

Inventory rationalisation unlikely to be repeated

UPL's 3QFY24 EBITDA missed JMFe and consensus estimates by 95% and 94%, respectively. This extremely weak earnings was driven by i) higher rebates given to distributors and product returns, and ii) liquidation of high cost inventories. Going forward, inventory rationalisation is unlikely to be repeated given the company will be entering FY25 on a low cost inventory basis. Going forward, price normalisation will be gradual given inventory destocking has not yet subsided. There is a possibility of normalised performance from 2QFY25. Given no operating cash flows and working capital increase, net debt has risen further to USD 3.7bn at end-Dec'23. The company expects to bring net debt down to USD 2.5bn (excluding the rights issue) via higher collections in 4QFY24 and capital-raise opportunities at platforms (e.g., seeds, specialty chemicals, etc.). Factoring in 3QFY24 results and commentary, we have lowered our FY24/25/26 EBITDA estimates by 34%/14%/12% and PAT estimates by 131%/29%/22%. We maintain BUY with a revised Mar'25 TP of INR 650 (vs. INR 730 earlier) on account of value unlocking of the seeds and spec chem businesses.

- EBITDA miss driven by high cost inventory rationalisation:** UPL's 3QFY24 consolidated EBITDA came in significantly below (95%/94% below JMFe/consensus) at INR 930mn (down 97% YoY) on account of gross margin contracting sharply to 36% (vs. JMFe of 50.0% and 52.8% in 3QFY23) and revenue coming in lower at INR 98.9bn (8%/11% below JMFe/consensus, down 28% YoY). Sharp contraction in gross margin was on account of liquidation of high cost inventory, and higher rebates to channel partners. During the quarter, interest expenses was higher at INR 11.9bn (vs. INR 8.7bn in 2QFY24). As a result, during the quarter, there was a net loss of INR 12.2bn.
- Revenue contraction across regions except RoW:** UPL's Latin America revenue was 16% below JMFe and stood at INR 42.9bn (down 28% YoY) on account of pricing-related challenges in key herbicides and fungicides. North America revenue was 28% below JMFe at INR 9.9bn (down 64% YoY) due to continued pricing pressure on generic active ingredients and higher rebates. Europe revenue was 18% below JMFe and stood at INR 10.0bn (down 30% YoY) due to volume decline led by product bans and high channel inventories. India revenue was in line with JMFe at INR 8.6bn (down 20% YoY). During the quarter, RoW was the only region that demonstrated growth. RoW revenue was 22% ahead of JMFe and stood at INR 27.4bn (12% YoY) on account of growth led by China driven by higher insecticides volume.
- Estimates lowered – maintain BUY:** Net debt at end-Dec'23 stood at INR 31.3bn (vs. INR 30.7bn in Sep'23 and INR 27.5bn in Dec'22). Accounting for 3QFY24 performance and a gradual improvement, we have lowered our FY24/25/26 EBITDA estimates by ~34%/14%/12% and FY24/25/26 PAT estimates by 131%/29%/22%. We maintain BUY with a revised Mar'25 TP of INR 650 (from INR 730 earlier).

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	650
Upside/(Downside)	21.8%
Previous Price Target	730
Change	-10.9%

Key Data – UPL IN

Current Market Price	INR534
Market cap (bn)	INR400.6/US\$4.8
Free Float	63%
Shares in issue (mn)	764.0
Diluted share (mn)	764.0
3-mon avg daily val (mn)	INR1,413.2/US\$17.0
52-week range	780/527
Sensex/Nifty	72,086/21,854
INR/US\$	82.9

Price Performance

%	1M	6M	12M
Absolute	-10.2	-13.8	-23.4
Relative*	-10.5	-21.3	-36.3

* To the BSE Sensex

Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	462,400	535,760	434,583	458,519	496,968
Sales Growth (%)	19.5	15.9	-18.9	5.5	8.4
EBITDA	95,140	103,190	46,583	70,887	84,951
EBITDA Margin (%)	20.6	19.3	10.7	15.5	17.1
Adjusted Net Profit	39,145	37,149	-4,441	18,968	28,577
Diluted EPS (INR)	51.2	48.6	-5.8	24.8	37.4
Diluted EPS Growth (%)	27.5	-5.1	0.0	0.0	50.7
ROIC (%)	14.4	13.7	3.0	8.1	9.8
ROE (%)	17.2	13.6	-1.5	6.3	9.0
P/E (x)	10.4	11.0	-91.9	21.5	14.3
P/B (x)	1.7	1.4	1.4	1.3	1.2
EV/EBITDA (x)	6.8	6.1	12.9	8.4	7.2
Dividend Yield (%)	1.8	1.8	-0.3	0.9	1.3

Source: Company data, JM Financial. Note: Valuations as of 02/Feb/2024

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.

3QFY24 Result Review

Key takeaways from post-results conference call

- **Normalised business performance likely from 2QFY25:** 4QFY24 would still be challenging on the product pricing front. UPL now has a lower cost basis as high cost inventories have been accounted for. However, given that the company doesn't foresee rebate issues, especially in North America, EBITDA margin is likely to fare better going into 4QFY24. With gradual recovery in 1QFY25, normalcy should return from 2QFY25. Going into FY25, high cost inventories will be limited.
- **Aims to bring net debt down to USD 2.5bn excluding the rights issue:** The company highlighted that given its recent performance; it would be challenging to retain its investment grade rating. UPL is looking to bring net debt down to USD 2.5bn by end-FY24 (from USD 3.7bn at end-Dec'23) owing to fair amount of collections in 4Q. Infusion from the rights issue will further bring down net debt to USD 2.0bn-2.2bn.
- **Still cost competitive versus China:** Except for one molecule, for its top 15 molecules the company's current cost of production is 15% lower on average than China's current prices. Even in the molecule where UPL's current cost of production is higher than China's domestic price, the company is trying to bring down costs to be competitive.
- **India business hit mainly due to low glufosinate demand:** In the Indian region, demand for UPL's key product (Glufosinate) was low. Besides this, there have been two back-to-back bad years for the company's key crops; cotton and pulses have been hit the most in this year. Further, there has been some impact from selling close to the season.
- **Destocking getting dragged due to seasonality:** The management highlighted that in most of its markets, there is one season in a year for particular products. Hence, once the season passes, there is a gap of 3 quarters. This has resulted in longer time for inventory normalisation. Inventories for non-selective herbicides are still getting normalised in Brazil and North America. There are a few markets where the active ingredients are getting back in balance.
- **No price recoveries expected in the near term:** The company indicated that in the near term price recovery is going to be unlikely. Further, it highlighted that low prices will continue from China. UPL is well equipped to compete with Chinese prices.
- **USD 100mn to be saved over 2 years:** The company aims to cut cost amounting to ~USD 100mn in the next 2 years. The management has highlighted that it is taking several initiatives to improve cash flow in order to reduce debt by slowing down capex and M&A.

Exhibit 1. UPL's quarterly financial snapshot

Consolidated (INR mn)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	3QFY24E	% YoY	% QoQ	% diff vs. JMFe
Net Sales	1,12,970	1,58,610	1,08,210	1,25,070	1,36,790	1,65,690	89,630	1,01,700	98,870	1,07,835	-28%	-3%	-8%
COGS	51,540	79,940	46,640	57,810	64,540	98,210	39,300	52,320	63,230	53,918	-2%	21%	
Gross Profit	61,430	78,670	61,570	67,260	72,250	67,480	50,330	49,380	35,640	53,918	-51%	-28%	-34%
Gross Margin	54.4%	49.6%	56.9%	53.8%	52.8%	40.7%	56.2%	48.6%	36.0%	50.0%	-1677 bps	-1251 bps	
Employee cost	11,660	13,470	12,440	12,330	13,210	12,580	12,400	12,510	11,550	12,500	-13%	-8%	
Employee cost as % of sales	10%	8%	11%	10%	10%	8%	14%	12%	12%	12%	202 bps	-62 bps	
Other expenditure	25,330	31,400	27,670	30,490	30,200	27,680	25,200	23,620	23,160	24,500	-23%	-2%	
Other expenditure as % of sales	22%	20%	26%	24%	22%	17%	28%	23%	23%	23%	135 bps	20 bps	
EBITDA	24,440	33,800	21,460	24,440	28,840	27,220	12,730	13,250	930	16,918	-97%	-93%	-95%
EBITDA Margin	22%	21%	20%	20%	21%	16%	14%	13%	1%	15.7%	-2014 bps	-1209 bps	
Depreciation	6,000	6,420	5,880	6,080	6,240	7,270	6,360	6,570	6,760	6,500	8%	3%	
EBIT	18,440	27,380	15,580	18,360	22,600	19,950	6,370	6,680	-5,830	10,418	-126%	-187%	
Other Income	700	1,160	730	780	1,150	2,110	1,010	1,050	1,510	1,000	31%	44%	
Interest Expense	5,290	8,000	5,190	6,440	8,940	9,060	7,000	8,710	11,910	8,800	33%	37%	
PBT	13,850	20,540	11,120	12,700	14,810	13,000	380	-980	-16,230	2,618	-210%	1556%	
Tax	1,670	2,650	590	2,310	1,350	3,110	-1,640	-960	-590	137	-144%	-39%	
Exceptional items	530	1,680	780	430	200	290	430	870	170	900	-15%	-80%	
PAT before minority interest	11,790	17,350	10,050	9,690	13,600	10,800	1,020	-2,930	-16,070	2,080	-218%	448%	
Minority interest	2,430	3,560	1,280	1,550	2,730	2,880	-640	-1,040	-3,900	500	-243%	275%	
Share of Profit of associates	140	1,140	300	-270	340	1,200	-570	-2,040	-260	500	-176%	-87%	
PAT after minority interest	9,360	13,790	8,770	8,140	10,870	7,920	1,660	-1,890	-12,170	1,580	-212%		
Tax rate (%)	12%	13%	5%	18%	9%	24%	-432%	98%	4%	5%	-548 bps		

Source: Company, JM Financial

Exhibit 2. UPL's quarterly operational snapshot

Region-wise Revenue (INR mn)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	3QFY24E	% YoY	% QoQ	% diff vs. JMFe
India	9,070	13,840	20,670	18,080	10,750	15,880	20,540	13,870	8,600	8,600	-20%	-38%	0%
Latin America	46,830	57,610	34,640	60,920	59,740	64,440	29,650	50,330	42,860	50,779	-28%	-15%	-16%
North America	21,170	35,120	17,960	11,850	27,450	30,090	8,700	5,070	9,900	13,725	-64%	95%	-28%
Europe	14,060	26,290	17,280	13,540	14,440	28,000	12,590	12,630	10,060	12,274	-30%	-20%	-18%
RoW	21,850	25,750	17,650	20,670	24,410	27,280	18,140	19,800	27,440	22,457	12%	39%	22%
Total	1,12,980	1,58,610	1,08,200	1,25,060	1,36,790	1,65,690	89,620	1,01,700	98,860	1,07,835	-28%	-3%	-8%
Region-wise Revenue													
India	8%	9%	19%	14%	8%	10%	23%	14%	9%	8%	84bps	-494bps	
Latin America	41%	36%	32%	49%	44%	39%	33%	49%	43%	47%	-32bps	-613bps	
North America	19%	22%	17%	9%	20%	18%	10%	5%	10%	13%	-1005bps	503bps	
Europe	12%	17%	16%	11%	11%	17%	14%	12%	10%	11%	-38bps	-224bps	
RoW	19%	16%	16%	17%	18%	16%	20%	19%	28%	21%	991bps	829bps	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0bps	0bps	

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	56,562	61,087	66,280
Europe	20,326	19,250	21,480	23,050	57,520	57,140	64,220	68,930	73,240	61,522	63,982	69,421
North America	22,594	26,120	28,880	30,830	49,670	56,350	56,910	78,080	87,350	40,181	42,190	45,776
Latin America	34,063	42,730	53,960	56,920	1,10,740	1,37,640	1,48,630	1,80,390	2,19,750	1,79,096	1,86,260	2,02,092
ROW	17,704	25,420	29,170	31,090	63,690	68,150	70,440	78,120	90,020	97,222	1,04,999	1,13,399
Total	1,20,905	1,40,480	1,63,120	1,73,780	3,16,160	3,57,560	3,86,970	4,62,390	5,35,750	4,34,583	4,58,519	4,96,968
YoY growth (%)												
India		3%	10%	8%	8%	11%	22%	22%	15%	-14%	8%	9%
Europe		-5%	12%	7%	150%	-1%	12%	7%	6%	-16%	4%	9%
North America		16%	11%	7%	61%	13%	1%	37%	12%	-54%	5%	9%
Latin America		25%	26%	5%	95%	24%	8%	21%	22%	-19%	4%	9%
ROW		44%	15%	7%	105%	7%	3%	11%	15%	8%	8%	8%
Total		16%	16%	7%	82%	13%	8%	19%	16%	-19%	6%	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%	9%	9%	9%
Latin America	28%	30%	33%	33%	35%	38%	38%	39%	41%	41%	41%	41%
ROW	15%	18%	18%	18%	20%	19%	18%	17%	17%	22%	23%	23%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

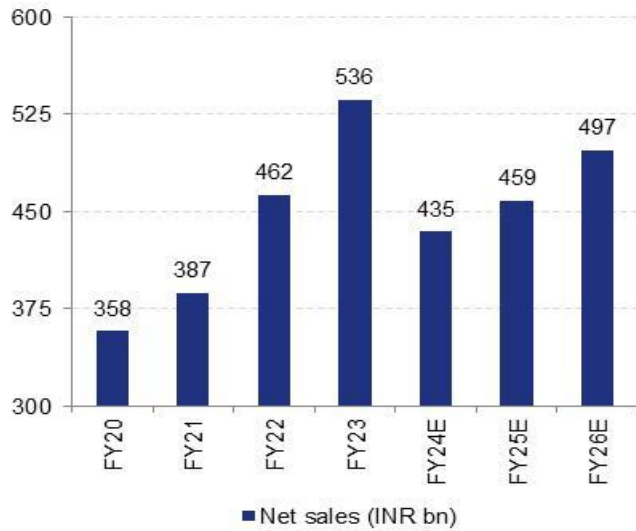
Source: JM Financial, Company

Exhibit 4. Change in estimates

	New	Old	Divergence
Revenue (INR Mn)			
FY24	4,34,583	4,47,495	-2.9%
FY25	4,58,519	4,83,295	-5.1%
FY26	4,96,968	5,23,918	-5.1%
EBITDA (INR Mn)			
FY24	46,583	70,540	-34.0%
FY25	70,887	82,548	-14.1%
FY26	84,951	97,030	-12.4%
PAT (INR Mn)			
FY24	-4,441	14,241	-131.2%
FY25	18,968	26,914	-29.5%
FY26	28,577	36,442	-21.6%

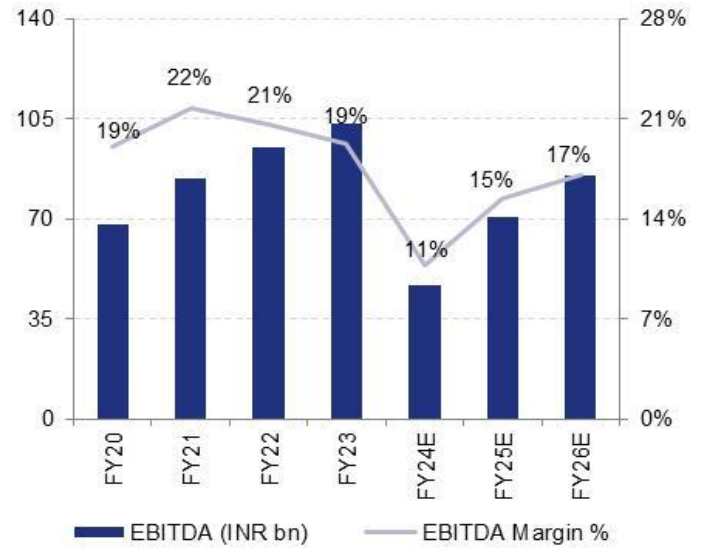
Source: JM Financial

Exhibit 5. Sales expected to see 7% CAGR over FY24E-26E



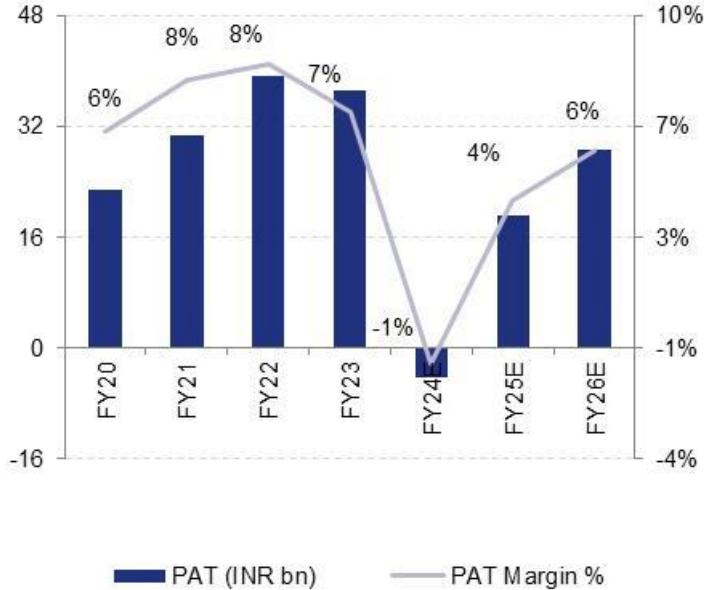
Source: Company, JM Financial

Exhibit 6. EBITDA margin to recover gradually to 17% by FY26E...



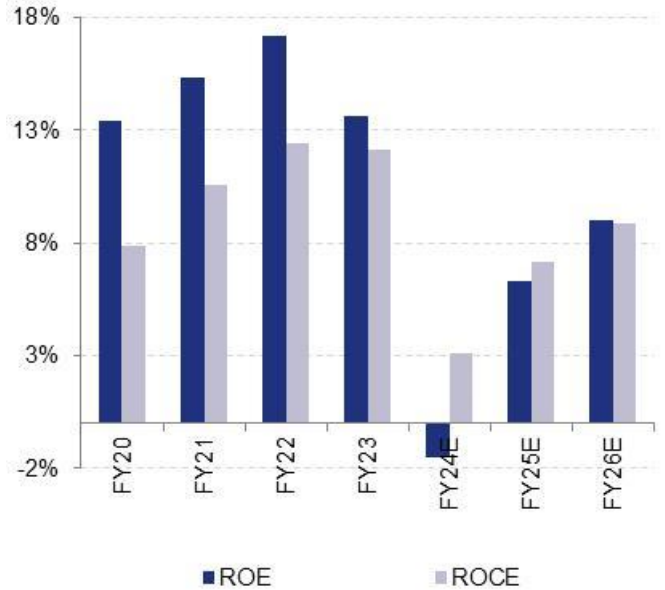
Source: Company, JM Financial

Exhibit 7. ...which, in turn, will improve PAT margin to 6% by FY26E



Source: Company, JM Financial

Exhibit 8. RoCE/RoE likely to improve from FY25E



Source: Company, JM Financial

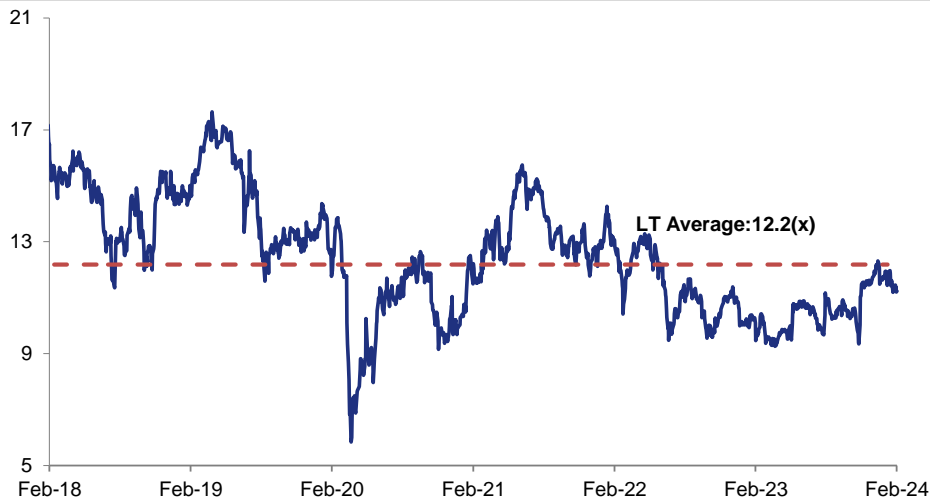
Valuation

Exhibit 9. Our Mar'25 TP for UPL stands at INR 650/share

	Mar'26 EBITDA (INR bn)	EV/EBITDA multiple (x)	Value (INR bn)	Value (INR/share)
Advanta	15.2	18	274	359
UPL (ex-advanta)	69.7	7	502	657
Total Enterprise value			776	1,016
Less: Net Debt			148	194
Equity value including minority			628	822
Minority interest			132	173
Equity value			496	650

Source: JM Financial

Exhibit 10. UPL is currently trading at 11.2x 1-year forward consensus P/E multiple



Source: Bloomberg, 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	2,319	2,665	31.8	56.2	36.6	27.1	6.7	6.0	5.3	4.5	20.4	28.2	21.0	16.2	22.9	11.3	15.3	17.9
UPL	BUY	533	650	11.0	NM	21.5	14.3	1.4	1.4	1.3	1.2	6.1	12.9	8.4	7.2	13.6	-1.5	6.3	9.0
PI Industries	HOLD	3,376	3,710	42.0	33.6	30.6	26.9	7.1	5.9	4.9	4.2	31.2	24.7	21.3	18.4	18.4	19.2	17.5	16.8
Deepak Nitrite	BUY	2,250	2,565	36.9	43.6	29.9	24.8	7.7	6.5	5.4	4.4	24.1	27.1	19.0	15.9	22.9	16.2	19.7	19.6
Qean Science	BUY	1,461	1,830	52.6	66.0	47.5	35.6	15.4	12.5	10.0	7.8	37.7	46.2	33.1	25.4	33.2	20.9	23.4	24.6
Navin Fluorine	BUY	3,325	4,730	43.9	49.5	34.4	24.9	7.5	6.7	5.8	4.9	31.1	33.8	24.9	19.6	18.6	14.4	18.2	21.5
Fine Organics	SELL	4,668	3,220	24.2	42.0	45.4	43.5	9.4	8.0	7.0	6.2	17.7	29.0	29.1	27.2	47.6	20.6	16.5	15.2
Galaxy Surfactants	HOLD	2,623	2,605	24.4	31.5	28.7	26.7	4.9	4.3	3.7	3.3	16.4	18.5	16.9	15.3	22.0	14.5	13.9	13.0
FCBL Ltd.	BUY	320	355	27.3	22.5	21.1	18.0	4.3	3.6	3.1	2.6	17.7	13.3	11.9	10.4	16.2	17.3	15.7	15.7
Aether Industries	BUY	846	1,095	80.8	87.8	52.1	38.3	8.5	5.3	4.8	4.3	56.0	57.6	33.2	24.8	16.0	7.6	9.7	11.8
Amupam Rasayan	HOLD	950	990	56.3	67.8	42.9	29.3	4.3	3.5	3.2	2.9	22.8	24.3	18.2	14.3	8.8	5.8	7.7	10.3
Archean Chemicals	BUY	619	700	17.9	22.0	14.1	11.1	4.8	4.3	3.3	2.5	11.7	14.2	8.9	6.4	45.2	21.6	26.3	25.8
Tatva Chintan Pharma Chem	HOLD	1,331	1,310	63.4	94.6	45.7	32.1	6.0	4.3	4.0	3.6	53.5	37.4	24.6	19.4	9.9	5.3	9.0	11.7

Source: Companies, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	462,400	535,760	434,583	458,519	496,968	
Sales Growth	19.5%	15.9%	-18.9%	5.5%	8.4%	
Other Operating Income	0	0	0	0	0	
Total Revenue	462,400	535,760	434,583	458,519	496,968	
Cost of Goods Sold/Op. Exp	220,720	272,810	243,366	233,845	248,484	
Personnel Cost	46,220	50,560	48,538	50,964	53,513	
Other Expenses	100,320	109,200	96,096	102,823	110,020	
EBITDA	95,140	103,190	46,583	70,887	84,951	
EBITDA Margin	20.6%	19.3%	10.7%	15.5%	17.1%	
EBITDA Growth	12.8%	8.5%	-54.9%	52.2%	19.8%	
Depn. & Amort.	23,590	25,470	26,492	25,923	27,723	
EBIT	71,550	77,720	20,091	44,964	57,228	
Other Income	2,960	3,540	5,685	4,849	5,106	
Finance Cost	22,950	29,630	37,198	22,749	21,249	
PBT before Excep. & Forex	51,560	51,630	-11,422	27,064	41,085	
Excep. & Forex Inc./Loss(-)	-3,240	-1,700	-1,700	-1,700	-1,500	
PBT	48,320	49,930	-13,122	25,364	39,585	
Taxes	5,290	7,360	-3,674	3,805	5,938	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	9,450	10,010	-10,063	4,237	6,546	
Reported Net Profit	36,260	35,700	-5,665	17,523	27,302	
Adjusted Net Profit	39,145	37,149	-4,441	18,968	28,577	
Net Margin	8.5%	6.9%	-1.0%	4.1%	5.8%	
Diluted Share Cap. (mn)	764.0	764.0	764.0	764.0	764.0	
Diluted EPS (INR)	51.2	48.6	-5.8	24.8	37.4	
Diluted EPS Growth	27.5%	-5.1%	0.0%	0.0%	50.7%	
Total Dividend + Tax	7,252	7,140	-1,133	3,505	5,460	
Dividend Per Share (INR)	9.5	9.3	-1.5	4.6	7.1	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	49,660	51,500	-16,262	25,464	39,685	
Depn. & Amort.	23,590	25,470	26,492	25,923	27,723	
Net Interest Exp. / Inc. (-)	21,590	26,540	31,513	17,900	16,143	
Inc (-) / Dec in WCap.	-17,670	-13,690	20,562	-20,033	-38,685	
Others	-2,170	310	0	0	0	
Taxes Paid	-10,040	-12,620	3,674	-3,805	-5,938	
Operating Cash Flow	64,960	77,510	65,979	45,449	38,929	
Capex	-20,220	-16,720	-20,000	-20,000	-40,000	
Free Cash Flow	44,740	60,790	45,979	25,449	-1,071	
Inc (-) / Dec in Investments	-3,190	-6,190	0	0	0	
Others	-14,780	8,010	5,685	4,849	5,106	
Investing Cash Flow	-38,190	-14,900	-14,315	-15,151	-34,894	
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	5,000	-15,000	-15,000	
Others	-6,500	-45,260	-30,613	-20,802	-21,257	
Financing Cash Flow	-19,210	-62,270	-25,613	-35,802	-36,257	
Inc / Dec (-) in Cash	10,000	1,700	28,491	-3,063	-29,783	
Opening Cash Balance	47,970	57,970	59,670	88,161	85,098	
Closing Cash Balance	57,970	59,670	88,161	85,098	55,315	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	246,610	298,440	293,908	307,927	329,768	
Share Capital	1,530	1,500	1,500	1,500	1,500	
Reserves & Surplus	245,080	296,940	292,408	306,427	328,268	
Preference Share Capital	0	0	0	0	0	
Minority Interest	46,470	55,850	48,927	53,064	59,509	
Total Loans	258,660	229,990	234,990	219,990	204,990	
Def. Tax Liab. / Assets (-)	2,450	-2,950	4,942	12,834	20,726	
Total - Equity & Liab.	554,190	581,330	582,767	593,814	614,993	
Net Fixed Assets	195,380	207,270	200,778	194,856	207,133	
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	602,415	625,254	626,797	
Inventories	130,780	139,850	113,440	122,200	132,447	
Sundry Debtors	153,280	182,240	147,824	155,966	169,045	
Cash & Bank Balances	61,200	59,670	88,161	85,098	55,315	
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	272,156	278,026	270,667	
Current Liabilities	175,950	189,020	155,756	163,626	176,267	
Provisions & Others	116,960	116,400	116,400	114,400	94,400	
Net Current Assets	288,260	322,330	330,259	347,229	356,130	
Total - Assets	554,190	581,330	582,767	593,814	614,993	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	8.5%	6.9%	-1.0%	4.1%	5.8%	
Asset Turnover (x)	0.9	0.9	0.7	0.8	0.8	
Leverage Factor (x)	2.3	2.1	2.0	2.0	1.9	
RoE	17.2%	13.6%	-1.5%	6.3%	9.0%	

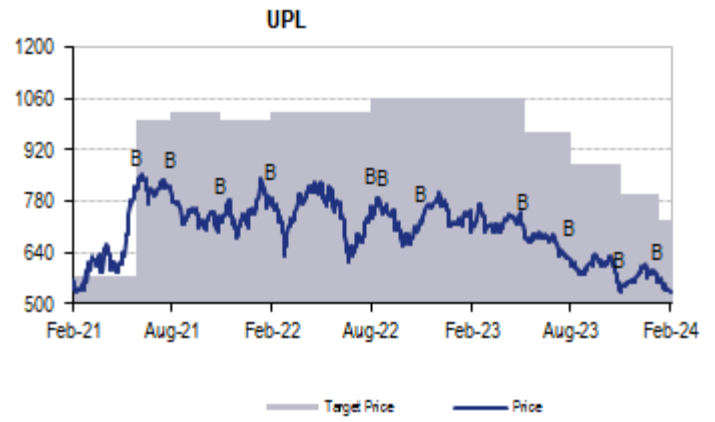
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	322.8	390.6	384.7	403.0	431.6	
ROIC	14.4%	13.7%	3.0%	8.1%	9.8%	
ROE	17.2%	13.6%	-1.5%	6.3%	9.0%	
Net Debt/Equity (x)	0.8	0.6	0.5	0.4	0.4	
P/E (x)	10.4	11.0	-91.9	21.5	14.3	
P/B (x)	1.7	1.4	1.4	1.3	1.2	
EV/EBITDA (x)	6.8	6.1	12.9	8.4	7.2	
EV/Sales (x)	1.4	1.2	1.4	1.3	1.2	
Debtor days	121	124	124	124	124	
Inventory days	103	95	95	97	97	
Creditor days	165	149	134	142	145	

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
30-Oct-23	Buy	800	-9.1
9-Jan-24	Buy	730	-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.
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* REITs refers to Real Estate Investment Trusts.

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