



# Pick of the Week

## Bikaji Foods International Ltd

February 03, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Packaged Foods	Rs 727	Buy in Rs 714-738 band and add on dips in Rs 640-665 band	Rs 805	Rs 868	2-3 quarters

HDFC Scrip Code	BIKAJIFOODS
BSE Code	543653
NSE Code	BIKAJI
Bloomberg	BIKAJI:IN
CMP Feb 01, 2025	727
Equity Capital (Rs Cr)	25.0
Face Value (Rs)	1.0
Equity Share O/S (Cr)	25.0
Market Cap (Rs Cr)	18,255
Book Value (Rs)	53.4
Avg. 52 Wk Volumes ('000)	492.7
52 Week High	1,008
52 Week Low	476

Share holding Pattern % (Dec, 2024)	
Promoters	76.0
Institutions	13.6
Non Institutions	10.4
Total	100.00



\* Refer at the end for explanation on Risk Ratings

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### Our Take:

Bikaji Foods International Ltd (Bikaji) has established itself as a prominent name in Indian packaged snacks industry, specializing in ethnic snacks. The company's history and lineage traces back to Gangabishan Agarwal, founder of Haldiram brand. His grandson, Shiv Ratan Agarwal, Bikaji's founder and one of its Promoters, continued his legacy and developed extensive experience in the Indian ethnic snacks industry. Shiv Ratan Agarwal launched the Bikaji brand in the year 1993 with an in-depth understanding of Indian tastes and preferences. The company is the 3<sup>rd</sup> largest ethnic snacking company in the country, renowned globally for its iconic Bikaneri Bhujia. Bikaji is largest manufacturer of Bikaneri bhujia, 3<sup>rd</sup> largest manufacturer of packages sweets and second largest manufacturer of handmade Papad in the country.

The company operates across 8 manufacturing facilities spread across the country and has a total production capacity of 3,15,120 metric tonnes, 61.3% of which comprises of Namkeen and Bhujias. Over the years, Bikaji has established market leadership in the ethnic snacks market in its **'Core states'** of Rajasthan, Assam and Bihar with extensive reach, and has gradually expanded its footprint across India. In FY24, Bikaji decided to renew its focus in the core business states and push for penetration in the focus states along with Above-the-line (ATL) marketing efforts, it also invested heavily in, expanding its Below-the-line (BTL) and digital marketing efforts. Bikaji has also identified Uttar Pradesh, Punjab, Haryana, Delhi, Karnataka, Telangana and Chhattisgarh as its **'Focus states'** basis identified basis the proximity of markets and opportunity to expand in the size of the products the company offers. The management believes that it can make further in-road in these states given the expansive opportunity for market share gains in these states while it continues to strengthen its leadership position in its core states.

Bikaji enjoys the leadership position amongst its peers in the larger size Family Packs, priced at Rs 10 and above and is slowly trying to gain market share in the Impulsive packs, priced between Rs 5 – Rs 10. Family Packs contributed 56.4% of the company's revenue in FY24 and 59.6% in H1FY25. %. Management aims to maintain the split between family and impulsive SKU at 60-40%.

Bikaji sets itself apart by focusing on a diverse range of quality products, authentic ethnic Indian taste, innovative packaging, and effective pricing strategies covering all key price points, resulting in strong brand recognition and customer loyalty in its key markets. The company has over the years developed a strong brand recall and consumer preference which is also resonated through its iconic brand ambassador – Mr. Amitabh Bachchan and its popular commercial tag line 'Amitji loves Bikaji'. The company continues to invest in brand-building exercise across the country to further strengthen customer loyalty towards the brand.

## Valuation & Recommendation:

Bikaji is the second fastest growing packaged snacks company in India and enjoys c.9% market share in the organized ethnic snacking market. Its strong foothold in its core states of Rajasthan, Assam and Bihar and a distinct identity as a leader in Bikaneri Bhujia, puts it at an advantage as compared to its peers. The company has grown well ahead of the industry with 20.9% CAGR between FY19-24 while EBITDA margin has improved from 9.7% in FY19 to 16.8% in FY24. The company has registered a robust double-digit volume growth over the last 4 consecutive quarters with 15.0% YoY volume growth and 18.5% YoY value growth in Q2FY25.

Increased production capacity, investments in expansion of its distribution network, with focus on increasing direct reach, extensive brand building exercise, increased salience in western snacks and government support through its PLI scheme (total outlay of Rs 261 cr) are the key drivers for the company in the near term. We expect the company to continue to deliver on volume growth in upcoming quarters with easing out of RM inflations aiding margin expansion.

Bikaji's acquisition of 53.0% stake in Lucknow-based cafe and artisanal sweets chain Hazelnut Factory Food Products Private Ltd and 55% stake in the frozen foods FMCG player Ariba Foods Pvt Ltd also underscores diversification from its existing line of products and is in line with the company's aim to strengthen its distribution. Bikaji has also strengthened its US operations with an additional \$500,000 investment in its US subsidiary Bikaji Foods International USA Corp, which we believe will help the company surpass the threat of any tariff barriers and will provide levers for additional growth through increasing international presence, going forward.

**We believe investors can buy the stock in Rs 714-738 band (46.0x FY27E EPS) and add on dips in Rs 640-665 (41.0x FY27E EPS) band for a base case fair value of Rs 805 (51.0 FY27E EPS) and bull case fair value of Rs 868 (55.0x FY27E EPS) over the next 2-3 quarters.**

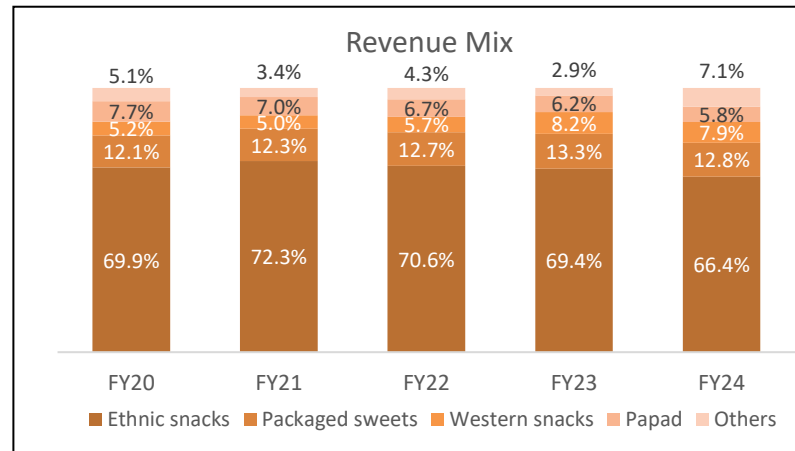
## Financial Summary:

Particulars (in Rs Cr)	Q2FY25	Q2FY24	YoY-%	Q1FY25	QoQ-%	FY22	FY23	FY24	FY25E	FY26E	FY27E
Operating Income	721	609	18%	572	26%	1,611	1,966	2,329	2,684	3,221	3,801
EBITDA	107	88	22%	92	17%	140	213	391	387	470	557
APAT	69	61	13%	59	18%	78	137	266	259	326	395
Diluted EPS (Rs)	2.8	2.5	13%	2.3	18%	3.1	5.5	10.6	10.4	13.0	15.8
RoE-%						10.9	15.4	24.4	19.4	20.4	20.5
P/E (x)						231.1	132.4	68.4	70.2	55.7	46.0
EV/EBITDA						131.3	85.9	46.8	47.0	38.2	31.8

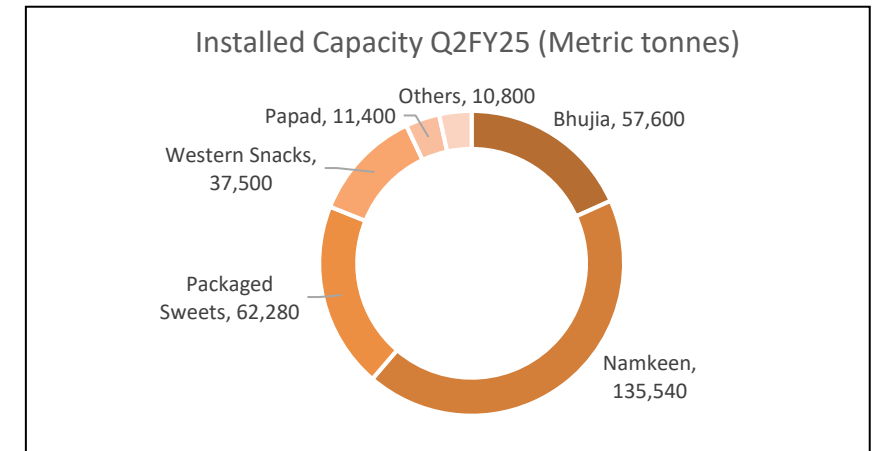
(Source: Company, HDFCsec)

## Charts in Focus

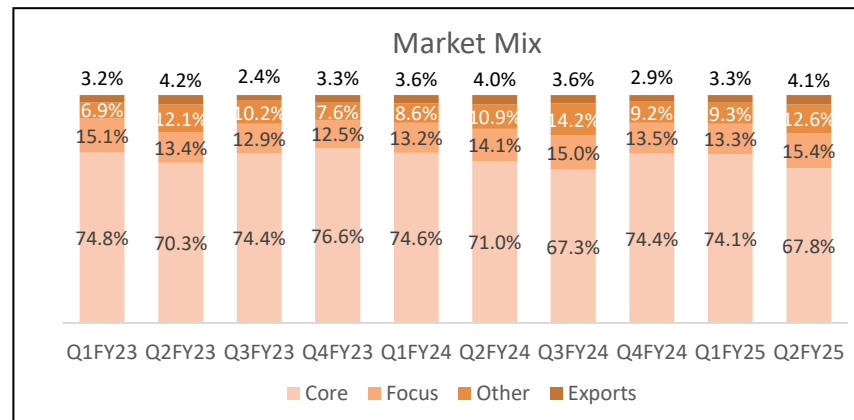
*Ethnic snacks dominate revenue mix with western snacks gaining salience*



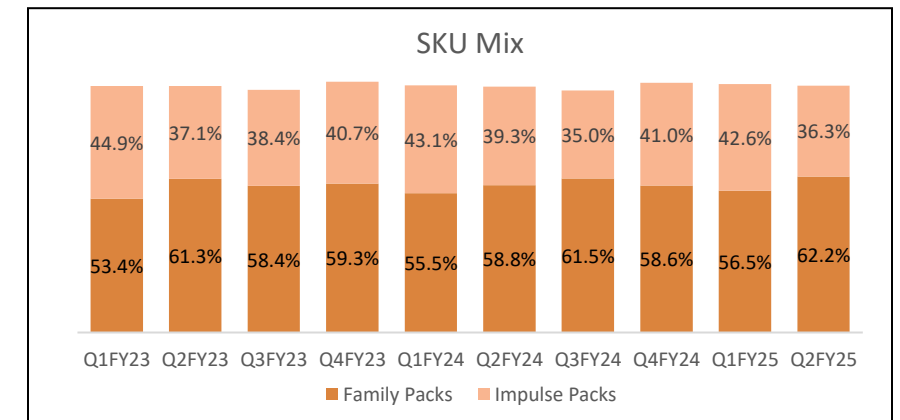
*Robust manufacturing capacity across diverse product offerings*



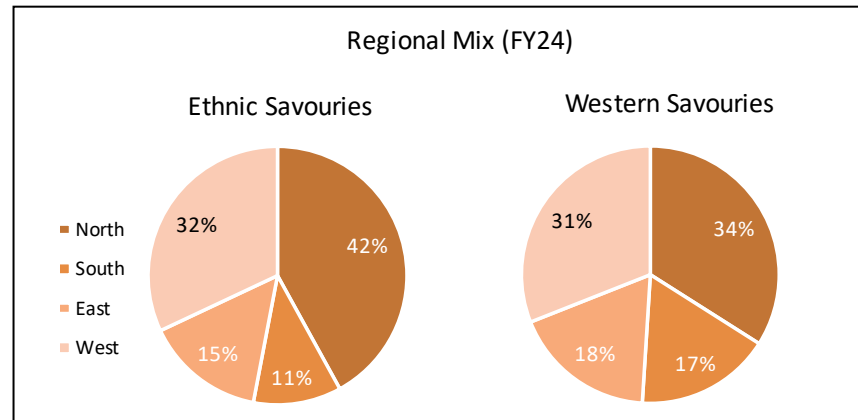
*Leadership in core markets; increasing market share in focus markets*



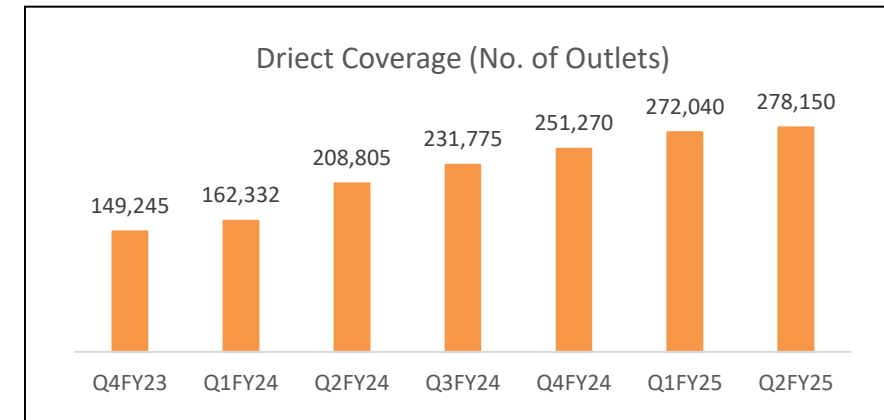
*Market leadership in family pack segment*



North and West continues to dominate regional mix



Increasing direct distribution reach to aid volume growth



(Source: Company, HDFC sec)

## Q2FY25 Result Update

Bikaji reported another stellar quarter with revenue growth of 18.5% YoY (~16% ex-PLI) driven by overall volume growth of 15.0% YoY to 39,607 tonnes as compared to 34,444 tonnes in Q2FY24. Growth was driven by increased demand for Ethnic Snacks and Packaged sweets on account of festive demand during the quarter. Edible oil prices (~24-25% of overall cost) continued to surge for the 4<sup>th</sup> quarter in a row. The company also witnessed inflationary pressures wheat and other pulses. Gross profit margin improved by 47 bps YoY to 33.4% including revenue from PLI during the quarter, however it contracted by 58 bps QoQ. Employee costs grew by 27.4% YoY, primarily on account of ESOPs granted earlier. Increased ad-spends resulted in 15.8% YoY increase in other operating expenses during the quarter. Resultantly, EBITDA grew by 21.7% YoY, mainly on account of increased revenue. EBITDA margin expanded by 39 bps YoY in Q2FY25 even as the management focuses on volume growth. Increased tax expenses resulted in 13.0% YoY increase in PAT during the quarter.

Ethnic snacks reported 10.5% YoY growth on a high base on the back of increased festive demand. Packaged sweets also registered a robust growth of 22.1% YoY during the quarter. Western snacks and Papad reported growth of 23.1% and 26.2% YoY, respectively. Ethnic snacks contributed 65.3% to the revenue mix (H1FY25 69.8%) whereas Packaged sweets contributed 18.0% (H1FY25 in 13.5%) in Q2FY25. Higher salience of Packaged sweets in part contributed to lower growth of ethnic snacks due to limited stocking capacity on retailer's shelves.

Core states of Rajasthan, Assam and Bihar continued to deliver double-digit growth at 11.0% YoY in Q2FY25. Growth in its Focus states of Uttar Pradesh, Punjab, Haryana, Delhi, Karnataka and Telangana was strong at 26.9% YoY as the company continues to gain market share in these states. The company has also added Chhattisgarh last year as its focus states as it has built up a facility in Raipur. The company has already gained 5% share in the state, however, it remains a small state in terms of category size. Contribution from core states stood at 67.8% in Q2FY25. Exports grew by 20% YoY in Q2. The company continued its stronghold in family packs, which registered 22.4% YoY growth whereas impulsive packs recorded a growth of 6.9% YoY. Share of family packs stood at 62.2% of revenue.

## Key Drivers

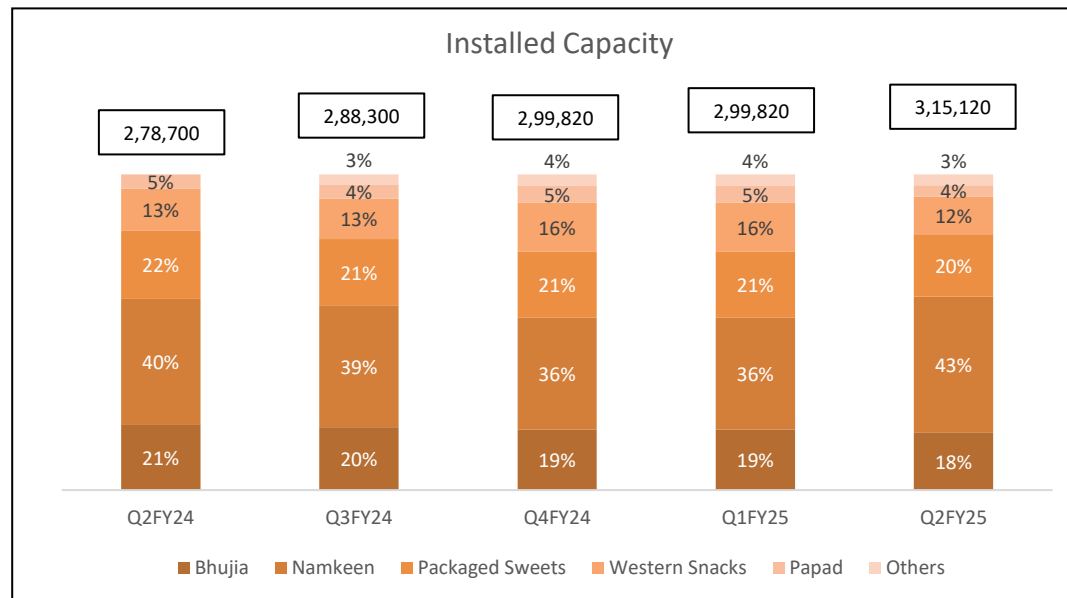
### A household name in namkeen and packages snacks

Bikaji has established itself as a prominent name in Indian under its well-established – ‘Bikaji’ brand, offering a diverse range of Indian ethnic snacks and other packaged products. The company is the 3<sup>rd</sup> largest ethnic snacking company, largest manufacturer of Bikaneri bhujia, 3<sup>rd</sup> largest manufacturer of packages sweets and second largest manufacturer of handmade Papad in the country. Bikaji sets itself apart by focusing on a diverse range of quality products, authentic ethnic Indian taste, innovative packaging, and effective pricing strategies covering all key price points, resulting in strong brand recognition and customer loyalty in its key markets. The company has over the years developed a strong brand recall and consumer preference which is also resonated through its iconic brand ambassador – Mr. Amitabh Bachchan and its popular commercial tag line ‘Amitji loves Bikaji’.

The company has an extensive product range that extends beyond just Bhujia, including distinct categories - Savoury snacks like namkeen and papad, Packaged sweets and Indian desserts, Western snacks like chips and cookies, Frozen food and gift packs. Bikaji’s product offerings spans across 300+ snacking choices spanning 6 key categories. Namkeens and Bhujias which forms the Ethnic snacks category contributed 66.4% to the company’s revenue in FY24 (69.8% H1FY25). Bikaji is also the 3<sup>rd</sup> largest producer of packaged sweets such as packaged rasgulla, soan papdi and gulab jamun, among others and it is the 2<sup>nd</sup> largest manufacturer of handmade papad in the country. As of Q2FY25, the company had an overall production capacity of 3,15,120 metric tonnes.

### Increased investment in advertising and distribution to drive future growth

### Extensive brand building campaign with Mr. Amitabh Bachchan as the brand ambassador



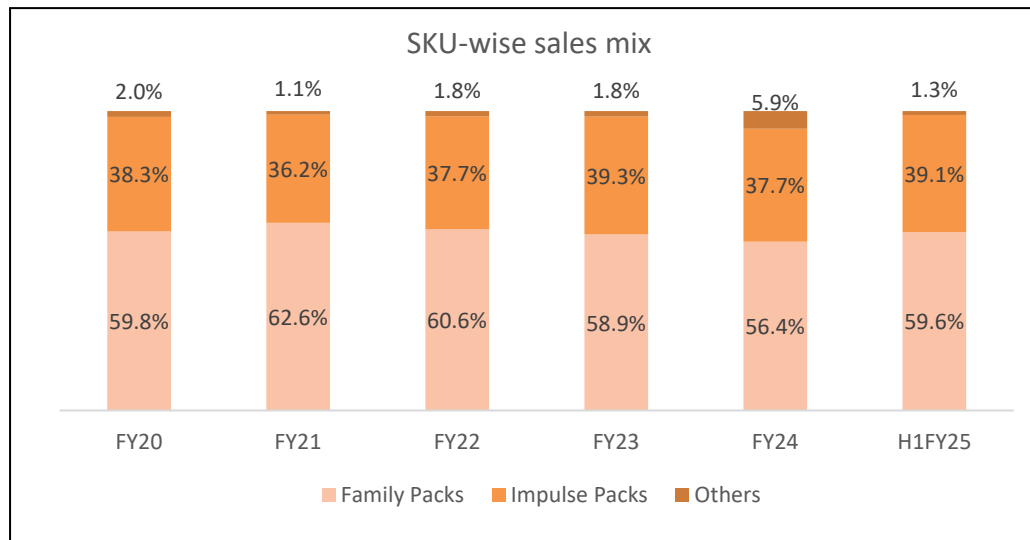
(Source: Company, HDFC sec)

### Strong foothold in the family package segment

Amongst its competitors, Bikaji is the market leader in the Family Pack SKUs, priced Rs 10 and above. Family Packs contributed 56.4% of the company’s revenue in FY24 and 59.6% in H1FY25. Bikaji offers its products in pouches of various sizes – from a small pack of 14-18 grams to a family party pack of 1 kg to serve wide range of consumers across all SECs’ in rural and urban markets. The snack products are available in different price points to cater to the entire spectrum of mass and niche markets. Similarly, for sweets, the company offers various packaging for respective occasions in various sizes. Within its primary Bhujia category as well the split between family and impulsive packs (priced between Rs 5 – Rs 10) stands at around 60%-40%. Management aims to maintain the split between family and impulsive SKU at 60-40%.

### The management aims to continue SKU wise split at 60-40 between Family and Impulsive

### Presence across different price points with dominance in the higher salience Family packs

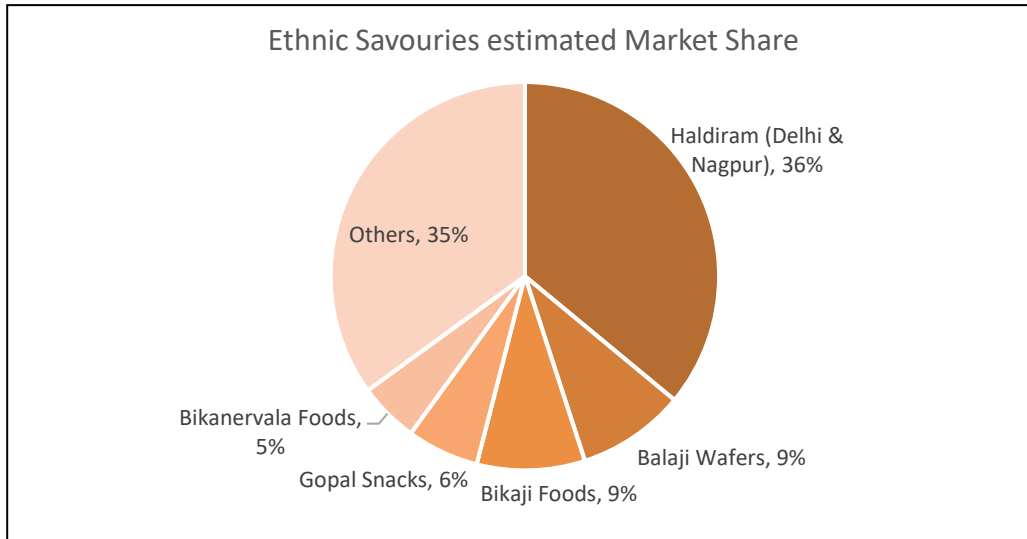


(Source: Company, HDFC sec)

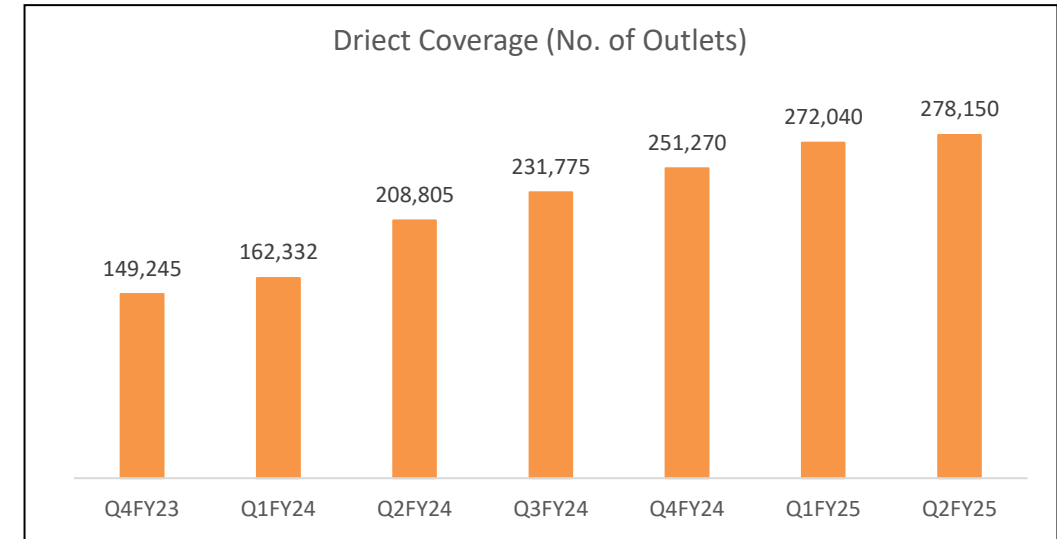
### Pan-India and global distribution network, arrangements with reputed retail chains and growing ecommerce and exports channel

Bikaji sells its products primarily through general trade, modern trade, and e-commerce platform, as well as exports. Over the years, the company has developed a large pan-India distribution network spanning 2,78,150 direct reach outlets and 10.81 lakh overall outlets as of September 30, 2024. Distribution forms an integral aspect of the company’s operations, necessitating the company to place a greater emphasis on it. Bikaji aims to increase direct reach outlets to 3.5 lakh by FY26E. To strengthen its global footprint, the Company has also established a subsidiary in the USA. The company considers distribution to be more about having direct reach. In keeping with this, it has opened a few Clearing and Forwarding Agents (CFAs). These CFAs will help and support the company’s direct services. The company has also automated their sales to improve operational efficiency. The company recognizes the opportunities for expansion in the ethnic snacks segment and intends to compete with smaller players in the unorganized sector to gain market share.

*Huge headroom for market share gains, especially from the unorganized market*



*Increasing direct distribution reach with a focus on volume growth*



(Source: Company, HDFC sec)

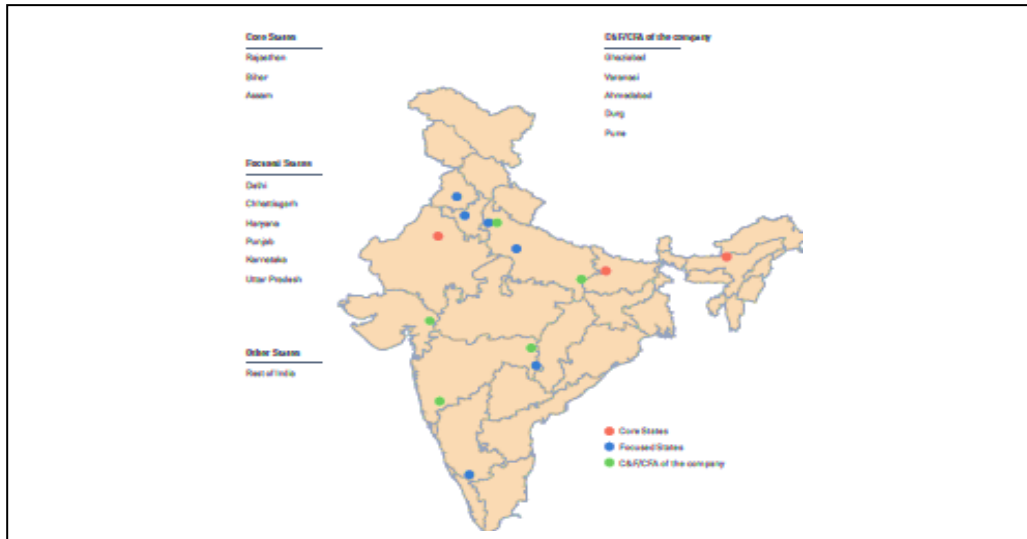
**Strong foothold in Core markets, aims for market share gains in Focus markets**

Bikaji enjoys more than 45%, 58% and 29% market share in its core markets of Rajasthan, Assam and Bihar, respectively. The company continues to gain market share and strengthen its leadership position in these markets. Share of core markets in the company’s revenue stood at 70.6% in H1FY25 (72.4% in H1FY24 and 71.5% in FY24) and that of focus markets stood at 14.5% in H1FY25 (14.6% in H1FY24 and 13.8% in FY24). Other states contributed 11.1%, 9.2% and 11.2% in H1FY25, H1FY24 and FY24, respectively. Focus states include Uttar Pradesh, Punjab, Haryana, Delhi, Karnataka, Telangana and now Chhattisgarh.

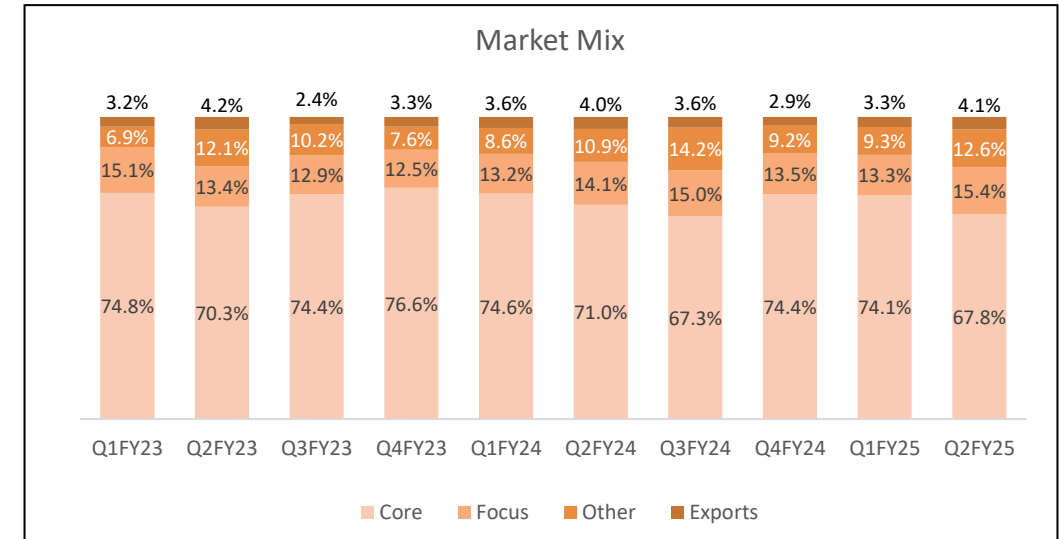
In FY24, Bikaji decided to renew its focus in the core business states and push for penetration in the focus states along with Above-the-line (ATL) marketing efforts, it also invested heavily in, expanding its Below-the-line (BTL) and digital marketing efforts. It has enabled the company to adopt a multi-faceted approach to reach a wider audience, engage with both existing and potential consumers on a deeper level and solidify its position as a leading brand within the core markets. In these core markets, Bikaji intends to leverage growth from the stores where it is already present by enhancing sales efficiency and productivity enabled by automation tools. The key task the company has undertaken is to drive premiumization and up-trading which would help gain weighted distribution and share amongst handlers, driving deeper penetration and complete sales automation which would help maintain and further gain market shares in these geographies.

The focus markets are states identified basis the proximity of markets and opportunity to expand in the size of the products the company offers. The company has made in-roads in these states and has identified immersive growth opportunities through market share gains. The strategic lever is to strengthen its distribution network and increase direct and indirect reach in these states.

## Clearly identified strategies for core and focus states



## Leadership in core markets; increasing market share in focus markets



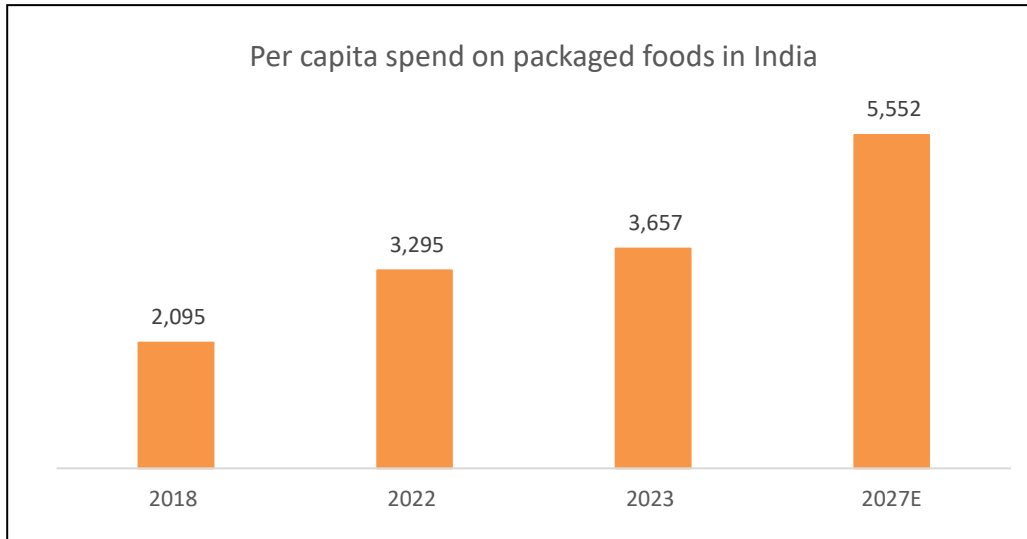
(Source: Company, HDFC sec)

## The Indian snacking and packaged foods industry in the fast lane

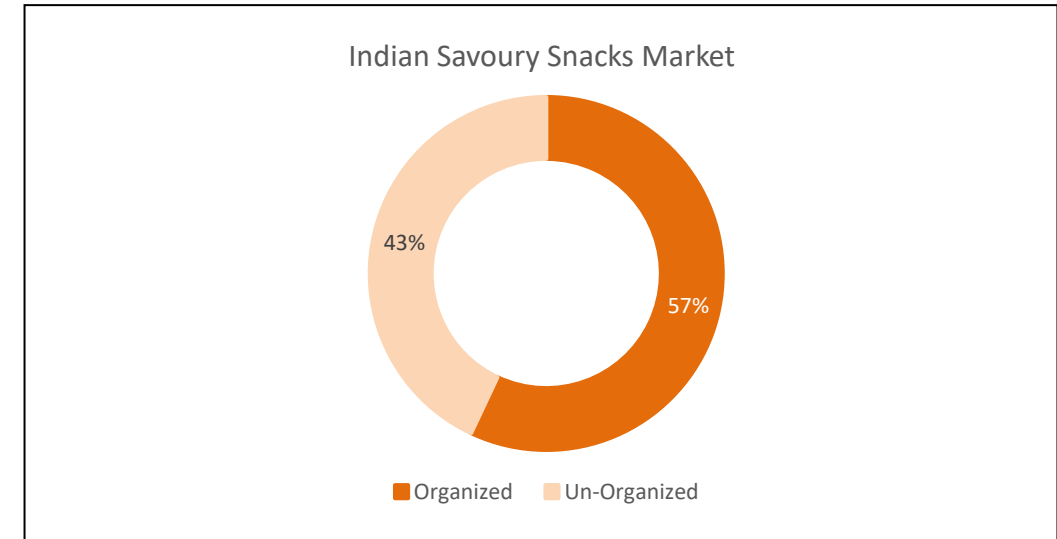
The Indian packaged food industry was valued at Rs 2,972 bn in 2018 and grew to around Rs 4,622 bn in 2023. The segment is expected to register a CAGR of 10% between 2023 to 2027E and would reach a market value of Rs 6,767 billion by 2027E. Surging demands for high-value, pre-packed 'on-the-go' and 'ready-to-eat' products is supported by increasing disposable income, rising population of urban middleclass consumers, and increasing population of working women across the country. This change in consumer preferences is leading to a rapid shift in the Indian packaged food industry, which is witnessing a surge in demand for products like bhujia, biscuits, wholesome snacks, ready-to-eat meals, sauces and more. With consumers now willing to spend more on value-added food products, the packaged food industry finds itself brimming with opportunities for growth.

Indian food is well known for its diversity and complexity. There are several factors that affect the diversity in food in India, including the country's vast geography, multi-ethnic population and varied climatic conditions. These factors have led to a unique snack culture in India. The snacks industry primarily consists of products such as cakes, biscuits, chips, popcorn, nut mixes and more. Although predominantly local vendors and street stalls dominated the snacks market, the organized brands are now emerging as prominent players. The unorganized sector still make-up around 40% of this sector. The snacks market of India can be divided into ethnic snacks and western snacks. This shift towards ethnic snacks reflects a growing demand for authentic and traditional flavors among consumers. However, the savoury snacks market is highly unorganized, with various small players operating at a regional level and offering numerous products.

Increasing per capita spend on packaged foods in India



Unorganized market forms a substantial portion of the Indian snacks market



(Source: Company, HDFC sec)

## Risks & Concerns:

**Competition risk:** The Indian snacks industry is highly competitive with both major players and several regional players who drive significant impact in their local markets. Failing to innovate its products range and delight its consumers, the company can face challenges in maintaining a constant market share, brand loyalty and customer retention.

**RM price inflation:** The price of raw materials like flour, lentils, pulses, potato and vegetable oils is often seen to fluctuate. This can pose a significant threat to the company if they are unable to channel the increase in prices of commodities to the consumers.

**Commodity risk** exists as volatility in commodity prices (like palm oil, crude oil derivatives etc.) can impact GCPL's revenue and margins.

**Changes in consumer preferences:** The customers' preferences on snacks and such items can change quickly. The Company needs to be able to predict and adapt to such changes to gain a first mover advantage and utilise the opportunity to gain market share.

**Dependence on distribution expansion to drive growth:** The company needs to continually invest in multiple distribution channels in order to ensure reach and drive growth. Failure to do so may lead to competitors gaining market share.

## Company Background

Bikaji Foods International Ltd (Bikaji) is the third largest ethnic snacks company in India with an international footprint, selling Indian snacks and sweets, and are the second fastest growing company in the Indian organized snacks market. The company's history and lineage traces back to Gangabishan Agarwal, founder of Haldiram brand. His grandson, Shiv Ratan Agarwal, Bikaji's founder and one of its Promoters, continued his legacy and developed extensive experience in the Indian ethnic snacks industry. Shiv Ratan Agarwal launched the Bikaji brand in the year 1993 with an in-depth understanding of Indian tastes and preferences. The company has an installed capacity of 3,15,120 metric tonnes across a diverse product range of namkeen, bhujia, packaged sweets, western snacks and papad, among others. The company is the largest manufacturer of Bikaneri bhujia, 3rd largest manufacturer of packaged sweets and second largest manufacturer of handmade Papad in the country.

Bikaji has over the years established market leadership in the ethnic snacks market in its core states of Rajasthan, Assam and Bihar with extensive reach, and has gradually expanded its footprint across India with 2,78,150 direct reach outlets and overall total reach of 10.81 lakh outlets as on September 30, 2024. The company operates through 8 manufacturing facilities across India.

## Financials

### Income Statement

Particulars (in Rs Cr)	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>1611</b>	<b>1966</b>	<b>2329</b>	<b>2684</b>	<b>3221</b>	<b>3801</b>
<b>Growth (%)</b>	<b>22.9</b>	<b>22.0</b>	<b>18.5</b>	<b>15.2</b>	<b>20.0</b>	<b>18.0</b>
Operating Expenses	1471	1753	1938	2298	2751	3244
<b>EBITDA</b>	<b>140</b>	<b>213</b>	<b>391</b>	<b>387</b>	<b>470</b>	<b>557</b>
<b>Growth (%)</b>	<b>-3.6</b>	<b>52.8</b>	<b>83.6</b>	<b>-1.2</b>	<b>21.7</b>	<b>18.4</b>
<b>EBITDA Margin (%)</b>	<b>8.7</b>	<b>10.8</b>	<b>16.8</b>	<b>14.4</b>	<b>14.6</b>	<b>14.7</b>
Depreciation	38	49	60	66	69	72
Other Income	10	23	27	32	39	46
<b>EBIT</b>	<b>112</b>	<b>187</b>	<b>359</b>	<b>353</b>	<b>440</b>	<b>530</b>
Interest expenses	7	11	11	9	6	4
<b>PBT</b>	<b>105</b>	<b>177</b>	<b>348</b>	<b>344</b>	<b>434</b>	<b>526</b>
Tax	29	41	84	87	109	133
<b>PAT</b>	<b>76</b>	<b>136</b>	<b>263</b>	<b>257</b>	<b>325</b>	<b>393</b>
Share of Asso./Minority Int.	2	1	2	2	2	2
<b>Adj. PAT</b>	<b>78</b>	<b>137</b>	<b>266</b>	<b>259</b>	<b>326</b>	<b>395</b>
<b>Growth (%)</b>	<b>-13.6</b>	<b>76.0</b>	<b>93.7</b>	<b>-2.6</b>	<b>26.0</b>	<b>21.1</b>
EPS	3.1	5.5	10.6	10.4	13.0	15.8

### Balance Sheet

Particulars (in Rs Cr) - As at March	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>SOURCE OF FUNDS</b>						
Share Capital	25	25	25	25	25	25
Reserves	796	931	1193	1425	1719	2076
<b>Shareholders' Funds</b>	<b>821</b>	<b>956</b>	<b>1218</b>	<b>1450</b>	<b>1744</b>	<b>2101</b>
Minority Interest	0	-1	-2	-4	-5	-7
Total Debt	160	170	166	116	66	66
Other Non-Curr. Liab	2	1	7	4	6	8
Net Deferred Taxes	33	30	41	41	41	41
<b>Total Sources of Funds</b>	<b>1015</b>	<b>1155</b>	<b>1431</b>	<b>1609</b>	<b>1852</b>	<b>2210</b>
<b>APPLICATION OF FUNDS</b>						
Net Block & Goodwill	507	656	806	790	771	749
CWIP	49	70	12	12	12	12
Investments	130	26	37	62	87	112
Other Non-Curr. Assets	73	103	182	210	251	297
<b>Total Non-Current Assets</b>	<b>760</b>	<b>853</b>	<b>1037</b>	<b>1074</b>	<b>1122</b>	<b>1170</b>
Inventories	73	78	82	96	115	135
Debtors	73	79	104	118	141	167
Cash & Equivalents	3	17	9	96	204	420
Other Current Assets	194	244	302	348	417	493
<b>Total Current Assets</b>	<b>343</b>	<b>419</b>	<b>496</b>	<b>657</b>	<b>877</b>	<b>1215</b>
Creditors	43	53	59	74	88	104
Other Current Liab & Provisions	45	64	44	49	59	70
<b>Total Current Liabilities</b>	<b>87</b>	<b>117</b>	<b>103</b>	<b>122</b>	<b>147</b>	<b>174</b>
Net Current Assets	255	302	393	535	730	1040
<b>Total Application of Funds</b>	<b>1015</b>	<b>1155</b>	<b>1431</b>	<b>1609</b>	<b>1852</b>	<b>2210</b>

## Cash Flow Statement

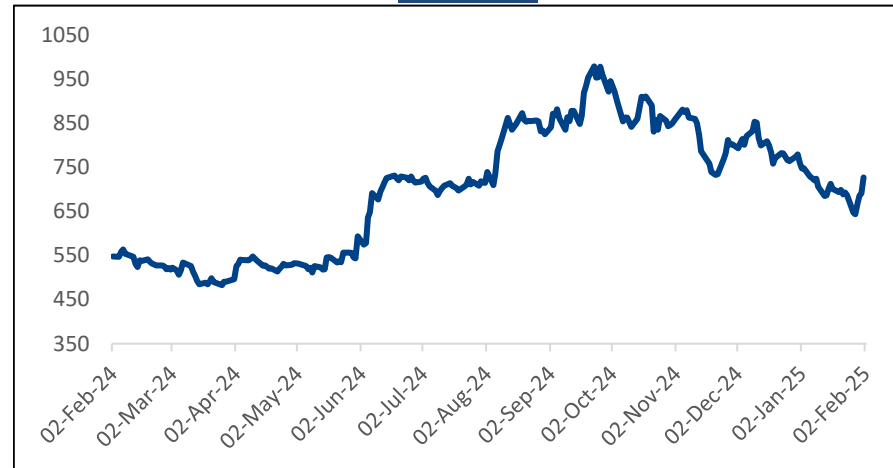
Particulars (in Rs Cr)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Reported PBT	105	177	348	344	434	526
Non-operating & EO items	-2	-1	-22	-30	-41	-43
Interest Expenses	7	10	11	9	6	4
Depreciation	38	49	60	66	69	72
Working Capital Change	-50	-16	-76	-54	-87	-94
Tax Paid	-41	-47	-76	-87	-109	-133
<b>OPERATING CASH FLOW ( a )</b>	<b>57</b>	<b>171</b>	<b>245</b>	<b>248</b>	<b>272</b>	<b>333</b>
Capex	-108	-86	-126	-50	-50	-50
Free Cash Flow	-50	86	118	198	222	283
Investments	-116	-26	-40	-25	-25	-25
Non-operating income	-8	-11	-33	0	0	0
<b>INVESTING CASH FLOW ( b )</b>	<b>-232</b>	<b>-123</b>	<b>-199</b>	<b>-75</b>	<b>-75</b>	<b>-75</b>
Debt Issuance / (Repaid)	47	9	-35	-50	-50	0
Interest Expenses	-8	-12	-13	-9	-6	-4
FCFE	-135	46	-2	114	141	253
Share Capital Issuance	150	0	13	0	0	0
Dividend	-5	-2	-19	-27	-33	-38
Others	-15	0	0	0	0	0
<b>FINANCING CASH FLOW ( c )</b>	<b>169</b>	<b>-5</b>	<b>-54</b>	<b>-86</b>	<b>-88</b>	<b>-42</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>-5</b>	<b>43</b>	<b>-8</b>	<b>87</b>	<b>108</b>	<b>216</b>

## Key Ratios

Particulars	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Profitability Ratios (%)</b>						
EBITDA Margin	8.7	10.8	16.8	14.4	14.6	14.7
EBIT Margin	6.9	9.5	15.4	13.2	13.7	13.9
APAT Margin	4.8	7.0	11.4	9.6	10.1	10.4
RoE	10.9	15.4	24.4	19.4	20.4	20.5
RoCE	13.3	17.8	28.6	23.9	26.1	26.7
<b>Solvency Ratio (x)</b>						
Net Debt/EBITDA	1.1	0.7	0.4	0.1	-0.3	-0.6
Net D/E	0.2	0.2	0.1	0.0	-0.1	-0.2
<b>PER SHARE DATA (Rs)</b>						
EPS	3.1	5.5	10.6	10.4	13.0	15.8
CEPS	4.7	7.4	13.0	13.0	15.8	18.7
BV	33.1	38.2	48.7	58.0	69.7	84.0
Dividend	0.1	0.8	1.0	1.1	1.3	1.5
<b>Turnover Ratios (days)</b>						
Debtor days	14	14	14	15	15	15
Inventory days	15	14	13	12	12	12
Creditors days	10	9	9	9	9	9
<b>Valuation (X)</b>						
P/E	231.1	132.4	68.4	70.2	55.7	46.0
P/BV	21.9	19.0	14.9	12.5	10.4	8.6
EV/EBITDA	131.3	85.9	46.8	47.0	38.2	31.8
EV / Revenues	11.4	9.3	7.9	6.8	5.6	4.7
Dividend Yield (%)	0.0	0.1	0.1	0.1	0.2	0.2
Dividend Payout (%)	3.2	13.7	9.4	10.4	10.0	9.5

(Source: Company, HDFC sec)

Price chart



(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. These 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 cyclical 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.

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