

# Balrampur Chini | BUY

## Seasonally weak quarter; positive catalysts in place

Balrampur Chini's (BRCM) 2QFY25 reported EBITDA was 61%/47% below JMFe/ consensus estimates respectively on account of lower crushing volume, leading to negative operating leverage. Distillery operations were impacted due to restriction on the use of sugar cane juice/syrup as a feedstock, impacting profitability. The management has refrained from guiding on crushing volume in SS25. Going ahead, we expect late planting of crops at some of the company's mills to lead to lower crushing volume. However, lower diversion towards gur and khandsari and the company's cane development programme will improve cane availability and sugar recovery. The PLA project has progressed well and the company has spent INR 3.3bn FY25TD. We have cut our FY25-27 EBITDA and EPS estimates by ~4%. In our view, higher ethanol volumes will keep the medium term growth in check while commercialisation of PLA plant with support from UP government will help continue the long term growth ([click here](#)). Hence, we maintain BUY with a revised SoTP based Mar'26 TP of INR 700 (from INR 730 earlier). Further, any upward revision in MSP of Sugar, Ethanol price and lifting of sugar export ban could be the positive triggers ([click here](#)).

- 2QFY25 EBITDA below expectation:** BRCM's 2QFY25 consolidated gross profit came in 33% below JMFe at INR 2.2bn (-40% YoY) largely on account of off-season expenses during the quarter. Further, lower crushing volume led to lower absorption of fixed costs, leading to EBITDA margin contracting by 690bps YoY to 3.8% (620bps below JMFe). As a result, EBITDA declined 70% YoY (-70% QoQ, 61% below JMFe). Higher finance cost and depreciation led to net loss of INR 35mn during the quarter.
- Sugar EBIT impacted due to lower crushing volume (-54% YoY in 1HFY24):** Sugar sales of INR 10.2bn was up 5% YoY (+7% QoQ) led by 3% YoY (+8%QoQ) growth in sugar volume and realisation (+2% YoY/ -1% QoQ). We believe sugar prices will continue to be firm on account of anticipation of announcement of MSP hike (last hike was announced in 2019), government allowing exports and higher diversion towards ethanol. However, lower crushing during 1HFY25 (-54% YoY) led to adverse operating leverage, impacting sugar EBIT margin. As a result, sugar EBIT was significantly below our expectation and stood at INR 15mn (vs. INR 391mn in Q2FY24).
- Distillery volume restricted due to government's policy:** Distillery volume fell by 48% YoY mainly due to the government restricting diversion to 46mn litres while realisation declined 2% YoY to INR 57/litre (-1% QoQ). Government's restriction on the use of sugar limited the feedstock mix – B-heavy mix stood at 14% vs. 69% in 2QFY24. The management highlighted that there was no change in ethanol price under the juice/ syrup route and B-heavy route, unlike in the past, despite increase in FRP and expects a revision in the ethanol pricing methodology back to a formula-based one soon.
- PLA project on track, management expects commissioning by Oct'26:** The management highlighted that the PLA project is progressing at a healthy pace. The company has already spent INR 3.33bn as capex (as on Sept'24) on the project and expects further capex over FY25-27. The project is expected to be commissioned by Oct'26. However, in



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	700
Upside/(Downside)	23.5%
Previous Price Target	730
Change	-4.1%

### Key Data – BRCM IN

Current Market Price	INR567
Market cap (bn)	INR114.4/US\$1.4
Free Float	57%
Shares in issue (mn)	201.7
Diluted share (mn)	201.7
3-mon avg daily val (mn)	INR1,591.6/US\$18.9
52-week range	693/343
Sensex/Nifty	78,675/23,883
INR/US\$	84.4

### Price Performance

%	1M	6M	12M
Absolute	-12.6	51.4	29.9
Relative*	-9.6	39.9	7.8

\* To the BSE Sensex

### Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	46,659	55,937	56,721	63,399	67,066
Sales Growth (%)	-3.7	19.9	1.4	11.8	5.8
EBITDA	5,120	6,806	8,058	9,818	10,636
EBITDA Margin (%)	11.0	12.2	14.2	15.5	15.9
Adjusted Net Profit	3,273	4,990	4,557	6,026	6,561
Diluted EPS (INR)	16.2	24.7	22.6	29.9	32.5
Diluted EPS Growth (%)	-32.2	52.5	-8.7	32.2	8.9
ROIC (%)	6.3	6.9	8.7	10.0	9.8
ROE (%)	11.6	16.2	13.0	15.0	14.2
P/E (x)	35.0	22.9	25.1	19.0	17.4
P/B (x)	4.0	3.5	3.1	2.7	2.3
EV/EBITDA (x)	26.0	19.8	16.6	14.1	12.7
Dividend Yield (%)	0.4	0.5	0.2	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 12/Nov/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.

our estimates, we have factored in a few months of trial run before the commercialisation starting FY28.

- **UP's maiden bio-polymer policy to improve PLA project commercial viability:** Uttar Pradesh on 4th Oct'24 announced India's first comprehensive bio-plastic policy. As per the policy, the state will incentivise companies investing INR 10bn or more into bio-plastic projects such as PLA manufacturing through a subsidy of up to 50% capital investment for 7 years. On top of the capital subsidy, other major subsidies include – a) interest subvention for a period of 7 years and b) grant of 100% reimbursement of SGST for 10 years. BRCM is investing INR 20bn (INR 12bn out of debt and INR 8bn from equity) in the PLA project categorised under a bio-plastic project. Hence, it is eligible to receive 50% capital subsidy to the tune of INR 10bn.
- **Current sugar balance sheet suggests lifting of exports ban:** BRCM estimates India's gross sugar production for SS25 at 32mnt (pre-diversion), which is conservative vis-à-vis ISMA estimates of 33.3mnt (pre diversion). UP's output is expected to be similar to that of last year, and the company expects lower diversion of sugarcane to gur and khandsari. On the other hand, sugar production in Maharashtra and Karnataka is expected to decline slightly because of reduced acreage and inadequate rainfall last year. With opening stock of 8.5mnt and domestic consumption of 29mnt, closing inventory by the end of the SS25 (Sep'25) is expected to be 7.8mnt. Given this increased inventory, BRCM is hopeful of government intervention to allow exports at least to the tune of 2mnt.
- **Expect 15% EPS CAGR over FY24-27E; maintain BUY:** We have revised our EBITDA estimates by c. 4% for FY25-27 to account for current operating performance and slight uncertainty in crushing volumes. Also, higher inventories (closing stock of 7.8mnt in SS25 for sugar industry), may weaken the current sugar prices if the government doesn't allow exports in SS25. We maintain BUY with a revised Mar'26 TP of INR 700 (vs. INR 730 earlier). Key downside risks: Lower-than-expected cane crushing volume and any unfavourable change in government regulations. Key upside risks: hike in Sugar MSP and ethanol price, lifting of sugar export ban and further re-rating of the PLA business.

## 2QFY25 Result Review

### Key takeaways from post-results conference call

- **Closing stock of 7.8mnt in SS25 could mean government could allow sugar exports:** The company estimates gross sugar production of 32.3mnt (while ISMA estimates 33mnt). Post diversion of 4.0mnt, net sugar production would be 28.3mnt. The management expects production of 10.8mnt in UP (similar to that last year). However, Maharashtra and Karnataka could see a marginal decline. The company estimates net production of 28.3mnt and consumption of 29.0 (deficit of 7lakh), inventory of 7.8mnt. Overall opening stock of 8.5mnt + net production of 28.3mnt - consumption of 29mnt results in ample stock of closing stock of 7.8mnt. Hence, the company believes the government could allow sugar exports.
- **Sugar cane production estimate in SS25 of 10.8mnt in UP will be similar to SS24:** Headwind for cane production - due to some late planting there will be lower cane availability at some mills. Tailwind - lower diversion towards gur, khandsari than last year to improve cane availability. UP has released an internal notification where it intends lower diversion towards Khandsari and Gur. It is interested in diverting more towards the sugar industry. Expectation of good winter rain can improve the crop yield.
- **Sugar cane development programme to yield in a few quarters:** The yield per hectare for variety 238 had yield that was appreciated by farmers. However, new varieties can take some time to grow. The management highlighted that ratoon yield assessment will be around 10<sup>th</sup> -12<sup>th</sup> Dec'24, whereas plant yield assessment will be by the 3rd week of Feb'25.
- **Lower crushing in SS24 impacted crushing volume in 1H25 (-54% YoY); crushing guidance for SS25 to be given post 3QFY25:** EBITDA declined 70% YoY due to lower crushing, which impacted profitability. Cane availability was impacted due to higher diversion of cane towards gur and khandsari. However, the company is now confident that intensified cane development initiative will mitigate challenges; company integrated operations have become resilient.
- **Ethanol blending target: industry is bidding for 18% blending rate in ESY25:** 15% ethanol blending achieved in ESY24. Government targets to achieve 18% in ESY25 and 20% in ESY26. At present, OMCs are bidding for 18% blending rate. In ESY 25, expects ethanol production of 25cr ltrs, out of which 9cr ltrs is through juice, 10cr ltrs is from b-heavy, 1 crs ltrs is from c-heavy and rest is from grain.
- **PLA project is on track; UP bio-policy to improve the project viability:** The project is as per schedule. It has entered the engineering phase. As per the UP bio-polymer policy, whatever the capex of the project has been put, 50% of will be reimbursed over a period of 7 years. However, the payment will come only after commercialisation of the project. SGST reimbursement will be only for PLA sold within UP. The plant is on track to be commissioned in Oct'26.

## Exhibit 1. Balrampur Chini 2QFY25 result snapshot

Standalone (INR mn)	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25E	% QoQ	% YoY	% difference
<b>Revenue</b>	<b>11,131</b>	<b>9,812</b>	<b>14,915</b>	<b>13,896</b>	<b>15,395</b>	<b>12,304</b>	<b>14,343</b>	<b>14,216</b>	<b>12,979</b>	<b>12,688</b>	-9%	-16%	2%
RM Cost (Incl. Change in Stock)	9,664	7,137	8,388	10,342	11,701	8,962	8,164	10,656	10,757	9,389	1%	-8%	
<b>Gross Profit</b>	<b>1,467</b>	<b>2,675</b>	<b>6,527</b>	<b>3,554</b>	<b>3,694</b>	<b>3,342</b>	<b>6,178</b>	<b>3,560</b>	<b>2,222</b>	<b>3,299</b>	<b>-38%</b>	<b>-40%</b>	<b>-33%</b>
Gross Margin	13.2%	27.3%	43.8%	25.6%	24.0%	27.2%	43.1%	25.0%	17.1%	26.0%	-792 bps	-687 bps	
Employee Costs	950	938	1,010	889	929	1,090	1,077	919	935	975	2%	1%	
Employee cost % of Sales	8.5%	9.6%	6.8%	6.4%	6.0%	8.9%	7.5%	6.5%	7.2%	7.7%	74 bps	117 bps	
Other Expenses	676	940	1,475	1,033	1,116	1,118	1,654	979	796	1,060	-19%	-29%	
Other expenses as % of Sales	6.1%	9.6%	9.9%	7.4%	7.2%	9.1%	11.5%	6.9%	6.1%	8.4%	-76 bps	-111 bps	
Total Expenditure	11,290	9,015	10,874	12,264	13,746	11,170	10,895	12,555	12,489	11,424	-1%	-9%	
<b>EBITDA</b>	<b>-159</b>	<b>797</b>	<b>4,042</b>	<b>1,632</b>	<b>1,649</b>	<b>1,134</b>	<b>3,447</b>	<b>1,661</b>	<b>491</b>	<b>1,264</b>	<b>-70%</b>	<b>-70%</b>	<b>-61%</b>
EBITDA Margin (%)	-1.4%	8.1%	27.1%	11.7%	10.7%	9.2%	24.0%	11.7%	3.8%	10.0%	-790 bps	-693 bps	-618 bps
Depreciation	283	328	402	406	412	420	426	426	432	422	1%	5%	
<b>EBIT</b>	<b>-443</b>	<b>469</b>	<b>3,640</b>	<b>1,226</b>	<b>1,236</b>	<b>714</b>	<b>3,021</b>	<b>1,235</b>	<b>59</b>	<b>842</b>	<b>-95%</b>	<b>-95%</b>	<b>-93%</b>
Other Income	117	201	165	122	382	193	43	77	83	150	8%	-78%	
Finance Costs	78	59	211	335	172	79	250	360	200	250	-44%	16%	
Extra-ordinary exp./-inc.	0	0	0	0	0	0	0	0	0	0		NA	
<b>Profit Before Tax</b>	<b>-403</b>	<b>611</b>	<b>3,593</b>	<b>1,013</b>	<b>1,446</b>	<b>828</b>	<b>2,815</b>	<b>952</b>	<b>-58</b>	<b>742</b>	<b>-106%</b>	<b>-104%</b>	<b>-108%</b>
Tax Expense	-90	167	1,086	319	384	225	841	305	-23	205	-108%	-106%	
Tax Rate (%)	22.4%	27.3%	30.2%	31.5%	26.5%	27.2%	29.9%	32.1%	40.1%	27.7%	797 bps	1351 bps	1236 bps
<b>Reported Net Profit</b>	<b>-313</b>	<b>444</b>	<b>2,508</b>	<b>693</b>	<b>1,062</b>	<b>603</b>	<b>1,973</b>	<b>646</b>	<b>-35</b>	<b>536</b>	<b>-105%</b>	<b>-103%</b>	<b>-107%</b>
PAT margin	-2.8%	4.5%	16.8%	5.0%	6.9%	4.9%	13.8%	4.5%	-0.3%	4.2%	-482 bps	-717 bps	-450 bps
Reported EPS	-1.5	2.2	12.4	3.4	5.3	3.0	9.8	3.2	-0.2	2.7	-105%	-103%	-107%

Source: Company, JM Financial

## Exhibit 2.

INR mn	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25E	%QoQ	%YoY	% diff
<b>Revenues</b>													
Sugar	9,362	9,657	15,223	11,161	11,094	11,610	13,109	11,316	10,486	12,095	-7%	-5%	-13%
Distillery	2,299	1,582	4,778	4,660	5,997	2,505	4,129	4,241	2,645	2,793	-38%	-56%	-5%
Others	55	27	90	50	53	50	85	23	43	0	90%	-19%	NA
<b>Total revenue</b>	<b>11,131</b>	<b>9,812</b>	<b>14,915</b>	<b>13,896</b>	<b>15,795</b>	<b>12,304</b>	<b>14,343</b>	<b>14,216</b>	<b>12,979</b>	<b>12,708</b>	<b>-9%</b>	<b>-18%</b>	<b>2%</b>
<b>% of overall revenues</b>													
Sugar	80%	86%	76%	70%	65%	82%	76%	73%	80%	81%	696 bps	1489 bps	-153 bps
Distillery	20%	14%	24%	29%	35%	18%	24%	27%	20%	19%	-715 bps	-1491 bps	134 bps
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			
<b>Volume</b>													
Sugar volume (tonnes)	245,700	202,600	242,800	238,000	256,100	228,200	224,900	245,500	264,000	235,000	8%	3%	12%
Distillery (KL)	41,100	27,900	77,000	73,900	88,300	41,900	66,600	68,500	46,000	49,000	-33%	-48%	-6%
Co gen (mn units)	6	89	192	69	69	105	206	70	28	80	-60%	-59%	-65%
<b>Realisation</b>													
Sugar (INR / kg)	35.7	36.5	36.2	36.9	37.7	39.4	38.2	38.8	38.5	39.0	-1%	2%	-1%
Distillery (INR/ ltr)	52.4	52.1	58.8	58.3	57.2	56.5	57.7	57.0	54.6	57.0	-4%	-5%	-4%
Co gen (INR/ units)	3.2	3.4	3.4	3.8	4.6	3.9	4.0	5.5	6.8	4.8	23%	49%	43%
<b>EBIT</b>													
Sugar	-902	706	3,138	714	391	761	2,331	747	15	421	-98%	-96%	-96%
Distillery	730	59	840	846	1,093	351	972	811	330	735	-59%	-70%	-55%
<b>Total</b>	<b>-146</b>	<b>776</b>	<b>4,035</b>	<b>1,591</b>	<b>1,520</b>	<b>1,136</b>	<b>3,342</b>	<b>1,568</b>	<b>359</b>	<b>1,166</b>	<b>-77%</b>	<b>-76%</b>	<b>-69%</b>
<b>EBIT/ unit</b>													
Sugar (INR/kg)	-3.7	3.5	12.9	3.0	1.5	3.3	10.4	3.0	0.1	1.8	-98%	-96%	-97%
Distillery (INR/ ltr)	17.8	2.1	10.9	11.4	12.4	8.4	14.6	11.8	7.2	15.0	-39%	-42%	-52%
<b>EBIT Margin</b>													
Sugar	-9.6%	7.3%	20.6%	6.4%	3.5%	6.6%	17.8%	6.6%	0.1%	3.5%	-646 bps	-338 bps	-333 bps
Distillery	31.7%	3.7%	17.6%	18.2%	18.2%	14.0%	23.5%	19.1%	12.5%	26.3%	-665 bps	-576 bps	-1385 bps
<b>Total</b>	<b>-1.2%</b>	<b>6.9%</b>	<b>20.1%</b>	<b>10.0%</b>	<b>8.9%</b>	<b>8.0%</b>	<b>19.3%</b>	<b>10.1%</b>	<b>2.7%</b>	<b>7.8%</b>	<b>-734 bps</b>	<b>-614 bps</b>	<b>-509 bps</b>

Source: Company, JM Financial

**Exhibit 3. Key assumptions**

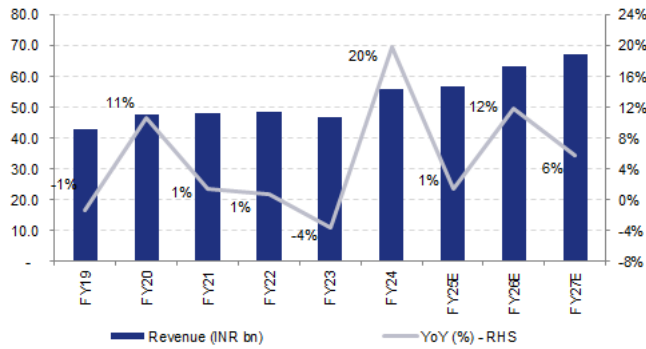
Y/E March	Units	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cane crushed	mn tonnes	10.3	8.9	9.4	10.8	9.8	10.7	11.1
YoY	%		-14%	6%	16%	-10%	9%	4%
Sugar Production	mn tonnes	1.1	0.9	0.9	1.1	0.9	1.0	1.1
YoY	%		-17%	-3%	27%	-18%	14%	3%
Sales Volume	mn tonnes	1.1	1.0	0.9	0.9	0.9	1.1	1.1
YoY	%		-9%	-12%	5%	-4%	15%	4%
Realisation (Ex-mill)	INR/kg	48	53	55	58	60	60	60
YoY	%		10%	4%	4%	5%	-1%	1%
Sugar revenue	INR bn	36.3	35.6	32.5	36.0	35.6	42.0	44.1
YoY	%		-2%	-9%	11%	-1%	18%	5%
Distillery volume	mn litres	165	177	198	271	276	279	298
YoY	%		7%	12%	37%	2%	1%	7%
Distillery realisation (blended)	INR/ ltr	48	53	55	58	60	60	60
YoY	%		10%	4%	4%	5%	-1%	1%
Distillery revenue	INR bn	8.0	9.4	10.9	15.6	16.6	16.6	17.9
YoY	%		18%	16%	42%	7%	0%	7%
Total Revenue	INR bn	48.1	48.5	46.7	55.9	56.7	63.4	67.1
YoY	%		1%	-4%	20%	1%	12%	6%
EBITDA	INR bn	7.1	7.0	5.1	7.9	8.0	9.8	10.6
YoY	%		-2%	-27%	54%	2%	22%	9%
PAT	INR bn	4.7	5.1	2.8	4.3	4.5	6.0	6.6
YoY	%		10%	-47%	57%	4%	33%	10%

Source: Company, JM Financial

**Exhibit 4. Change in estimates**

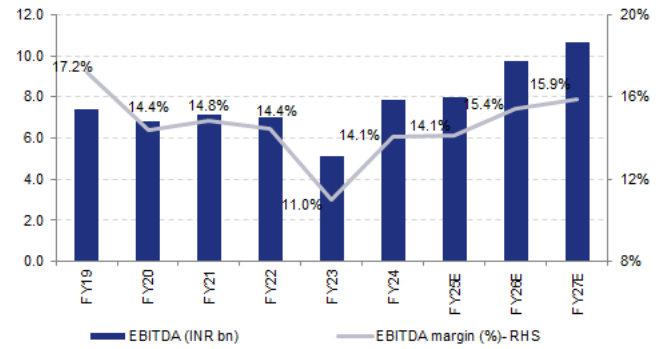
	New	Old	Difference
<b>Revenue (INR Mn)</b>			
FY25	56,721	57,211	-0.9%
FY26	63,399	64,910	-2.3%
FY27	67,066	68,650	-2.3%
<b>EBITDA (INR Mn)</b>			
FY25	8,058	8,468	-4.8%
FY26	9,818	10,315	-4.8%
FY27	10,636	11,187	-4.9%
<b>PAT (INR Mn)</b>			
FY25	4,557	4,765	-4.4%
FY26	6,026	6,328	-4.8%
FY27	6,561	6,872	-4.5%
<b>EPS (INR)</b>			
FY25	22.6	23.6	-4.4%
FY26	29.9	31.4	-4.8%
FY27	32.5	34.1	-4.5%

**Exhibit 5. Sales expected to see 6% CAGR over FY24-27E**



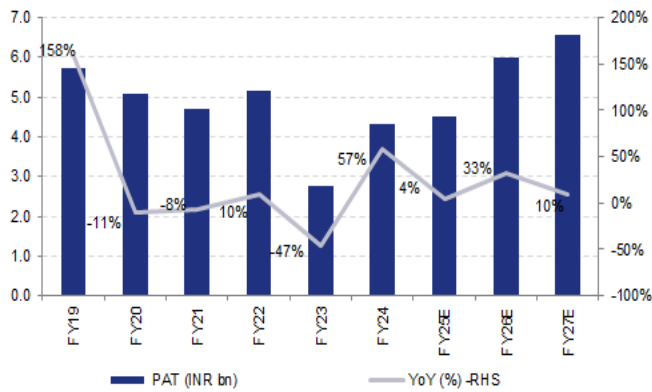
Source: Company, JM Financial

**Exhibit 6. EBITDA expected to see 11% CAGR over FY24-27E**



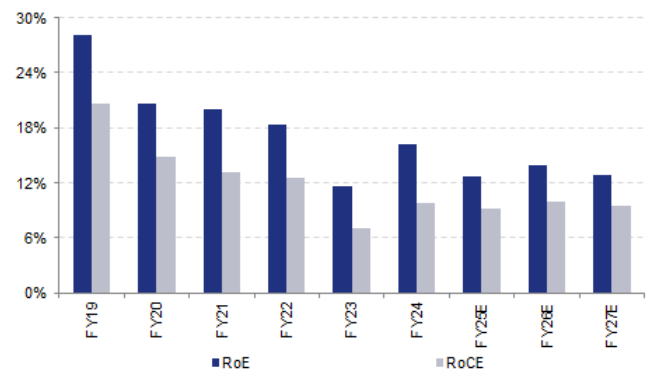
Source: Company, JM Financial

**Exhibit 7. PAT expected to see 15% CAGR over FY24-27E**



Source: Company, JM Financial

**Exhibit 8. RoCE to stabilise at 10% while RoE is expected to reach 13-14% by FY27E**



Source: Company, JM Financial

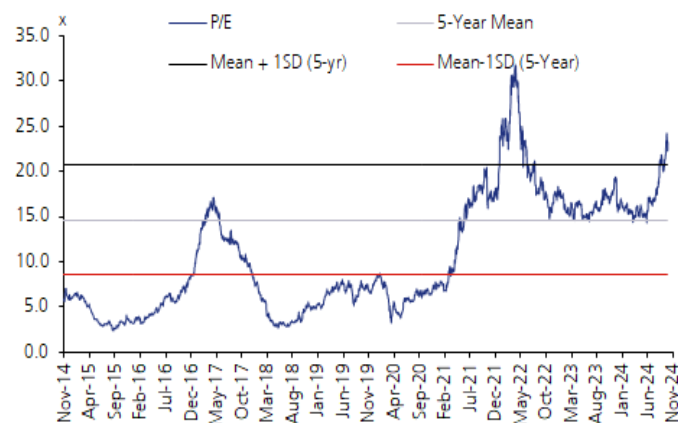
## Valuations

### Exhibit 9. Our SOTP-based Mar'26 TP stands at INR 700/ share

Segments	Valuation methodology	EBITDA (INR mn)	Multiple (x)	Valuation (INR mn)	Value per share (INR)
Sugar and distillery business (A)	8x FY27E EBITDA	10,636	8	85,089	422
PLA business (B)	15x FY30E EBITDA discounted to Mar'27	5,466	15	58,360	289
<b>Enterprise value (A) + (B)</b>				<b>143,448</b>	<b>711</b>
Less: Net Debt/(cash)	Mar'30E net debt discounted to Mar'26			(3,025)	(15)
<b>Equity value</b>				<b>140,423</b>	<b>700</b>
Mar'27E consolidated EPS					33
<b>Implied P/E multiple (x)</b>					<b>22</b>

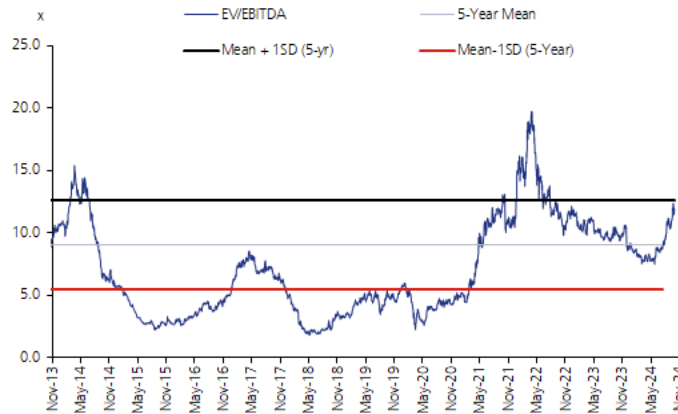
Source: Company, JM Financial

Exhibit 10. 1 year forward PE valuation band chart



Source: Company, JM Financial

Exhibit 11. 1 year forward EV/EBITDA valuation band chart



Source: Company, JM Financial

## Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	46,659	55,937	56,721	63,399	67,066	
Sales Growth	-3.7%	19.9%	1.4%	11.8%	5.8%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>46,659</b>	<b>55,937</b>	<b>56,721</b>	<b>63,399</b>	<b>67,066</b>	
Cost of Goods Sold/Op. Exp	34,092	39,169	39,301	44,144	46,470	
Personnel Cost	3,638	3,986	4,464	4,776	5,111	
Other Expenses	3,808	5,976	4,898	4,661	4,849	
<b>EBITDA</b>	<b>5,120</b>	<b>6,806</b>	<b>8,058</b>	<b>9,818</b>	<b>10,636</b>	
EBITDA Margin	11.0%	12.2%	14.2%	15.5%	15.9%	
EBITDA Growth	-26.8%	32.9%	18.4%	21.8%	8.3%	
Depn. & Amort.	1,295	1,664	1,749	1,909	2,298	
EBIT	3,825	5,143	6,309	7,909	8,338	
Other Income	628	740	923	1,015	1,116	
Finance Cost	486	836	941	979	1,042	
PBT before Excep. & Forex	3,967	5,046	6,291	7,944	8,412	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	3,967	5,046	6,291	7,944	8,412	
Taxes	1,214	1,770	1,734	1,918	1,851	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	2,752	3,277	4,557	6,026	6,561	
<b>Adjusted Net Profit</b>	<b>3,273</b>	<b>4,990</b>	<b>4,557</b>	<b>6,026</b>	<b>6,561</b>	
Net Margin	7.0%	8.9%	8.0%	9.5%	9.8%	
Diluted Share Cap. (mn)	201.8	201.8	201.7	201.7	201.7	
<b>Diluted EPS (INR)</b>	<b>16.2</b>	<b>24.7</b>	<b>22.6</b>	<b>29.9</b>	<b>32.5</b>	
Diluted EPS Growth	-32.2%	52.5%	-8.7%	32.2%	8.9%	
Total Dividend + Tax	508	605	202	202	202	
Dividend Per Share (INR)	2.5	3.0	1.0	1.0	1.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	3,970	6,102	6,291	7,944	8,412	
Depn. & Amort.	1,295	1,664	1,749	1,909	2,298	
Net Interest Exp. / Inc. (-)	478	622	18	-36	-74	
Inc (-) / Dec in WCap.	-583	-5,831	744	-2,909	-863	
Others	48	217	350	170	0	
Taxes Paid	-678	-995	-1,734	-1,918	-1,851	
<b>Operating Cash Flow</b>	<b>4,529</b>	<b>1,778</b>	<b>7,418</b>	<b>5,161</b>	<b>7,923</b>	
Capex	-8,561	-2,688	-6,100	-10,100	-4,100	
Free Cash Flow	-4,032	-909	1,318	-4,939	3,823	
Inc (-) / Dec in Investments	-175	-60	0	0	0	
Others	148	500	923	1,015	1,116	
<b>Investing Cash Flow</b>	<b>-8,588</b>	<b>-2,248</b>	<b>-5,177</b>	<b>-9,085</b>	<b>-2,984</b>	
Inc / Dec (-) in Capital	-1,008	0	0	0	0	
Dividend + Tax thereon	-508	-605	-202	-202	-202	
Inc / Dec (-) in Loans	6,640	973	737	5,000	-2,000	
Others	-1,066	102	-941	-979	-1,042	
<b>Financing Cash Flow</b>	<b>4,058</b>	<b>470</b>	<b>-406</b>	<b>3,819</b>	<b>-3,244</b>	
<b>Inc / Dec (-) in Cash</b>	<b>0</b>	<b>0</b>	<b>1,835</b>	<b>-105</b>	<b>1,695</b>	
Opening Cash Balance	33	119	30	1,865	1,759	
Closing Cash Balance	33	119	1,865	1,759	3,454	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	28,754	32,796	37,152	42,976	49,336	
Share Capital	202	202	202	202	202	
Reserves & Surplus	28,553	32,594	36,950	42,774	49,134	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	18,785	20,083	20,819	25,819	23,819	
Def. Tax Liab. / Assets (-)	1,219	1,899	2,249	2,419	2,419	
<b>Total - Equity &amp; Liab.</b>	<b>48,759</b>	<b>54,777</b>	<b>60,219</b>	<b>71,214</b>	<b>75,574</b>	
Net Fixed Assets	26,229	26,849	31,200	39,391	41,193	
Gross Fixed Assets	34,094	36,166	36,721	42,821	52,921	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	8,108	9,772	11,521	13,430	15,728	
Capital WIP	243	455	6,000	10,000	4,000	
Investments	1,750	1,811	1,811	1,811	1,811	
Current Assets	26,042	30,608	31,559	34,875	37,714	
Inventories	23,187	28,688	27,195	30,397	31,971	
Sundry Debtors	1,248	1,256	1,865	2,084	1,654	
Cash & Bank Balances	119	30	1,865	1,759	3,454	
Loans & Advances	1,488	635	635	635	635	
Other Current Assets	0	0	0	0	0	
Current Liab. & Prov.	5,262	4,491	4,351	4,863	5,145	
Current Liabilities	3,519	2,951	3,108	3,474	3,675	
Provisions & Others	1,743	1,541	1,243	1,390	1,470	
Net Current Assets	20,780	26,117	27,208	30,012	32,569	
<b>Total - Assets</b>	<b>48,759</b>	<b>54,777</b>	<b>60,219</b>	<b>71,214</b>	<b>75,573</b>	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	7.0%	8.9%	8.0%	9.5%	9.8%	
Asset Turnover (x)	1.0	1.1	1.0	1.0	0.9	
Leverage Factor (x)	1.6	1.7	1.6	1.6	1.6	
RoE	11.6%	16.2%	13.0%	15.0%	14.2%	

Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	142.5	162.6	184.1	213.0	244.5	
ROIC	6.3%	6.9%	8.7%	10.0%	9.8%	
ROE	11.6%	16.2%	13.0%	15.0%	14.2%	
Net Debt/Equity (x)	0.6	0.6	0.5	0.6	0.4	
P/E (x)	35.0	22.9	25.1	19.0	17.4	
P/B (x)	4.0	3.5	3.1	2.7	2.3	
EV/EBITDA (x)	26.0	19.8	16.6	14.1	12.7	
EV/Sales (x)	2.9	2.4	2.4	2.2	2.0	
Debtor days	10	8	12	12	9	
Inventory days	181	187	175	175	174	
Creditor days	31	22	23	24	24	

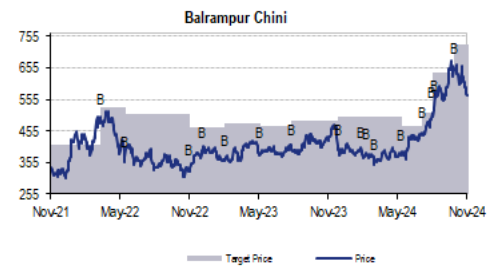
Source: Company, JM Financial



## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Apr-21	Buy	300	
2-Jun-21	Buy	350	16.7
10-Aug-21	Buy	410	17.1
9-Nov-21	Buy	410	0.0
24-Mar-22	Buy	530	29.3
25-May-22	Buy	510	-3.8
12-Nov-22	Buy	465	-8.8
15-Dec-22	Buy	465	0.0
13-Feb-23	Buy	480	3.2
15-May-23	Buy	470	-2.1
8-Aug-23	Buy	490	4.3
8-Dec-23	Buy	500	2.0
9-Feb-24	Buy	500	0.0
22-Feb-24	Buy	500	0.0
13-Mar-24	Buy	500	0.0
23-May-24	Buy	470	-6.0
18-Jul-24	Buy	515	9.6
13-Aug-24	Buy	640	24.2
19-Aug-24	Buy	640	0.0
9-Oct-24	Buy	730	14.1

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

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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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