



Stock Note

Parag Milk Foods Limited

October 14, 2024



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Dairy	Rs 227	Buy in Rs 220-235 band and add on dips in Rs 198-210 band	Rs 251	Rs 273	2-3 quarters

HDFC Scrip Code	PARMILEQNR
BSE Code	539889
NSE Code	PARAGMILK
Bloomberg	PARAG:IN
CMP Oct 11, 2024	227
Equity Capital (Rs Cr)	117.2
Face Value (Rs)	10.0
Equity Share O/S (Cr)	11.7
Market Cap (Rs Cr)	2,720
Book Value (Rs)	73
Avg. 52 Wk Volumes ('000)	1,190
52 Week High	290
52 Week Low	150

Share holding Pattern % (Jun, 2024)	
Promoters	42.61
Institutions	17.12
Non Institutions	40.27
Total	100.00



* Refer at the end for explanation on Risk Ratings

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Our Take:

Founded in 1992, Parag Milk Foods Limited (PMFL) is one of the largest private dairy companies in India. The company has captured a leading market share in packaged Ghee and Cheese, commanding a 22% and 35% market share in the categories, respectively through its popular brands "Gowardhan Ghee" and "Go Cheese". While Ghee contributed 31.2%, Cheese contributed 24.2% to the company's revenue in FY23 and remain the core category products for PMFL. PMFL has further strengthened its leadership position in these categories with a 27% and 17% YoY growth, respectively in ghee and cheese over the last 2 years. Together, the value-added products of ghee, cheese, curd and paneer contributed to ~68% of PMFL's revenue in FY24.

PMFL procures milk from the states of Maharashtra, Tamil Nadu, Karnataka and Andhra Pradesh, and has a pan-India presence spread across 29 depots, 6,200 distributors and ~4.6 lakh retail touch points. The company has also significantly increased its presence in Delhi, Rajasthan, Madhya Pradesh and Uttar Pradesh, apart from its stronghold in Maharashtra and Gujarat.

With strong presence in the mass and mass affluent segments, PMFL has focused on developing its premium brands Pride of Cows milk and milk products and whey protein Avvatar, which have been growing at a fast pace with positive traction from the market.

Valuation & Recommendation:

Contrary to its peers, PMFL has garnered a dominant market share in the value-added products and created a niche for itself in the Ghee and Cheese segments. With around ~68% of the revenue coming from value-added products in FY24, PMFL aims to drive further traction from the segment by doubling down on cheese processing capacity and shift to B2C model. PMFL is a leading player in the institutional and HORECA cheese business and is moving fast in the consumer cheese segment.

The company's new age business has been growing at industry leading pace and is expected to grow at 25-30% CAGR over the next few years. With expansion through new product launches in the whey protein line under the Avvatar brand, the management aims to grow the category at 30%-35% CAGR, with an aim to achieve 20%-25% market share in the category by 2027-28. Rapid growth in new age business, increase in distribution reach and continued momentum in core categories are expected to be key drivers of growth in the company's aspiration to achieve to clock Rs 10,000 cr revenue mark, 4-5 years down the line.

After a sharp 40% surge in milk procurement prices between Q3FY22 to Q4FY23, the gross margins of the company had remained under pressure. But with the raw material prices moderating since, coupled with improving product mix, PMFL's gross margins have improved 417 bps YoY in FY24. We expect milk procurement pricing remaining stable with the upcoming flush season, giving further impetus to the company's margins. While the company has struggled with high inventory costs in the previous years, it has been able to effectively manage inventory in the recent quarters, bringing down inventory days from 103 days in FY22 to 69 days in FY24 and we expect it to further moderate, going forward. PMFL is available at attractive valuations compared to its peers.

We believe investors can buy the stock in Rs 220-235 band (15.0x FY26E EPS) and add on dips in Rs 198-210 band (13.5x FY26E EPS) band for a base case fair value of Rs 251 (16.5x FY26E EPS) and bull case fair value of Rs 273 (18.0x FY26E EPS) over the next 2-3 quarters.

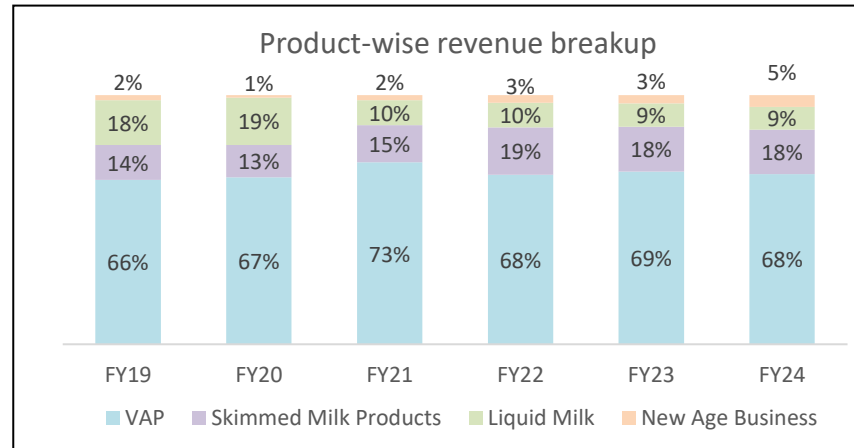
Financial Summary:

Particulars (Rs cr)	Q1FY25	Q1FY24	YoY-%	Q4FY24	QoQ-%	FY22	FY23	FY24	FY25E	FY26E
Operating Income	758	750	1%	790	-4%	2072	2893	3139	3484	3864
EBITDA	56	42	32%	36	53%	-438	118	197	275	323
APAT	27	21	27%	10	178%	-532	53	91	139	178
Diluted EPS (Rs)	2.3	1.8	25%	0.8	173%	-56.9	5.1	7.7	11.8	15.2
RoE-%						-71.9	7.8	10.5	14.2	15.8
P/E (x)						NA	44.8	29.5	19.3	15.0
EV/EBITDA (x)						NA	25.2	15.3	10.7	8.8

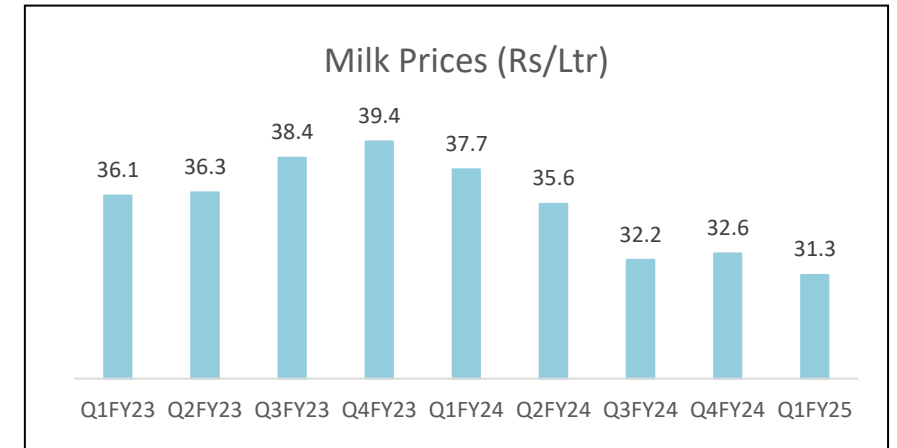
(Source: Company, HDFCsec)

Charts in Focus

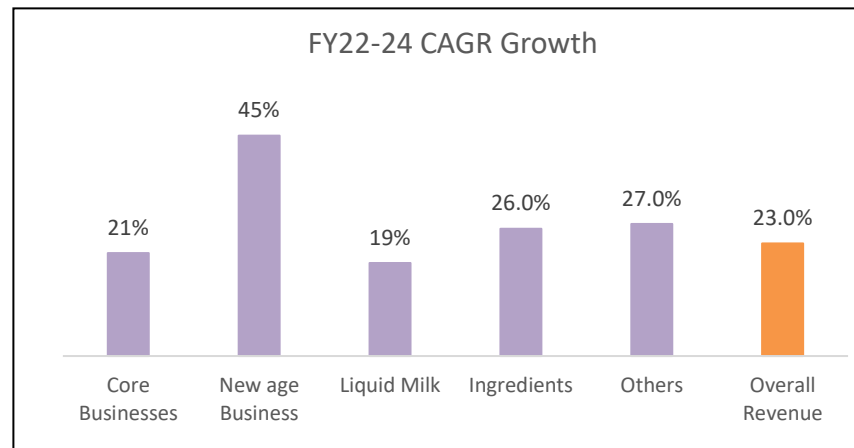
Dominant Share of VAP and increasing share of new-age products



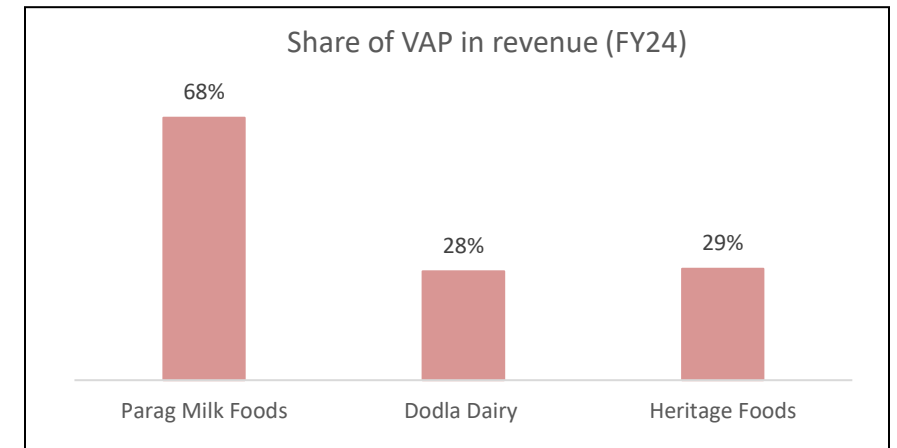
Milk Procurement prices have moderated significantly



New Age businesses have grown at a stellar pace



Significantly higher share of VAP as compared to peers



(Source: Company, HDFCsec)

Q1FY25 Result Update

PMFL reported a robust set of numbers in Q1FY25, with revenue from operations rising 1.1% YoY to Rs 758 cr as against Rs 750 cr in Q1FY24. However, the company continued to benefit from moderation in milk procurement prices, which were down ~16% YoY in Q1FY25. Benign milk prices and improved value-added product mix resulted in an increase in gross profit by 27.3% YoY to Rs 204 cr and gross profit margin improved by 554 bps YoY to 26.9% (highest in last 10 quarters). Higher employee costs and other operating expenses as a % of revenue partly off-set the gains from operating leverage, resulting in 172 bps YoY improvement in EBITDA margin to 7.4% in Q1FY25. In absolute terms, EBITDA grew by 32.0% YoY. APAT was up by 27.5% YoY in Q1FY25 on lower taxes.

Overall volume growth stood at 10% YoY during the quarter, aided by healthy volume growth in its core categories. Ghee/cheese/new age business volume growth coming in at 15%/12%/51% YoY. Ghee market share further improved by 200 bps to 22% and PMFL continued to be a dominant player in cheese with a 35% market share as of Q1FY25. The company's protein business continues to witness healthy growth momentum, outpacing the industry. Milk procurement prices continue to moderate, reducing to ~Rs 31.3/ltr in Q1FY25 as against Rs 37.7/ltr in Q1FY24 and Rs 32.6/ltr in Q4FY24, with the company handling ~15.5 lac liters of milk per day.

PMFL's foray into the traditional sweets category with brand "Gowardhan" is being well received and is expected to witness a full launch during the festive season.

Financial Summary

Overall, revenue from operations increased 10.0% YoY in FY24 on the back of increased procurement during the year on the back a better flush season and increased traction in new age businesses. Share of VAP/Skimmed Milk Products/Liquid Milk/New Age businesses stood at 68%/18%/9%/5% in FY24. Core categories of Ghee and Cheese witnessed continuous traction throughout the year and posted a growth of 3.5 % YoY. 2-year CAGR for its core categories of ghee/cheese/whey protein stood at 27%/17%/100% at the end of FY24. Milk procurement prices peaked out at Rs 39.4/ltr in Q4FY23 and moderated to Rs 32.6/ltr in Q4FY24. Gross margin improved 417 bps YoY to 23.9% in FY24 as against 19.7% in FY23. PMFL continued to invest in advertisement and sales promotion activities for improving brand strength, which led to an increase in A&SP spends to 4.2% of FY24 revenue as against 2.5% in FY23. EBITDA margin improved 219 bps YoY to 6.3% in FY24. APAT grew by 70.1% YoY to Rs 90.6 cr during the year. The average milk procurement stood at 16 lac litres per day; aided by stable global market coupled with good flush season. For FY24 the average milk price stood at Rs 33.8 per litre.

In line with the company's premiumization agenda- the brand Pride of Cows continues to witness healthy traction. The brand is aggressively expanding its product portfolio as well as distribution footprint and now is present across seven cities. For FY24, the General Trade, Modern trade & e-commerce posted a growth of 3% YoY, 6% YoY, respectively. The overall business growth was broad-based with all the distribution channels contributing to the performance during the year.

During the year, the company forward integrated into traditional sweet segment under the brand 'Gowardhan'. Currently it has seven delectable sweets range and with an estimated branded market size of Rs 7000-8000 crore, the Indian sweets market presents vast opportunities for growth and innovation. The company plans to incorporate a foreign wholly owned subsidiary (WOS) in Dubai, UAE. This will help the company to expand its reach and build seamless supply chain operations worldwide to cater the international market.

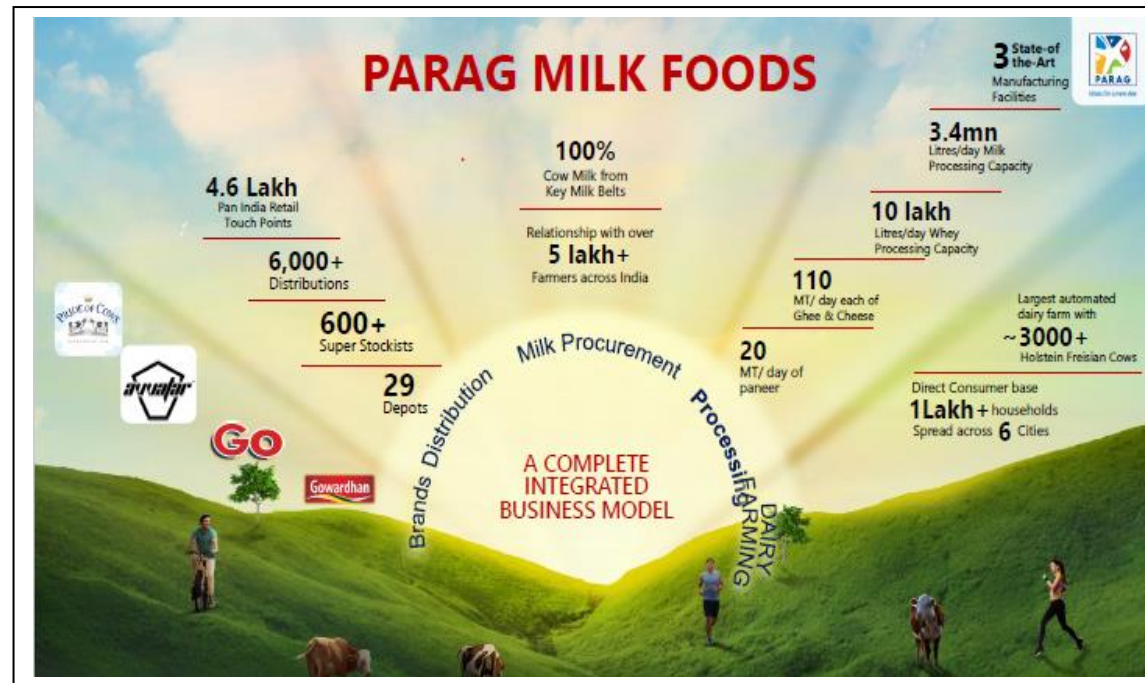
Key Triggers

A fully-integrated dairy company with a presence across the value chain

PMFL operates as a fully integrated dairy company, encompassing dairy farming, processing and branding. The company has presence across entire value chain, enabling it to exercise stringent control over processes whilst maintaining superior product quality, resulting in strong brand recall and customer loyalty. PMFL has a well-established distribution network, spread across 4.6 lakh pan-India retail touchpoints, 6,200+ distributors, 682 super stockists and 29 depots.

On the milk procurement side, the company has developed strong relationship with more than 5 lakh farmers and receives 100% cow milk from important milk belts. The Company has the largest automated dairy farm, which is home to over 3,000 Holstein Friesian cows. PMFL procures milk from Maharashtra, Tamil Nadu, Karnataka and Andhra Pradesh and has 3 manufacturing facilities in Manchar (Maharashtra), Palamaner (Andhra Pradesh) and Sonipat (Haryana). PMFL aims to progressively strengthen its distribution and procurement network, with an aim of increasing its retail touch points from 4.6 lakh in FY24 to 13-15 lakh by 2027E.

PMFL has presence across the value chain from farming to doorstep



(Source: Company, HDFC sec)

Market leading product portfolio catering to customers across different price range

Over the years, PMFL has curated 4 renowned brands – Gowardhan, Go, Pride of Cows and Avvatar. The company through its flagship brand ‘Gowardhan Ghee’ is a leader and pioneer in the cow ghee category, enjoying 22% market share in the cow ghee segment. PMFL is also a dominant player in cheese category with its ‘Go Cheese’ brand commanding around 35% market share. While its core category continues to gain traction, PMFL has also diversified in the rapidly growing Whey protein segment through its brand ‘Avvatar’.

While Gowardhan Fresh toned milk, Gowardhan Masala buttermilk and Milko cheese cater to the Mass category, Gowardhan Ghee, Go Cheese and Swarna Ghee cater to the Mass Affluent segment. Within the Premium segment, PMFL has presence through Pride of Cows and Avvatar protein brands. The company’s presence across the price range and across the value chain gives it the agility to develop and strengthen brands in the higher margin range while continuing to enjoy market leadership in the other segments. This also helps company to diversify its distribution reach and penetration from Maharashtra and Gujarat to other geographies like Rajasthan, Madhya Pradesh, Uttar Pradesh and NCR, catering to consumers of different economic strata in these regions.

Strong brand recall across different price points



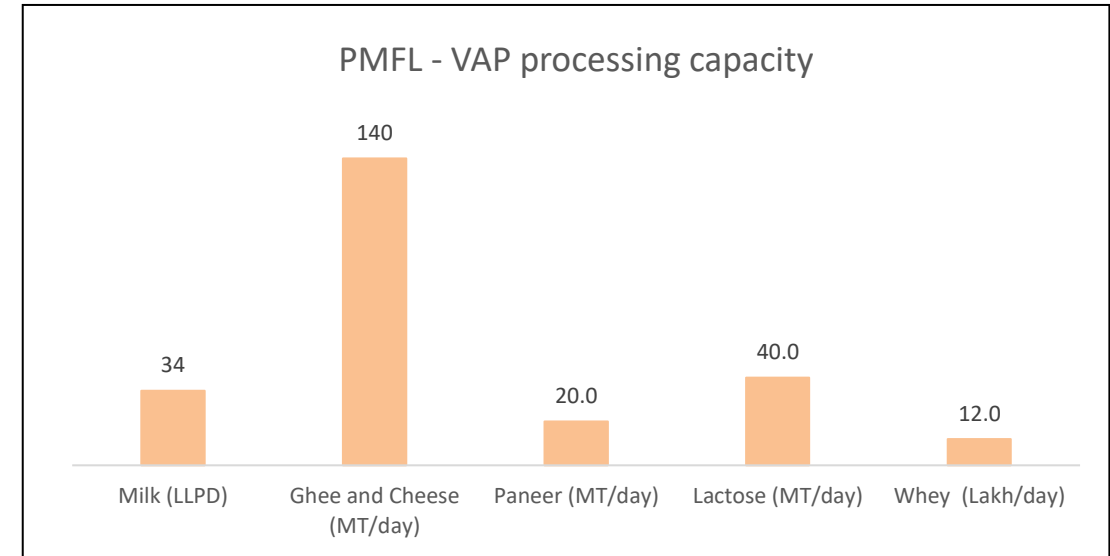
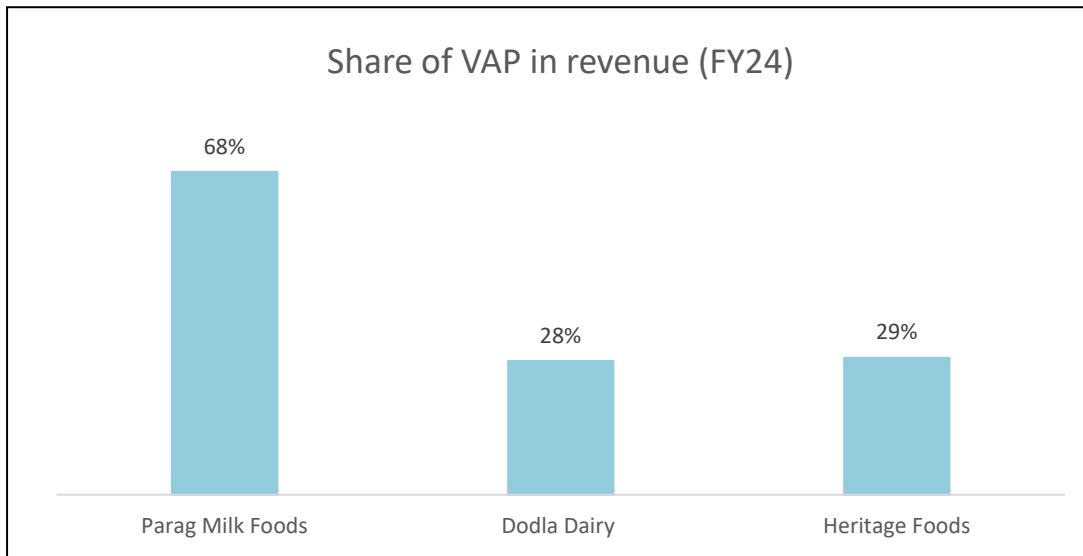
(Source: Company, HDFC sec)

Strategic focus on Value-added Products (VAP) – a key success driver

PMFL’s strategic focus on the value-added products such as ghee, cheese, beverages and now whey protein has been a key success driver for the company over the years. Although the first product launched by the company was Gowardhan Milk in 1992, it quickly expanded its product portfolio with the launch of Gowardhan Ghee in 1998 and has since added multiple brands of value-added products to its portfolio like Go cheese, Topp Up flavoured milk, Avvatar whey protein and Pride of Cows curd. About 70% of PMFL’s portfolio comprises of VAP. The contribution of the margin accretive value-added products to the company’s revenue has increased significantly from ~50% a decade ago, to close to 68% in FY24, much higher than its closest peers who have ~30% of the revenue coming from VAP.

With the dairy industry in India shifting more and more towards consumption of value-added products, as demand for branded packaged dairy products increase with rise in per capita income, PMFL stands to benefit from its continued focus on the category.

VAP forms a key part of PMFL’s product portfolio



(Source: Company, HDFC sec)

New Age Business to grow above industry growth rates over the next few years

With a considerable market share in its core categories of Ghee and Cheese, the company has shifted gears with a strategic focus to grow its new age businesses – Pride of Cows brand and whey protein brand Avvatar.

Pride of cows – The brand produces superior farm-to-home milk and milk products from one of India’s most modern dairy farm located at Manchar near Pune, spread across 26 acres and with a production capacity of 25,000 litres a day. PMFL houses milk, ghee, curd and paneer under the brand, specially curated for health conscious consumers.

Avvatar whey protein – In 2017, the company ventured into the B2C segment for Whey Protein with the brand Avvatar, India’s 1st 100% vegetarian whey protein, the first of its kind manufactured in India.

PMFL has adopted a premiumization strategy for both these brands and expects to gain market share from a specific target audience, which these brands cater to. Avvatar for instance is built specifically keeping athletes and bodybuilders in mind and is priced similar to the market leader and higher than most other brands in the segment. From being a one city-one SKU brands, the company has expanded these both in terms of region and reach over the last few quarters. With the launch of Pride of Cows in Vadodara in Q3FY24, it now has presence in 7 cities with multiple SKUs.

In FY24, PMFL expanded its Avvatar portfolio with the introduction of Avvatar Mango Rush, adding a mango flavor option during the year. Additionally, PMFL launched several new products, including Masala Tadka chass, plain lassi, and mango lassi in pouches under the fresh category, available at affordable price points. The company has also forward integrated into traditional sweet segment under the brand ‘Gowardhan’. Currently it has seven delectable sweets range namely Kaju Katli, Malai Pedha, Kesar Pedha, Kaju Roll, Mawa Gujiya, Mysore Pak, and Malai Modak. With an estimated branded market size of Rs 7000-8000 cr, the Indian sweets market presents vast opportunities for growth and innovation.

While its core category of Ghee and Cheese posted a growth of 21% CAGR between FY22-24, the new age business (Pride of Cows and Avvatar) registered robust growth of 45% CAGR during the same period. The share of new age business has increased from 3.3% in FY23 to 4.7% in FY24. The company’s premium categories of Pride of Cows and whey protein – Avvatar has received positive traction. We believe these could be significant growth drivers both in terms of revenue and margin going forward with the company’s focus to strengthen and build these brands. The new age business of the company is expected to grow at 25-30% CAGR over the next 4-5 years.

Diversification in to the B2C model to aid revenue and EBITDA growth

PMFL is a leading player in the institutional and hotel, restaurant & catering (HORECA) consumers, especially for its cheese business. While the company has forged strong partnerships with institutional and HORECA consumers in the B2B segment, it aims to increase its business through the B2C model aggressively with an aim to increase retail touchpoints from 4.6 lakh in FY23 to ~13-15 lakh by 2027E. The modern trade channel witnessed 23% CAGR growth between FY22-24, outpacing the general trade channel’s 19% CAGR growth during the same period. HORECA has grown by 7% CAGR over FY22-24. The company aims to capture the consumer cheese segment through better distribution and improved brand recall

Risks & Concerns:

Competition pressure from unorganized players

Dairy sector has many small-scale unorganized players leading to fragmentation and inefficiencies. Non-profit Co-operative societies can sell dairy products including milk and milk products at lower price due to absence of profit motive and subsidy received; hence they pose a competitive risk. However, the company has diversified across various products and carved a niche in products like Ghee and cheese with market leadership in institutional and HORECA sales.

Perishable nature of products may result in logistical issues and supply chain disruptions

Due to their perishable nature, it is extremely difficult to maintain the freshness of dairy products. Milk supply improves in winter and monsoon while demand for curd rises in summer and that of ghee in festive months. Dairy farmers often face logistical hassles that have an impact on the production and transportation of milk products. With close to 55% of its revenue coming from packaged Ghee and cheese, which have a relatively higher shelf life, PMFL has protected itself from such disruptions to a certain extent.

Volatility in raw material prices may impact margins

Milk procurement prices have been susceptible double-digit rise due to high raw milk prices, resulting from increased cost of feed and fodder and supply chain disruptions resulting from global macroeconomic headwinds. The company has taken commensurate price hikes in recent quarters which has been absorbed by the market given the company's strong brand pull and superior product quality. Skimmed milk powder globally remains volatile impacting export realisations of Indian players.

Concentration in certain states may impact business operations of the company

PMFL is pre-dominantly present in the states of Maharashtra and Gujarat. While it is rapidly growing in other states like Delhi, Rajasthan, Uttar Pradesh and Madhya Pradesh, dependence of business on only a handful of states reduces the robustness of business as any unforeseen changes in the economy of these states may hamper sustainability.

Lower margins despite higher VAP

Margins of PMFL are historically lower than the other dairy players despite a higher proportion of VAP sold. This is partly due to higher institutional sales which brings lower margins. PMFL now focuses on increasing B2C sales to remedy this situation.

Top level exits, Income tax raids (Nov 2021), inventory writedown of Rs.510 cr (March 2022) have impacted the valuation of the stock in the past. The management is taking steps to ensure that such things do not repeat in future.

Company Background

Founded in 1992 by Mr. Devendra Shah, Parag Milk Foods Limited (PMFL) is one of the largest private dairy companies in India. The company has 3 manufacturing plants with in-house technology, located at Manchar in Maharashtra, Palamaner in Andhra Pradesh, and Sonipat in Haryana. Its dairy farm, Bhagalaxmi Dairy Farm Limited, houses more than 2,500 cows, with a mechanised milking process. Under the brand "Gowardhan," PMFL offers traditional products like Ghee, Curd, Paneer, etc. Under the brand name "Go," it offers products like cheese, UHT milk, buttermilk, lassi, yoghurt, and more. The company also houses premium milk and milk products brand "Pride of Cows" and whey protein brand "Avvatar". PMFL's processing capacity include milk capacity of 3.4 mn litres/day,

Ghee and cheese capacity of 140 MT/day, Paneer capacity of 20 MT/day, lactose capacity of 40 MT/day and Whey capacity of 12 lakh/day.

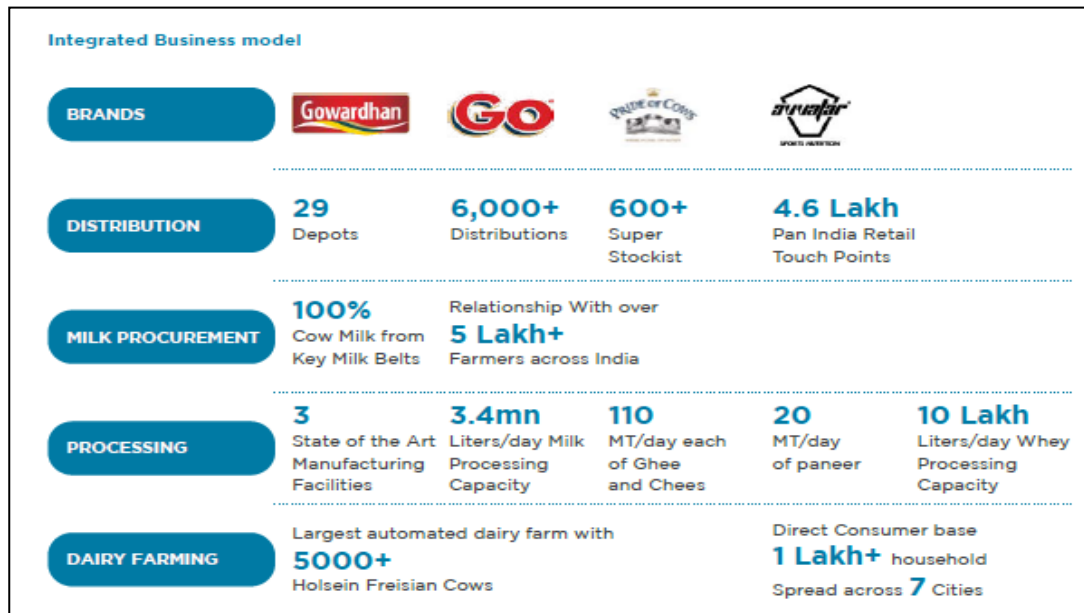
The Company has implemented backward integration through its own Bhagalaxmi Dairy Farm, which is recognised as India’s most advanced farm spanning over 35+ acres and equipped with international technology. The farm is home to over 3,000 cows and serves as the foundation for the premium offerings sold under the brand ‘Pride of Cows.’ The Company has ambitious expansion plans to further strengthen PMFL’s presence in the backend operations and meet the increasing demand for fresh and unadulterated premium dairy products.

Gowardhan – The brand caters to consumers both in rural and urban areas with a wide range of products like Ghee, Milk, Paneer, Dahi, Curd, Butter, Dairy Whitener, and Gulab Jamun Mix.

Go - The Go brand caters to modernised and westernized families who lead busy and active lives. Go’s target audience comprises young working couples and urban-centric families with well-travelled backgrounds and active children.

Pride of Cows - Pride of Cows started with premium milk proposition and has over the years expanded its product portfolio to now include- Pride of Cows Milk, Pride of Cows – Fat free milk, Pride of Cows- Ghee, Pride of Cows – Paneer. It originates from one of India’s most advanced dairy farm, and marketed as Single-origin Premium dairy brand.

Avvatar - Avvatar is PMFL’s sport nutrition brand. PMFL holds the distinction of being the first Company in India to introduce fresh vegetarian whey protein. Since its inception in 2017, Avvatar has garnered positive feedback and widespread acceptance in the market.



Peer Comparison

Company	Mcap (Rs cr)	Revenue				EBITDA Margin				PAT				RoE			
		FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E
Parag Milk	2720	2893	3139	3484	3864	4.1	6.3	7.9	8.3	53	91	139	178	7.8	10.5	14.2	15.8
Dodla Dairy	7780	3241	3794	4306	4952	4.3	5.5	8.0	8.7	58	107	198	243	8.4	13.9	22.2	22.5
Heritage Foods	5714	2812	3125	3485	3938	6.8	9.2	9.5	1.0	122	167	199	243	13.5	15.8	16.1	16.6

(Source: Company, HDFC sec)

Financials

Income Statement

Particulars (in Rs Cr)	FY22	FY23	FY24	FY25E	FY26E
Net Revenues	2072	2893	3139	3484	3864
Growth (%)	12.5	39.6	8.5	11.0	10.9
Operating Expenses	2510	2774	2942	3209	3541
EBITDA	-438	118	197	275	323
Growth (%)	-460.5	-127.0	66.6	39.6	17.2
EBITDA Margin (%)	-21.2	4.1	6.3	7.9	8.3
Depreciation	54	57	60	66	69
Other Income	21	45	25	28	31
EBIT	-471	106	162	237	285
Interest expenses	51	55	76	79	75
PBT	-522	51	86	158	210
Tax	10	-2	-5	19	31
PAT	-532	53	91	139	178
Share of Asso./Minority Int.	0	0	0	0	0
Adj. PAT	-532	53	91	139	178
Growth (%)	-2672.1	-110.0	70.1	53.1	28.7
EPS	-56.9	5.1	7.7	11.8	15.2

Balance Sheet

Particulars (in Rs Cr) - As at March	FY22	FY23	FY24	FY25E	FY26E
SOURCE OF FUNDS					
Share Capital	95	117	119	119	119
Reserves	459	691	793	926	1098
Shareholders' Funds	554	808	912	1045	1217
Minority Interest	0	0	0	0	0
Total Debt	534	606	645	625	605
Other Long term Liabilities	3	4	4	5	5
Net Deferred Taxes	4	2	4	4	4
Total Sources of Funds	1095	1420	1564	1678	1831
APPLICATION OF FUNDS					
Net Block & Goodwill	459	436	466	424	406
CWIP	10	45	69	69	69
Investments	0	5	5	5	5
Other Non-Curr. Assets	18	53	46	52	57
Total Non Current Assets	487	539	586	550	537
Inventories	479	574	615	649	688
Debtors	125	168	244	271	301
Cash & Equivalents	80	14	11	81	164
Other Current Assets	224	373	435	483	536
Total Current Assets	908	1129	1305	1484	1689
Creditors	226	153	217	240	267
Other Current Liab & Provisions	74	95	110	115	127
Total Current Liabilities	300	248	326	355	394
Net Current Assets	608	881	979	1129	1295
Total Application of Funds	1095	1420	1564	1678	1831

Cash Flow Statement

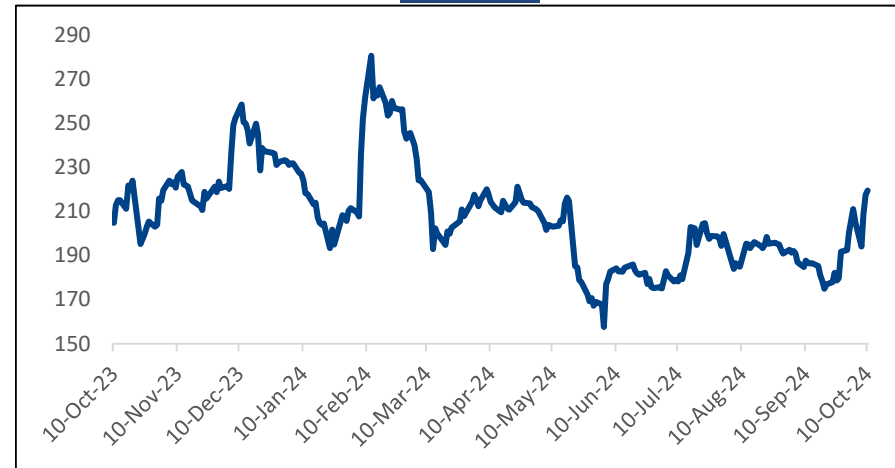
Particulars (in Rs Cr)	FY22	FY23	FY24	FY25E	FY26E
Reported PBT	-522	51	86	158	210
Non-operating & EO items	18	-31	-4	-5	-6
Interest Expenses	51	55	76	79	75
Depreciation	54	57	60	66	69
Working Capital Change	265	-319	-108	-79	-82
Tax Paid	-14	-3	-12	-19	-31
OPERATING CASH FLOW (a)	-149	-190	99	201	234
Capex	-29	-53	-61	-25	-50
Free Cash Flow	-178	-243	39	176	184
Investments	1	-37	5	0	0
Non-operating income	8	2	3	0	0
INVESTING CASH FLOW (b)	-20	-88	-53	-25	-50
Debt Issuance / (Repaid)	-88	64	12	-20	-20
Interest Expenses	-49	-52	-75	-79	-75
FCFE	-306	-266	-17	76	89
Share Capital Issuance	387	200	14	0	0
Dividend	-5	0	0	-6	-6
Others	-4	0	0	0	0
FINANCING CASH FLOW (c)	241	212	-49	-105	-101
NET CASH FLOW (a+b+c)	73	-66	-3	70	83

Key Ratios

Particulars	FY22	FY23	FY24	FY25E	FY26E
Profitability Ratios (%)					
EBITDA Margin	-21.2	4.1	6.3	7.9	8.3
EBIT Margin	-22.7	3.7	5.2	6.8	7.4
APAT Margin	-25.7	1.8	2.9	4.0	4.6
RoE	-71.9	7.8	10.5	14.2	15.8
RoCE	-39.1	8.5	10.9	14.7	16.3
Solvency Ratio (x)					
Net Debt/EBITDA	-1.0	5.0	3.2	2.0	1.4
Net D/E	0.8	0.7	0.7	0.5	0.4
PER SHARE DATA (Rs)					
EPS	-56.9	5.1	7.7	11.8	15.2
CEPS	-51.2	10.5	12.8	17.4	21.0
BV	59.2	76.9	77.6	88.9	103.6
Dividend	0.0	0.0	0.5	0.5	0.5
Turnover Ratios (days)					
Debtor days	25	19	24	27	27
Inventory days	103	66	69	66	63
Creditors days	47	24	21	24	24
Valuation (X)					
P/E	NA	44.8	29.5	19.3	15.0
P/BV	3.8	3.0	2.9	2.6	2.2
EV/EBITDA	NA	25.2	15.3	10.7	8.8
EV / Revenues	1.4	1.0	1.0	0.8	0.7
Dividend Yield (%)	0.0	0.0	0.2	0.2	0.2
Dividend Payout (%)	0.0	0.0	6.5	4.2	3.3

(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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