6%	1%	8%	8%
North America		16%	11%	7%	61%	13%	1%	37%	12%	-4%	8%	8%
Latin America		25%	26%	5%	95%	24%	8%	21%	22%	-5%	8%	8%
ROW		44%	15%	7%	105%	7%	3%	11%	15%	2%	8%	8%
Total		16%	16%	7%	82%	13%	8%	19%	16%	-2%	8%	8%
% of total												
India	22%	19%	18%	18%	11%	11%	12%	12%	12%	13%	13%	13%
Europe	17%	14%	13%	13%	18%	16%	17%	15%	14%	14%	14%	14%
North America	19%	19%	18%	18%	16%	16%	15%	17%	16%	16%	16%	16%
Latin America	28%	30%	33%	33%	35%	38%	38%	39%	41%	40%	40%	40%
ROW	15%	18%	18%	18%	20%	19%	18%	17%	17%	18%	18%	18%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

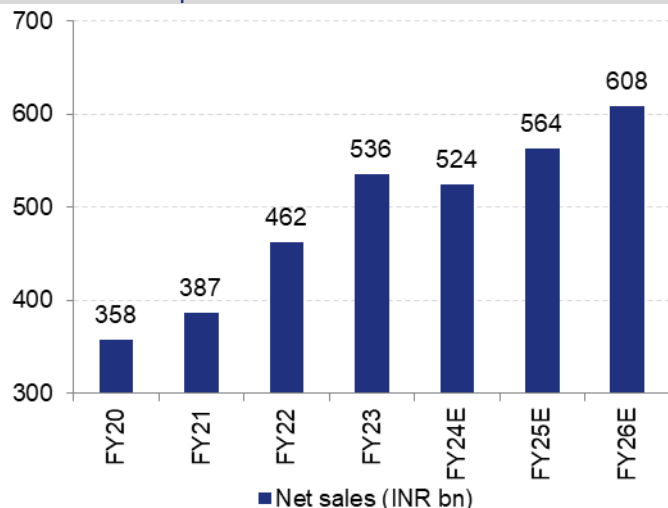
Source: JM Financial, Company

Exhibit 4. Change in Estimates

	New	Old	Divergence
Revenue (INR Mn)			
FY24	524,455	553,989	-5.3%
FY25	563,789	598,060	-5.7%
FY26	608,495	645,490	-5.7%
EBITDA (INR Mn)			
FY24	93,724	107,023	-12.4%
FY25	106,879	116,780	-8.5%
FY26	119,626	127,320	-6.0%
PAT (INR Mn)			
FY24	27,071	37,415	-27.6%
FY25	38,547	45,074	-14.5%
FY26	46,157	51,337	-10.1%

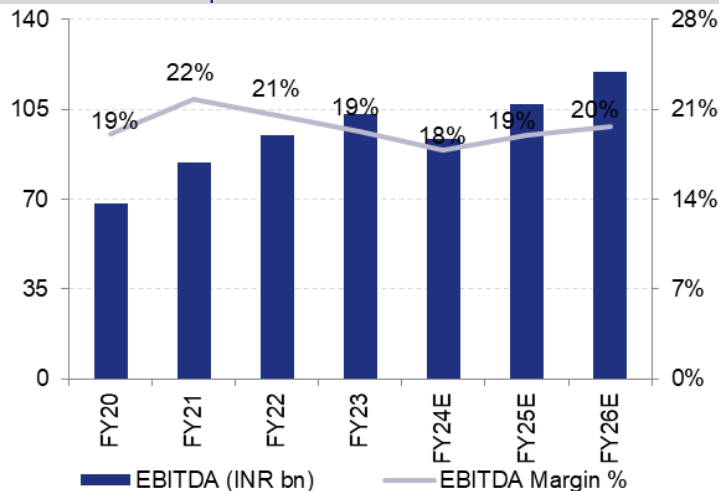
Source: JM Financial

Exhibit 5. Sales expected to see 4% CAGR over FY23-26E



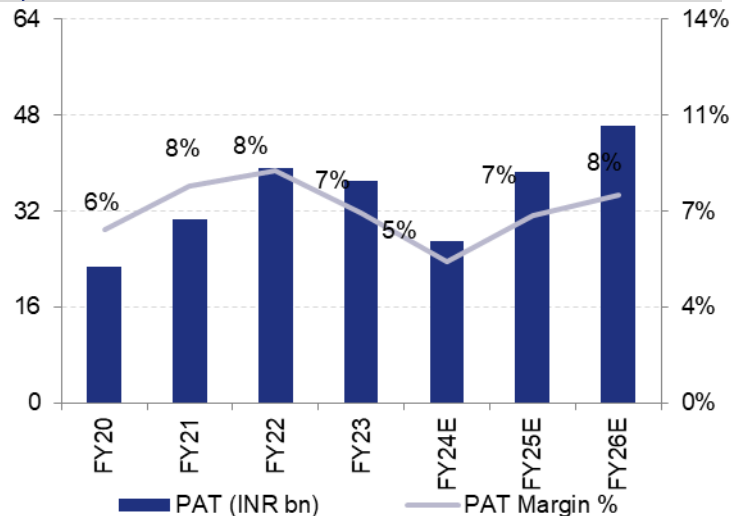
Source: Company, JM Financial

Exhibit 6. EBITDA expected to see 5% CAGR over FY23-26E...



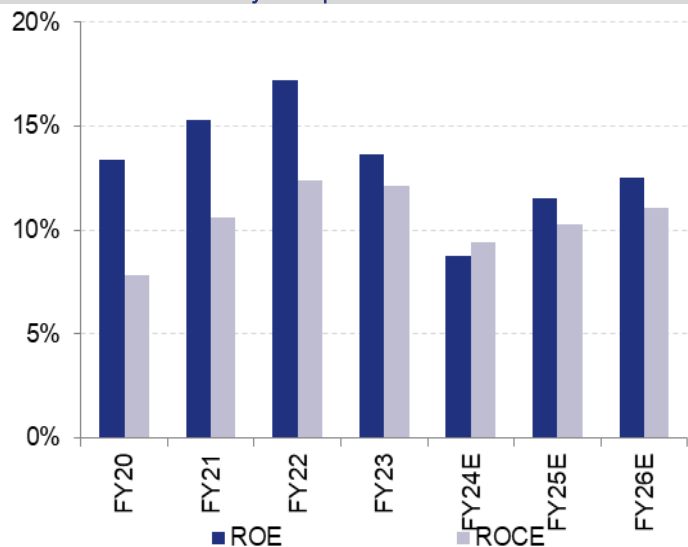
Source: Company, JM Financial

Exhibit 7. ...which, in turn, would improve PAT margin, with PAT expected to show 8% CAGR over FY23-26E



Source: Company, JM Financial

Exhibit 8. RoCE/RoE likely to improve further



Source: Company, JM Financial

Valuation

Exhibit 9. Our Dec'24 TP for UPL stands at INR 800/share

	Dec'25 EBITDA (INR bn)	EV/EBITDA multiple (x)	Value (INR bn)	Value (INR/share)
UPL consolidated	116	8	908	1,189
Less: Net Debt			154	202
Equity value including minority			754	987
Less: Minority interest			144	188
Equity value			610	800

Source: JM Financial

Exhibit 10. UPL is currently trading at ~9.2x 1-year forward consensus P/E multiple



Source: Company, JM Financial

Exhibit 11. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
SRF	BUY	2,181	3,040	29.9	37.0	28.2	22.4	6.3	5.4	4.6	3.9	19.2	21.3	16.8	13.5	22.9	15.7	17.8	19.0
UPL	BUY	539	800	11.1	15.2	10.7	8.9	1.4	1.3	1.2	1.1	6.2	6.7	5.9	5.4	13.6	8.8	11.5	12.6
PI Industries	BUY	3,352	4,250	46.0	38.3	32.1	26.7	7.8	6.5	5.4	4.5	34.4	26.8	22.2	18.4	18.4	18.5	18.4	18.3
Deepak Nitrite	BUY	1,991	2,535	34.2	34.4	24.8	20.5	7.1	5.9	4.8	3.9	22.3	22.0	15.9	13.1	22.9	18.8	21.3	20.9
Clean Science	BUY	1,304	1,995	50.8	48.2	36.8	28.0	14.9	11.4	8.8	6.7	36.5	34.8	25.4	19.6	33.2	26.8	27.0	27.2
Navin Fluorine	BUY	3,424	5,665	60.1	42.7	33.1	25.7	10.3	8.7	7.2	5.9	42.1	32.2	25.5	20.8	18.6	22.1	23.8	25.1
Fine Organics	SELL	4,588	3,135	26.4	42.9	49.9	47.7	10.3	8.6	7.6	6.8	19.4	28.1	31.5	29.5	47.6	21.9	16.2	15.0
Galaxy Surfactants	HOLD	2,606	2,685	24.2	26.4	25.8	24.6	4.9	4.1	3.6	3.1	16.3	16.9	15.9	14.7	22.0	17.0	14.8	13.5
Aether Industries	BUY	861	1,110	86.6	68.5	48.0	35.5	9.1	5.6	5.0	4.4	60.1	43.7	30.8	23.2	16.0	10.3	10.9	13.1
Anupam Rasayan	HOLD	878	1,080	52.3	37.2	27.7	21.2	4.0	3.6	3.1	2.7	21.3	18.3	14.5	11.5	8.8	10.1	12.0	13.8
Archean Chemicals	BUY	594	735	17.3	15.2	10.8	8.9	4.6	3.8	2.8	2.2	11.3	9.8	6.6	4.8	45.2	28.9	30.2	27.5
Tatva Chintan Pharma Chem	HOLD	1,516	1,530	73.1	55.8	38.0	28.8	7.0	6.3	5.4	4.7	61.3	33.7	24.0	19.1	9.9	11.8	15.3	17.4
India Pesticides	HOLD	278	200	23.2	27.4	24.5	21.2	4.3	3.7	3.3	2.8	16.6	18.3	16.1	13.8	20.3	14.6	14.2	14.3

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	462,400	535,760	524,455	563,789	608,495	
Sales Growth	19.5%	15.9%	-2.1%	7.5%	7.9%	
Other Operating Income	0	0	0	0	0	
Total Revenue	462,400	535,760	524,455	563,789	608,495	
Cost of Goods Sold/Op. Exp	220,720	272,810	275,339	287,533	304,247	
Personnel Cost	46,220	50,560	50,560	55,110	60,070	
Other Expenses	100,320	109,200	104,832	114,267	124,551	
EBITDA	95,140	103,190	93,724	106,879	119,626	
EBITDA Margin	20.6%	19.3%	17.9%	19.0%	19.7%	
EBITDA Growth	12.8%	8.5%	-9.2%	14.0%	11.9%	
Depn. & Amort.	23,590	25,470	27,171	28,746	31,021	
EBIT	71,550	77,720	66,554	78,133	88,605	
Other Income	2,960	3,540	3,685	2,436	2,161	
Finance Cost	22,950	29,630	29,834	22,149	20,649	
PBT before Excep. & Forex	51,560	51,630	40,405	58,421	70,117	
Excep. & Forex Inc./Loss(-)	-3,240	-1,700	-1,190	-1,190	-833	
PBT	48,320	49,930	39,215	57,231	69,284	
Taxes	5,290	7,360	7,059	10,874	13,164	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	9,450	10,010	6,261	8,973	10,838	
Reported Net Profit	36,260	35,700	26,095	37,584	45,482	
Adjusted Net Profit	39,145	37,149	27,071	38,547	46,157	
Net Margin	8.5%	6.9%	5.2%	6.8%	7.6%	
Diluted Share Cap. (mn)	764.0	764.0	764.0	764.0	764.0	
Diluted EPS (INR)	51.2	48.6	35.4	50.5	60.4	
Diluted EPS Growth	27.5%	-5.1%	-27.1%	42.4%	19.7%	
Total Dividend + Tax	7,252	7,140	5,219	7,517	9,096	
Dividend Per Share (INR)	9.5	9.3	6.8	9.8	11.9	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	246,610	298,440	319,316	349,383	385,769	
Share Capital	1,530	1,500	1,500	1,500	1,500	
Reserves & Surplus	245,080	296,940	317,816	347,883	384,269	
Preference Share Capital	0	0	0	0	0	
Minority Interest	46,470	55,850	62,011	70,884	81,622	
Total Loans	258,660	229,990	228,990	213,990	198,990	
Def. Tax Liab. / Assets (-)	2,450	-2,950	4,942	12,834	20,726	
Total - Equity & Liab.	554,190	581,330	615,259	647,091	687,107	
Net Fixed Assets	195,380	207,270	210,099	211,353	220,332	
Gross Fixed Assets	0	0	0	0	0	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	0	0	0	0	0	
Capital WIP	11,840	11,970	11,970	11,970	11,970	
Investments	27,940	23,180	23,180	23,180	23,180	
Current Assets	581,170	627,750	637,891	670,385	685,701	
Inventories	130,780	139,850	136,899	150,256	162,170	
Sundry Debtors	153,280	182,240	178,395	196,408	211,982	
Cash & Bank Balances	61,200	59,670	69,607	61,731	41,558	
Loans & Advances	480	250	250	250	250	
Other Current Assets	235,430	245,740	252,740	261,740	269,740	
Current Liab. & Prov.	292,910	305,420	284,461	286,376	270,656	
Current Liabilities	175,950	189,020	168,061	171,976	176,256	
Provisions & Others	116,960	116,400	116,400	114,400	94,400	
Net Current Assets	288,260	322,330	353,430	384,008	415,045	
Total - Assets	554,190	581,330	615,259	647,091	687,107	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	49,660	51,500	39,315	57,331	69,384	
Depn. & Amort.	23,590	25,470	27,171	28,746	31,021	
Net Interest Exp. / Inc. (-)	21,590	26,540	26,149	19,713	18,488	
Inc (-) / Dec in WCap.	-17,670	-13,690	-21,163	-38,455	-51,209	
Others	-2,170	310	0	0	0	
Taxes Paid	-10,040	-12,620	-7,059	-10,874	-13,164	
Operating Cash Flow	64,960	77,510	64,413	56,461	54,521	
Capex	-20,220	-16,720	-30,000	-30,000	-40,000	
Free Cash Flow	44,740	60,790	34,413	26,461	14,521	
Inc (-) / Dec in Investments	-3,190	-6,190	0	0	0	
Others	-14,780	8,010	3,685	2,436	2,161	
Investing Cash Flow	-38,190	-14,900	-26,315	-27,564	-37,839	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	-12,710	-17,010	-1,000	-15,000	-15,000	
Others	-6,500	-45,260	-29,601	-24,214	-24,293	
Financing Cash Flow	-19,210	-62,270	-30,601	-39,214	-39,293	
Inc / Dec (-) in Cash	10,000	1,700	9,937	-7,877	-20,172	
Opening Cash Balance	47,970	57,970	59,670	69,607	61,731	
Closing Cash Balance	57,970	59,670	69,607	61,731	41,558	

Source: Company, JM Financial

Dupont Analysis		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
Net Margin		8.5%	6.9%	5.2%	6.8%	7.6%
Asset Turnover (x)		0.9	0.9	0.9	0.9	0.9
Leverage Factor (x)		2.3	2.1	2.0	1.9	1.8
RoE		17.2%	13.6%	8.8%	11.5%	12.6%

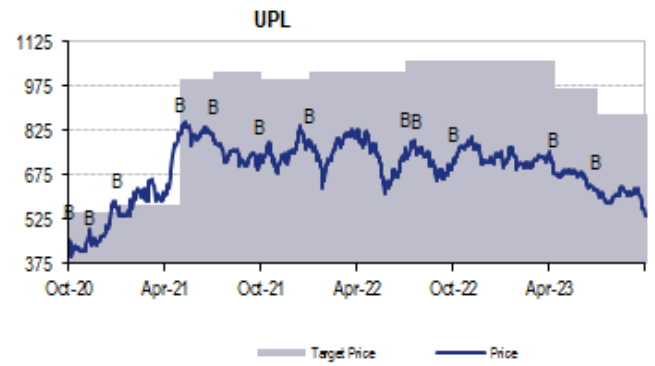
Key Ratios		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
BV/Share (INR)		322.8	390.6	417.9	457.3	504.9
ROIC		14.4%	13.7%	10.7%	11.9%	12.5%
ROE		17.2%	13.6%	8.8%	11.5%	12.6%
Net Debt/Equity (x)		0.8	0.6	0.5	0.4	0.4
P/E (x)		10.5	11.1	15.2	10.7	8.9
P/B (x)		1.7	1.4	1.3	1.2	1.1
EV/EBITDA (x)		6.8	6.2	6.7	5.9	5.4
EV/Sales (x)		1.4	1.2	1.2	1.1	1.1
Debtor days		121	124	124	127	127
Inventory days		103	95	95	97	97
Creditor days		165	149	131	127	122

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Feb-20	Buy	830	
25-May-20	Buy	550	-33.8
16-Jun-20	Buy	550	0.0
3-Aug-20	Buy	525	-4.5
12-Oct-20	Buy	550	4.7
1-Nov-20	Buy	550	0.0
10-Dec-20	Buy	550	0.0
31-Jan-21	Buy	575	4.6
31-May-21	Buy	1,000	73.9
31-Jul-21	Buy	1,020	2.0
29-Oct-21	Buy	1,000	-1.9
31-Jan-22	Buy	1,020	2.0
1-Aug-22	Buy	1,060	3.9
23-Aug-22	Buy	1,060	0.0
1-Nov-22	Buy	1,060	0.0
9-May-23	Buy	966	-8.9
31-Jul-23	Buy	880	-8.8

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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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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