



Pick of the Week



LT Foods Limited

July 15, 2024



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Rice Processing	Rs 286	Buy in Rs 275-295 band and add on dips in Rs 245-265 band	Rs 320	Rs 343	2-3 quarters

HDFC Scrip Code	LTFOODEQNR
BSE Code	532783
NSE Code	LT Food
Bloomberg	LTO.IN
CMP July 12, 2024	286
Equity Capital (Rs Cr)	34.7
Face Value (Rs)	1.0
Equity Share O/S (Cr)	34.7
Market Cap (Rs Cr)	9,945
Book Value (Rs)	97.1
Avg. 52 Wk Volumes ('000)	1608
52 Week High	298
52 Week Low	124

Share holding Pattern % (Mar, 2024)	
Promoters	51.00
Institutions	9.22
Non Institutions	39.78
Total	100.00



* Refer at the end for explanation on Risk Ratings

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Our Take:

LT Foods Ltd. (LTFL) is one of the leading branded Basmati rice companies. It has been one of the most successful Basmati rice players in the US & EU markets. The company is amongst the few players in this space to invest behind setting-up a rice processing facility in Europe (Rotterdam) and a packaging unit with Ready to Heat facility in US. It has dominant market share of 50%+ in US while in the Indian market it holds 30%+ share. The number of households consuming LT Foods products grew by an impressive 11 to reach 50 Lakh+ households in India in FY24.

It mainly operates in 4 business segments – (1) Consumer- B2C Branded Basmati business under company's two flagship brands – a) "Daawat" Basmati and its sub-brands in India and Overseas markets b) Its brand "Royal" is No. 1 selling basmati brand in US and commands a 50%+ market share. (2) Institutional- B2B is company's oldest business wherein the company caters to the HORECA segment and has strong private label partnerships with large global retailers. (3) Organic portfolio in which the company manufactures and exports organic Agri ingredients like rice, pulses, oil seeds, cereal grains, spices and nuts to Europe and US under the brand "Ecolife" and has also launched these products in Indian market. (4) Value added products which includes the company's health and convenient foods business under which it sells products like Ready to Heat "Daawat Cuppa Rice", "Daawat" saute sauces, Daawat Biryani Kit and Kari Kari (Japanese Rice Snacks).

We had issued a [stock update](#) report on LT Foods on November 20, 2023; and both the targets were achieved within our investment horizon. We are positive on the company, given the continued growth of its core brands, diversified product portfolio and growth potential of its newly launched products.

Valuation & Recommendation:

LTFL's revenue/PAT have grown at ~17%/34% CAGR over FY20-24. Going forward, we are positive on the future growth prospects of LTFL which is mainly on the back of its robust distribution network, strong brand equity and constant endeavor to enrich their product portfolio by expanding into newer categories. It aims to further enhance its product mix with higher focus on margin accretive premium basmati export business and plans constant scale-up of new launches in value-add segment. Expected favourable policy changes and the set-up of new facility in UK could drive revenues and margins going forward. In our view, LTFL's revenue and PAT is likely to record a growth of 12% and 16% CAGR over FY24-26E. The stock could get rerated over time.

We believe investors can buy the stock in Rs 275-295 band (12.5x FY26E EPS) and add on dips in Rs 245-265 (11.25x FY26E EPS) band for a base case fair value of Rs 320 (14.0x FY26E EPS) and bull case fair value of Rs 343 (15.0x FY26E EPS) over the next 2-3 quarters.

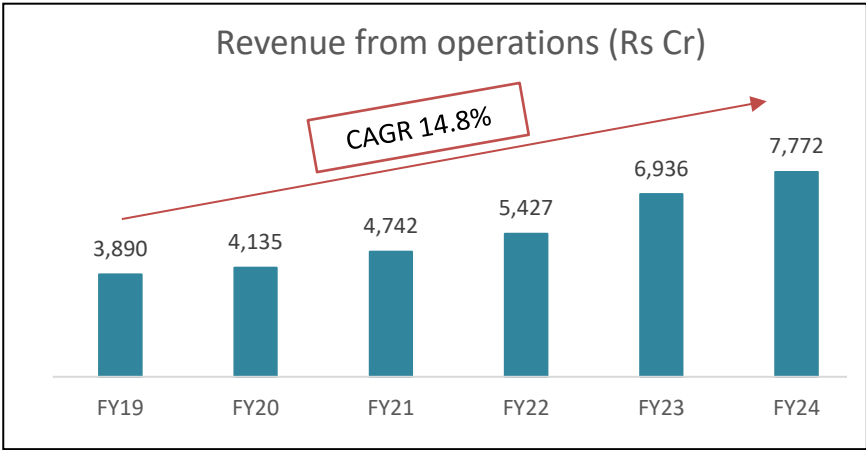
Financial Summary:

Particulars (Rs cr)	Q4FY24	Q4FY23	YoY-%	Q3FY24	QoQ-%	FY22	FY23	FY24P	FY25E	FY26E
Operating Income	2075	1821	14%	1942	7%	5427	6936	7772	8643	9680
EBITDA	245	196	25%	239	3%	597	701	938	1072	1220
APAT	149	128	16%	151	-2%	292	403	593	677	796
Diluted EPS (Rs)	4.3	3.9	10%	4.4	-2%	9.1	11.6	17.1	19.5	22.9
RoE-%						15.6	16.9	19.4	18.4	18.3
P/E (x)						31.4	24.7	16.8	14.7	12.5
EV/EBITDA (x)						17.1	14.4	10.7	9.1	7.6

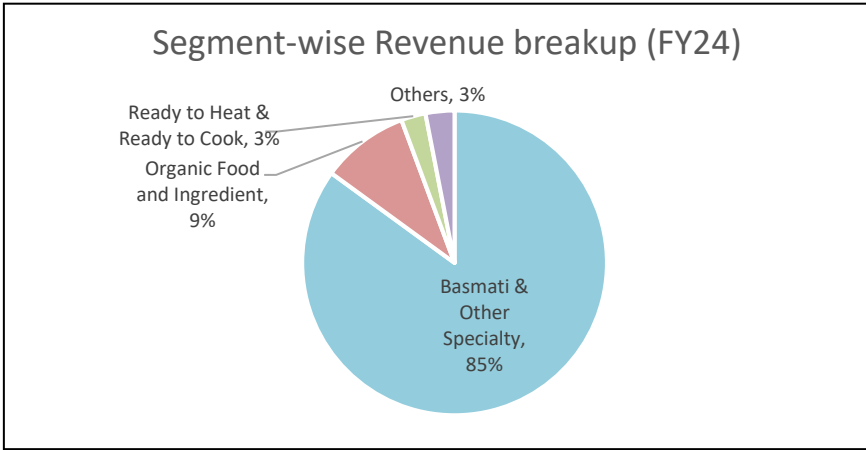
(Source: Company, HDFC sec)

Charts in Focus

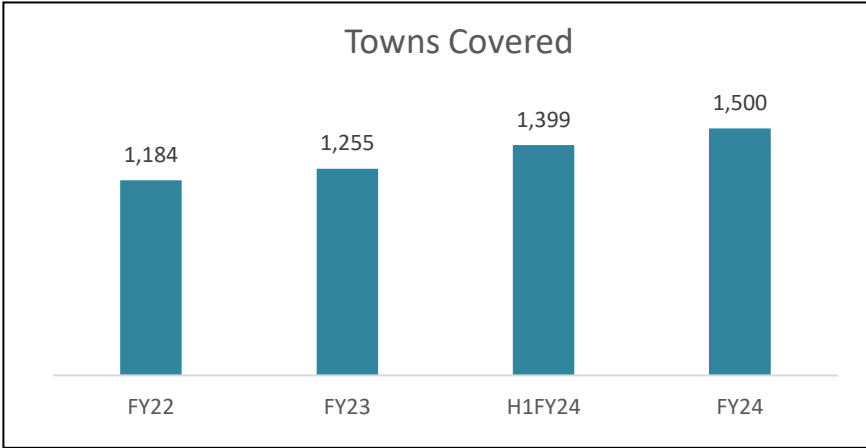
Revenue has grown at an impressive 15% CAGR between FY19-24



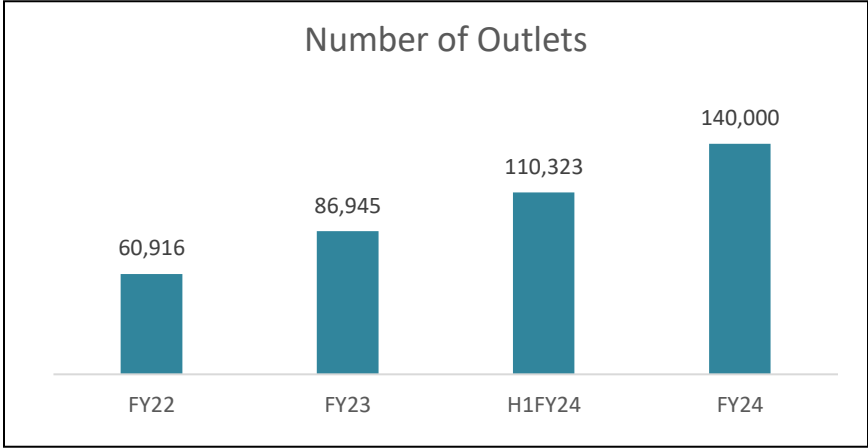
Basmati & Other speciality continues to dominate revenue mix



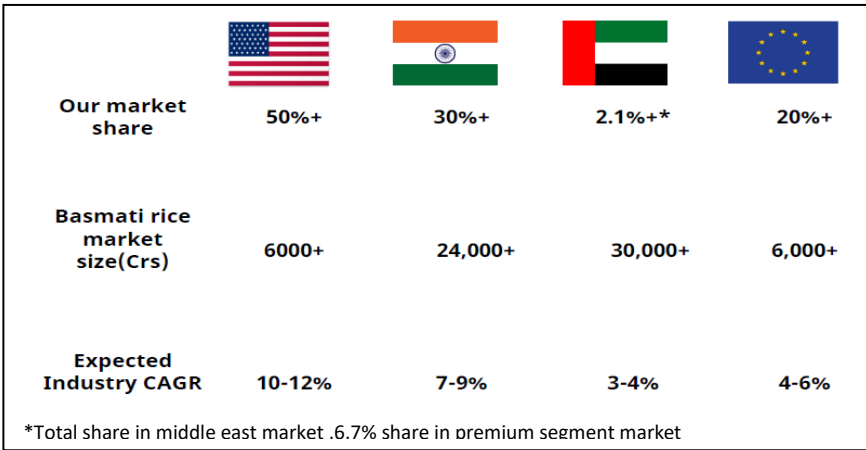
Increasing geographical reach aiding sales growth



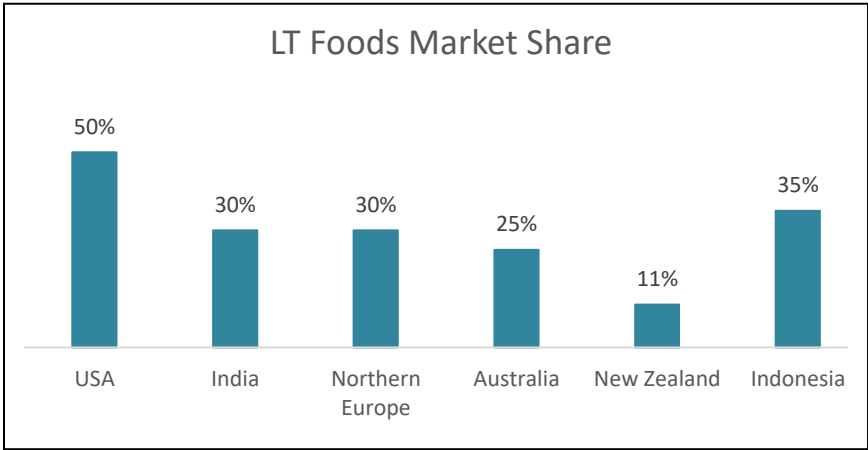
Increasing retail presence to strengthen brand recall



Global basmati market presents huge growth opportunity



Commanding market share with strong brand presence globally



(Source: Company, HDFC sec)

Q4FY24 Result Update

In Q4FY24, LTFL's revenue increased by 13.9% YoY to Rs 2,075 cr on the back of accelerated brand investments and scaling of distribution in Basmati & Other Specialty Rice segment. Due to rise in input costs, gross margin declined by 28 bps YoY during the quarter to 32.4% as compared to 32.7% in Q4FY23. However, in absolute terms, gross profit increased by 12.9% YoY to Rs 672 cr from Rs 595 cr in Q4FY23. Efficiencies at manufacturing level and benefit of scale, coupled with lower freight costs during the quarter led to 103 bps YoY expansion in EBITDA margin to 11.8% as opposed to 10.8% during the same quarter last year. EBITDA increased by 24.8% YoY to Rs 245 cr in Q4FY24. Higher depreciation on YoY and QoQ basis meant that, APAT was up by 16.0% YoY to Rs 149 cr from Rs 128 cr in Q4FY23. During the quarter, the company further worked towards solidifying its core business and further strengthening its product portfolio by increasing consumer engagements through targeted marketing campaigns and increasing penetration into newer geographies.

Basmati & Other Speciality – The segment posted a robust volume growth of 17% in Q4FY24 and 9% for full year FY24. Revenue grew by 15% YoY to Rs 1,793 cr in Q4FY24 on the back of continued investments in marketing initiatives to further strengthen brand recall, resulting in increased market share. EBITDA margin for the segment improved by 59 bps YoY to 13.1% in Q4FY24. Basmati & Other Speciality segment continues to dominate LTFL's revenue mix with 86.4% share in revenue in Q4FY24. The company's flagship brand Daawat® achieved an impressive 30% market share in India.

Organic Food and Ingredients – The segment's revenue grew at 27% YoY in Q4FY24 to Rs 208 cr despite being impacted by the anti-dumping duty levied on import of organic soya in the US. EBITDA margin improved by 561 bps to 11.1% and EBITDA grew by 157% YoY to Rs 23 cr in Q4FY24. The segment contributed 10.0% to LTFL's Q4FY24 revenue.

Ready-to-eat and Ready-to-cook – The segment reported a robust 55% YoY revenue growth and 30% YoY volume growth in Q4FY24. The segment comprises of Daawat® Sehat on the Health platform and Royal Ready-to-Heat (in the U.S.), Daawat® Cuppa Rice, Daawat® Sauté Sauces and Kari Kari (Japanese Rice Snacks). The segment accounted for ~3% of the company's revenue in Q4FY24.

LTFL's performance highlights its strategic focus on brand building, innovation, distribution and expansion. During the quarter LTF entered 5 new markets viz. Tanzania, Namibia, Botswana, Zambia and Zimbabwe. In Q3FY24, LTFL had won in its favour an ongoing case regarding an insurance claim from a fire incident along with interest at 6% p.a. with effect from the date of the loss. The company had recognized Rs 134.1 cr out of Rs 161.2 cr during the quarter. However, an appeal has been filed by insurance company in high court. Court has heard application on admissibility and has reserved the orders.

Key Drivers

Expected policy changes may improve conditions for and sentiments towards rice exporters like LTFL

According to reports, Centre may review restrictions placed on exports of certain varieties of rice in September, once the ongoing kharif season concludes and the final production figures are available. This potential policy change is expected to benefit exporters and support the minimum support price (MSP) scheme. Currently, basmati rice can only be exported above a set floor price, parboiled rice exports are subject to a 20 percent duty, and non-basmati and broken rice exports are completely banned. These measures were implemented to ensure sufficient domestic supplies and stabilise prices.

The government now plans to replace the export ban on non-basmati and broken rice with a fixed export duty, similar to the existing policy for parboiled rice, and lower the minimum export price for basmati rice. This decision follows reports of ample rice stocks in warehouses and optimistic harvest forecasts due to favorable monsoon predictions. The latest estimates from the agricultural ministry predict this year's rice production at 136.7 metric tonnes (mt), up from 135 mt last year.

New UK facility to drive sales in UK

LTFL has inaugurated a new state-of-the-art facility in the United Kingdom (U.K.). With this new facility, LT Foods is set to revolutionize the rice market in the U.K. and meet the growing demand for authentic and premium rice and rice-based food products. To ensure consumers experience the finest quality of rice and rice-based food products from the trusted brands of LT Foods, the facility will house the latest technology and state-of-the-art infrastructure. Located in Harlow, the new facility is spread over an area of an impressive 100,000 square feet. This location offers strategic advantages, allowing LT Foods to efficiently serve the U.K. market. To provide a diverse range of options to meet varying consumer demands, the facility will offer both branded and private-label products.

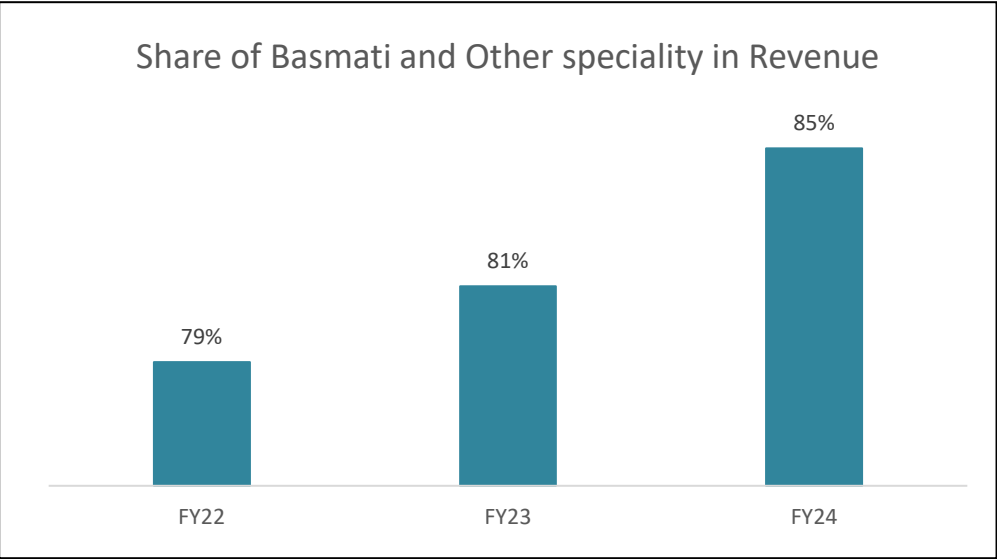
The rice and rice-based food market in the U.K. is worth around £ 1 billion. To tap this opportunity, LT Foods has made an initial investment of £ 7 million in this new facility with a commitment of further investment upto £ 50 million in the coming years. The company is expecting annual revenue to the tune of £ 50 million over the next 2 years, with a targeted £ 100 million within the next 5 years. The company will also provide employment opportunities to local talent. The company has already partnered with 4 leading retailers in the U.K. with plans to further scale this up. Moreover, the facility boasts a production capacity of 60,000 tonnes of rice per annum, setting the stage for substantial growth in the coming years.

Core brands continue to be pillars of strength for the company

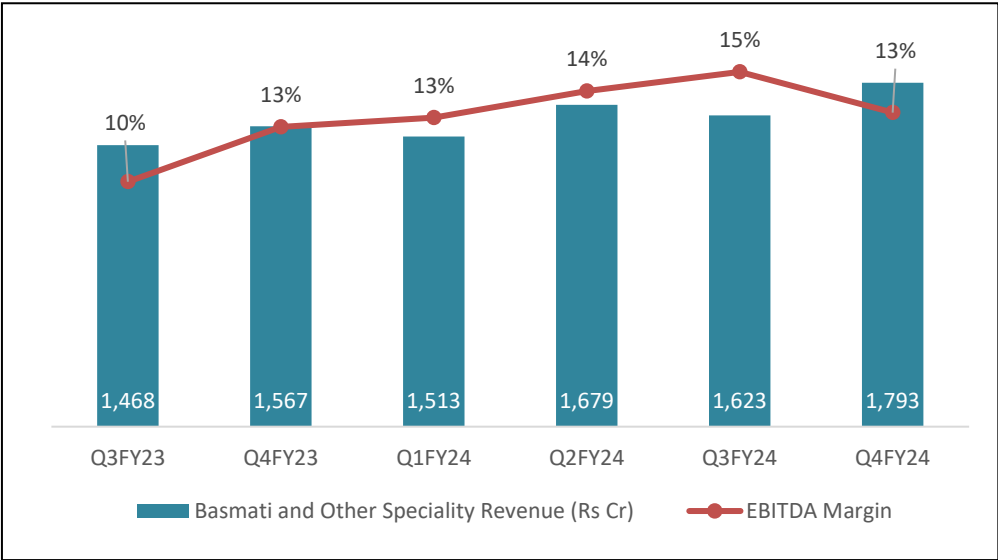
LTFL's flagship brands Daawat® and Royal (USA) for basmati rice continue to drive market share gains driven by increasing consumption of Basmati rice in and outside India. The brands have further headroom from growth owing to shift in consumption from non-branded to branded Basmati rice, increasing popularity of speciality rice and shift in consumer's preference from lower price point to higher price point products with the rise in per capita income. Royal basmati rice enjoys a leadership position in the US with a close to 50% market share and witnessed 210% YoY growth in revenue in FY24 as compared to category growth of 17%. The Indian Government's move to ban the export of non-Basmati white rice has further aided the demand for export of basmati rice from India. Basmati remains the only premium grain with a growth in consumption of around 6-7% in volume terms with an ongoing shift in consumption from non-Basmati to Basmati rice. The overall Basmati and other speciality rice segment for the company is expected to grow at c.10% CAGR between FY25-29.

Within the Speciality and Jasmine rice category, LTFL strengthened its position in the US with acquisition of 51% stake in Golden Star Trading Inc. in March 2022. In FY24, Golden Star 10 lbs became the #1 Jasmine rice 10 lb brand in the US and Golden Star 2 lbs Jasmine grew from #8 brand to #3 brand. Golden star has grown at 30.8% as compared to category growth of 11.6% in FY24. In the US, Market size of Jasmine rice is 3 times bigger than Basmati rice. Golden Star is one of the strongest brands in Jasmine rice segment particularly through mainstream channels.

Basmati and Speciality Rice remains core strength



Basmati and Other speciality segment has grown at a robust pace



(Source: Company, HDFC sec)

Investments in new and innovative products to provide additional levers for growth

Since FY22, the company has made investments in launching a host of innovative products across various geographies through both organic and inorganic route. Some of these launches in the convenience and health segment include:

- ‘Kari Kari’, a Rice-Based Snack in joint venture with Japanese conglomerate Kameda Seika
- Ready-to-Heat (Microwave Heat & Eat) rice with unique blend of spices and seasonings in the US Market under ‘Royal’ brand
- Daawat Cuppa Rice which are Ready-to-eat rice meals
- Daawat Biryani Kits that enables consumers to make authentic biryani under 30 min at home. Biryani kits crossed sales of Rs 5 cr in FY23

For Kari Kari snack, the company rapidly increased its presence across channels and is selling in Delhi, Punjab, Haryana, Uttar Pradesh, Maharashtra, Karnataka, Telangana, West Bengal, Assam, Manipur and Sikkim, with plan is to expand it to other states as well. The robust growth in demand in India market paved the way for expansion of this product in the international markets. In FY22, the company also started export of Kari Kari to Australia, UAE, North East and Nepal. According to the management, the launch has been very well accepted by the consumers in these geographies and there have been repeat orders.

With rise in income levels and increasing urbanization, the demand for ready to heat and ready to cook products is expected to rise at an exponential CAGR of 33%-35% between FY25-29. The company aims to leverage its brand equity and presence in more than 80 countries to enhance engagement with mainstream retailers and ethnic channels to strengthen brand positioning and increase its market share globally.

Investment in new and innovative products to drive future growth



(Source: Company, HDFC sec)

India business on a strong footing

While exports continue to garner the dominant share in the company’s primary Basmati rice business, in recent years, LTFL has also increased efforts to garner market share in the Indian market by focusing on expansion of its distribution network in the country and on creating greater brand recall by increased spends on marketing and consumer acquisition. LTFL enjoys dominant market share in 7 key states for Basmati consumption. The India business for the company has grown CAGR of 31.5% in terms of revenue and 20.5% in terms of volume over the last 3 years. The company currently has 30.1% market share in the country and aims to further increase it to 33% over the next 5-6 quarters on the back of shift in consumer preferences towards a relatively premium and better quality basmati rice with the rise in per capita income. The India business is expected to continue growing at around 15% CAGR, higher than the International piece’s 8-10% CAGR over the next few years, resulting in an increased contribution of the India business towards the company’s revenue, going forward.

Strategic Partnership with Saudi Agricultural and Livestock Investment Company (SALIC)

LTFL has concluded its strategic transaction with SALIC. SALIC now hold 9.22% equity stake in LTFL through its primary (Rs.142.23/share) and secondary investment of Rs 455.5 cr. According to the management, this transaction reflects a successful collaboration and partnership between LT Foods and SALIC as the equity injection will accelerate LTFL's organic and inorganic expansion plans across business segments, give a boost to its future growth plans specifically in the Middle East and Saudi Arabia region and fortify its position as one of the leading players in the industry. On the other hand, it will enable SALIC to have greater exposure to the Specialty Rice sector and secure larger quantities of Specialty Basmati Rice to Kingdom of Saudi Arabia.

In a related transaction, LT Foods purchased a 29.52% equity stake in subsidiary, Daawat Foods Ltd., from SALIC which was acquired in February 2020 through its subsidiary 'United Farmers Investment Company'. LT Foods acquired this stake for Rs 175.8 cr and after the conclusion of the transaction it will hold 100% equity stake in Daawat Foods.

The Middle east remains the fastest growing market for the company with revenue growth of 54% YoY in FY24 and 7% market share in terms of volume. The company aims to further increase penetration of its flagship brands within the region.

Financial Summary

LTFL's has delivered a healthy revenue growth of CAGR 17.1% over FY20-24 aided by its consistent focus on high margin branded export segment. Going forward, we are expecting the company to report a revenue CAGR of 11.6% over FY24-26E. Its EBITDA and PAT grew by CAGR 19%/34% respectively over FY20-24. Going forward, we expect its operational performance to improve whereby its EBITDA and PAT likely to grow at CAGR 14% and 16% respectively over FY24-26E.

In FY24, LTFL's revenue grew by 12.1% YoY on the back of superior product mix, higher investment in marketing the brands and distribution expansion. The company's Basmati and Other Specialty rice business for FY24 grew by 17% on a YoY basis on account of increased investment in brand and marketing. In its Organic segment, in FY24 the company witnessed a slight de-growth of 8% on a YoY basis as compared to FY23. This was due to anti-dumping duty on the import of Organic Soya in the U.S. RTE/RTC revenue increased by 23% YoY and stood at Rs. 202 cr in FY24. The number of households consuming LT Foods products grew by 10.2% (vs. branded package rice growth of 2.8%) to reach 50.22 Lakh households.

Internationally, LTFL's flagship brand, Royal®, continues to command more than 50% market share in the United States (U.S.). In the Middle East, LTFL reported a growth of 42%. In Europe, LTFL delivered growth of 11%. Globally, its premium segment grew by 9.7% during FY24.

On the working capital side, LTFL being a branded player in premium quality basmati rice business is required to go through a long paddy aging process which takes at least 15-20 months. Most of its products goes through an aging process of at least 18-24 months of harvested paddy. This is a highly working capital intensive process which has been the main reason the company has a working capital heavy business model. Despite a working capital intensive business model, LT Foods has been able to consistently generate free cash flows thereby reducing its net debt from 3.6x in FY15 to 0.3x in FY23. LTFL aims is to maintain the debt/EBITDA ratio between 1x to 2x. It's currently at 0.9x.

The company continues to solidify its position further in the core Basmati and Specialty Rice segment and aims to strengthen our presence in the Organic Food and ingredients and RTE & RTC segment through innovative product offerings and increase in geographical and distribution reach.

Risks & Concerns:

Volatility in raw material prices: The basmati rice processing industry is an agro-based industry and its main raw material is basmati paddy. Any drought like situation in key paddy producing states can have a supply crunch of paddy which can result in abrupt price rise making the product less competitive against other rice varieties.

Geopolitical risk or trade restrictions on import from India: LTFL has huge dependence on the export business particularly in the US markets. Any large trade restriction or geopolitical issue can result in over supply in other markets and a steep decline in company’s realization thereby impacting its profitability.

Inability to scale-up Non-Rice business like new value-add business and Organic ingredients exports: The company expects its Non-Rice business to grow significantly higher than rest of the business over next 4-5 years. In case if it’s unable to scale this segment there can be an impact on overall revenue growth resulting in lower than expected earnings growth.

Exposure to foreign exchange risk - As exports constitute a significant percentage of the turnover, the company remains exposed to currency fluctuations to the extent of unhedged exposure. However, it has a well-defined treasury risk management policy in place to reduce any impact of fluctuation in foreign exchange rates through EPC limits and forward cover.

Company Background

LT Foods Ltd. (LTFL) is into Consumer Food business for the last 70 years, a leading player in the specialty rice and rice food products and organic business across the globe, delivering the finest quality and taste experiences in more than 60 countries. The Company portfolio includes a range of power brands that include Daawat- one of India’s consumed Basmati brands, Royal- North America’s no. 1 Basmati player and other regional leading brands. LTFL is expanding its organic play by supplying organic food ingredients to leading businesses as well as offering organic staples to consumers in markets across the globe. The company has an integrated “Farm to Fork” approach with well-entrenched distribution network with global supply chain hubs backed by automated state-of-the art and strategically located processing units in India, the US and Europe, and a robust distribution network with 1,400+ distributors across globe.

Peer Comparison

Company	Mcap (Rs cr)	Revenue				EBITDA Margin				APAT				RoE			
		FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24	FY21	FY22	FY23	FY24
LT Foods	9945	4742	5427	6936	7772	12.0	11.0	10.1	12.1	274	292	403	593	16.9	15.6	16.9	19.4
KRBL	7432	3992	4211	5363	5385	20.6	15.3	17.4	14.0	559	447	695	564	16.4	11.8	16.0	12.5
Chamanlal Setia	1138	851	932	1387	1355	13.8	10.2	11.5	11.9	82	65	118	1166	26.3	17.1	23.1	17.5

(Source: Company, HDFC sec)

Financials

Income Statement

Particulars (in Rs Cr)	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Revenues	4742	5427	6936	7772	8643	9680
Growth (%)	14.7	14.5	27.8	12.1	11.2	12.0
Operating Expenses	4175	4831	6235	6835	7571	8460
EBITDA	567	597	701	938	1072	1220
Growth (%)	20.4	5.3	17.5	33.8	14.3	13.8
EBITDA Margin (%)	12.0	11.0	10.1	12.1	12.4	12.6
Depreciation	108	123	127	153	182	193
Other Income	32	23	43	50	52	58
EBIT	490	497	617	835	942	1085
Interest expenses	87	69	82	83	102	93
PBT	402	428	535	752	840	991
Tax	109	114	140	203	222	261
PAT	293	314	395	549	618	731
Share of Asso./Minority Int.	-19	-22	8	45	59	65
Adj. PAT	274.1	292.2	402.7	593	677	796
Growth (%)	48.5	6.6	37.8	47.3	14.2	17.4
EPS	8.6	9.1	11.6	17.1	19.5	22.9

Balance Sheet

Particulars (in Rs Cr) - As at March	FY21	FY22	FY23	FY24	FY25E	FY26E
SOURCE OF FUNDS						
Share Capital	32	32	35	35	35	35
Reserves	1724	1966	2722	3337	3945	4671
Shareholders' Funds	1755	1998	2757	3372	3980	4706
Minority Interest	135	151	40	55	51	46
Total Debt	1290	1061	938	917	707	497
Net Deferred Taxes	4	1	2	2	2	2
Total Sources of Funds	3184	3210	3736	4346	4740	5251
APPLICATION OF FUNDS						
Net Block & Goodwill	880	905	995	1160	1108	1003
CWIP	33	35	27	41	16	8
Investments	29	25	127	183	338	608
Other Non-Curr. Assets	225	227	224	265	277	310
Total Non-Current Assets	1166	1192	1372	1650	1739	1929
Inventories	2223	2352	3072	3498	3836	4243
Debtors	487	611	674	676	829	928
Cash & Equivalents	30	39	39	50	75	98
Other Current Assets	211	165	162	171	189	212
Total Current Assets	2950	3167	3948	4394	4929	5481
Creditors	504	703	1093	1230	1326	1485
Other Current Liab & Provisions	429	446	491	468	602	674
Total Current Liabilities	932	1149	1584	1698	1928	2159
Net Current Assets	2018	2018	2364	2697	3001	3322
Total Application of Funds	3184	3210	3736	4346	4740	5251

Cash Flow Statement

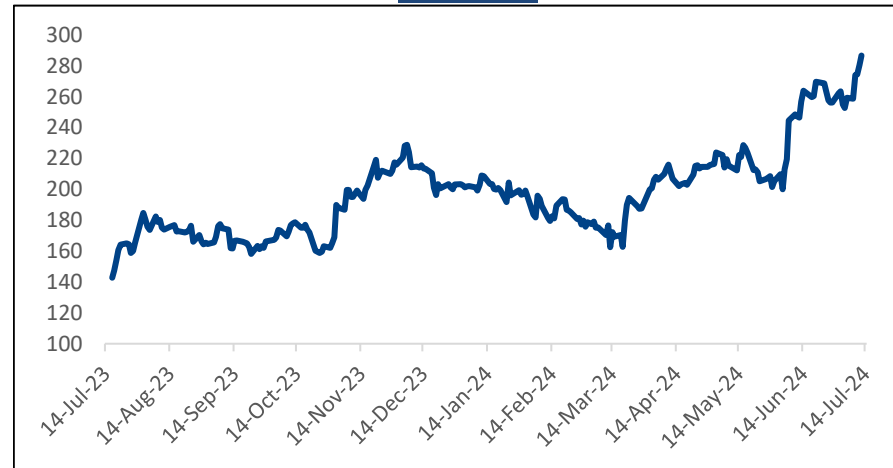
Particulars (in Rs Cr)	FY21	FY22	FY23	FY24	FY25E	FY26E
Reported PBT	424	563	563	801	840	991
Non-operating & EO items	19	12	-45	-47	147	2
Interest Expenses	86	68	82	83	102	93
Depreciation	108	123	127	153	182	193
Working Capital Change	-54	-1	-339	-80	-437	-333
Tax Paid	-113	-107	-129	-152	-222	-261
OPERATING CASH FLOW (a)	445	517	258	757	611	686
Capex	-99	-152	-144	-201	-105	-80
Free Cash Flow	346	366	115	556	506	606
Investments	-1	-1	-252	-2	-100	-210
Non-operating income	-1	8	1	2	0	0
INVESTING CASH FLOW (b)	-101	-145	-395	-201	-205	-290
Debt Issuance / (Repaid)	-190	-235	-112	-374	-210	-210
Interest Expenses	-89	-47	-73	-72	-102	-93
FCFE	65	91	-321	109	95	92
Share Capital Issuance	0	0	382	0	0	0
Others	-35	-43	-45	-57	0	0
Dividend	-32	-32	-16	-35	-69	-69
FINANCING CASH FLOW (c)	-346	-358	136	-538	-381	-373
NET CASH FLOW (a+b+c)	-3	15	0	17	25	23

Key Ratios

Particulars	FY21	FY22	FY23	FY24	FY25E	FY26E
Profitability Ratios (%)						
EBITDA Margin	12.0	11.0	10.1	12.1	12.4	12.6
EBIT Margin	10.3	9.2	8.9	10.7	10.9	11.2
APAT Margin	5.8	5.4	5.8	7.6	7.8	8.2
RoE	16.9	15.6	16.9	19.4	18.4	18.3
RoCE	16.4	16.3	18.3	20.9	21.0	21.9
Solvency Ratio (x)						
Net Debt/EBITDA	2.2	1.7	1.3	0.9	0.6	0.3
Net D/E	0.7	0.5	0.3	0.3	0.2	0.1
PER SHARE DATA (Rs)						
EPS	8.6	9.1	11.6	17.1	19.5	22.9
CEPS	12.0	13.0	15.3	21.5	24.7	28.5
BV	54.9	62.5	79.4	97.1	114.6	135.5
Dividend	1.0	1.0	1.0	1.5	2.0	2.0
Turnover Ratios (days)						
Debtor days	43	37	34	32	32	33
Inventory days	153	154	143	154	155	152
Creditors days	29	41	47	55	54	53
VALUATION						
P/E	33.5	31.4	24.7	16.8	14.7	12.5
P/BV	5.2	4.6	3.6	3.0	2.5	2.1
EV/EBITDA	18.4	17.1	14.4	10.7	9.1	7.6
EV / Revenues	2.2	1.9	1.5	1.3	1.1	1.0
Dividend Yield (%)	0.3	0.3	0.3	0.5	0.7	0.7
Dividend Payout	11.7	10.9	8.6	8.8	10.3	8.7

(Source: Company, HDFC sec)

Price chart



(Source: Company, HDFC sec)

HDFC Sec Retail 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 cyclicalities 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.

Disclosure:

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