

Building Materials

PVC resin prices to drive earnings downgrades

Domestic PVC resin prices have corrected sharply (-5% YoY/ -13% YTD; -28% from the all-time high of INR160/kg and -22% from the recent Nov'21 peak INR 148/kg) on account of a) fall in global PVC prices (-1%YoY/-15% YTD) - easing supply chain issues and concerns of global slowdown (especially in China), and b) higher imports led by removal of ADD in Feb'22 and reduction in import duty from 10% to 7.5% in May'22.

This correction in PVC prices poses a concern to plastic pipe companies such as Prince Pipes and Supreme Industries, who held higher-than-usual inventories as of Mar'22 (Prince: 85 days vs. 40 days as of Mar'21; Supreme: 59 days vs. 44 days as of Mar'21), leading to significant inventory loss in 1QFY23. Moreover, the continuous fall in PVC resin prices is leading to de-stocking by the channel, though end-demand has turned frail in certain pockets. That said, PVC price normalisation should help improve volume off-take in the agri segment due to price elasticity in the medium term. We cut our FY23/24 EPS estimates for Prince Pipes by 13%/6 % to reflect the PVC resin price correction. We maintain BUY with a revised Mar'23 TP of INR 720 (INR 770 earlier).

- **Sharp decline in PVC resin prices (c. INR 27/kg in Apr'22):** Domestic PVC resin prices have dipped by INR 26.5/kg since Apr'22 to INR 116/kg (INR 31/kg since Nov'21 (peak of INR 148/kg)) due to a) decline in global PVC prices on account of easing supply chain issues and concerns of global slowdown (especially in China), and b) higher imports led by removal of ADD in Feb'22 and reduction in import duty to 7.5% from 10% in May'22. Global prices fell 13% from Apr'22 to USD1,350/t (-27% from the Nov'21 peak of USD1,850).
- **Higher inventories a concern:** Companies such as Prince and Supreme are currently having higher-than-usual inventories (Prince: 85 days vs. 40 days as of Mar'21; Supreme: 59 days vs. 44 days as of Mar'21), leading to inventory loss in 1QFY23. Having said that, the management has guided for normalisation of inventories in 1QFY23. Reduction in PVC prices can lead to improvement in volume off-take in the agri segment due to price elasticity of rural demand, though it will be visible only in the next season (Feb-Jun'23).
- **Channel check - moderation in demand:** Our recent channel checks with pipes distributors suggests that demand is moderating because the pipes distribution channel is cautious in carrying high inventories when PVC prices are declining and, therefore, prefers to de-stock. Moreover, the pace of construction activity in a few pockets is also slowing given the inflation across building products. However, the channel is confident of demand recovery in the upcoming quarter and considers this as only a near-term pain.
- **Demand recovery in FY22 reaffirms resilience of plastic pipes sector:** Leading plastic pipes companies reported strong revenue growth of c. 14-29% (3-year CAGR) in FY22 led by higher realisation (14-18%, 3-year CAGR). Despite several disruptions, Covid-19 and volatility in PVC prices, leading plastic pipes manufacturers have shown resilience. We believe that large plastic pipe players will deliver strong performance in the medium term due to a) improvement in demand, b) varied end-user applications, value-added products, c) shift from metal to plastic pipes, d) ongoing consolidation, and e) infrastructure demand.
- **Cut estimates; maintain BUY:** We cut our FY23 estimates for Prince Pipes by 19% to reflect the PVC resin price correction-led inventory loss. However, we maintain our positive view on Prince given its a) relatively superior performance to most peers, b) tailwinds on industry (improving growth trajectory and market consolidation), c) focus on premiumisation and distribution expansion, d) improvement in balance sheet and e) constant improvement in corporate governance. We maintain **BUY** with a Mar'23 TP of INR 720 (30x FY24 EPS). Key risk to our call: Delayed recovery in macro growth trajectory.



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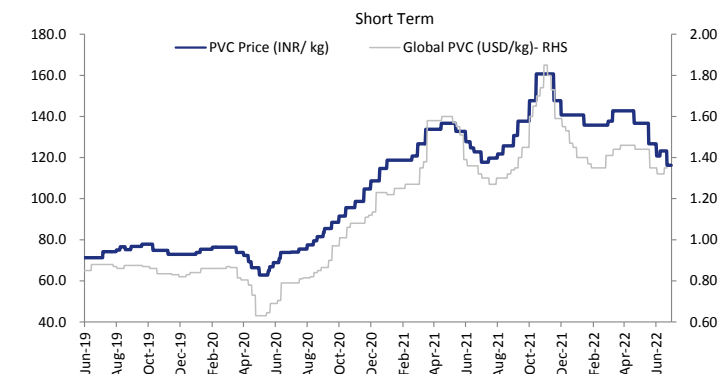
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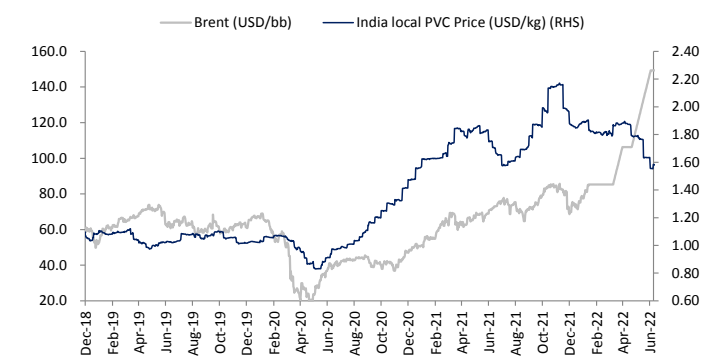
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. PVC price trend versus global PVC



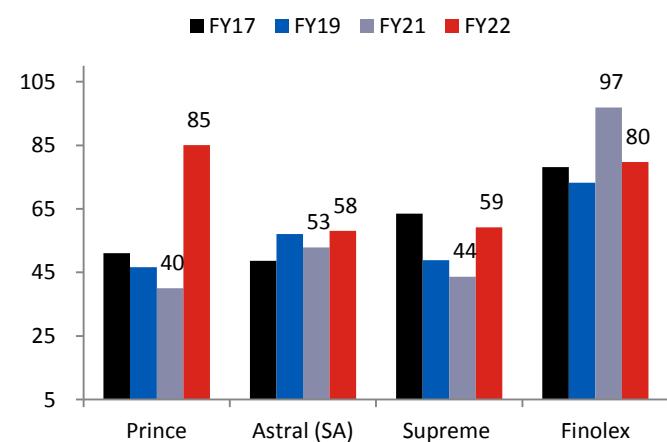
Source: Bloomberg, JM Financial

Exhibit 2. PVC price trend versus Brent



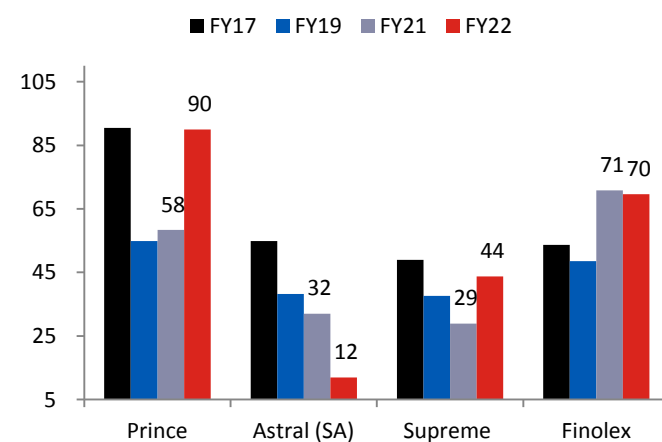
Source: Bloomberg, JM Financial

Exhibit 3. Sharp increase in inventory days for Prince and Supreme...



Source: Company, JM Financial

Exhibit 4. ... leading to higher net working capital days in FY22



Source: Company, JM Financial

Exhibit 5. Annual performance trend for pipe companies (1 of 2)

INR mn Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
PVC prices (INR/kg)	72.27	70.77	76.41	73.86	93.5	136.5
YoY	13%	-2%	8%	-3%	27%	46%
<u>Pipes Volumes (MT)</u>						
Prince	96,132	109,633	129,112	132,816	138,289	139,034
Astral (Pipes)	89,449	103,991	122,988	132,200	136,593	149,569
Supreme (pipes)	235,257	256,330	279,748	300,772	294,357	274,295
Finolex	209,419	252,036	262,858	254,958	212,060	236,895
Apollo Pipes	28,941	33,707	39,823	44,692	47,333	53,849
Total	659,198	755,697	834,529	865,438	828,632	853,642
<u>YoY</u>						
Prince	9%	14%	18%	3%	4%	1%
Astral (SA)	15%	16%	18%	7%	3%	9%
Supreme (pipes)	8%	9%	9%	8%	-2%	-7%
Finolex	0%	20%	4%	-3%	-17%	12%
Apollo Pipes		16%	18%	12%	6%	14%
Total	11%	15%	10%	4%	-4%	3%
<u>2yr CAGR</u>						
Prince	8%	12%	16%	10%	3%	2%
Astral (SA)	13%	16%	17%	13%	5%	6%
Supreme (pipes)	7%	9%	9%	8%	3%	-5%
Finolex	6%	10%	12%	1%	-10%	-4%
Apollo Pipes			17%	15%	9%	10%
Total	10%	13%	13%	7%	0%	-1%
<u>Pipes Realisation (Rs/kg)</u>						
Prince	130	120	122	123	150	191
Astral (SA)	158	148	150	150	177	225
Supreme (pipes)	104	106	113	115	139	184
Finolex	106	92	98	100	124	163
Apollo Pipes	83	84	91	91	109	146
<u>YoY</u>						
Prince	13%	-7%	1%	1%	22%	28%
Astral (SA)	0%	-7%	2%	0%	18%	27%
Supreme (pipes)	43%	2%	7%	1%	22%	32%
Finolex	24%	-13%	6%	2%	24%	31%
Apollo Pipes		1%	8%	0%	20%	33%
<u>Pipes Revenue (INR mn)</u>						
Prince	12,465	13,150	15,719	16,357	20,715	26,568
Astral (Pipes)	14,170	15,392	18,493	19,838	24,187	33,658
Supreme (pipes)	24,530	27,285	31,728	34,449	40,988	50,460
Finolex- Pipes	22,169	23,288	25,748	25,540	26,353	38,527
Finolex- Total	28,516	28,314	30,913	29,860	34,628	46,473
Apollo Pipes	2,411	2,845	3,618	4,080	5,181	7,841
Total	104,260	110,275	126,219	130,122	152,052	203,527
<u>YoY</u>						
Prince	24%	5%	20%	4%	27%	28%
Astral (SA)	14%	9%	20%	7%	22%	39%
Supreme (pipes)	55%	11%	16%	9%	19%	23%
Finolex- Pipes	24%	5%	11%	-1%	3%	46%
Finolex- Total	16%	-1%	9%	-3%	16%	34%
Apollo Pipes	NA	18%	27%	13%	27%	51%
Total	29%	6%	14%	3%	17%	34%

Source: Company, JM Financial

Exhibit 6. Annual performance trend for pipe companies (2 of 2)

INR mn Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
PVC prices (INR/kg)	72.27	70.77	76.41	73.86	93.5	136.5
YoY	13%	-2%	8%	-3%	27%	46%
Gross profit (INR mn)						
Prince	3,574	3,936	4,445	5,092	6,927	7,653
Astral (SA)	4,231	4,970	6,339	7,451	9,317	11,293
Supreme	15,700	16,780	17,919	19,331	23,186	24,197
Finolex	10,171	9,734	11,704	10,418	15,341	17,983
Apollo Pipes	654	819	994	1,192	1,563	2,109
Gross margin %						
Prince	28.7%	29.9%	28.3%	31.1%	33.4%	28.8%
Astral (SA)	28.7%	31.4%	33.1%	36.5%	37.5%	32.8%
Supreme	35.2%	33.8%	31.9%	35.1%	36.5%	31.1%
Finolex	38.7%	35.6%	37.9%	34.9%	44.3%	38.7%
Apollo Pipes	27.1%	28.8%	27.5%	29.2%	30.2%	26.9%
Pipes EBITDA (Reported)						
Prince	1,626	1,633	1,841	2,288	3,616	4,156
Astral (Pipes)	2,070	2,366	3,039	3,697	5,345	6,350
Supreme (pipes)	3,990	3,888	4,045	5,557	9,017	8,707
Finolex- Pipe	2,036	1,673	2,227	2,446	2,954	2,977
Finolex- Total	6,187	5,437	6,126	4,578	10,058	10,355
Apollo Pipes	307	330	387	466	743	934
Pipes EBITDA Margin						
Prince	13.0%	12.4%	11.7%	14.0%	17.5%	15.6%
Astral	14.6%	15.4%	16.4%	18.6%	22.1%	18.9%
Supreme (pipes)	16.3%	14.3%	12.8%	16.1%	22.0%	17.3%
Finolex- Pipe	9.2%	7.2%	8.6%	9.6%	11.2%	7.7%
Finolex- Total	21.7%	19.2%	19.8%	15.3%	29.0%	22.3%
Apollo Pipes	12.7%	11.6%	10.7%	11.4%	14.3%	11.9%
Pipes EBITDA/kg (Reported)						
Prince	16.9	14.9	14.3	17.2	26.2	29.9
Astral (SA)	23.1	22.8	24.7	28.0	39.1	42.5
Supreme (pipes)	17.0	15.2	14.5	18.5	30.6	31.7
Finolex	9.7	6.6	8.5	9.6	13.9	12.6
Apollo Pipes	10.6	9.8	9.7	10.4	15.7	17.3

Source: JM Financial, Company

Exhibit 7. Working capital days for pipe companies – significant rise in inventory days for Prince and Supreme

INR mn Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
Debtor days						
Prince	69	66	58	40	62	60
Astral (SA)	66	51	43	25	26	16
Supreme	23	28	25	21	22	22
Finolex	7	6	9	9	16	26
Inventory days						
Prince	51	67	47	77	40	85
Astral (SA)	49	61	57	75	53	58
Supreme	64	51	49	59	44	59
Finolex	78	82	73	105	97	80
Trade payable days						
Prince	30	55	50	40	44	55
Astral (SA)	60	65	61	58	47	62
Supreme	37	36	36	36	37	37
Finolex	32	33	34	29	42	36
Net working capital days						
Prince	90	79	55	77	58	90
Astral (SA)	55	47	38	43	32	12
Supreme	49	43	38	43	29	44
Finolex	54	54	49	85	71	70

Source: Company, JM Financial

Exhibit 8. Prince Pipes assumption for FY23-24

Assumptions	FY19	FY20	FY21	FY22	FY23E	FY24E
Volume ('000 t)	129	133	138	139	152	174
YoY	18%	3%	4%	1%	9%	15%
Realisation (INR/kg)	122	123	150	191	170	163
YoY	1%	1%	22%	28%	-11%	-4%
Revenue (INR mn)	15,719	16,357	20,715	26,568	25,774	28,454
YoY	20%	4%	27%	28%	-3%	10%
Gross profit (INR mn)	4,445	5,092	6,927	7,653	6,820	8,365
YoY	13%	15%	36%	10%	-11%	23%
% of sales	28.3%	31.1%	33.4%	28.8%	26.5%	29.4%
Gross profit (INR/ Kg)	34.4	38.3	50.1	55.0	45.0	48.0
YoY	-4.1%	11.4%	30.6%	9.9%	-18.3%	6.7%
EBITDA (INR mn)	1,841	2,288	3,616	4,156	3,153	4,271
YoY	12.7%	24.3%	58.1%	14.9%	-24.1%	35.4%
% of sales	11.7%	14.0%	17.5%	15.6%	12.2%	15.0%
EBITDA (INR/ kg)	14.3	17.2	26.2	29.9	20.8	24.5
YoY	-4%	21%	52%	14%	-30%	18%

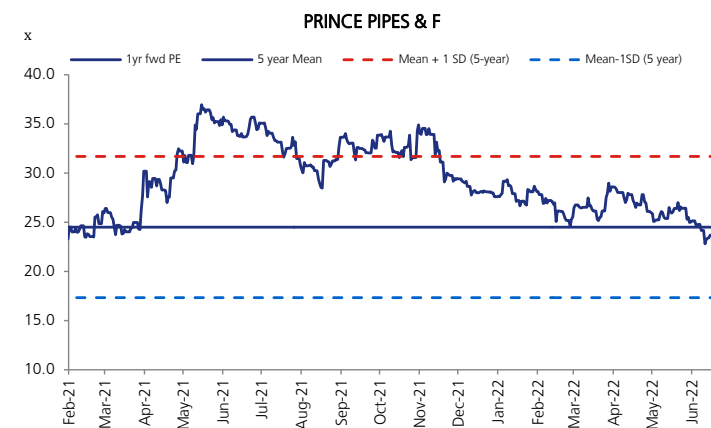
Source: Company, JM Financial

Exhibit 9. 4QFY22 conference call summary for plastic pipe players

Particulars	Prince	Astral	Supreme	Finolex
Demand	Pipes volume growth was led by Plumbing and SWR segments. Company's effort towards expansion in distribution network, brand building, product portfolio expansion has led to gain in market share. Management has guided to outpace the industry growth by 200-300bps.	Business continues to remain robust (both Pipes/Adhesives). Volume growth was led by Plumbing segment, CPVC pipes continues to show strong growth. Demand from the real estate sector is strong, new construction activities to further create demand.	Pipe volumes growth was c. 27% YoY (+5% 3 year CAGR). Demand from housing segment housing as well as agri segment is robust. Management expects softening in PVC prices to boost demand. Management has guided for c. 15% volume growth for FY23 for pipes as well as for whole company.	Demand was healthy during Q4 both in Agri and non-Agri segment. Non agri segment volume grew 23% YoY in Q4 and 27% YoY in FY22. Management indicated, demand momentum in Q1 has been slightly impacted due to decline in PVC prices, as channel is currently preferring to keep lower inventory
Realisations/PVC resin	Realisations grew by 9% YoY declined 3% QoQ on the back of healthy mix of plumbing segment cPVC pipes. As per management, inventories are high as of Mar'22 (85 days vs. 40 in 4Q21) in order to ensure supply security. However, given the concerns of correction in PVC resin prices, management expects inventories to normalise by 1QFY23.	Realisations grew by 10% YoY (+15% 3-yr CAGR), declined 3 QoQ. In FY22, realisation grew 27% YoY led by price hikes and improvement in product mix. PVC resin prices have softened c. INR 23-24/ kg since April'22.	Realisation grew 5% YoY (18% 3 year CAGR). Improvement in supply chain of PVC resin, coupled with lower demand from China has led to softening in PVC resin prices. Supply of CPVC has also improved. Management expects PVC prices to soften further.	Pipes realisations improved 8% YoY (18% 3 yr CAGR). PVC prices have started cooling down soon as supply chain situation has improved.
Others	Company launched PE-FIT Aqua HDPE piping systems, which is used in both industrial and retail segments. It has much lower installation cost compared to traditional piping materials. It also launched CORFIT manhole and inspection chambers, made from PE which replaces traditional RCC concrete manhole chambers.	Astral has entered into two new segments – Sanitary ware & faucets and Paints segment. It acquired 51% stake in GEM paints for INR 2bn in April'22. It expects its new launched segments – Sanitary ware & faucets and Paints segment to generate c. INR 5bn and INR 6bn over 2-3 years respectively.	Supreme faced difficulty in sourcing RM during FY22, which it has now resolved. It's only source Kaneka, Japan has assured of larger volume of CPVC supply, besides this, it has also independently tied up with other sources/	Company will not be keeping high cash on the balance sheet for long.
Capex	Most of the capacities are now in place, going forward the company will focus on sweating the existing capacity. Capex in FY23 will be only towards maintenance, which will be c. INR 400-500mn. Management expects, peak utilisation of c. 70-75% for FY23. Majority of capacity will commence in FY23.	Majority of the capex has been done. Hence, in FY23, expects only maintenance capex and for Dahej plant (1 st Phase c. INR 750-800mn and 2 nd Phase c. INR 350-400mn)	Company has planned capex of c. INR 10bn for FY23. The proposed capex will be used majorly for Pipes segment and to double the existing capacity of manufacturing of composite LPG cylinders.	Capex will be around INR 2-2.5bn for next 1-1.5 years towards both pipes and resin segments.

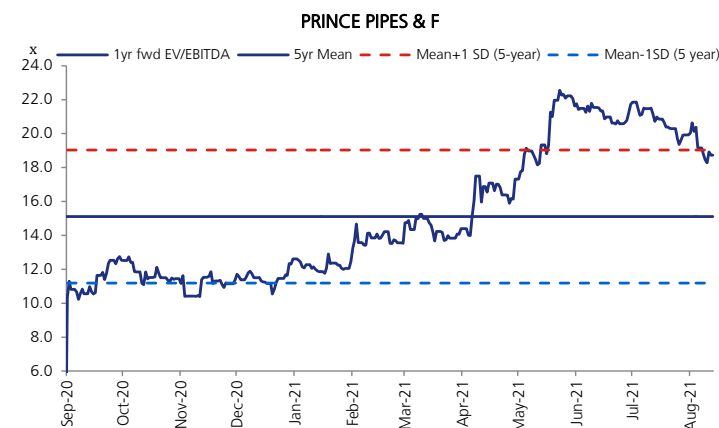
Source: Company, JM Financial

Exhibit 10. Prince Pipe 1-year forward PE chart



Source: Bloomberg, JM Financial

Exhibit 11. Prince Pipe 1-year forward EV EBITDA chart



Source: Bloomberg, JM Financial

Exhibit 12. Astral 1-year forward PE chart

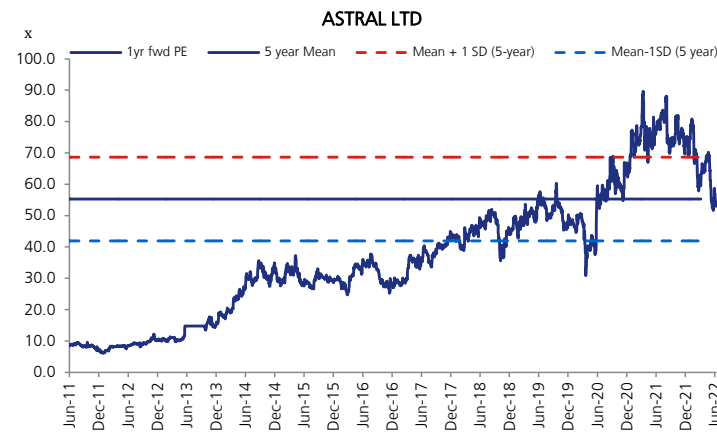


Exhibit 13. Astral 1-year forward EV EBITDA chart

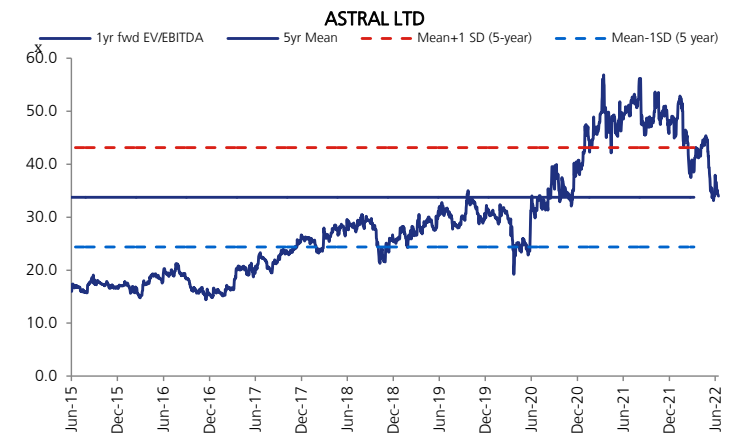


Exhibit 14. Supreme 1-year forward PE chart

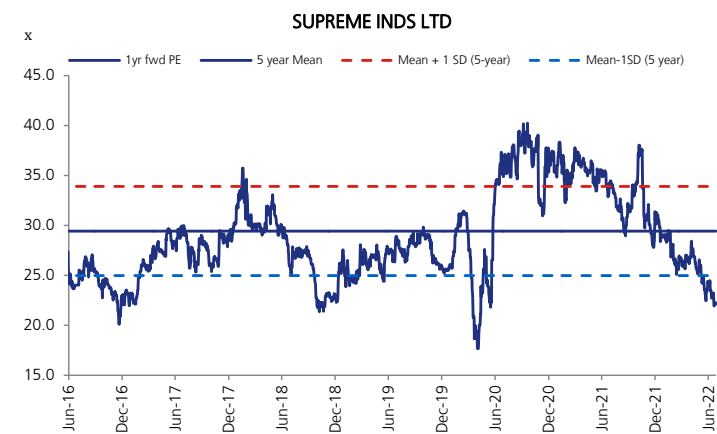


Exhibit 15. Supreme 1-year forward EV EBITDA chart

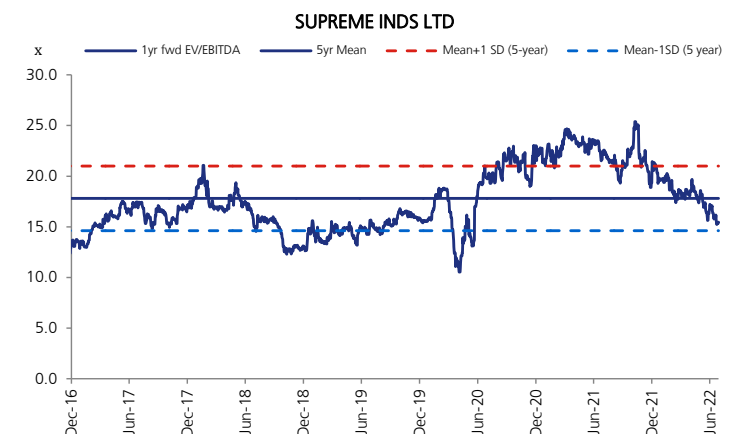


Exhibit 16. Finolex 1-year forward PE chart

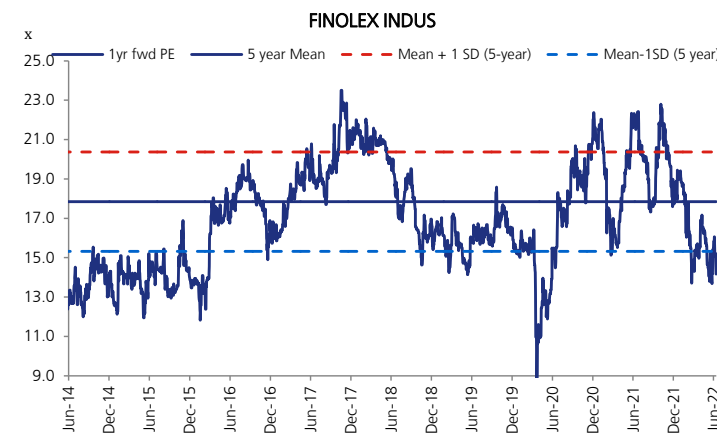


Exhibit 17. Finolex 1-year forward EV EBITDA chart

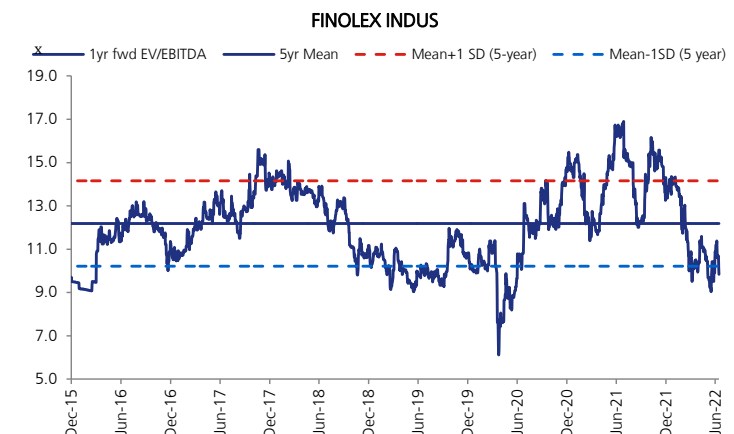


Exhibit 18. Valuation comp for building material companies

INR mn	Mkt. Cap. (INR bn)	CMP	TP	Upside	Target P/E	Rating	P/E(x)			ROE(%)			FY22-24E CAGR			FY23E PEG
							FY22	FY23E	FY24E	FY22	FY23E	FY24E	Rev	EBITDA	EPS	
<u>Ceramics</u>																
Kajaria Ceramics	148	931	1,200	29%	35	BUY	39.3	35.9	27.2	19%	18%	22%	16%	16%	20%	1.8
Somany Ceramics	24	564	880	56%	22	BUY	27.0	23.0	14.1	13%	14%	19%	17%	23%	38%	0.6
Cera Sanitaryware	53	4,095	4,630	13%	30	HOLD	34.7	29.8	26.5	16%	17%	17%	9%	13%	14%	2.1
Median							34.7	29.8	26.5	16%	17%	19%	16%	16%	20%	1.8
<u>Wood Panel</u>																
Century Plyboard	113	511	700	37%	32	BUY	34.9	26.9	23.3	23%	24%	22%	17%	16%	22%	1.2
Greenply Industries	21	171	250	46%	22	BUY	22.2	17.4	15.0	19%	20%	20%	20%	31%	22%	0.8
Greenlam Industries	40	331	310	-6%	25	HOLD	42.5	31.4	27.8	16%	18%	17%	19%	26%	24%	1.3
Greenpanel Industries	52	426	630	48%	22	BUY	22.3	17.5	14.9	27%	27%	26%	18%	19%	22%	0.8
Median							28.6	22.2	19.1	21%	22%	21%	18%	22%	22%	1.0
<u>Plastics</u>																
Prince Pipes	68	614	720	17%	30	BUY	27.4	34.1	25.7	21%	15%	18%	3%	1%	3%	10.3
Astral Ltd (NR)	328	1,633		NR	NA	NA	65.3	58.9	44.0	23%	23%	23%	12%	22%	22%	2.7
Supreme Industries (NR)	218	1,716		NR	NA	NA	26.8	27.8	24.7	28%	23%	22%	6%	8%	4%	6.4
Finolex Industries (NR)	85	137		NR	NA	NA	10.6	16.8	14.8	30%	15%	15%	-5%	4%	-15%	NA
Median							27.1	30.9	25.2	25%	19%	20%	5%	6%	4%	6.4

Source: Company, JM Financial, Bloomberg*Based on Bloomberg estimates

Prince Pipes-Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Net Sales	16,357	20,715	26,568	25,774	28,454
Sales Growth	4.1%	26.6%	28.3%	-3.0%	10.4%
Other Operating Income	0	0	0	0	0
Total Revenue	16,357	20,715	26,568	25,774	28,454
Cost of Goods Sold/Op. Exp	11,264	13,788	18,915	18,954	20,089
Personnel Cost	902	997	1,162	1,325	1,457
Other Expenses	1,903	2,313	2,335	2,342	2,638
EBITDA	2,288	3,616	4,156	3,153	4,271
EBITDA Margin	14.0%	17.5%	15.6%	12.2%	15.0%
EBITDA Growth	24.3%	58.1%	14.9%	-24.1%	35.4%
Depn. & Amort.	520	594	703	825	889
EBIT	1,768	3,022	3,453	2,328	3,381
Other Income	69	176	55	100	200
Finance Cost	332	207	139	80	60
PBT before Excep. & Forex	1,506	2,992	3,369	2,348	3,521
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,506	2,992	3,369	2,348	3,521
Taxes	381	773	875	592	887
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,125	2,218	2,494	1,757	2,634
Adjusted Net Profit	1,125	1,807	2,468	1,981	2,634
Net Margin	6.9%	8.7%	9.3%	7.7%	9.3%
Diluted Share Cap. (mn)	110.0	110.0	110.0	110.0	110.0
Diluted EPS (INR)	10.2	16.4	22.4	18.0	23.9
Diluted EPS Growth	12.1%	60.6%	36.6%	-19.7%	33.0%
Total Dividend + Tax	110	165	220	550	660
Dividend Per Share (INR)	1.0	1.5	2.0	5.0	6.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Profit before Tax	1,506	2,991	3,369	2,348	3,521
Depn. & Amort.	520	594	703	825	889
Net Interest Exp. / Inc. (-)	285	176	77	-20	-140
Inc (-) / Dec in WCap.	-1,158	-149	-3,529	3,326	167
Others	242	85	146	0	0
Taxes Paid	-372	-626	-960	-592	-887
Operating Cash Flow	1,023	3,071	-195	5,887	3,550
Capex	-1,188	-1,451	-1,687	-674	-800
Free Cash Flow	-165	1,620	-1,882	5,213	2,750
Inc (-) / Dec in Investments	-2,440	357	1,846	0	0
Others	2,521	238	46	100	200
Investing Cash Flow	-1,107	-856	205	-574	-600
Inc / Dec (-) in Capital	3,394	-6	107	0	0
Dividend + Tax thereon	-110	-165	-385	-550	-660
Inc / Dec (-) in Loans	-371	-1,746	648	-1,500	0
Others	-347	-215	-148	-80	-60
Financing Cash Flow	2,566	-2,131	222	-2,130	-720
Inc / Dec (-) in Cash	2,481	84	232	3,183	2,230
Opening Cash Balance	223	2,570	2,299	586	3,769
Closing Cash Balance	2,704	2,654	2,531	3,769	5,999

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Shareholders' Fund	8,377	10,435	12,653	13,859	15,833
Share Capital	1,100	1,100	1,106	1,106	1,106
Reserves & Surplus	7,277	9,335	11,547	12,754	14,727
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	2,598	852	1,500	0	0
Def. Tax Liab. / Assets (-)	133	133	123	123	123
Total - Equity & Liab.	11,108	11,420	14,275	13,982	15,956
Net Fixed Assets	4,961	5,795	6,682	6,531	6,442
Gross Fixed Assets	6,458	7,113	9,242	9,942	10,742
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	1,573	2,083	2,786	3,611	4,500
Capital WIP	75	765	226	200	200
Investments	6	15	117	117	117
Current Assets	9,135	10,251	12,591	12,301	14,876
Inventories	3,445	2,273	6,188	3,531	3,898
Sundry Debtors	1,797	3,534	4,346	3,531	3,508
Cash & Bank Balances	2,570	2,299	586	3,769	5,999
Loans & Advances	1,322	2,145	1,471	1,471	1,471
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	2,995	4,641	5,115	4,968	5,479
Current Liabilities	1,808	2,491	3,986	3,867	4,269
Provisions & Others	1,187	2,150	1,129	1,101	1,211
Net Current Assets	6,140	5,610	7,477	7,333	9,396
Total - Assets	11,108	11,420	14,275	13,982	15,956

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
Net Margin	6.9%	8.7%	9.3%	7.7%	9.3%
Asset Turnover (x)	1.8	1.8	2.1	1.8	1.9
Leverage Factor (x)	1.5	1.2	1.1	1.1	1.0
RoE	18.2%	19.2%	21.4%	14.9%	17.7%

Key Ratios					
Y/E March	FY20A	FY21A	FY22A	FY23E	FY24E
BV/Share (INR)	76.1	94.8	115.0	126.0	143.9
ROIC	17.5%	25.8%	22.8%	14.9%	25.7%
ROE	18.2%	19.2%	21.4%	14.9%	17.7%
Net Debt/Equity (x)	0.0	-0.1	0.1	-0.3	-0.4
P/E (x)	60.0	37.4	27.4	34.1	25.6
P/B (x)	8.1	6.5	5.3	4.9	4.3
EV/EBITDA (x)	29.5	18.3	16.5	20.2	14.4
EV/Sales (x)	4.1	3.2	2.6	2.5	2.2
Debtor days	40	62	60	50	45
Inventory days	77	40	85	50	50
Creditor days	47	53	65	62	64

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for large-cap* stocks 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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