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20 YEARS

Stock Update

Dodla Dairy Limited

August 19, 2024

RETAILRESEARCH

Dodla Dairy Limited

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Dairy	Rs 1185	Buy in Rs 1179-1194 band and add on dips in Rs 1052-1068 band	Rs 1305.5	Rs 1387	2-3 quarters

HDFC Scrip Code	DODAIEQNR
BSE Code	543306
NSE Code	DODLA
Bloomberg	DODLA IN
CMP Aug 16, 2024	1185
Equity Capital (Rs Cr)	59.5
Face Value (Rs)	10.0
Equity Share O/S (Cr)	5.9
Market Cap (Rs Cr)	7,149
Book Value (Rs)	191.0
Avg. 52 Wk Volumes ('000)	137.50
52 Week High	1346
52 Week Low	651

Share holding Pattern % (Jun, 2024)	
Promoters	54.8
Institutions	35.6
Non Institutions	9.6
Total	100.00

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst Darshil Shah
darshil.shah@hdfcsec.com

Our Take:

Incorporated in 1995, Dodla Dairy Limited (DDL) is an integrated dairy company in South India that is engaged in the procurement, processing, distribution, and marketing of milk and other dairy products. It processes and sells milk including standardized, toned, and double toned milk, and produces dairy products like curd, butter, ghee, ice cream, flavoured milk, etc. It also manufactures and sells cattle feed to farmers through its procurement network.

DDL's Indian operations are mainly undertaken under the brand name of "Dodla", "Dodla Dairy", and "KC+" whereas it serves overseas market under the brand name of "Dodla Dairy", "Dairy Top", and "Dodla+". Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, and Maharashtra are the key Indian market areas served by the company while in the overseas market; it mainly serves countries like Uganda and Kenya. DDL operates through more than 1900 milk and milk product distributors and 2650+ agents across more than 40 sales offices. The company has ~24+ LLPD aggregate installed capacity, 16 processing plants, 604 Dodla Retail parlours and 152 milk chilling centers as of March 2024.

The long-term outlook of Indian dairy sector remains positive on account of favourable demographics, increase in expenditure on packaged food, brand awareness, urbanization & increase in nuclear families, and government support. The growth would be primarily driven by increase in the demand for value-added milk products. DDL has proven track record and promising growth trajectory ahead of them owing to their expanding procurement network, growing share of margin heavy value-added products, and improving brand visibility. The company's management enjoys strong reputation within dairy industry.

Valuation & Recommendation:

DDL has been the fastest growing dairy company amongst its peers between FY19-24, both in terms of revenue as well as profitability. The company has the second highest EBITDA margin among peers, only behind market leader Hatsun Agro. DDL has delivered revenue/EBITDA/PAT CAGR of 13.1%/16.6%/21.6% between FY19-24. Increased share of VAP products from 27.0% in FY19 to 28.3% in FY24 has aided margin expansion. International (9.2% revenue contribution) and Orgafeed business have also witnessed good traction and are expected to meaningfully contribute to the company's revenue pie in the future.

Going forward, the company aims to follow a multi-pronged strategy encompassing expansion of its portfolio in terms of product catalog as well as footprint, with focus on growth in African markets by gaining more market share and by expanding its product reach, strengthening relationships with its farmer partners by growing the Orgafeed business over time. We had issued a stock note on Dodla Dairy on November 08, 2023 and both the targets were achieved within our investment horizon.

We believe investors can buy the stock in Rs 1179-1194 band (29.0x FY26E EPS) and add on dips in Rs 1052-1068 (26.0x FY26E EPS) band for a base case fair value of Rs 1305.5 (32.0x FY26E EPS) and bull case fair value of Rs 1387 (34.0x FY26E EPS) over the next 2-3 quarters.

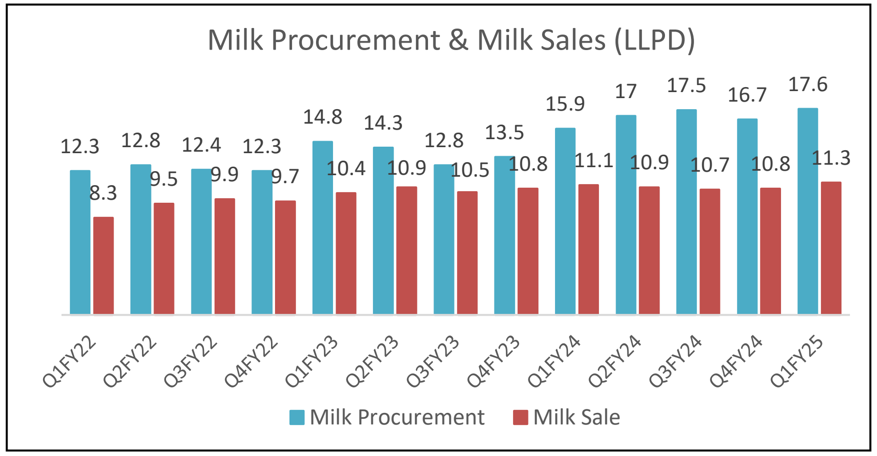
Financial Summary:

Particulars (Rs cr)	Q1FY25	Q1FY24	YoY-%	Q4FY24	QoQ-%	FY22	FY23	FY24	FY25E	FY26E
Operating Income	912	823	11%	787	16%	2243	2812	3125	3485	3938
EBITDA	105	60	74%	75	39%	211	191	289	331	394
APAT	65	35	86%	47	39%	133	122	167	199	243
Diluted EPS (Rs)	10.9	5.9	86%	7.9	39%	22.3	20.6	28.0	33.5	40.8
RoE-%						17.7	13.5	15.8	16.1	16.6
P/E (x)						53.0	57.6	42.3	35.4	29.0
EV/EBITDA (x)						32.3	35.3	23.6	19.9	16.2

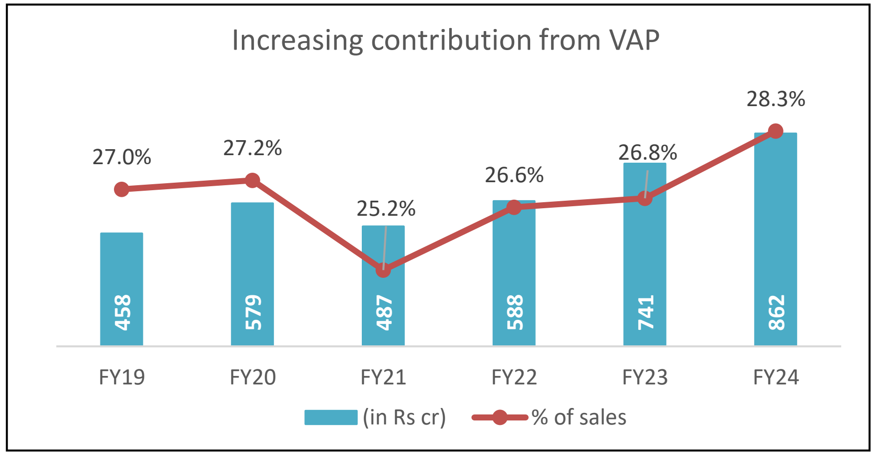
(Source: Company, HDFC sec)

Charts in Focus

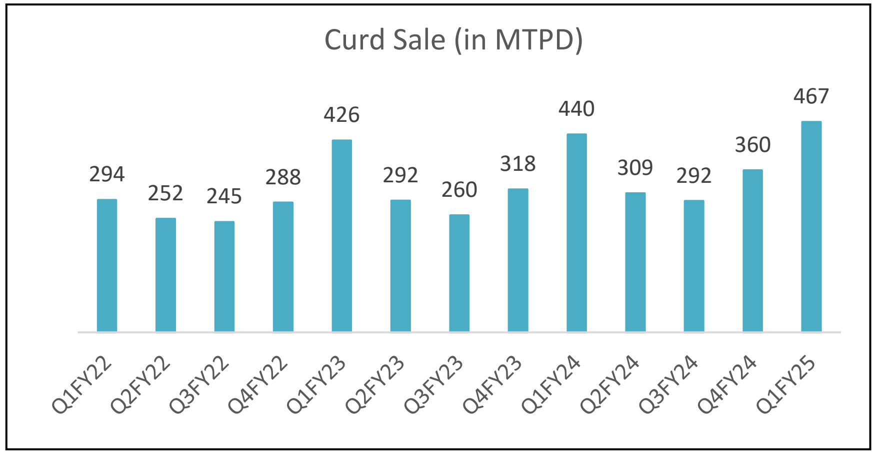
Milk Procurement and sales have improved owing to good flush season



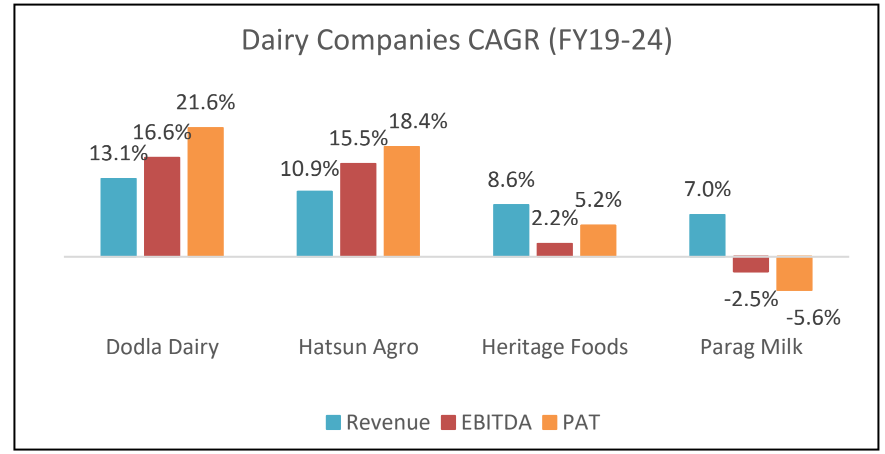
Increasing share of higher margin VAP products



Curd Sales on a steady footing



Fastest growing dairy company over the past 5 years



(Source: Company, HDFC sec)

Q1FY25 Result Update

DDL's revenue/EBITDA/PAT grew by 10.7%/74.2%/85.9% YoY in Q1FY25, registering it highest ever quarterly performance, both in terms of revenue as well as profitability. The quarter's performance has been broad-based with all the key segments including India, Africa and Orgafeed surpassing all previous revenue milestones. The company's domestic business grew by 8.5% YoY to Rs 827.9 cr whereas, the International business grew by 38% YoY, registering Rs 83.6 cr in revenue. During the quarter, DDL also posted its highest ever quarterly valued added products (VAP) sales at Rs 313.9 cr, up 21.4% YoY on the back of portfolio expansion. Share of VAP in overall revenue increased to 35.4% in Q1FY25 as compared to 32.0% in Q1FY24. Curd sales grew by 6.3% YoY to 467.4 MTPD.

Optimum procurement, continued moderation in raw material prices and improved product mix resulted in 543 bps YoY improvement in gross profit margin to 29.1% as against 23.7% in Q1FY24. Gains from operating leverage were partly offset by increased overheads, resulting in 420 bps YoY increase in EBITDA margin to 11.5% from 7.3% in Q1FY24. In absolute terms EBITDA increased by 74.2% YoY to Rs 105.1 cr. PAT grew by 85.9% YoY on account of lower taxes to Rs 65.0 cr.

On the back of a good flush season, average milk procurement grew by 10.9% YoY to 17.6 LLPD in Q1FY25 as compared to 15.9 LLPD in Q1FY24. Average milk sales grew 1.8% YoY to 11.3 LLPD as compared to 11.1 LLPD in Q1FY24. In-line with the peers, DDL implemented a strategic price reduction in milk prices aiming to sustain robust volumes throughout the year. Going forward, DDL aims to expand its procurement network to effectively meet the growing demand for its products. Its wide footprint across South India allows us to increasingly focus on branding and promotional activities to promote our products, especially its new range of products.

Key Triggers

Integrated Business Model with strong relationship with farmers

DDL has built a strong procurement network of farmers. 97.6% of the milk is directly procured from approximately 1.4 lakh farmers. The operation team ensures that the milk hits the market in about 24-36 hours of being procured. With more than 8400+ village level collection centres and 604 retail parlours, Dodla Dairy operates on a sustainable business model, avoiding leakages, creating a conducive environment, positively impacting both the company as well as the livelihood of the farmers.

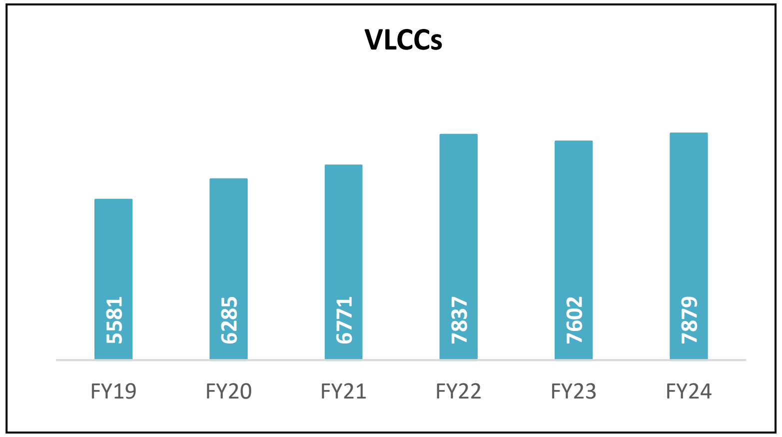
VLCCs: Dodla Dairy operates ~7,850 Village Level Collection Centres (VLCC) equipped with GPRS-enabled electronic milk analysers. These analysers test the fat and solid-not-fat (SNF) content of the raw milk. By analysing the milk at the village level, the company ensures that the quality of milk meets its standards for further processing.

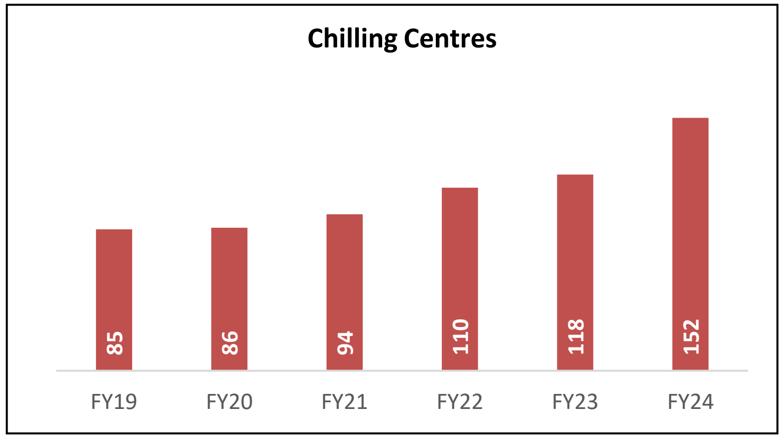
Chilling Center: DDL operates ~152 chilling centres where the raw milk undergoes adulteration tests and neutralizer tests and later to store milk at appropriate temperature. These tests are conducted to detect and prevent contaminants from entering the milk supply chain. Ensuring the purity and safety of raw milk is crucial for producing high-quality dairy products.

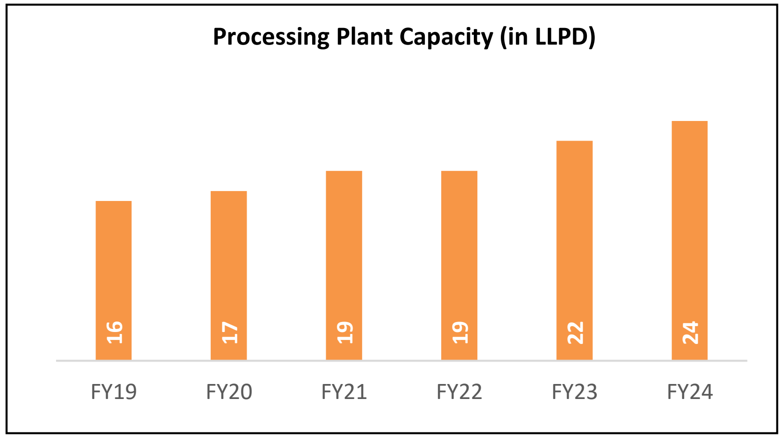
Processing Centers: DDL operates 16 processing plants with an aggregated capacity of ~24 LLPD (Liters per day). These processing plants are fully automated, leading to improved operational efficiencies and reduced operating costs. In India, the company operates 16 milk processing plants located in the states of Andhra Pradesh, Telangana, Karnataka, and Tamil Nadu. DDL has strategically positioned these processing plants near its markets and procurement clusters.

Additionally, the company has a processing plant in Uganda to cater to the dairy markets in Uganda and Kenya. These plants have a capacity of 3.0 LLPD and 1.0 LLPD, respectively.

Strong market presence with a well-established distribution model







(Source: Company, HDFC sec)

Focused engagement and long term relationship with dairy farmers:

DDL's farmer-friendly policies and continuous engagement with them through welfare programs have strengthened its relationships with farmers which in turn has strengthened its raw milk procurement process. It offers a variety of initiatives for the farmers from whom it procures raw milk. As part of its diversified procurement network, the company relies on third-party suppliers and farmers. In order to ensure transparency, it tests the quality and quantity of the raw milk collected from the farmers with electronic milk analysers.

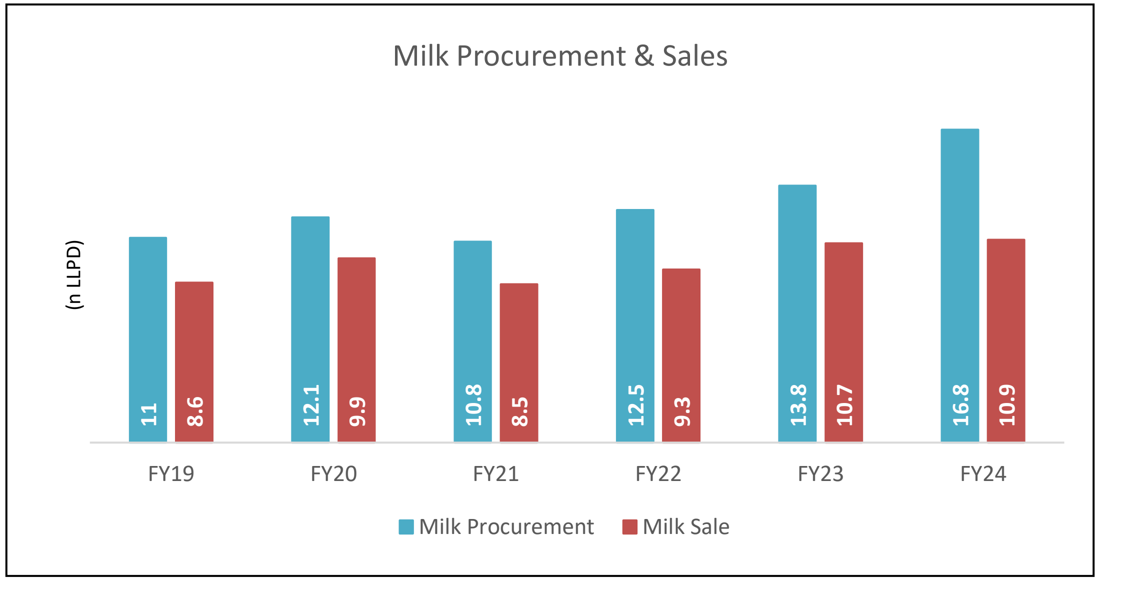
DDL pays the farmers once every 10 to 15 days with the money being sent directly to the bank accounts of ~77% of its farmers and pay the remaining ~23% of its farmers by way of direct cash payments, which motivates them to engage with company more frequently. It also works with regional banks and facilitates sanctioning of loans to farmers which they utilize to invest in their cattle. We believe its continuous engagement with farmers and its knowledge in the dairy industry combined with its welfare programs for the farmers have enabled them to have a strong procurement network in the regions in which it operates and thus helped them to contain the cost of raw milk to some extent and ensure supply of quality raw milk.

In FY14, only 7% of the milk was directly procured from farmers. However, by FY24, this percentage increased substantially to more than 95% and further to 97.6% in Q1FY25. This progressive shift towards direct procurement can be observed through the increasing number of Dodla Dairy Collection Centers (DDCs) and the corresponding rise in average Litres Per Day (LPD) procured through these centers.

Close to 95% milk procured directly from farmers in FY24 as against 7% in FY14

Year	Number of DDCs	Avg. LPD	%
FY14	322	44,980	7%
FY15	907	1,12,121	15%
FY16	1,769	2,65,870	34%
FY17	2,452	4,03,459	43%
FY18	3,544	5,04,804	49%
FY19	5,581	7,39,284	70%
FY20	6,285	9,20,881	82%
FY21	6,771	9,51,791	93%
FY22	7,837	10,97,732	94%
FY23	7,602	11,99,068	93%
FY24	7,879	14,69,785	95%

Resulting in optimized milk procurement, aiding margin expansion



(Source: Company, HDFC sec)

Expansion into overseas market

With a business model similar to the Indian one, DDL contributes significant percentage to Kenya and Uganda milk industry which is characterized by limited competition as well as limited supply of processed milk, easier milk farming due to availability of vast grasslands and a growing population with growing demand for dairy. The business in Uganda and Kenya operates through the subsidiaries Lakeside Dairy Limited & Dodla Dairy Kenya Limited. The African product portfolio is marketed under the brands Dairy Top and Dodla + and includes milk as well as VAP like yogurt with different flavours, ghee, cheese and UHT milk. DDL aims to tap into the growing demand for dairy products in these markets. The company operates through 2 plants in these regions and has 338 distributors. Africa business contributes ~9.2% to the company's revenues.

The margins in African market are normally double of what company makes domestically owing to limited competition and constrained supply of processed milk. Milk farming is easier in Africa due to abundance of grazing lands for large animal population. DDL has a similar integrated business model in Africa. East Africa, with its growing population and demand for dairy is attractive market for dairy companies.

Acquisitions as a way to grow

Small dairy processing units often face challenges such as rising input costs, competition, and limitations in branding and merchandising capabilities. By merging with a larger entity, these units can sustain and overcome these concerns. Since 2001, DDL has expanded through both greenfield and brownfield projects, acquiring a total of 7 plants in Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, and Uganda.

In March 2022, DDL acquired Karnataka based Sri Krishna Milk for Rs 50 cr to expand its presence in North Karnataka & the Goa markets. It was the first private sector dairy company in Karnataka and had a turnover of Rs 50 cr in FY22 and net loss of Rs 15 cr.

In Q2FY24, DDL received the approval from board for acquisition of land in Maharashtra for ~ Rs 15 cr. The company estimates capex of around Rs 150 for setting-up a plant with a capacity of 5 LLPD expandable to 10 LLPD.

Going forward, as guided by the management, the company will be hunting for acquisitions as it will empower the company to enter new geographical territories.

Feed business complements dairy business

DDL's feed business, Orgafeed, is involved in a wide range of agricultural activities including farming, breeding, horticulture, and allied activities such as poultry, dairy, and livestock farming. In addition to these operations, Orgafeed is also engaged in seed crushing, manufacturing, and dealing of groundnuts, gingerly, cotton, and the production of cattle feed. DDL has tied up with various veterinarians to provide services to farmers for their milch animals. The company sells directly to its farmers through its procurement network.

Orgafeed adopts a unique approach by selling its cattle feed directly to farmers through its procurement network. This approach enables the company to have a direct relationship with its customers and ensures that farmers have access to the required feed for their livestock. Moreover, the cost of the cattle feed is adjusted against the value of raw milk supplied by the farmers, providing them with a convenient and transparent payment mechanism.

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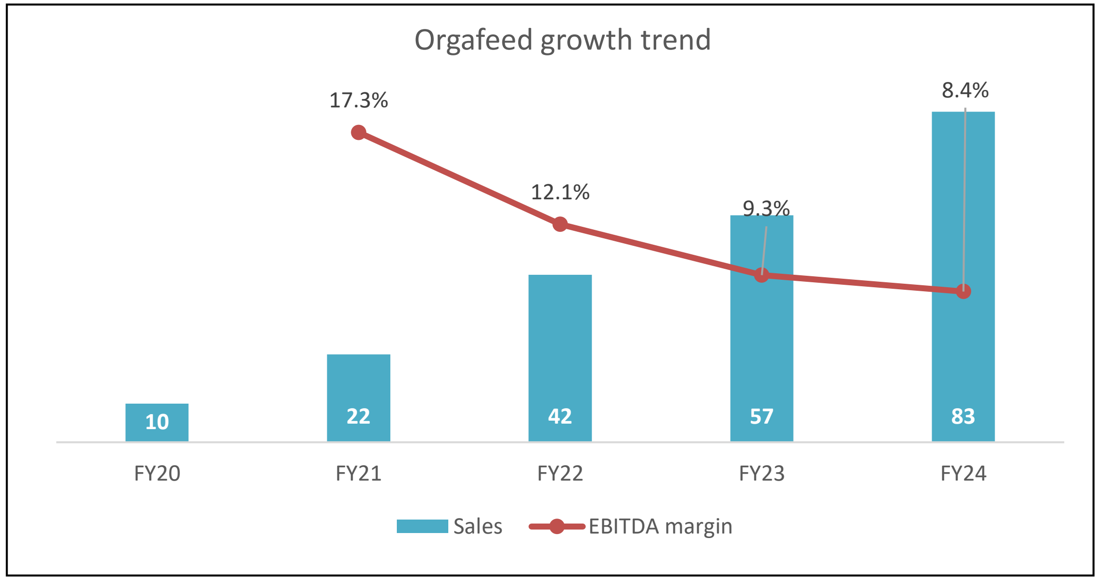
In October 2023, DDL commissioned manufacturing of cattle feed plant at Kuppam, Chittoor District, Andhra Pradesh with the capacity of the new plant at 12,000 tons per month. This has taken the overall capacity to 14,400 tons per month. Revenue from this segment has increased Rs 9.7 cr in FY20 to ~Rs 82.9 cr in FY24. Management expects Orgafeed to double to ~Rs 160 cr in revenue in FY25 on the back of higher capacities. EBITDA margins to be in range of ~9-10%.

Feed business complements DDL's dairy business



(Source: Company, HDFC sec)

Increasing contribution from Value Added Products (VAP)

DDL is investing heavily in expanding its range of value-added products. It has invested significantly in value-added products such as Curd, Ice Creams, Flavored Milk, Lassi, Butter Milk, Yoghurt to name a few. The company already has a strong distribution network in southern states for milk as well as value added products through which it can rollout existing and upcoming products. These value-added products fetch better realisation and margin for the company. Hence, we believe, increase in revenue share of value-added products will likely lead to better revenues/ profitability. The company has a clear focus on high-RoCE products like ice-creams, flavoured milk, lassi, butter milk, ghee, yoghurt and butter and stayed away from low-ROCE products like cheese, whey, etc. Currently, curd accounts for over 90% of company's VAP.

Financial Summary:

DDL has been the fastest growing dairy company among key listed peers with revenue/EBITDA/PAT CAGR of 13.1%/16.6%/21.6% between FY19-24. In FY24, DDL registered 11.1% YoY growth in revenue, driven by higher procurement, widening distribution and curated focus towards VAP products. The company has increased its share of VAP products from 27.0% in FY19 to 28.3% in FY24, resulting in EBITDA margin improvement from 7.9% in FY19 to 9.2% in FY24. Moderation in milk prices and improved product mix resulted in 312 bps YoY improvement in gross profit margin during the year. EBITDA grew by 51% YoY with EBITDA margins improving by 244 bps YoY to 9.2%, benefitting from the flush season coupled with higher VAP sales. PAT registered a growth of 36.3% YoY to Rs 166.7 cr.

The company continued its efforts to expand its procurement network by increasing chilling centers (34 centers added in FY24) and creating small collection centres near villages. As a result, milk procurement grew by 21.7% YoY to 16.8 LLPD as compared to 13.8 LLPD in FY23. Milk Sales grew by 1.9% YoY from 10.7 LLPD in FY23 to 10.9 LLPD in FY24. The Company's VAP and Fat & Fat products revenue pie expanded by 143 bps YoY to 28.3% of the total revenues in FY24. DDL's VAP sales grew by 16.3% YoY to Rs 741 cr as result of higher penetration due to several brand connecting activities amongst consumers, robust distribution network and strong brand recall value.

Ografeed registered 45.7% YoY growth to ~Rs 83 cr in FY24 with its EBITDA margin at 8.4%. Ografeed capacity has been exponentially enhanced by 5 times to 480 Metric Tonnes per Day (MTPD) during FY24. In FY24, the company also commenced the commercial production of its new dairy plant of 1,00,000 liters per day at Kenya. The aforesaid capacity is expected to add incremental revenues towards its Africa segment revenues in the coming years.

Risks & Concerns:

Susceptibility to regulatory changes: Milk prices are sensitive to any change in government policies which have a direct impact on the operating margins of dairy product manufacturers.

Epidemic-related factors: Dairies are also vulnerable to risks of failure in milk production on account of cattle diseases. In July 2022, there was outbreak of Lumpy skin disease among cattle resulting in significant death count and subsequent shortage in milk supply.

Exposure to volatility in milk prices: Profitability remains susceptible to fluctuations in milk prices while realisations are further impacted by volatility in global skimmed milk powder prices coupled with changes in import/export policy by the Govt. Given the intense competition especially from state cooperatives, ability to pass on the increase in prices to customers is limited.

Lower margin compared to Hatsun: DDL earns lower margins than Hatsun as Hatsun has no distributor and sells 100% through their retail chain. Also it entered high margin ice cream market decades ago and its sales are a good proportion of overall sales. DDL currently sells ~12% through its retail parlours and aims to increase the sale of VAP including icecream to narrow the difference in margins.

Faces competition from co-operatives: Co-operatives are able to sell dairy products including milk at a lower price as they get subsidy from the state, have no profit motive and have social cause to be fulfilled. Despite this, DDL has been able to carve out market share in each state it is present in based on the quality of its products and brand pull even though its sells at a premium.

Company Background

Dodla Dairy Ltd. (DDL) is one of India's leading integrated dairy companies incorporated in 1995. The company procures, processes, and sells milk and milk products. The Company's product portfolio consists of Milk, Butter Milk, Ghee, Curd, Paneer, Flavoured Milk, Doodh Peda, Lassi, Ice Cream and Milk Based Sweets. Dodla has very minor B2B sales and hence earns good margins.

The company's procurement is centred in 5 states and products are available for purchase in 13 states and has 135 milk chilling centres/plants. The Company's distribution and marketing operations are conducted through its 40+ sales offices, 2,650+ agents, 1,900+ milk and milk product distributors, 65+ modern trade across India. Additionally, the company's milk and dairy based Value-added Products are also available through 604+ 'Dodla Retail Parlours' as on March 2024 and are spread across the states of Andhra Pradesh, Telangana, Tamil Nadu and Karnataka. The Company also has international operations in Uganda and Kenya.

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
Dodla Dairy	7149	2812	3125	3485	3938	6.8	9.2	9.5	10.0	122	167	199	243	13.5	15.8	16.1	16.6
Heritage Foods	5067	3241	3794	4268	4759	4.3	5.5	8.0	7.7	58	107	211	227	8.4	13.9	23.4	20.8
Parag Milk Foods	2345	2893	3139	3610	4061	4.1	6.3	8.3	9.0	53	91	137	188	7.8	10.5	14.0	16.6

(Source: Company, HDFC sec)

Dodla Dairy Limited

Financials

Income Statement

Particulars (in Rs Cr)	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Revenues	**1944**	**2243**	**2812**	**3125**	**3485**	**3938**
Growth (%)	***-9.1***	***15.4***	***25.3***	***11.1***	***11.5***	***13.0***
Operating Expenses	1702	2033	2621	2837	3154	3544
EBITDA	**242**	**211**	**191**	**289**	**331**	**394**
Growth (%)	***72.0***	***-13.1***	***-9.2***	***51.0***	***14.6***	***18.9***
EBITDA Margin (%)	***12.5***	***9.4***	***6.8***	***9.2***	***9.5***	***10.0***
Depreciation	51	52	61	70	76	83
Other Income	6	14	23	27	28	32
EBIT	**198**	**172**	**153**	**246**	**283**	**343**
Interest expenses	12	7	1	2	5	6
PBT	**186**	**166**	**152**	**244**	**278**	**337**
Tax	60	33	30	77	79	94
PAT	**126**	**133**	**122**	**167**	**199**	**243**
Share of Asso./Minority Int.	0	0	0	0	0	0
Adj. PAT	**126**	**133**	**122**	**167**	**199**	**243**
Growth (%)	***152.5***	***5.4***	***-7.9***	***36.3***	***19.4***	***21.9***
EPS	21.6	22.3	20.6	28.0	33.5	40.8

Balance Sheet

Particulars (in Rs Cr) - As at March	FY21	FY22	FY23	FY24	FY25E	FY26E
SOURCE OF FUNDS						
Share Capital	58	59	59	59	59	59
Reserves	600	784	913	1079	1278	1521
Shareholders' Funds	**658**	**843**	**972**	**1139**	**1338**	**1581**
Minority Interest	0	0	0	0	0	0
Total Debt	99	13	32	46	46	46
Net Deferred Taxes	45	35	23	24	24	24
Total Sources of Funds	**802**	**891**	**1028**	**1209**	**1408**	**1650**
APPLICATION OF FUNDS						
Net Block & Goodwill	549	566	624	713	747	765
CWIP	8	4	58	12	12	12
Investments	60	184	260	196	401	631
Other Non-Curr. Assets	13	61	26	31	31	35
Total Non Current Assets	**631**	**815**	**968**	**953**	**1192**	**1444**
Inventories	96	121	120	389	363	378
Debtors	5	5	9	11	10	11
Cash & Equivalents	224	132	125	103	106	109
Other Current Assets	16	15	31	22	29	32
Total Current Assets	**341**	**273**	**284**	**525**	**507**	**530**
Creditors	86	103	127	148	153	173
Other Current Liab & Provisions	84	95	97	121	139	151
Total Current Liabilities	**170**	**198**	**224**	**269**	**291**	**323**
Net Current Assets	171	75	60	256	215	207
Total Application of Funds	**802**	**891**	**1028**	**1209**	**1408**	**1650**

Cash Flow Statement

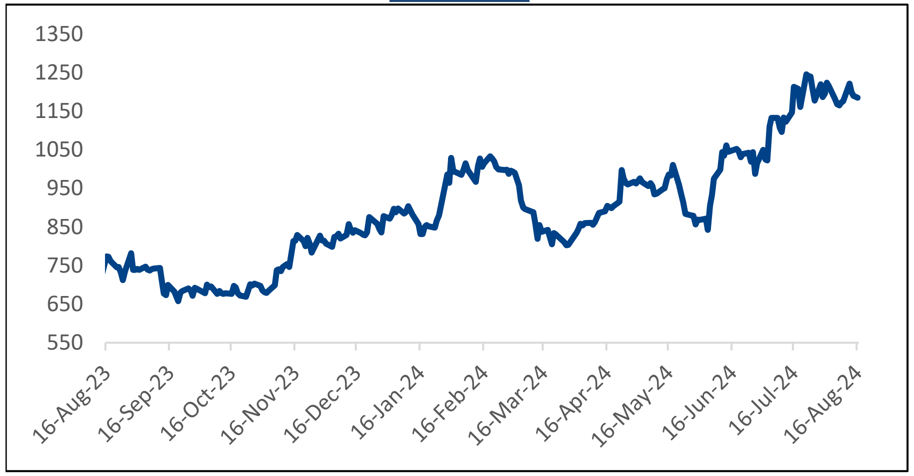
Particulars (in Rs Cr)	FY21	FY22	FY23	FY24	FY25E	FY26E
Reported PBT	186	166	152	244	278	337
Non-operating & EO items	0	-3	-7	-20	0	-4
Interest Expenses	9	0	-10	2	5	6
Depreciation	51	52	61	70	76	83
Working Capital Change	51	-4	9	-233	42	12
Tax Paid	-51	-40	-45	-63	-79	-94
OPERATING CASH FLOW (a)	**245**	**171**	**161**	**-1**	**322**	**339**
Capex	-56	-70	-105	-104	-110	-100
Free Cash Flow	189	101	56	-105	212	239
Investments	-48	-120	-69	73	-205	-230
Non-operating income	-96	54	-37	61	0	0
INVESTING CASH FLOW (b)	**-200**	**-137**	**-210**	**30**	**-315**	**-330**
Debt Issuance / (Repaid)	-63	-87	18	0	0	0
Interest Expenses	-12	-6	0	-1	-5	-6
FCFE	-30	-58	-31	28	2	4
Share Capital Issuance	100	50	0	0	0	0
Dividend	-11	0	0	0	0	0
Others	-3	-6	-3	0	0	0
FINANCING CASH FLOW (c)	**11**	**-49**	**15**	**-1**	**-5**	**-6**
NET CASH FLOW (a+b+c)	**56**	**-14**	**-35**	**28**	**2**	**4**

Key Ratios

Particulars	FY21	FY22	FY23	FY24	FY25E	FY26E
Profitability Ratios (%)						
EBITDA Margin	12.5	9.4	6.8	9.2	9.5	10.0
EBIT Margin	10.2	7.7	5.4	7.9	8.1	8.7
APAT Margin	6.5	5.9	4.3	5.3	5.7	6.2
RoE	23.1	17.7	13.5	15.8	16.1	16.6
RoCE	29.9	21.3	16.5	22.5	22.0	22.8
Solvency Ratio (x)						
Net Debt/EBITDA	-0.5	-0.6	-0.5	-0.2	-0.2	-0.2
Net D/E	-0.2	-0.1	-0.1	-0.1	0.0	0.0
PER SHARE DATA (Rs)						
EPS	21.6	22.3	20.6	28.0	33.5	40.8
CEPS	30.3	31.1	30.8	39.8	46.2	54.7
BV	112.8	141.7	163.4	191.4	224.9	265.7
Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Turnover Ratios (days)						
Debtor days	1	1	1	1	1	1
Inventory days	20	18	16	30	39	34
Creditors days	15	15	15	16	16	15
Valuation (X)						
P/E	54.8	53.0	57.6	42.3	35.4	29.0
P/BV	10.5	8.4	7.2	6.2	5.3	4.5
EV/EBITDA	28.3	32.3	35.3	23.6	19.9	16.2
EV / Revenues	3.5	3.0	2.4	2.2	1.9	1.6

(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. This 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 cyclicality 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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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066
Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600
For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400
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DARSHIL HEMANTBHAI SHAH

Digitally signed by DARSHIL HEMANTBHAI SHAH
Date: 2024.08.19 08:24:52 +05'30'