Archean Chemical Industries | REDUCE

Mega plans; execution track record patchy

Archean's 2QFY26 earnings print was once again a disappointing one. Quarter after quarter, the company has attributed lower sales to a variety of factors, such as logistical challenges for salt, longer-than-expected monsoon, etc. This quarter, both salt and bromine sales were significantly lower than expected. There is not much uptick in bromine derivative sales, either. Moreover, the company has slashed Oren Hydrocarbon sales guidance to NIL from INR 1.5bn in FY26. The Street has been very positive on the stock as it finds the valuation attractive. However, numbers keep getting cut every quarter as the execution has been patchy. In light of struggles in similar or forward integration projects, we find the company's plans of making semi-conductor materials aspirational. We cut our FY26E-28E EPS estimates by a sharp 19-35%, and maintain our cautious stance on the name with a REDUCE rating and Dec'26 TP of INR 550 (based on 15x Dec'27E EPS) (from Sep'26 TP of INR 635 earlier).

- **EBITDA miss due to lower sales:** Archean Chemical's consolidated 2QFY26 gross profit came 18% below JMFe at ~INR 2.3bn (down 13% QoQ while up 3% YoY) as gross margin was higher than anticipated at 99.9% (vs. JMFe of 89.5% and 91.2% in 1QFY26) with revenue coming in lower than expected at INR 2.3bn (26%/27% below JMFe/consensus, down 20%/3% QoQ/YoY). Other expenses were lower than anticipated at ~INR 1.5bn (vs. JMFe of INR 1.75bn and ~INR 1.7bn in 1QFY26). As a result, EBITDA was 30%/28% below JMFe/consensus and stood at INR 626mn (down 20%/16% QoQ/YoY). Further, on account of higher interest expense, PAT was INR 290mn (down 28% QoQ while up 85% YoY), 43%/42% below JMFe/consensus.

- **Industrial salt and bromine sales lower than anticipated:** In 2QFY26, industrial salt sales volume stood at ~889,193MT (vs. average run rate of ~918,339MT over the last 6 quarters). Further, salt realisation declined to ~INR 1,664/MT (vs. INR 1,764/MT in 1QFY26). As a result, industrial salt revenue came in at INR ~1.48bn in 2QFY26 (vs. JMFe of INR 2.0bn and INR ~1.94bn in 1QFY26). The management had earlier guided for industrial salt sales volume of 4.5MMT for FY26. In 2QFY26, bromine sales volume declined to 3,160MT (vs. JMFe and 1QFY26 of 4,054MT) with bromine realisation increasing to ~ INR 228/kg (vs. JMFe of ~INR 210/kg and ~INR 207/kg in 1QFY26). As a result, bromine sales was below our estimates and stood at INR 720mn (vs. JMFe of ~INR 851mn). The management had earlier guided for bromine sales volume of 22,000-25,000MT for FY26.

- **Estimates lowered; maintain REDUCE**: We find the company's disclosures inadequate as the segment-wise sales figures don't tally with the overall sales figures. We expect greater clarity from the company in terms of disclosures, going forward. Moreover, it has, within a span of one quarter, cut Oren Hydrocarbon sales guidance from INR 1.5bn to NIL in FY26. We had been highlighting for a while now that there is no margin for error for the company's execution, which has been patchy since its listing. Factoring in 2QFY26 results and commentary, our FY26E-28E EBITDA estimates are lowered by ~15-26% and EPS estimates are revised downwards by ~19-35%. We expect ~32%/44% EBITDA/EPS CAGR over FY25-28E. After building these strong numbers, there is no margin for error. Our target multiple of 15x Dec'27E EPS builds in 25x target multiple for ~30% EPS contribution from the non-commodity business and 10x target multiple for ~70% EPS contribution from the commodity business (salt and bromine). We don't ascribe any value to the company's ambitious plans of manufacturing semi-conductor materials. Owing to the patchy execution and no margin of error, we maintain REDUCE with a revised Dec'26 TP of INR 550 (based on 15x Dec'27E EPS) (from Sep'26 TP of INR 635 earlier).

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	13,301	10,410	12,167	17,531	23,150
Sales Growth (%)	-7.7	-21.7	16.9	44.1	32.1
EBITDA	4,627	3,142	3,398	5,370	7,240
EBITDA Margin (%)	34.8	30.2	27.9	30.6	31.3
Adjusted Net Profit	3,190	2,023	1,923	3,415	4,823
Diluted EPS (INR)	25.9	16.4	15.6	27.6	39.0
Diluted EPS Growth (%)	-16.6	-36.7	-5.0	77.6	41.2
ROIC (%)	22.7	11.3	10.9	17.9	22.5
ROE (%)	20.4	11.3	9.9	15.7	18.9
P/E (x)	22.9	36.2	38.1	21.4	15.2
P/B (x)	4.3	3.9	3.6	3.1	2.6
EV/EBITDA (x)	15.1	23.1	21.2	13.1	9.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 18/Nov/2025

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Recommendation and Price Target	
Current Reco.	REDUCE
Previous Reco.	REDUCE
Current Price Target (12M)	550
Upside/(Downside)	-7.1%
Previous Price Target	635
Change	-13.3%

Key Data – ACI IN	
Current Market Price	INR592
Market cap (bn)	INR73.1/US$0.8
Free Float	44%
Shares in issue (mn)	123.6
Diluted share (mn)	123.6
3-mon avg daily val (mn)	INR111.3/US$1.3
52-week range	730/408
Sensex/Nifty	84,673/25,910
INR/US$	88.6

Price Performance

%	1M	6M	12M
Absolute	-9.1	-1.0	-14.1
Relative*	-9.8	-3.8	-21.5

** To the BSE Sensex*

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

2QFY26 Result Review

Key takeaways from post-results conference call

- **SiCSem project selected for funding under India Semiconductor Mission; 60–65% investment support anticipated:** The company's SiCSem semiconductor project has been selected for funding under the India Semiconductor Mission, with a planned capex of INR 20.7bn; 60–65% of the project cost is expected to be supported through a combination of state and fiscal support. The signing of the fiscal agreement for this is currently under progress and in a very advanced stage. Ground-breaking ceremony for the project has been done as on Nov'25.
- **INR 650mn project with IIT Bhubaneswar successful; 150mm SiCSem line producing 60,000 wafers to be set up over 30-months:** Under its INR 650mn project with IIT Bhubaneswar, the company has successfully developed the technology for developing 200mm wafers. It is now setting up a 150mm line for the SiCSem project, which will be used to produce ~60,000 wafers. The technology to reduce wafer size from 200mm to 150mm is available under licence from its agreement with ClasSic. The overall project timeline is expected to be around 30 months.
- **Oren HC running 6 months behind schedule; meaningful contribution now expected from FY27 onwards:** The company is facing challenges in the Oren Hydrocarbon project due to on ground difficulties associated with NCLT approvals, and due to lower global crude prices leading to slower rig activities. Oren is not expected to contribute meaningfully to the top line in FY26, and expected to ramp-up from FY27 onwards; 2-3 units of the 5 units are currently up and running, and trials have been done for these 3 units, and samples for the same have been dispatched as well. Currently, the project is 6 months behind its planned timeline.
- **Offgrid investment to support 10MWh UK pilot plant; Giga-factory in India planned post successful execution of the pilot:** The company, via its investment in Offgrid, is working on setting up a 10MWh pilot facility in the UK. The work for the facility has already started and is expected to finish in 12-18 months. Upon successful pilot execution, the company plans to set up a giga factory for it in India, which is expected to take 18 to 24 months. The Giga factory will use zinc bromide, which is expected to be a product of Acume, a subsidiary of Archean. Further, the investment made by Archean in Offgrid to purchase the 21-22% stake is expected to fund the capex and opex of setting up and operating the pilot plant over the next 2 years
- **Capex on track for flame retardants; semiconductor capex clarity expected by 3QFY26:** The company is on track to achieve its capex guidance of INR 2.5bn for flame retardants, and has already invested INR 1.9bn for the same. No significant capex has been planned for Oren and Acume. The capex for the semiconductor project is expected to be finalised by 3QFY26 once the agreement with ISM (India Semiconductor Mission) has been signed.
- **FY26 industrial salt volume guidance of 4.5MMT reiterated despite 2QFY26 miss:** Industrial salt production for 2QFY26 stood at 0.9MMT, short of the earlier quarterly guidance of 1.1MMT. The lower-than-expected performance was caused by prolonged monsoon, and is expected to improve, going forward. The company is confident of achieving its FY26 salt guidance of 4.5MMT.
- **Bromine derivatives utilisation at 30–35%; ramp-up to 50% targeted by end-FY26:** The bromine derivatives facility is currently operating at a 30-35% utilisation and achieving only 3,135MT in production in 1HFY26, and is targeted to ramp up to 50% utilisation by end of FY26. Bromine derivative sales for 2QFY26 was lower than ideal and is expected to see an uptick once the ongoing client qualifications processes are complete.
- **Elemental bromine volumes below run-rate; sales backlog currently at ~10,000MT:** Elemental bromine sales for 2QFY26 stood at 3,163MT, which was lower than the quarterly run-rate required to achieve its FY26 guidance of 22,000-25,000MT. The lower production was due to plant inefficiencies in an otherwise robust demand and price environment. The production challenges were related to prolonged rains, leading to lower concentration of brine. The company is currently working on fixing these issues and has ~10,000MT of backlog in orders. Management has guided for an improved 2HFY26 compared to 1HFY26.
- **SoP pilot plant commissioned; trial production to begin in 4QFY26 post monsoon:** SoP trials at lab scale have been successfully completed and the pilot plant has been erected. Plant-scale trial production is expected to commence in 4QFY26, with operations planned post monsoon to avoid quality issues, as the material is highly hygroscopic.

Exhibit 1. Archean Chemical quarterly financial snapshot

Consolidated (INR mn)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	2QFY26E	% QoQ	% YoY	% difference
Net Sales	2,905	4,126	2,839	2,127	2,405	2,423	3,456	2,924	2,332	3,164	-20%	-3%	-26%
COGS	188	469	-79	-180	137	-158	123	258	1	332	-99%	-99%	
Gross Profit	**2,717**	**3,657**	**2,918**	**2,307**	**2,268**	**2,581**	**3,332**	**2,666**	**2,331**	**2,832**	**-13%**	**3%**	-18%
Gross margin	93.5%	88.6%	102.8%	108.5%	94.3%	106.5%	96.4%	91.2%	99.9%	89.5%	-168 bps	-481 bps	
Employee cost	192	182	147	147	128	139	196	187	169	190	-10%	31%	
Employee cost as % of sales	7%	4%	5%	7%	5%	6%	6%	6%	7%	6%	13%	35.32%	
Other expenditure	1,570	2,020	1,900	1,448	1,392	1,642	2,253	1,697	1,536	1,750	-10%	10%	
Other expenditure as % of sales	54%	49%	67%	68%	58%	68%	65%	58%	66%	55%	-275 bps	-258 bps	
EBIDTA	**955**	**1,454**	**871**	**712**	**747**	**799**	**883**	**781**	**626**	**892**	**-20%**	**-16%**	-30%
EBITDA margin	32.9%	35.2%	30.7%	33.5%	31.1%	33.0%	25.5%	26.7%	26.8%	28.2%	147 bps	-289 bps	
Depreciation	175	177	177	186	195	201	211	229	236	235	3%	21%	
EBIT	780	1,278	695	526	553	598	672	552	390	657	-29%	-29%	
Interest expense	18.5	18.9	17.0	17.0	32.1	29.1	2.9	53.8	55.2	54.0	3%	72%	
Other income	112	92	120	97	109	89	78	82	64	80	-22%	-42%	
PBT before exceptional	873	1,351	797	606	630	657	747	580	399	683	-31%	-37%	
Exceptional items					-402	0	0	0	0				
PBT	873	1,351	797	606	228	657	747	580	399	683	-31%	75%	
Tax	213	336	221	157	70	179	209	179	109	171	-39%	54%	
PAT	**660**	**1,016**	**576**	**448**	**157**	**478**	**537**	**401**	**290**	**512**	**-28%**	**85%**	-43%
PAT margin	23%	25%	20%	21%	7%	20%	16%	14%	12%	16%	245 bps	964 bps	
Basic EPS (INR)	5.35	8.23	4.67	3.63	1.27	3.87	4.35	3.25	2.35	4.15	-28%	85%	
Tax rate	24.4%	24.9%	27.8%	26.0%	11.2%	27.3%	28.0%	30.8%	27.2%	25.0%	-579 bps	1380 bps	

Source: Company, JM Financial

Exhibit 2. Archean Chemical quarterly operational snapshot

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	2QFY26E	QoQ	YoY
Sales Volumes (MT)												
Industrial Salt	976,000	1,300,000	930,000	660,000	792,000	758,000	1,270,035	1,100,000	889,193	1,150,000	-19%	12%
Bromine	3,400	5,000	4,800	4,700	4,800	4,600	3,604	4,054	3,160	4,054	-22%	-34%
SoP	3,800	4,300	820	666	27	82	26	52	26			
Revenue Split (INR mn)												
Industrial Salt Revenue	1,844	2,745	1,790	1,170	1,635	1,491	2,450	1,940	1,480	2,013	-24%	-9%
Bromine Revenue	823	1,070	1,020	936	769	929	763	840	720	851	-14%	-6%
SoP Revenue	139	184	29	21	0	4	1	0	0	0	0%	NA
Bromine derivatives							242	143	132	300	-8%	NA
Revenue Split (%)												
Industrial Salt Revenue	63%	67%	63%	55%	68%	62%	71%	66%	63%	64%		
Bromine Revenue	28%	26%	36%	44%	32%	38%	22%	29%	31%	27%		
SoP Revenue	4%	4%					0%	0%	0%	0%		
Bromine derivatives							7%	5%	6%	9%		
Realisations (INR/MT)												
Industrial Salt	1,889	2,112	1,925	1,772	2,064	1,967	1,929	1,764	1,664	1,750	-6%	-19%
Bromine	241,953	214,000	212,500	199,116	160,300	201,957	211,570	207,203	227,848	210,000	10%	42%
SoP	36,498	42,791	35,428	31,936	-	52,439	34,615	5,000	10,000		100%	NA

Source: Company, JM Financial

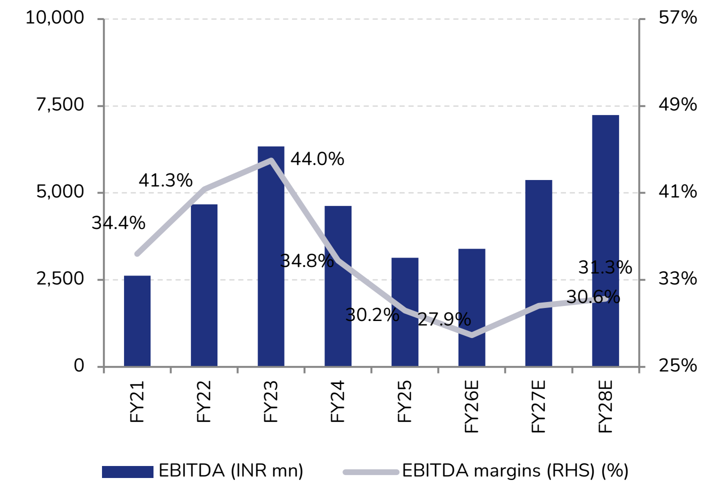
Assumptions and Estimates

Exhibit 3. Key assumptions

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Segment wise sales (INR mn)								
Industrial salt	3,687	5,109	7,349	8,403	6,746	6,800	8,113	9,373
Bromine	3,444	6,081	7,061	4,285	3,397	4,245	5,516	7,076
Sulphate of Potash	325	101	39	613	26	42	208	416
Flame retardants (BFR)	0	0	0	0	0	0	480	960
Clear brine fluids (CBR)	0	0	0	0	121	780	1,238	1,680
PTA Synthesis	0	0	0	0	121	300	476	646
Oren Hydrocarbon	0	0	0	0	0	0	1,500	3,000
Segment wise contribution to sales (%)								
Industrial salt	49%	45%	51%	63%	65%	56%	46%	40%
Bromine	46%	54%	49%	32%	33%	35%	31%	31%
Sulphate of Potash	4%	1%	0%	5%	0%	0%	1%	2%
Flame retardants (BFR)	0%	0%	0%	0%	0%	0%	3%	4%
Clear brine fluids (CBR)	0%	0%	0%	0%	1%	6%	7%	7%
PTA Synthesis	0%	0%	0%	0%	1%	2%	3%	3%
Oren Hydrocarbon	0%	0%	0%	0%	0%	0%	9%	13%

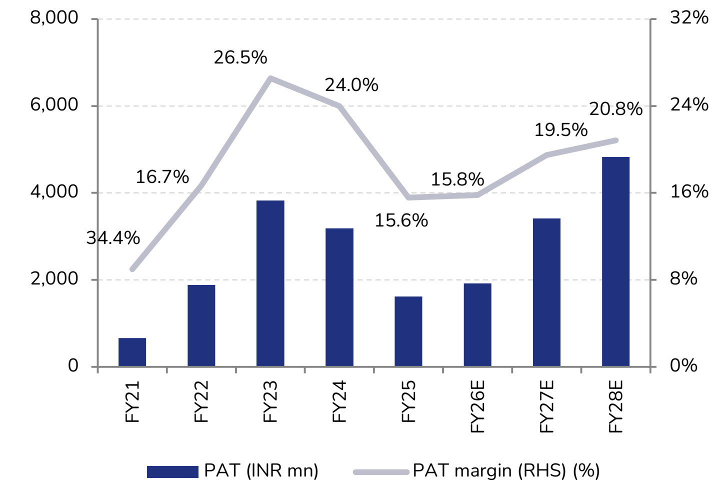
Source: Company, JM Financial

Exhibit 4. Archean's EBITDA likely to post ~32% CAGR over FY25-28E



Source: Company, JM Financial

Exhibit 5. Archean likely to post ~44% PAT CAGR over FY25-28E

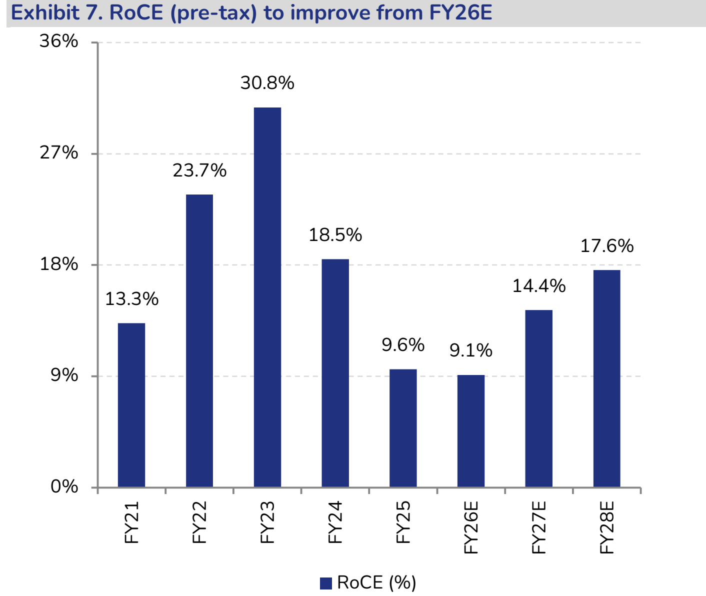


Source: Company, JM Financial

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 from FY26E



Source: Company, JM Financial

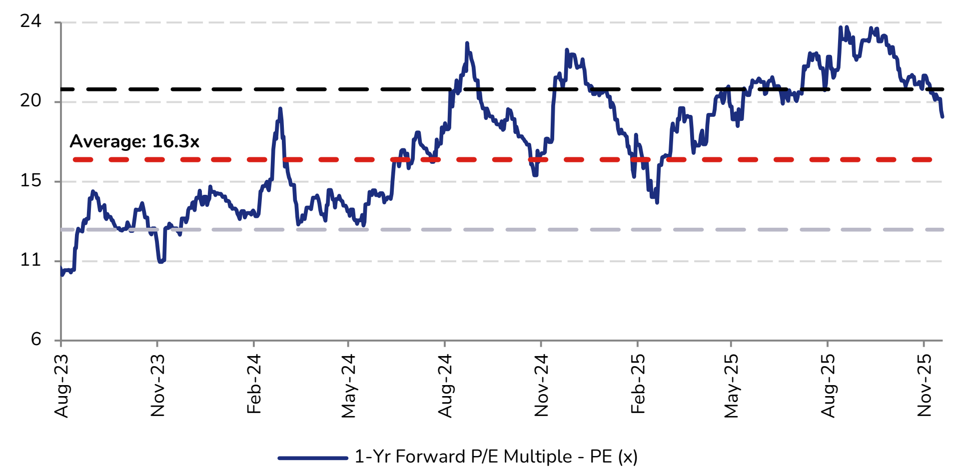
Exhibit 8. Change in estimates

	New	Old	Change
EBITDA (INR Mn)			
FY26	3,398	4,571	-25.7%
FY27	5,370	6,706	-19.9%
FY28	7,240	8,496	-14.8%
PAT (INR Mn)			
FY26	1,923	2,956	-35.0%
FY27	3,415	4,656	-26.6%
FY28	4,823	5,960	-19.1%
EPS (INR)			
FY26	16	24	-35.0%
FY27	28	38	-26.6%
FY28	39	48	-19.1%

Source: JM Financial

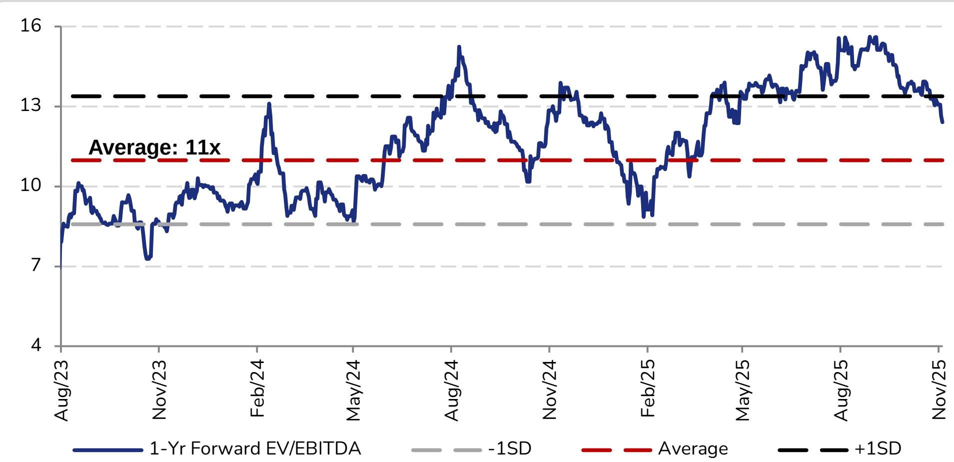
Valuation

Exhibit 9. Archean is currently trading at ~18.7x 1-year forward consensus P/E multiple



Source: Bloomberg, JM Financial

Exhibit 10. Archean is currently trading at ~12.4x 1-year forward consensus EV/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 (%)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
SRF	BUY	2,816	3,510	66.7	44.1	32.0	29.5	6.6	5.9	5.1	4.5	32.0	24.7	19.1	16.5	10.4	14.1	17.1	16.2
PI Industries	REDUCE	3,460	3,590	31.8	33.3	30.6	27.7	5.2	4.6	4.1	3.6	22.5	22.7	20.4	18.2	17.5	14.6	14.0	13.7
Deepak Nitrite	BUY	1,704	2,005	34.1	42.5	28.7	25.9	4.4	4.0	3.6	3.2	22.3	27.6	18.9	16.6	13.6	9.9	13.3	13.1
Clean Science	BUY	929	1,195	37.3	37.0	28.2	22.0	7.0	5.9	4.9	4.0	24.5	24.7	18.7	14.6	20.2	17.3	18.9	20.1
Navin Fluorine	BUY	6,026	6,380	106.9	54.5	43.4	36.2	11.7	8.1	7.1	6.1	59.6	33.6	28.5	23.6	11.5	17.6	17.3	18.1
Fine Organic	REDUCE	4,730	4,225	35.3	34.3	35.0	33.0	6.3	5.5	4.9	4.3	26.4	25.2	23.8	20.8	19.5	17.1	14.7	13.9
Galaxy Surfactants	REDUCE	2,140	2,185	24.9	25.9	22.7	21.5	3.2	3.0	2.8	2.6	14.9	15.4	13.6	12.6	13.4	12.0	12.8	12.5
PCBL Chemical	REDUCE	342	350	29.7	36.0	22.4	19.9	3.5	3.4	3.1	2.8	13.4	14.7	12.0	11.1	12.5	9.5	14.3	14.6
Aether Industries	BUY	876	1,075	68.4	53.4	39.4	30.3	5.2	4.7	4.2	3.7	48.1	32.8	26.0	20.0	7.9	9.3	11.4	13.1
Acutaas Chemicals	ADD	1,708	1,750	87.2	53.3	40.7	33.0	10.7	9.0	7.4	6.1	59.3	37.5	28.7	23.1	16.2	18.3	20.0	20.4
Anupam Rasayan	SELL	1,111	800	130.8	82.3	54.7	38.6	4.3	3.9	3.6	3.2	34.0	26.3	21.7	17.4	3.3	5.0	6.8	8.8
Archean Chemicals	REDUCE	592	550	36.5	38.4	21.6	15.3	4.0	3.7	3.2	2.7	23.3	21.3	13.2	9.6	11.3	9.9	15.7	18.9
Tatva Chintan Pharma Chem	SELL	1,553	820	635.9	93.4	70.1	53.5	4.9	4.7	4.4	4.1	106.8	42.4	33.5	27.3	0.8	5.1	6.5	7.9
Paradeep Phosphates	REDUCE	162	175	25.4	14.1	13.4	12.4	2.9	2.4	2.0	1.7	11.1	8.4	7.9	7.5	12.8	18.4	16.3	15.1
Gujarat Fluorochemicals	REDUCE	3,576	3,650	72.0	52.1	39.5	33.7	5.4	4.9	4.4	3.9	35.3	27.2	21.4	18.2	8.3	9.9	11.8	12.3
Tata Chemicals	ADD	825	945	64.3	28.5	24.9	18.3	1.0	1.0	0.9	0.9	13.7	11.0	9.3	7.9	1.5	3.4	3.8	5.0

Source: Companies, JM Financial; *Note: Rating as per new rating system; refer Pg. No. 10 for rating system details

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	13,301	10,410	12,167	17,531	23,150
Sales Growth	*-7.7%*	*-21.7%*	*16.9%*	*44.1%*	*32.1%*
Other Operating Income	0	0	0	0	0
Total Revenue	**13,301**	**10,410**	**12,167**	**17,531**	**23,150**
Cost of Goods Sold/Op. Exp	877	-78	669	1,665	2,315
Personnel Cost	724	611	690	862	1,121
Other Expenses	7,073	6,736	7,410	9,633	12,474
EBITDA	**4,627**	**3,142**	**3,398**	**5,370**	**7,240**
EBITDA Margin	*34.8%*	*30.2%*	*27.9%*	*30.6%*	*31.3%*
EBITDA Growth	*-27.0%*	*-32.1%*	*8.2%*	*58.1%*	*34.8%*
Depn. & Amort.	703	794	930	1,018	1,118
EBIT	3,923	2,348	2,468	4,352	6,122
Other Income	433	373	300	350	400
Finance Cost	85	81	199	138	76
PBT before Excep. & Forex	4,272	2,639	2,569	4,564	6,446
Excep. & Forex Inc./Loss(-)	0	-402	0	0	0
PBT	4,272	2,238	2,569	4,564	6,446
Taxes	1,082	616	647	1,149	1,622
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	3,190	1,621	1,923	3,415	4,823
Adjusted Net Profit	**3,190**	**2,023**	**1,923**	**3,415**	**4,823**
Net Margin	*24.0%*	*19.4%*	*15.8%*	*19.5%*	*20.8%*
Diluted Share Cap. (mn)	123.3	123.6	123.6	123.6	123.6
Diluted EPS (INR)	**25.9**	**16.4**	**15.6**	**27.6**	**39.0**
Diluted EPS Growth	*-16.6%*	*-36.7%*	*-5.0%*	*77.6%*	*41.2%*
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	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	17,016	18,640	20,192	23,237	27,689
Share Capital	247	247	247	247	247
Reserves & Surplus	16,769	18,393	19,945	22,990	27,442
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	595	1,781	1,531	765	500
Def. Tax Liab. / Assets (-)	-11	-44	-44	-44	-44
Total - Equity & Liab.	**17,600**	**20,377**	**21,679**	**23,957**	**28,145**
Net Fixed Assets	12,079	14,474	14,944	15,426	16,807
Gross Fixed Assets	15,519	18,497	20,545	22,045	24,545
Intangible Assets	20	45	45	45	45
Less: Depn. & Amort.	3,922	4,716	5,646	6,664	7,783
Capital WIP	462	648	0	0	0
Investments	3,499	3,510	3,510	3,510	3,510
Current Assets	4,970	5,907	6,915	9,254	12,627
Inventories	1,273	1,681	1,965	2,831	3,739
Sundry Debtors	1,564	1,646	1,923	2,771	3,660
Cash & Bank Balances	455	405	853	1,477	3,054
Loans & Advances	4	6	6	6	6
Other Current Assets	1,674	2,169	2,169	2,169	2,169
Current Liab. & Prov.	2,948	3,514	3,691	4,232	4,799
Current Liabilities	2,548	2,705	2,882	3,424	3,991
Provisions & Others	399	809	809	809	809
Net Current Assets	2,022	2,393	3,225	5,022	7,828
Total – Assets	**17,600**	**20,377**	**21,679**	**23,957**	**28,145**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	4,272	2,238	2,569	4,564	6,446
Depn. & Amort.	703	794	930	1,018	1,118
Net Interest Exp. / Inc. (-)	85	81	199	138	76
Inc (-) / Dec in WCap.	64	-575	-384	-1,173	-1,229
Others	-241	-228	0	0	0
Taxes Paid	-1,090	-546	-647	-1,149	-1,622
Operating Cash Flow	**3,794**	**1,762**	**2,667**	**3,399**	**4,789**
Capex	-1,310	-2,636	-1,400	-1,500	-2,500
Free Cash Flow	*2,484*	*-873*	*1,267*	*1,899*	*2,289*
Inc (-) / Dec in Investments	-1,167	218	0	0	0
Others	-596	-44	0	0	0
Investing Cash Flow	**-3,073**	**-2,462**	**-1,400**	**-1,500**	**-2,500**
Inc / Dec (-) in Capital	1	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	255	797	-250	-766	-265
Others	-582	-147	-569	-508	-447
Financing Cash Flow	**-326**	**650**	**-819**	**-1,274**	**-711**
Inc / Dec (-) in Cash	**395**	**-50**	**448**	**624**	**1,578**
Opening Cash Balance	60	455	405	853	1,477
Closing Cash Balance	455	405	853	1,477	3,054

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	24.0%	19.4%	15.8%	19.5%	20.8%
Asset Turnover (x)	0.8	0.5	0.5	0.7	0.8
Leverage Factor (x)	1.1	1.2	1.2	1.1	1.1
RoE	20.4%	11.3%	9.9%	15.7%	18.9%

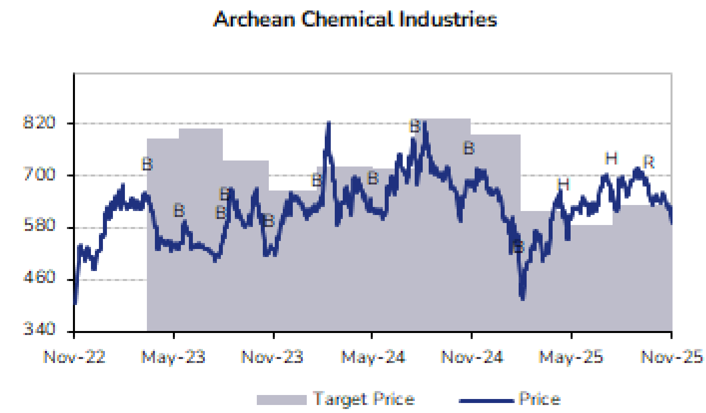
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	138.0	150.8	163.4	188.0	224.0
ROIC	22.7%	11.3%	10.9%	17.9%	22.5%
ROE	20.4%	11.3%	9.9%	15.7%	18.9%
Net Debt/Equity (x)	-0.2	0.0	-0.1	-0.1	-0.2
P/E (x)	22.9	36.2	38.1	21.4	15.2
P/B (x)	4.3	3.9	3.6	3.1	2.6
EV/EBITDA (x)	15.1	23.1	21.2	13.1	9.5
EV/Sales (x)	5.3	7.0	5.9	4.0	3.0
Debtor days	43	58	58	58	58
Inventory days	35	59	59	59	59
Creditor days	42	53	51	53	54

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
12-Nov-24	Buy	795	-4.3
12-Feb-25	Buy	620	-21.9
7-May-25	Hold	585	-5.8
31-Jul-25	Hold	635	8.6
7-Oct-25	Reduce	635	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
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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