Balrampur Chini Mills Ltd

July 12, 2026

Reco BUY

Industry	Sugar
LTP(July 10, 2026)	Rs. 567
Entry Range	Rs. 560-579
Add on Dips	Rs. 505-515
Base Case Target	Rs.622
Bull Case Target	Rs.650
Time Horizon	4 Quarters

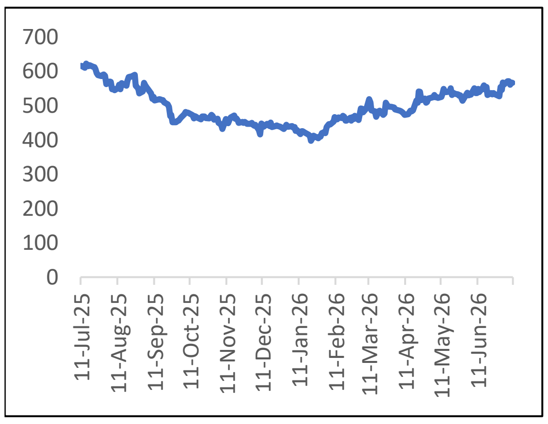
Stock Info

BSE Code	500038
NSE Code	BALRAMCHIN
Bloomberg	BRCM:IN
CMP July 10, 2026	567
Equity Capital (Rs Cr)	20
Face Value (Rs)	1.0
Equity Share O/S (Cr)	20
Market Cap (Rs Cr)	11,977
Book Value (Rs)	205
Avg. 52 Wk Volumes	82,30,716
52 Week High	628
52 Week Low	393

Share Holding Pattern % (Mar'26)

Promoters	42.9
Institutions	38.2
Non-Institutions	18.9
Total	100.0

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Company background

Balrampur Chini Mills Limited (BCML) is one of India's largest integrated sugar manufacturing companies and a leading player in the country's agro-based industry. Established in 1975, the company has grown from a single sugar manufacturing unit into a diversified enterprise with a strong presence across the entire sugar value chain. Headquartered in Kolkata, West Bengal, BCML operates multiple sugar mills, distilleries, and cogeneration power plants, primarily located in the state of Uttar Pradesh, which is India's largest sugarcane-producing state. The company is engaged in the manufacturing and marketing of sugar, ethanol, industrial alcohol, and renewable power generated through bagasse-based cogeneration. By integrating these businesses, BCML has developed a sustainable operating model that maximises the utilisation of sugarcane and its by-products, thereby improving operational efficiency and reducing waste. Over the years, the company has consistently invested in modern technology, capacity expansion, and process optimisation to enhance productivity and maintain competitiveness in a highly regulated and cyclical industry.

We believe investors can buy the stock in Rs 560-579 band (14.7x FY29E EV/EBITDA) and add on dips in Rs 505-515 band (13.6x FY29E EV/EBITDA) for a base case fair value of Rs 622 (15.8x FY29E EV/EBITDA) and bull case fair value of Rs 650 (16.3x FY29E EV/EBITDA) over the next 4 quarters.

Our Take

The Indian sugar industry plays a significant role in the country's agricultural economy by supporting millions of sugarcane farmers and generating substantial rural employment. Within this industry, Balrampur Chini Mills has established itself as a market leader through its large-scale production capabilities, efficient procurement systems, and strong relationships with farmers. The company procures sugarcane directly from hundreds of thousands of farmers and actively supports them through initiatives such as improved agricultural practices, high-yield seed varieties, irrigation assistance, and digital payment systems. These efforts not only ensure a reliable supply of quality sugarcane but also contribute to rural development and sustainable agricultural practices.

A distinguishing feature of Balrampur Chini Mills is its emphasis on diversification beyond conventional sugar production. Recognising the cyclical nature of sugar prices and government regulations, the company has strategically expanded into ethanol manufacturing, aligning itself with the Government of India's Ethanol Blended Petrol (EBP) Programme. Ethanol production has become an increasingly important revenue stream, reducing dependence on sugar sales while contributing to the country's energy security by promoting cleaner, renewable fuels. Additionally, the company generates electricity through bagasse-based cogeneration plants, utilising the fibrous residue left after sugarcane crushing. This renewable energy is used for captive consumption, with surplus power supplied to the state electricity grid, thereby creating an additional source of income and supporting environmental sustainability.

Balrampur Chini Mills has consistently demonstrated strong financial performance and operational excellence, making it one of the most profitable companies in the Indian sugar sector. The company's integrated business model enables it to effectively manage fluctuations in sugar prices by generating revenue from multiple segments, including sugar, ethanol, distillery products, and power generation. Continuous investment in technology, automation, and capacity expansion has improved production efficiency, reduced operational costs, and strengthened its competitive position. Furthermore, the company's prudent financial management, focus on cost optimisation, and strategic investments have enabled it to maintain healthy profitability despite the inherent volatility of the sugar industry.

The company also places considerable emphasis on corporate governance, environmental responsibility, and sustainable development. Its sustainability initiatives include efficient water management, waste recycling, carbon emissions reduction, renewable energy generation, and responsible use of natural resources. BCML actively undertakes corporate social responsibility (CSR) activities in the areas of education, healthcare, sanitation, skill development, women's empowerment, and rural infrastructure, thereby contributing to the socio-economic development of communities surrounding its manufacturing facilities. Through these initiatives, the company seeks to create long-term value for stakeholders while promoting inclusive and sustainable growth.

Today, Balrampur Chini Mills Limited is widely recognised as one of India's most efficient and technologically advanced sugar companies. Its integrated business operations, strong farmer network, focus on renewable energy and biofuels, commitment to sustainability, and ability to adapt to changing government policies have enabled it to maintain a leadership position within the Indian sugar industry. As

India continues to promote ethanol blending and renewable energy to reduce dependence on fossil fuels, BCML is well positioned to capitalise on emerging growth opportunities while continuing to play a vital role in the country's agricultural, industrial, and energy sectors

Valuation & Recommendation:

Balrampur Chini Mills Limited (BCML) presents a compelling investment opportunity due to its integrated business model, strong market position, operational efficiency, and strategic focus on high-growth segments such as ethanol and renewable energy. The company has successfully diversified beyond conventional sugar manufacturing by expanding its ethanol production capacity and bagasse-based cogeneration business, thereby reducing its dependence on the highly cyclical sugar market. This diversification provides greater revenue stability and improves profitability, particularly in periods of fluctuating sugar prices. Furthermore, the Government of India's continued emphasis on increasing ethanol blending in petrol and promoting biofuels is expected to create sustained long-term demand for ethanol, positioning BCML to benefit from favourable policy support and expanding market opportunities.

The company also enjoys significant competitive advantages arising from its large-scale operations, modern manufacturing facilities, and extensive sugarcane procurement network in Uttar Pradesh, one of India's most productive sugarcane-growing regions. Its long-standing relationships with farmers, investments in agricultural productivity, and efficient supply chain management ensure a reliable supply of quality raw materials while supporting cost competitiveness. Continuous investments in technology, automation, and capacity expansion have enhanced production efficiency, improved recovery rates, and strengthened the company's ability to generate superior operating margins compared to many industry peers.

From a financial perspective, Balrampur Chini Mills has demonstrated consistent revenue growth, improving profitability, healthy cash flows, and prudent capital allocation over recent years. The integrated utilisation of sugarcane by-products through ethanol production and cogeneration enables the company to maximise value creation while minimising waste, contributing to stronger earnings resilience. Additionally, its relatively disciplined balance sheet, efficient working capital management, and ongoing capacity expansion projects provide a solid foundation for future growth. As ethanol contributes an increasing share of revenues, the company's earnings are expected to become less volatile, reducing exposure to fluctuations in global and domestic sugar prices.

The company's strong commitment to environmental sustainability and renewable energy further enhances its long-term investment appeal. Bagasse-based power generation, efficient resource utilisation, reduced carbon emissions, and sustainable agricultural initiatives align well with the growing global focus on environmental, social, and governance (ESG) principles. These initiatives not only strengthen the company's corporate reputation but also improve operational efficiency and support long-term value creation for shareholders.

Despite operating in a highly regulated industry influenced by government policies, weather conditions, and commodity price movements, Balrampur Chini Mills has consistently demonstrated the ability to adapt to changing market dynamics through diversification, operational excellence, and strategic investments. Given the positive long-term outlook for India's ethanol industry, rising demand for renewable energy, and the company's strong competitive position, BCML offers an attractive investment proposition for long-term investors seeking exposure to India's agricultural, biofuel, and renewable energy sectors. However, investors should continue to monitor regulatory developments, sugarcane availability, climatic conditions, and commodity price volatility, as these factors remain key determinants of the company's future financial performance.

We feel that investors can buy Balrampur Chini Mills Ltd. in the band of Rs 560-579 (14.7x FY29E EV/EBITDA) and add more on declines to Rs 505-515 (13.6x FY29E EV/EBITDA) for base case target of Rs 622 (~15.8x FY29E EV/EBITDA) and bull case target of Rs 650 (16.3x FY29E EV/EBITDA) over the next 4 quarters.

Financial Summary

Financial Summary

(Rs cr)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Operating Income	1604.0	1503.7	6.7	1454.1	10.3	5,415	6,271	6,898	8,002	8,882
EBITDA	284.8	365.2	-22.0	201.9	41.1	704	741	815	946	1,050
APAT	159.6	229.1	-30.4	113.5	40.7	437	378	435	513	575
Diluted EPS (Rs)	7.9	11.3	-30.4	5.6	40.7	21.6	18.7	21.5	25.4	28.5
RoE-%						12.1	9.5	10.1	10.9	11.1
P/E (x)						26.1	30.2	26.2	22.3	19.8
EV/EBITDA						19.9	19.7	18.4	16.1	14.6

Q4FY26 Result Update

Balrampur Chini Mills reported a mixed performance in Q4 FY26, with revenue increasing 6.7% year-on-year to around ₹1,604 crore, supported by improved sugar realisations and a healthy contribution from its distillery business. However, profitability remained under pressure as higher input costs and margin compression weighed on earnings. EBITDA and operating margins declined compared with the year-ago period, while profit after tax fell about 30% YoY to ₹159.6 crore despite sequential improvement over Q3 FY26. The company continues to focus on strengthening its ethanol and value-added businesses, while ongoing investments in its PLA (polylactic acid) project are expected to diversify revenue streams and support long-term growth. The PLA project converts Balrampur Chini's sugarcane feedstock into higher-margin, sustainably in-demand bioplastics, diversifying revenue streams and boosting returns.

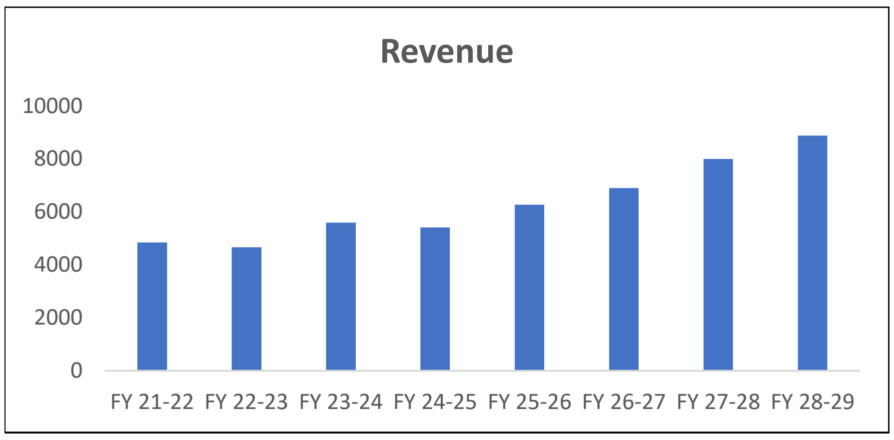
Key Con-Call Takeaways

Strong focus on PLA and the company expects steady-to-firmer realizations.

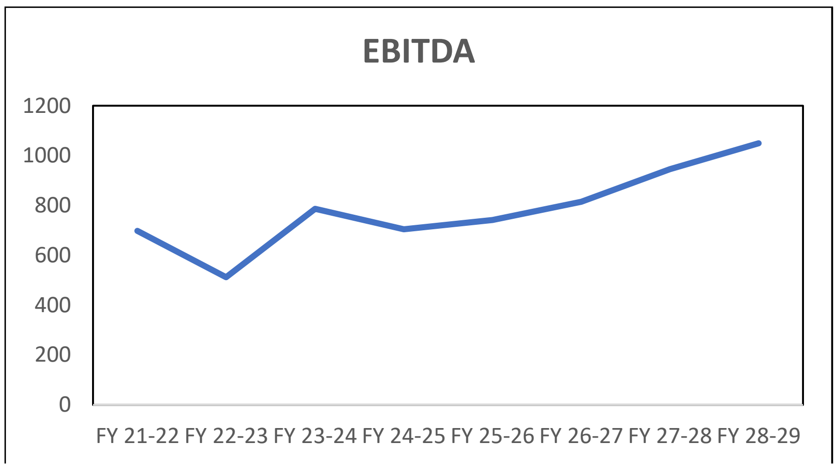
- Sugar pricing asymmetry is positive due to historically low projected closing stocks (~4.3 MT), and management expects steady-to-firmer realisations.
- Ethanol profitability is the swing factor, not volumes/capacity: Balrampur can produce 34–35 crore liters, but diversion choices will hinge on whether govt corrects "pricing error" after a 3-year freeze.
- PLA commercialisation hinges on mandates + supply commitments, not technical feasibility—management claims key technical validations (barrier + food contact + machine compatibility) are done, and customers are now demanding firm volume/dispatch commitments before switching.
- PLA margin thesis is explicitly integration-led and incentive-independent (35% EBITDA stated without subsidy benefits), with management leaning on "doorstep" feedstock/energy as the structural moat.
- Management indicates future PLA expansion cycles can be much faster than the first build
- CMD notes "fossil-based plastic has gone up drastically," which is "very helpful," and also says PLA prices have "moved north" alongside crude.
- The company is importing PLA and "seeding of the market is going on" to refine the product and fit.
- Board additionally approved a lacto-gypsum processing plant at Kumbhi to produce gypsum board using "eco-friendly by-product gypsum from PLA process" (vertical monetisation of by-product stream). Funding: Board approved Rs.450 crore preferential issue for capex and GCP; management emphasises no promoter dilution, with promoters subscribing Rs.193 crore "proportionate to their current holding"

Story in Charts

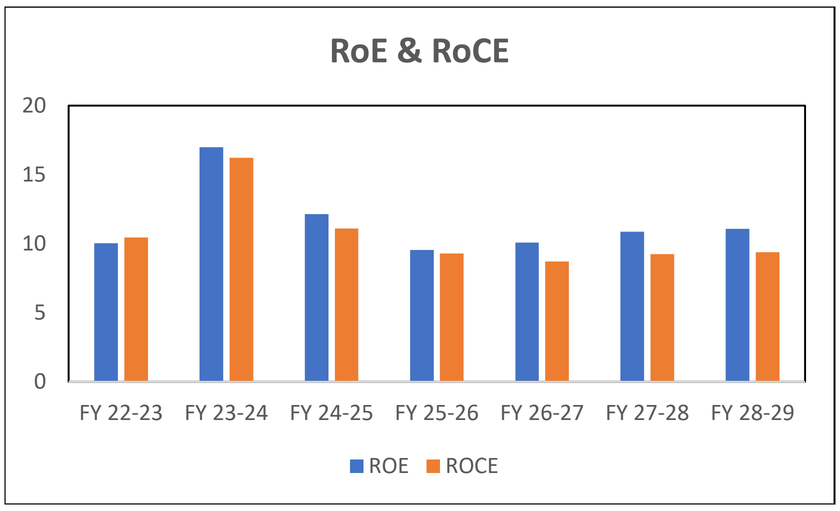
Revenue trends (Rs in Cr)



EBITDA growth (x)



RoE and RoCE (%) trends over the years



(Source: Company, HDFC sec.)

Key Drivers

Ethanol boost to support profitability

Expansion of Ethanol Production and Government Policy Support

- One of the most significant growth drivers for Balrampur Chini Mills Limited is the rapid expansion of its ethanol production capacity, supported by favourable government policies promoting renewable fuels. The Government of India's Ethanol Blended Petrol (EBP) Programme aims to increase ethanol blending in petrol to reduce dependence on imported crude oil, improve energy security, and lower greenhouse gas emissions.
- As one of the country's largest integrated sugar companies, BCML has strategically invested in expanding its distillery capacity to capitalise on this structural opportunity. Ethanol has emerged as a high-margin business segment compared to conventional sugar production, providing the company with a more stable and diversified revenue stream. Since ethanol prices are largely determined through government-administered mechanisms, they are generally less volatile than sugar prices, resulting in greater earnings visibility. Continued investments in grain-based and sugarcane-based ethanol production facilities are expected to significantly enhance the company's profitability and reduce its dependence on cyclical sugar revenues over the long term.

Integrated business model lends robustness

Integrated Business model and efficient utilization of Sugarcane

- Balrampur Chini Mills operates an integrated business model that enables complete utilisation of sugarcane and its by-products, creating multiple revenue streams while improving operational efficiency. Instead of relying solely on sugar production, the company converts molasses into ethanol and industrial alcohol while utilising bagasse, the fibrous residue left after crushing sugarcane, for renewable power generation through cogeneration plants. Press mud, another by-product, is used for manufacturing bio-fertilisers and other agricultural inputs.
- This integrated approach minimises waste, optimises resource utilisation, and enhances overall profitability by extracting maximum value from every tonne of sugarcane processed. The diversified revenue structure also helps the company mitigate the impact of sugar price fluctuations, making its earnings more resilient across business cycles. Such operational integration provides BCML with a competitive advantage over companies that primarily focus on sugar manufacturing.

Strategic network provides competitive advantage

Strong Sugarcane Procurement Network and Operational Efficiency

- A major competitive strength of Balrampur Chini Mills lies in its extensive sugarcane procurement network and long-standing relationships with farmers across Uttar Pradesh. The company sources sugarcane directly from a vast network of farmers, ensuring a consistent supply of high-quality raw material for its manufacturing operations.
- Through various agricultural extension programs, BCML assists farmers by promoting improved cultivation techniques, providing access to better seed varieties, supporting irrigation initiatives, and encouraging sustainable farming practices. These initiatives contribute to higher crop yields, improved sugar recovery rates, and greater farmer loyalty.
- Additionally, the company's modern manufacturing facilities, advanced automation systems, and continuous investments in technology have significantly enhanced crushing efficiency, reduced operational costs, and increased production capacity. Higher recovery rates and improved operational efficiencies directly contribute to stronger profit margins and improved competitiveness within the Indian sugar industry.

Focus on ESG to assist long term outlook

Renewable Energy Generation and Sustainability Initiatives

- Renewable energy generation through bagasse-based cogeneration represents another important driver of Balrampur Chini Mills' long-term growth. During the sugar manufacturing process, bagasse is utilised as a renewable fuel to generate electricity, enabling the company to meet a substantial portion of its own energy requirements while supplying surplus power to state electricity grids. This not only creates an additional revenue stream but also reduces dependence on conventional energy sources and lowers operating costs.
- Furthermore, BCML has adopted several sustainability initiatives, including efficient water management, waste recycling, reduction of greenhouse gas emissions, and responsible utilisation of natural resources. As environmental sustainability becomes increasingly important for investors, regulators, and consumers, the company's strong focus on renewable energy and environmentally responsible operations enhances its long-term competitiveness and aligns well with global Environmental, Social, and Governance (ESG) principles.

Favorable Industry Outlook and rising domestic demand

- The long-term outlook for the Indian sugar and ethanol industries remains favorable due to rising domestic consumption, supportive government policies, and increasing demand for renewable energy. India's growing population, expanding food and beverage industry, and stable demand for sugar continue to support Balrampur Chini Mills' core business. Simultaneously, rising awareness regarding clean energy and the government's commitment to achieving higher ethanol blending targets have significantly increased growth opportunities in the biofuel sector.
- Continuous policy support through incentives for distillery expansion, soft loans, and assured ethanol procurement has encouraged companies like BCML to increase production capacities and strengthen their integrated business models. As one of the largest and most efficient players in the industry, Balrampur Chini Mills is well positioned to benefit from these favorable macroeconomic and industry trends, enabling sustained revenue growth and long-term shareholder value creation.

Financial Strength, Capacity Expansion and long-term growth Strategy

- Balrampur Chini Mills has consistently pursued a disciplined long-term growth strategy through capacity expansion, prudent financial management, and strategic capital allocation. The company has regularly invested in increasing sugar crushing capacity, expanding distillery operations, modernizing manufacturing facilities, and improving logistics infrastructure. These investments have strengthened production capabilities while enhancing economies of scale and operational efficiency.
- At the same time, the company has maintained a relatively healthy financial position through effective working capital management and disciplined debt utilization, enabling it to finance future expansion without significantly compromising financial stability. The combination of strong cash generation, diversified revenue sources, expanding ethanol capacity, and ongoing modernization initiatives provides a solid foundation for sustainable earnings growth. As India's transition toward renewable fuels accelerates and the integrated sugar business continues to evolve, BCML's long-term strategic investments are expected to support improved profitability, stronger cash flows, and enhanced shareholder returns.

Risks & Concerns

- **Regulatory and policy risk**- Balrampur Chini Mills operates in a highly regulated sugar industry, where government policies on sugar pricing, cane procurement prices (FRP/SAP), export quotas, and import duties have a significant impact on profitability. Additionally, changes in ethanol blending policies, subsidy structures, environmental regulations, or taxation can affect the company's revenue, operating costs, and overall earnings visibility.

- **Volatility in sugar prices-** Sugar prices are cyclical and influenced by factors such as domestic production, global supply-demand dynamics, government interventions, and inventory levels. A sustained decline in sugar prices can compress margins and adversely impact the company's profitability, particularly when cane procurement costs remain elevated.

- **Monsoon related risk** - A weak monsoon may reduce cane availability, constraining Balrampur Chini's throughput and compressing margins. While recovery has begun, it is uneven: western UP's cane belt supported by canal and tubewell irrigation shows relative resilience, but weaker eastern UP supplies mean raw-material shortfalls and potential increases in sourcing costs for the company.

- **Climate change and environmental risk-** Balrampur Chini Mills' operations are highly dependent on sugarcane availability, making the business vulnerable to adverse weather conditions such as droughts, floods, and irregular rainfall caused by climate change. In addition, stricter environmental regulations related to water usage, emissions, and waste management could increase compliance costs and require additional capital investments.

Company Description

Balrampur Chini Mills Limited (BCML) is one of India's leading integrated agro-based manufacturing companies, with a dominant presence in the sugar, ethanol, and renewable energy sectors. The company operates a network of strategically located manufacturing facilities across Uttar Pradesh, enabling efficient procurement of sugarcane from one of the country's most productive agricultural regions. Over the years, BCML has transformed itself from a traditional sugar producer into a diversified enterprise by integrating sugar manufacturing with ethanol production, industrial alcohol, and bagasse-based cogeneration of electricity. This integrated business model allows the company to maximize the value extracted from every stage of the sugarcane processing cycle, improving operational efficiency while creating multiple revenue streams. The company's emphasis on technological modernization, process optimization, and capacity expansion has enabled it to consistently maintain high operational standards and remain among the most efficient producers in the Indian sugar industry.

BCML's core business revolves around the procurement and processing of sugarcane into refined sugar, while effectively utilizing by-products such as molasses, bagasse, and press mud to manufacture ethanol, renewable power, and bio-fertilizers. This comprehensive utilization of raw materials reduces waste, improves resource efficiency, and enhances overall profitability. The company has made substantial investments in expanding its distillery capacity to capitalize on the rapidly growing ethanol market, which is being driven by India's biofuel initiatives and increasing blending requirements. In addition, its cogeneration facilities convert bagasse into electricity for captive consumption, with surplus power supplied to state electricity distribution companies, thereby generating an additional and relatively stable source of revenue. These integrated operations provide BCML with greater resilience against fluctuations in sugar prices and strengthen its long-term earnings profile.

The company has built a strong and reliable supply chain through long-term relationships with sugarcane farmers, supported by various agricultural development initiatives. BCML provides farmers with access to improved seed varieties, modern cultivation techniques, irrigation support, and digital payment systems, helping enhance productivity and ensure a consistent supply of quality sugarcane. These initiatives contribute to higher sugar recovery rates while supporting rural development and improving farmer incomes. At the operational level, the company continuously invests in automation, energy-efficient technologies, and modern manufacturing processes to improve productivity, reduce production costs, and achieve higher operational efficiencies. Such investments have enabled BCML to sustain a competitive cost structure and strengthen its leadership position within the industry.

Beyond its operational achievements, Balrampur Chini Mills is committed to sustainable business practices and responsible corporate governance. The company places significant emphasis on environmental conservation through efficient water management, renewable energy generation, waste minimization, and reduced carbon emissions. Its corporate social responsibility initiatives focus on education, healthcare, sanitation, rural infrastructure development, skill enhancement, and community welfare in the regions surrounding its manufacturing units. By balancing financial performance with environmental stewardship and social responsibility, BCML has established itself as a trusted corporate entity with a strong reputation among investors, farmers, customers, and policymakers. Supported by its diversified operations, strategic investments, and alignment with India's renewable energy and biofuel policies, Balrampur Chini Mills is well positioned to deliver sustainable growth and long-term value creation in the evolving agricultural and energy landscape.

Financial Statements

Income Statements

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue From Operations	**5,594**	**5,415**	**6,271**	**6,898**	**8,002**	**8,882**
Growth %	*32.8%*	*-3.2%*	*15.8%*	*10.0%*	*16.0%*	*11.0%*
Operating Expense	4,808	4,711	5,530	6,083	7,056	7,832
EBITDA	***786***	***704***	***741***	***815***	***946***	***1,050***
Margin %	*14.1%*	*13.0%*	*11.8%*	*11.8%*	*11.8%*	*11.8%*
Depri. & Amort.	166	173	177	175	196	210
EBIT	620	532	564	640	749	840
Margin %	*11.1%*	*9.8%*	*9.0%*	*9.3%*	*9.4%*	*9.5%*
Other Income	206	124	73	30	34	38
Finance Cost	84	93	77	90	100	111
Exceptional Items	-	-	-	-	-	-
Earnings Before Tax	**742**	**562**	**560**	**580**	**683**	**767**
Tax Expense	208	125	182	145	171	192
Profit After Tax	**534**	**437**	**378**	**435**	**513**	**575**
Profit Margin %	*9.6%*	*8.1%*	*6.0%*	*6.3%*	*6.4%*	*6.5%*
Diluted EPS	26.5	21.6	18.7	21.5	25.4	28.5

Balance Sheet

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Share Capital	20	20	20	20	20	20
Reserves and Surplus	3,381	3,775	4,118	4,482	4,924	5,429
Shareholders Fund	**3,401**	**3,796**	**4,138**	**4,502**	**4,944**	**5,449**
Minority Interest	-	-	-	-	-	-
Borrowings	2,009	2,627	3,170	3,570	3,970	4,370
Trade Payables	295	283	501	551	639	709
Other Liabilities & Provisons	**381**	**424**	**598**	**623**	**668**	**704**
Equity + Liabilities	6,086	7,129	8,406	9,246	10,221	11,231
Net Fixed Assets	2,639	2,645	2,604	3,074	3,312	3,537
CWIP	46	106	1,747	1,747	1,747	1,747
Other Non-current Assets	**366**	**1,077**	**672**	**692**	**728**	**756**
Total non-current Assets	3,051	3,828	5,023	5,513	5,787	6,041
Cash & Bank Balances	3	3	4	16	122	404
Debtors	126	143	179	197	229	254
Other Assets	**2,906**	**3,154**	**3,200**	**3,520**	**4,083**	**4,533**
Total Assets	**6,086**	**7,129**	**8,406**	**9,246**	**10,221**	**11,231**

Cash Flow Statement

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Earnings Before Tax	**716**	**527**	**524**	**580**	**683**	**767**
Depri. & Amort.	166	173	177	175	196	210
Others	-22	58	94	69	65	83
Inc (-)/Dec (+) in work cap.	-583	-257	-76	-262	-462	-369
Taxes Paid	-100	-76	-120	-145	-171	-192
Cash Flow From Operations	**178**	**425**	**599**	**417**	**312**	**499**
Capex	-221	-880	-946	-645	-435	-435
Free Cash Flow	**-43**	**-455**	**-346**	**-228**	**-123**	**64**
Others	-4	-0	-1	-	-	-
Cash Flow from Investing	**-225**	**-880**	**-947**	**-645**	**-435**	**-435**
Share Capital Issuance	-	0	-	-	-	-
Debt Issued /(Repaid)	191	620	542	400	400	400

Interest Paid	-84	-101	-124	-90	-100	-111
Dividend Paid	-61	-61	-71	-71	-71	-71
Others	-61	-64	-71	-	-	-
Cash Flow from Financing	**47**	**455**	**347**	**240**	**229**	**218**
Net Cash Generated	0	0	0	12	106	282
Closing Cash Balances	3	3	4	16	122	404

Key Ratios

Particulars	FY24	FY25	FY26	FY27E	FY28E	FY29E
Per Share Data (Rs)						
Earnings Per Share (EPS)	26.5	21.6	18.7	21.5	25.4	28.5
Book Value Per Share (BVPS)	168.4	187.9	204.9	222.9	244.8	269.7
Dividend Per Share (DPS)	3.0	3.0	3.5	3.5	3.5	3.5
Profitability Ratios %						
EBITDA Margin	14.1	13.0	11.8	11.8	11.8	11.8
PAT Margin	9.6	8.1	6.0	6.3	6.4	6.5
RoE	15.7	12.1	9.5	10.1	10.9	11.1
RoCE	16.2	11.1	9.3	8.7	9.2	9.4
Dividend Payout Ratio	11.3	13.9	18.7	16.3	13.8	12.3
Solvency Ratios						
Net Debt/EBITDA	1.3	0.8	3.0	2.0	1.0	0.1
Net Debt/Equity	0.3	0.2	0.5	0.4	0.2	0.1
Valuation (x)						
P/E	21.3	26.1	30.2	26.2	22.3	19.8
P/B	3.4	3.0	2.8	2.5	2.3	2.1
EV/EBITDA	17.1	19.9	19.7	18.4	16.1	14.6
EV/Sales	2.4	2.6	2.3	2.2	1.9	1.7

(Source: Company, HDFC sec.)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

Ashish Yashwant Karkera

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Disclosure:

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