

# Balrampur Chini | BUY

## Geared for evolving bioplastics ecosystem

We highlight that Balrampur's upcoming PLA plant has strong offtake visibility on account of i) no equipment cost for switching to PLA from existing polymers, ii) incremental favourable government measures, iii) marginal cost differential between PET and PLA, and iv) large opportunity arising from non-recyclable PET. In our view, the company could look to build on this and even consider phase II after a PLA ecosystem is established. We remain constructive on the name as we see a clear long run shift from sugar/ethanol to a specialised bio plastics manufacturer. We keep our estimates unchanged and reiterate BUY with a revised SoTP based Sep'26 TP of INR 700 (from Mar'26 TP of INR 635 earlier).

- **Switching to PLA will not require changes to existing equipment:** We highlight that PLA can be processed using the same machinery that is used to manufacture PET. This is because the properties of PLA are not very different from that of petroleum-based plastics like polypropylene, polyethylene, and polystyrene. Our research suggests that the same sheet extrusion equipment can be used across plastics such as APET, PETG, CPET and PLA (refer Exhibit 1). This makes switching to PLA infrastructure-friendly. Moreover, the PLA manufacturing process consumes 65% less energy compared to that for traditional polymers (refer Exhibit 2). Thus, switching to PLA requires no additional machinery cost and entails lower operational cost compared to PET.
- **Incremental favourable government measures to aid PLA pick-up:** Many state governments have already banned various types of plastics and others are in the process of doing so. Himachal Pradesh has banned the use of 500ml plastic water bottles made of PET at hotels and government events (refer Exhibit 8) w.e.f. 1<sup>st</sup> Jun'25. Elsewhere, Assam and Delhi have banned the use of 250ml bottles to curb plastic waste (refer Exhibit 6 & 7). Earlier, in Jul'22, the Indian government had announced a ban on the use of single use plastic (SUP) across the country (refer Exhibit 3-4). We anticipate more stringent measures by Uttar Pradesh as well as the central government to promote the use of bio plastics. With favourable measures in place, PLA can act as a replacement for SUPs and banned water bottles.
- **PET-PLA cost differential only marginal:** We highlight that the raw material cost of a PLA bottle is only marginally higher than that of its PET counterparts. On a per gram basis, PLA costs ~INR 0.25 per gram compared to ~INR 0.1 per gram for PET. However, several companies like Ecovate have reduced the requirement of PLA for a 250ml bottle to almost half that of a PET bottle. Hence, manufacturing a 250ml PLA bottle would need ~6.5g of PLA, which would cost ~INR 1.62, while a 250ml PET bottle would consume ~13g of PET, costing ~INR 1.3 (refer Exhibit 9). Consequently, the manufacturing cost differential is only INR 0.32 per 250ml bottle (refer Exhibit 10).
- **Opportunities galore for PLA; evolution of a PLA ecosystem makes phase II also a possibility:** As of 2021-22, ~1.7MMT of PET was used for packaging applications alone. Of this, ~900KT was estimated to be used to make PET bottles while 700KT was used for flexible packaging. Flexible packaging is largely made of BoPET, which is primarily used in



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	700
Upside/(Downside)	14.6%
Previous Price Target	635
Change	10.2%

### Key Data – BRCM IN

Current Market Price	INR611
Market cap (bn)	INR125.4/US\$1.5
Free Float	57%
Shares in issue (mn)	201.7
Diluted share (mn)	201.7
3-mon avg daily val (mn)	INR334.2/US\$3.9
52-week range	693/396
Sensex/Nifty	82,515/25,141
INR/US\$	85.5

### Price Performance

%	1M	6M	12M
Absolute	18.2	5.8	53.2
Relative*	18.1	4.2	42.3

\* To the BSE Sensex

### Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	55,937	54,154	60,582	68,050	74,830
Sales Growth (%)	19.9	-3.2	11.9	12.3	10.0
EBITDA	7,862	7,042	8,579	11,386	15,288
EBITDA Margin (%)	14.1	13.0	14.2	16.7	20.4
Adjusted Net Profit	4,332	3,439	4,771	6,968	10,088
Diluted EPS (INR)	21.5	17.0	23.6	34.5	50.0
Diluted EPS Growth (%)	57.4	-20.6	38.7	46.1	44.8
ROIC (%)	9.1	7.0	7.9	10.4	14.0
ROE (%)	14.1	10.0	12.5	15.9	19.4
P/E (x)	28.9	36.4	26.3	18.0	12.4
P/B (x)	3.8	3.5	3.1	2.7	2.2
EV/EBITDA (x)	18.5	21.5	18.1	13.4	9.3
Dividend Yield (%)	0.5	0.2	0.2	0.2	0.2

Source: Company data, JM Financial. Note: Valuations as of 12/Jun/2025

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

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plastic wrap, protective coating, medical and food packaging, etc. Moreover, only ~60% of all PET bottles are used for packaged beverages, and only these bottles are allowed for manufacturing rPET (recycled PET). Hence, of the overall market size of ~1.7MMT (of PET for packaging), the non-recyclable part comes out to ~800-850KT. We believe that taking 10% market share is very much possible for Balrampur's upcoming PLA capacity of 80KTPA. Even in the case of PET bottles, we believe the market is there for the taking for Balrampur. Moreover, once the PLA ecosystem is established, phase II of PLA should not be ruled out.

#### Exhibit 1. PLA extrusion can be done using the same equipment used for PET

**Benk Machinery Co LTD's** Single and Multi layer **APET/PETG/CPET/PLA plastic sheet extrusion** equipment: This is the production line widely used throughout China and worldwide with the matured technology and the stable production ability. It has high capacity, high precision, and lower electric consumption features. It has the unique mode of "key to acceleration" that can realize low-speed adjustment, high-speed production without fluctuation along with high stability.

Source: Industry, JM Financial

#### Exhibit 2. PLA production requires 65% less energy compared to traditional polymers

PLA is an eco-friendly polymer, and its production has many benefits compared with traditional polymers. **More specifically, 65% less energy is required and also 68% fewer greenhouse gases are generated during its production procedure.** Furthermore, it is a highly

Source: Industry, JM Financial

#### Exhibit 3. Single use plastic is already banned in the country

**The Plastic Waste Management Rules, 2016, as amended, provide the statutory framework and the prescribed authorities for enforcement of the rules, including ban on identified single use plastic items.** The following identified single use plastic items, which have low utility and high littering potential, have been prohibited, with effect from 1st July, 2022, vide **Plastic Waste Management Amendment Rules, 2021**:

Source: Industry, JM Financial

#### Exhibit 4. Ban on imports of PET flakes

Existing Policy Condition No.2	Revised Policy Condition No.2
The import PET bottle waste/scrap is "Prohibited" as per OM No. 23-4/2009-HSMD dated 30-08-2016.	The import of PET bottle waste/scrap/ PET flakes made from used PET bottles etc is "Prohibited" as per OM No. 23-4/2009-HSMD dated 30-08-2016 and O.M. No.23/66/2019-HSM dated 03/10/2019 of Ministry of Environment, Forest and Climate Change.

Source: Industry, JM Financial

#### Exhibit 5. Plastic ban eased partially – DGFT 32/2015-2020

**2. Effect of the Notification:**

Import of PET Flakes has been permitted subject to NOC from MoEF&CC and an authorisation from DGFT.

This issues with the approval of Minister of Commerce and Industry.

Source: Industry, JM Financial

#### Exhibit 6. 250ml bottle water bottles have been banned in Assam

**Assam: Only 250 ml water bottles will be banned from October 2, announces CM Himanta Biswa Sarma**

Starting from October 2, the sale of 250ml water bottles will be prohibited, whereas the ban on 500ml water bottles will be extended for an additional year.

Source: Industry, JM Financial

#### Exhibit 7. Delhi government has banned several single use plastic bottles

items, the **MCD has identified and included six more SUP items which include water bottles <250 ml**, water pouches, plastic banners/posters, cling films for food packaging; small sachets for ketchup/sauces; multi-layered SUPs and thermocol cutlery.

Source: Industry, JM Financial

**Exhibit 8. Himachal Pradesh has banned 500ml PET water bottles at various places**

Shimla, May 6 (PTI) **The use of 500 millilitre plastic water bottles made from Polyethylene Terephthalate (PET) will be banned at all government programmes and hotels across Himachal Pradesh from June 1, Chief Secretary Prabodh Saxena said on Tuesday.**

Source: Industry, JM Financial

**Exhibit 9. Weight of PET beverage bottles used in the US without caps**

Item	Volume (ml)	Volume in US floz	Average weight grams	Average weight US dry ounce	Number of Containers in 1 lb
Pet Plastic Bottles					
Non-Carbonated					
Water bottles - Import	500	16.9	10.3	0.4	44.4
Water bottles - Local	500	16.9	26.0	0.9	17.4
One gallon water bottles	3,780	128.0	64.8	2.4	6.7
Carbonated beverages					
600ml Soda Bottles	600	20.3	26.9	0.9	17.2
2L Soda Bottles	2,000	67.6	53.6	1.9	8.5

Source: Industry, JM Financial

**Exhibit 10. Cost differential between PLA and PET****RM Cost for 250ml bottle of PET**

Cost of PET (INR per g)	0.10
PET used in 250ml bottle (g)	10
Cost of PET per 250ml bottle (INR)	1

**RM Cost for 250ml bottle of PLA**

Cost of PLA (INR per g)	0.25
PLA used in 250ml bottle (g)	5
Cost of PLA per 250ml bottle (INR)	1.25

Incremental cost for PLA w.r.t. PET	25%
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Source: JM Financial, Industry

**Exhibit 11. PLA blend improves heat resistance**

to improve the heat resistance of PLA. Park [28] prepared PLA/PBS blend by melt mixing and found that low molecular weight PBS had a nucleation effect on PLA. When the PBS content was 20%, PLA crystallinity reached 38% and the heat resistance of the blend was also improved.

Source: Industry, JM Financial

**Exhibit 12. PLA blending enhances stability, increases range of applications**

properties. Some authors have proposed using chain extenders or incorporating other polymers, such as PBAT or PCL [4,11], to increase the polymer toughness and reduce its brittleness, potentially widening the range of applications and improving its thermal stability

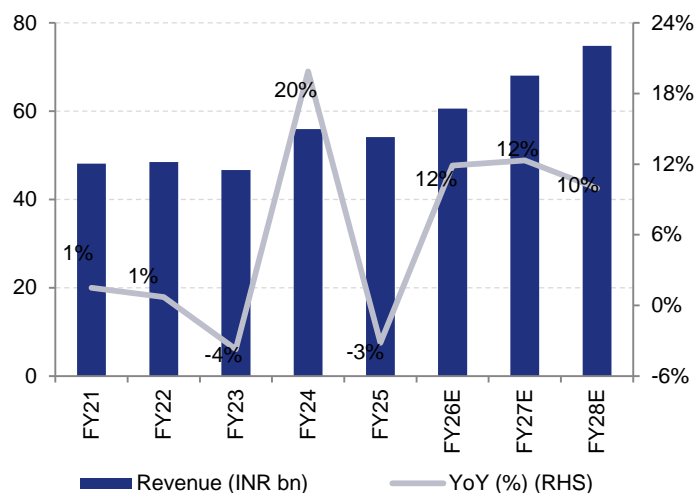
Source: Industry, JM Financial

**Exhibit 13. PLA – biaxial stretching improves strength**

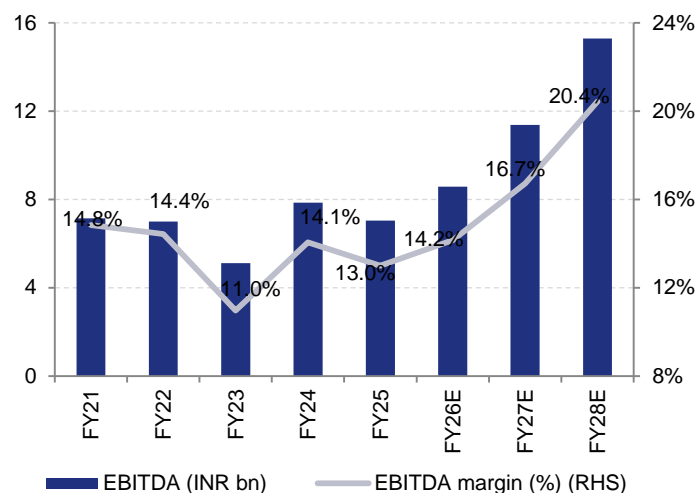
regardless of the materials pre-processing. Regarding the assessment of the biaxial stretching process, processing at lower temperatures provides the films with a higher yield and breaking strength, while the time and strain rates have little influence on such properties. It was then determined that 82 °C is the optimal temperature for stretching

Source: Industry, JM Financial

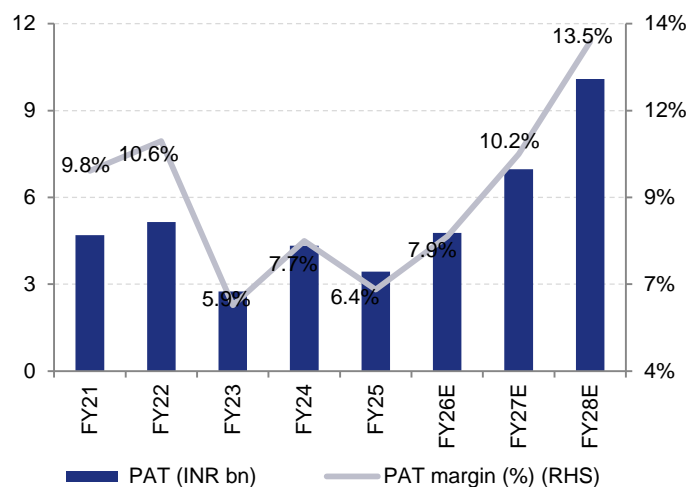
## Assumptions and Estimates

**Exhibit 14. BRCM's sales likely to see 11% CAGR over FY25-28E**


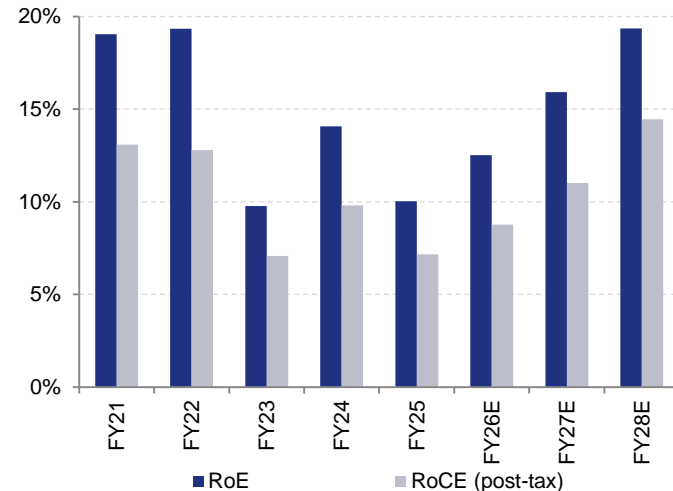
Source: Company, JM Financial

**Exhibit 15. ..EBITDA likely to see 29% CAGR over FY25-28E**


Source: Company, JM Financial

**Exhibit 16. BRCM's PAT expected to see 43% CAGR over FY25-28E**


Source: Company, JM Financial

**Exhibit 17. RoE/RoCE likely to reach ~19%/15% by FY28E**


Source: Company, JM Financial

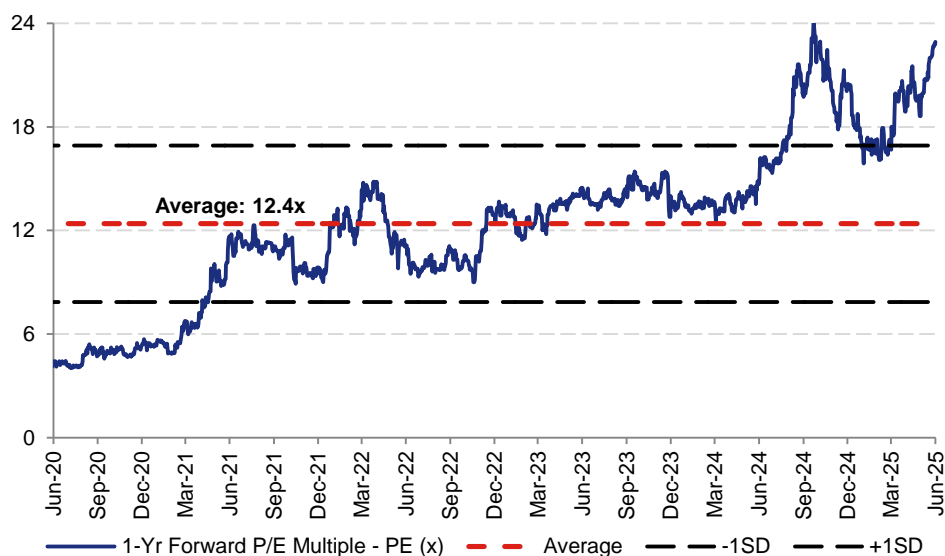
## Valuations

### Exhibit 18. Our SOTP-based Sep'26 TP stands at INR 700/share

		EBITDA (INR mn)	Multiple (x)	Valuation (INR mn)	Value per share (INR)
Segments	Valuation methodology				
Sugar and distillery business (A)	8x FY27E EBITDA	11,170	8	89,358	443
PLA business (B)	15x FY30E EBITDA discounted to Sep'27	5,250	15	60,112	298
<b>Enterprise value (A) + (B)</b>				149,469	740
Less: Net Debt/(cash)	Mar'30E net debt discounted to Sep'26			-8,444	-42
<b>Equity value</b>				<b>141,026</b>	<b>700</b>
Sep'27E consolidated EPS		-	-		42
<b>Implied P/E multiple (x)</b>		-	-		<b>17</b>

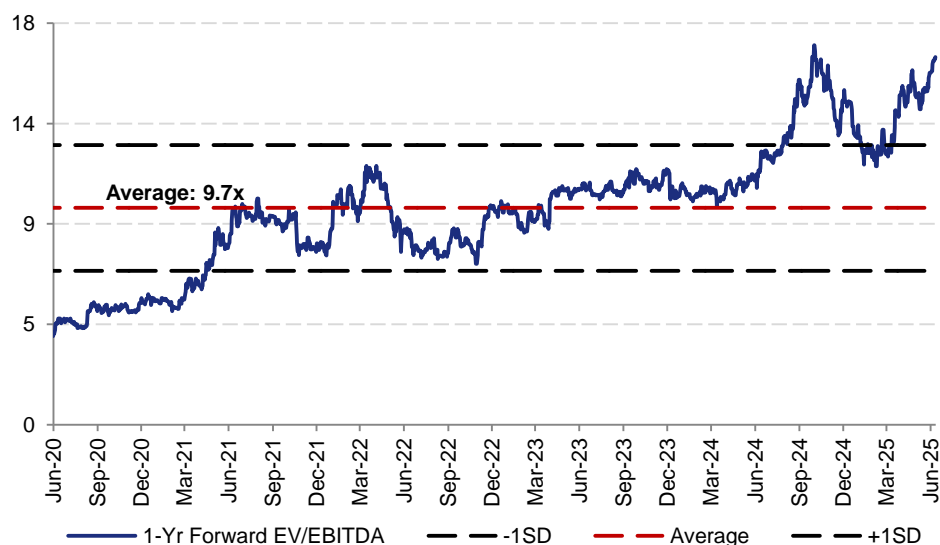
Source: JM Financial

### Exhibit 19. Balrampur is currently trading at ~23x 1-year forward consensus PE multiple



Source: Bloomberg, JM Financial

### Exhibit 20. Balrampur is currently trading at ~16x 1-year forward consensus EV/EBITDA multiple



Source: Bloomberg, JM Financial

## Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	55,937	54,154	60,582	68,050	74,830
Sales Growth	19.9%	-3.2%	11.9%	12.3%	10.0%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>55,937</b>	<b>54,154</b>	<b>60,582</b>	<b>68,050</b>	<b>74,830</b>
Cost of Goods Sold/Op. Exp	39,169	38,580	42,589	45,798	47,891
Personnel Cost	3,986	4,049	4,454	4,944	5,290
Other Expenses	4,921	4,482	4,960	5,922	6,361
<b>EBITDA</b>	<b>7,862</b>	<b>7,042</b>	<b>8,579</b>	<b>11,386</b>	<b>15,288</b>
EBITDA Margin	14.1%	13.0%	14.2%	16.7%	20.4%
EBITDA Growth	53.5%	-10.4%	21.8%	32.7%	34.3%
Depn. & Amort.	1,664	1,725	1,845	2,067	2,360
EBIT	6,198	5,317	6,734	9,319	12,928
Other Income	740	322	1,026	1,128	1,218
Finance Cost	836	935	1,426	1,513	1,213
PBT before Excep. & Forex	6,102	4,704	6,334	8,934	12,933
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	6,102	4,704	6,334	8,934	12,933
Taxes	1,770	1,265	1,564	1,965	2,845
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,332	3,439	4,771	6,968	10,088
<b>Adjusted Net Profit</b>	<b>4,332</b>	<b>3,439</b>	<b>4,771</b>	<b>6,968</b>	<b>10,088</b>
Net Margin	7.7%	6.4%	7.9%	10.2%	13.5%
Diluted Share Cap. (mn)	201.7	201.7	201.7	201.7	201.7
<b>Diluted EPS (INR)</b>	<b>21.5</b>	<b>17.0</b>	<b>23.6</b>	<b>34.5</b>	<b>50.0</b>
Diluted EPS Growth	57.4%	-20.6%	38.7%	46.1%	44.8%
Total Dividend + Tax	605	202	202	202	202
Dividend Per Share (INR)	3.0	1.0	1.0	1.0	1.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,102	4,704	6,334	8,934	12,933
Depn. & Amort.	1,664	1,725	1,845	2,067	2,360
Net Interest Exp. / Inc. (-)	815	933	400	385	-5
Inc (-) / Dec in WCap.	-5,831	-2,567	-1,672	-2,035	-2,329
Others	25	215	0	0	0
Taxes Paid	-995	-759	-1,564	-1,965	-2,845
<b>Operating Cash Flow</b>	<b>1,778</b>	<b>4,252</b>	<b>5,343</b>	<b>7,386</b>	<b>10,114</b>
Capex	-2,688	-8,924	-8,100	-4,100	-100
Free Cash Flow	-909	-4,673	-2,757	3,286	10,014
Inc (-) / Dec in Investments	-60	0	0	0	0
Others	500	120	1,026	1,128	1,218
<b>Investing Cash Flow</b>	<b>-2,248</b>	<b>-8,804</b>	<b>-7,074</b>	<b>-2,972</b>	<b>1,118</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-605	-202	-202	-202	-202
Inc / Dec (-) in Loans	973	6,206	4,500	-1,000	-11,000
Others	102	-1,451	-1,426	-1,513	-1,213
<b>Financing Cash Flow</b>	<b>470</b>	<b>4,553</b>	<b>2,873</b>	<b>-2,715</b>	<b>-12,415</b>
<b>Inc / Dec (-) in Cash</b>	<b>0</b>	<b>0</b>	<b>1,142</b>	<b>1,699</b>	<b>-1,183</b>
Opening Cash Balance	3	3	4	1,146	2,845
Closing Cash Balance	3	4	1,146	2,845	1,662

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	32,796	35,812	40,381	47,147	57,034
Share Capital	202	202	202	202	202
Reserves & Surplus	32,594	35,610	40,179	46,946	56,832
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	20,083	26,262	30,762	29,762	18,762
Def. Tax Liab. / Assets (-)	1,899	2,396	2,566	2,566	2,566
<b>Total - Equity &amp; Liab.</b>	<b>54,777</b>	<b>64,469</b>	<b>73,708</b>	<b>79,475</b>	<b>78,361</b>
Net Fixed Assets	26,849	27,506	33,761	35,794	33,534
Gross Fixed Assets	36,080	37,859	39,017	47,117	51,217
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	9,686	11,411	13,256	15,323	17,683
Capital WIP	455	1,058	8,000	4,000	0
Investments	1,838	1,842	1,842	1,842	1,842
Current Assets	30,582	39,436	42,756	46,880	48,380
Inventories	28,688	31,187	33,196	35,423	37,927
Sundry Debtors	1,256	1,430	1,599	1,796	1,975
Cash & Bank Balances	3	4	1,146	2,845	1,662
Loans & Advances	635	6,815	6,815	6,815	6,815
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	4,491	4,314	4,650	5,041	5,395
Current Liabilities	2,951	2,830	3,166	3,556	3,910
Provisions & Others	1,541	1,485	1,485	1,485	1,485
Net Current Assets	26,090	35,121	38,105	41,839	42,985
<b>Total - Assets</b>	<b>54,777</b>	<b>64,469</b>	<b>73,708</b>	<b>79,475</b>	<b>78,361</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.7%	6.4%	7.9%	10.2%	13.5%
Asset Turnover (x)	1.1	0.9	0.9	0.9	0.9
Leverage Factor (x)	1.7	1.7	1.8	1.8	1.5
RoE	14.1%	10.0%	12.5%	15.9%	19.4%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	162.6	177.5	200.2	233.7	282.7
ROIC	9.1%	7.0%	7.9%	10.4%	14.0%
ROE	14.1%	10.0%	12.5%	15.9%	19.4%
Net Debt/Equity (x)	0.6	0.7	0.7	0.6	0.3
P/E (x)	28.9	36.4	26.3	18.0	12.4
P/B (x)	3.8	3.5	3.1	2.7	2.2
EV/EBITDA (x)	18.5	21.5	18.1	13.4	9.3
EV/Sales (x)	2.6	2.8	2.6	2.2	1.9
Debtor days	8	10	10	10	10
Inventory days	187	210	200	190	185
Creditor days	22	22	22	23	24

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Nov-21	Buy	410	
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
12-Nov-24	Buy	700	-4.1
10-Feb-25	Buy	575	-17.9
18-May-25	Buy	635	10.4

## Recommendation History





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
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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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