

LT Foods (LTF) recorded one of the highest quarterly revenue of ₹1,368 crores growing by c.21% yoy. Growth has been on the back of strong demand across its product segments both in domestic as well as international market. All the business segments registered a strong growth with the basmati and specialty rice business growing by 23% led by strong growth in the specialty segment. Organic business grew by 17% and the health and convenience segment grew by a healthy 73% yoy. The overall growth has been on the back of accelerated spending on branding and marketing activities to strengthen their brand, widen distribution reach and increase brand penetration across all consumer segments. LTF has been aggressively growing its footprints with more than 1,300 distributors across 100+ international markets and presence across 1,37,000+ retail outlets. On the margins front, this quarter the company witnessed a contraction by 114 bps yoy mainly led by change in product mix, higher freight cost and increased ad spends. LTF has witnessed a 100% demand recovery in the Indian markets in both the HORECA and retail side, however, markets such as Middle East is yet to see a good recovery. The company has targeted to grow at a CAGR of 10-12% for the next five years with a modest margin expansion target of 140-150bps. We expect LTF to easily achieve this target with the continued growth and expansion momentum. We maintain our BUY recommendation on LT Foods with a target of ₹123 for period of 12 months.

### Improving Financial health and Strong Cash flows

LTF has been constantly improving its financial health from 1.2x debt/equity in FY19 to 0.59x in 9MFY22. The company has been able to generate significant free cash flows to the tune of ₹159 crores which helped in reducing its debt by ₹198 crores. With the reduction in debt, the company has been able to reduce its overall fund cost to 4.3% from 5.3%. Also, the liquidity has improved with current ratio increasing from 1.4x in FY19 to 1.78x in 9MFY22. The company is well on its path to achieve its ROE/ROCE target of 20%/23% over the next few years.

### Growth across Segments

LTF has witnessed a robust growth across the business segments both in the domestic and international markets. The Basmati and Specialty rice business with contributes around 83% of the revenue grew by c.24% yoy for the quarter led by higher growth in domestic market by 30%. The overall demand for rice has improved with strong recovery in the HORECA and the retail business. The international market also witnessed a growth of c.20% yoy on the back of strong brand position of Royal in the US market and recovery in the Middle East. Gross margins have seen an improvement led by better product mix, however, the EBIDTA margins contracted due to higher freight cost and increase in ad spends.

| Key Financials        | 2018     | 2019     | 2020     | 2021     | 2022E    | 2023E    | 2024E    |
|-----------------------|----------|----------|----------|----------|----------|----------|----------|
| Total sales (₹ Crore) | 3,613.70 | 3,890.43 | 4,146.12 | 4,644.35 | 5,297.75 | 5,925.44 | 6,711.26 |
| EBITDA margins (%)    | 10.5%    | 10.2%    | 11.4%    | 12.0%    | 10.8%    | 11.9%    | 13.9%    |
| PAT margins (%)       | 4.0%     | 3.5%     | 4.8%     | 6.2%     | 6.0%     | 7.1%     | 8.9%     |
| EPS (₹)               | 4.80     | 3.96     | 5.77     | 8.57     | 9.30     | 12.33    | 17.83    |
| P/E (x)               | 15.83    | 19.20    | 13.17    | 8.86     | 8.16     | 6.16     | 4.26     |
| P/BV (x)              | 1.81     | 1.83     | 1.64     | 1.38     | 1.21     | 1.04     | 0.86     |
| EV/EBITDA (x)         | 9.66     | 10.28    | 8.27     | 6.61     | 6.30     | 4.97     | 3.58     |
| ROE (%)               | 12.24%   | 10.34%   | 13.45%   | 16.47%   | 15.94%   | 17.91%   | 21.05%   |
| ROCE (%)              | 25.10%   | 20.62%   | 19.75%   | 20.40%   | 19.38%   | 21.71%   | 25.62%   |

| Rating                   | Buy |
|--------------------------|-----|
| Current Market Price (₹) | 71  |
| 12 M Price Target (₹)    | 123 |
| Potential upside (%)     | 73  |

### Stock Data

|   |                 |
|---|-----------------|
| FV (₹) :                                  | 1               |
| Market Cap Full (₹ bn) :                  | 23              |
| Market Cap Free Float (₹ bn) :            | 10              |
| 52-Week High / Low (₹) :                  | 91 / 49         |
| 2-Year High / Low (₹) :                   | 91 / 13         |
| 1 Year Avg. Dly Traded Volume (in lakh) : | 28              |
| BSE Code / NSE Symbol :                   | 532783 / DAAWAT |
| Bloomberg :                               | LTFO: IN        |

### Shareholding Pattern (%)

|              | Dec-21 | Sep-21 | Jun-21 | Mar-21 |
|--------------|--------|--------|--------|--------|
| Promoter     | 56.81  | 56.81  | 56.81  | 56.81  |
| FPIs         | 1.42   | 1.38   | 1.58   | 1.14   |
| MFs          | 3.39   | 3.39   | 3.47   | 3.47   |
| Corp. Bodies | 3.79   | 3.29   | 3.38   | 3.44   |
| Others       | 34.59  | 35.13  | 34.76  | 35.14  |

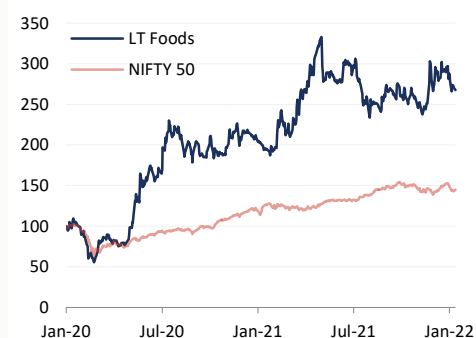
Source: BSE

### Price Performance (%)

| (%)      | 1M    | 3M  | 6M  | 1YR |
|----------|-------|-----|-----|-----|
| LT Foods | -5%   | 3%  | -6% | 31% |
| Nifty 50 | -0.1% | -2% | 10% | 27% |

\* To date / current date : January 31, 2022

### LT Foods vs Nifty 50



The other two segments i.e. organic business and new product business also witnessed a robust growth with c.17% and 73% yoy growth respectively. Margins across business was lackluster for the reasons mentioned above, additionally the other two segments faced higher input cost pressure with rising raw material cost inflation. There has been a global shortage of freight containers impacting the prices all over the globe and this situation is expected to continue for the entire CY22. This will weigh down on the margins for the company for the next few quarters. Also, the company will continue to spend aggressively on brand building and expanding its distribution reach. The new product division is still to breakeven and as per the management, a new product will take around 4-5 years to turn profitable and earn a ROIC of around 30%. The Royal ready-to-heat is expected to breakeven at EBIDTA level during FY23 as the company has laid out an aggressive growth plan for this business which will require higher A&P spends this year.

### Outlook & Valuation

LTF has been growing consistently across the markets on the back of strong brand recognition, deep product penetration, wider distribution network and aggressive product push. The company is expected to continue spending aggressively on expanding all the above variables. With these the company can achieve its five year growth targets along with the desired margin expansion. The margin pressure due to higher input cost and freight cost is expected to normalize in the latter part of the year, however, robust topline growth will help improving the operating leverage. LTF has been positively moving forward to strengthen its ESG framework. The company has been improving its manufacturing efficiencies through Green energy initiatives and also through collaboration with Humankind Group. We maintain our BUY recommendation on LT Foods with a price target of ₹123.

### Quarterly Financial Snapshot

| All fig in ₹ crores                          | Q3FY22         | Q2FY22         | % qoq          | Q3FY21         | %yoy            | 9MFY22         | 9MFY21         | % yoy           |
|--|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|
| <b>Revenue from Operations</b>               | <b>1,368.2</b> | <b>1,319.8</b> | <b>3.7%</b>    | <b>1,128.3</b> | <b>21.3%</b>    | <b>3,882.9</b> | <b>3,588.7</b> | <b>8.2%</b>     |
| Cost of Goods Sold                           | 912.8          | 869.0          | 5.0%           | 733.96         | 24.4%           | 2,608.0        | 2,400.2        | 8.7%            |
| Employee Cost                                | 71.3           | 72.3           | -1.4%          | 69.3           | 2.8%            | 212.5          | 196.1          | 8.4%            |
| Other Expenses                               | 233.5          | 224.4          | 4.1%           | 188.1          | 24.2%           | 637.3          | 548.1          | 16.3%           |
| <b>EBIDTA</b>                                | <b>150.6</b>   | <b>154.1</b>   | <b>-2.3%</b>   | <b>137.0</b>   | <b>9.9%</b>     | <b>425.1</b>   | <b>444.3</b>   | <b>-4.3%</b>    |
| <i>EBIDTA Margin %</i>                       | <i>11.0%</i>   | <i>11.7%</i>   | <i>-67 Bps</i> | <i>12.1%</i>   | <i>-114 Bps</i> | <i>10.9%</i>   | <i>12.4%</i>   | <i>-143 Bps</i> |
| Depreciation                                 | 29.9           | 29.2           | 2.1%           | 25.4           | 17.5%           | 88.0           | 77.7           | 13.3%           |
| Other Income                                 | 0.4            | 2.7            | -86.8%         | 0.7            | -51.6%          | 31.3           | 15.5           | 101.7%          |
| Share of loss of joint ventures (net of tax) | (1.3)          | (1.1)          | 10.1%          | (0.7)          | 91.7%           | (2.9)          | (2.2)          | 32.2%           |
| <b>EBIT</b>                                  | <b>119.8</b>   | <b>126.4</b>   | <b>-5.2%</b>   | <b>111.7</b>   | <b>7.3%</b>     | <b>365.5</b>   | <b>379.9</b>   | <b>-3.8%</b>    |
| <i>EBIT Margin %</i>                         | <i>8.8%</i>    | <i>9.6%</i>    | <i>-82 Bps</i> | <i>9.9%</i>    | <i>-114 Bps</i> | <i>9.4%</i>    | <i>10.6%</i>   | <i>-118 Bps</i> |
| Interest                                     | 16.8           | 16.3           | 3.6%           | 17.9           | -6.1%           | 50.0           | 68.3           | -26.8%          |
| Exceptional Items & Extraordinary Items      | -              | -              | 0.0%           | -              | 0.0%            | -              | -              | 0.0%            |
| <b>EBT</b>                                   | <b>103.0</b>   | <b>110.2</b>   | <b>-6.6%</b>   | <b>93.7</b>    | <b>9.8%</b>     | <b>315.5</b>   | <b>311.7</b>   | <b>1.2%</b>     |
| Tax  | 26.0           | 29.3           | -11.3%         | 24.5           | 6.2%            | 81.6           | 82.3           | -1.0%           |
| <b>PAT</b>                                   | <b>76.9</b>    | <b>80.8</b>    | <b>-4.8%</b>   | <b>69.2</b>    | <b>3.6%</b>     | <b>233.9</b>   | <b>229.3</b>   | <b>2.0%</b>     |
| <i>PAT Margin %</i>                          | <i>5.6%</i>    | <i>6.1%</i>    | <i>-50 Bps</i> | <i>6.1%</i>    | <i>-51 Bps</i>  | <i>6.0%</i>    | <i>6.4%</i>    | <i>-37 Bps</i>  |
| <b>EPS</b>                                   | <b>2.23</b>    | <b>2.40</b>    | <b>-7.1%</b>   | <b>2.07</b>    | <b>7.7%</b>     | <b>6.90</b>    | <b>6.81</b>    | <b>1.3%</b>     |

Source: Company, LKP Research

## Income Statement

| Particulars (₹ in Cr)                                   | 2018           | 2019           | 2020           | 2021           | 2022E          | 2023E          | 2024E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total Revenue From Operations (Net)</b>              | <b>3,613.7</b> | <b>3,890.4</b> | <b>4,146.1</b> | <b>4,644.3</b> | <b>5,297.7</b> | <b>5,925.4</b> | <b>6,711.3</b> |
| <i>Growth (%)</i>                                       |                | 7.7%           | 6.6%           | 12.0%          | 14.1%          | 11.8%          | 13.3%          |
| <b>Expenses</b>   |                |                |                |                |                |                |                |
| Cost Of Material Consumed (incl. changes in inventory)  | 2,615.6        | 2,766.7        | 3,012.8        | 3,174.6        | 3,448.8        | 3,970.0        | 4,563.7        |
| Purchases of stock-in-trade                             | 55.8           | 171.4          | 54.7           | 52.8           | 111.3          | 124.4          | 140.9          |
| Employee Benefit Expenses                               | 135.0          | 151.9          | 180.3          | 257.8          | 291.4          | 296.3          | 335.6          |
| Other Expenses  | 429.2          | 403.1          | 427.6          | 602.7          | 874.1          | 829.6          | 738.2          |
| <b>Total Expenses</b>                                   | <b>3,235.7</b> | <b>3,493.2</b> | <b>3,675.4</b> | <b>4,088.0</b> | <b>4,725.6</b> | <b>5,220.3</b> | <b>5,778.4</b> |
| <b>EBITDA</b>   | <b>378.0</b>   | <b>397.2</b>   | <b>470.7</b>   | <b>556.4</b>   | <b>572.2</b>   | <b>705.1</b>   | <b>932.9</b>   |
| <i>EBITDA Margin (%)</i>                                | 10.5%          | 10.2%          | 11.4%          | 12.0%          | 10.8%          | 11.9%          | 13.9%          |
| Other Income  | 36.2           | 24.1           | 37.9           | 41.8           | 32.8           | 36.5           | 50.6           |
| Depreciation and Amortization Expenses                  | 50.1           | 69.0           | 91.4           | 108.5          | 98.7           | 104.1          | 108.3          |
| Share of loss of joint ventures (net of tax)            | -1.8           | -0.0           | -3.8           | -4.3           | 2.0            | 4.8            | 6.2            |
| <b>EBIT</b>   | <b>362.4</b>   | <b>352.3</b>   | <b>413.4</b>   | <b>485.4</b>   | <b>508.2</b>   | <b>642.3</b>   | <b>881.3</b>   |
| <i>EBIT Margin (%)</i>                                  | 10.0%          | 9.1%           | 10.0%          | 10.5%          | 9.6%           | 10.8%          | 13.1%          |
| Finance Cost  | 146.6          | 138.7          | 132.3          | 87.4           | 81.9           | 82.7           | 82.9           |
| <b>Profit / (Loss) before exceptional items and tax</b> | <b>215.8</b>   | <b>213.6</b>   | <b>281.2</b>   | <b>398.0</b>   | <b>426.3</b>   | <b>559.5</b>   | <b>798.4</b>   |
| Exceptional Items                                       | -              | -              | -4.2           | -              | -              | -              | -              |
| <b>PBT</b>  | <b>215.8</b>   | <b>213.6</b>   | <b>276.9</b>   | <b>398.0</b>   | <b>426.3</b>   | <b>559.5</b>   | <b>798.4</b>   |
| <i>PBT Margin (%)</i>                                   | 6.0%           | 5.5%           | 6.7%           | 8.6%           | 8.0%           | 9.4%           | 11.9%          |
| Tax Expense   | 71.4           | 76.2           | 77.6           | 108.9          | 107.3          | 140.8          | 201.0          |
| <b>Profit / (Loss) for the year</b>                     | <b>144.4</b>   | <b>137.5</b>   | <b>199.3</b>   | <b>289.1</b>   | <b>319.0</b>   | <b>418.7</b>   | <b>597.5</b>   |
| <i>PAT Margins (%)</i>                                  | 4.0%           | 3.5%           | 4.8%           | 6.2%           | 6.0%           | 7.1%           | 8.9%           |

Source: Company, LKP Research

## Balance Sheet

| Particulars (₹ in Cr)                            | 2018           | 2019           | 2020           | 2021           | 2022E          | 2023E          | 2024E          |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Equities And Liabilities</b>                  |                |                |                |                |                |                |                |
| <b>Shareholders' funds</b>                       |                |                |                |                |                |                |                |
| Share capital                                    | 32.0           | 32.0           | 32.0           | 32.0           | 32.0           | 32.0           | 32.0           |
| Reserves and surplus                             | 1,147.5        | 1,297.1        | 1,449.3        | 1,723.5        | 1,969.1        | 2,305.7        | 2,806.8        |
|  | <b>1,179.4</b> | <b>1,329.1</b> | <b>1,481.3</b> | <b>1,755.5</b> | <b>2,001.1</b> | <b>2,337.6</b> | <b>2,838.7</b> |
| Non-Controlling Interest                         | 55.4           | 105.4          | 117.8          | 134.8          | 156.1          | 180.6          | 207.6          |
|  | <b>1,234.9</b> | <b>1,434.5</b> | <b>1,599.2</b> | <b>1,890.3</b> | <b>2,157.2</b> | <b>2,518.2</b> | <b>3,046.4</b> |
| <b>Non-current liabilities</b>                   |                |                |                |                |                |                |                |
| Long term Borrowings                             | 192.9          | 249.8          | 230.1          | 229.7          | 203.3          | 177.2          | 128.3          |
| Other Financial Liabilities                      | 0.1            | 0.3            | 0.1            | 0.1            | 0.1            | 0.1            | 0.1            |
| Lease Liabilities                                |                | 0.0            | 249.2          | 242.8          | 242.8          | 242.8          | 242.8          |
| Long term Provisions                             | 6.1            | 8.0            | 6.4            | 10.6           | 12.1           | 13.5           | 15.3           |
| Deffered Tax Liabilities (Net)                   | 5.6            | 12.2           | 1.9            | 4.1            | 4.1            | 4.1            | 4.1            |
| Other Longterm Liabilities                       | 4.2            | 3.8            | 7.0            | 2.1            | 2.4            | 2.7            | 3.1            |
|  | <b>208.9</b>   | <b>274.0</b>   | <b>494.6</b>   | <b>489.3</b>   | <b>464.8</b>   | <b>440.4</b>   | <b>393.6</b>   |
| <b>Current liabilities</b>                       |                |                |                |                |                |                |                |
| Short-term borrowings                            | 1,323.3        | 1,420.6        | 1,227.9        | 1,023.7        | 1,023.7        | 1,023.7        | 1,023.7        |
| Trade payables                                   | 341.7          | 283.8          | 260.8          | 503.6          | 555.4          | 638.8          | 734.0          |
| Other Financial Liabilities                      | 75.1           | 128.7          | 96.9           | 66.4           | 72.1           | 77.2           | 106.9          |
| Lease Liabilities                                |                | 0.0            | 28.9           | 37.4           | 37.4           | 37.4           | 37.4           |
| Short term Provisions                            | 1.7            | 2.9            | 3.4            | 3.9            | 4.4            | 4.9            | 5.6            |
| Current Tax Laibilities (Net)                    | 46.0           | 19.0           | 24.2           | 20.6           | 20.6           | 20.6           | 20.6           |
| Other current liabilities                        | 30.3           | 21.9           | 84.5           | 81.3           | 92.7           | 103.7          | 117.5          |
|  | <b>1,818.2</b> | <b>1,876.9</b> | <b>1,726.5</b> | <b>1,736.8</b> | <b>1,806.4</b> | <b>1,906.4</b> | <b>2,045.7</b> |
| <b>Total</b>                                     | <b>3,262.0</b> | <b>3,585.4</b> | <b>3,820.3</b> | <b>4,116.4</b> | <b>4,428.4</b> | <b>4,865.1</b> | <b>5,485.7</b> |
| <b>ASSETS</b>                                    |                |                |                |                |                |                |                |
| <b>Non-current assets</b>                        |                |                |                |                |                |                |                |
| <b>Fixed assets</b>                              |                |                |                |                |                |                |                |
| Tangible assets                                  | 470.1          | 508.7          | 541.6          | 542.4          | 529.1          | 480.4          | 427.5          |
| Capital work-in-progress                         | 27.5           | 42.2           | 17.2           | 32.7           | 32.7           | 32.7           | 32.7           |
| Investment Property                              | 3.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Right of use assets                              | 0.0            | 0.0            | 269.4          | 251.4          | 251.4          | 251.4          | 251.4          |
| Goodwill   | 70.6           | 74.7           | 76.0           | 21.5           | 21.5           | 21.5           | 21.5           |
| Intangible assets                                | 22.6           | 17.8           | 19.0           | 64.5           | 59.0           | 53.6           | 48.2           |
| Investment accounted for using the equity method | 9.9            | 32.2           | 28.5           | 24.2           | 24.2           | 24.2           | 24.2           |
| <b>Financial Assets:</b>                         |                |                |                |                |                |                |                |
| Non-current investments                          | 4.4            | 3.8            | 4.9            | 4.6            | 4.6            | 4.6            | 4.6            |
| Trade receivables                                | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Long-term loans and advances                     | 10.1           | 10.9           | 10.1           | 15.0           | 15.0           | 15.0           | 15.0           |
| Other fiancial assets                            | 136.3          | 141.1          | 141.7          | 136.3          | 155.5          | 173.9          | 197.0          |
| Non-current tax assets (net)                     | 36.2           | 36.6           | 39.2           | 41.4           | 41.4           | 41.4           | 41.4           |
| Deffered Tax Assets (Net)                        | 12.2           | 20.8           | 33.8           | 23.6           | 23.6           | 23.6           | 23.6           |
| Other non-current assets                         | 6.2            | 7.7            | 6.6            | 8.5            | 9.7            | 10.9           | 12.3           |
|  | <b>809.1</b>   | <b>896.6</b>   | <b>1187.9</b>  | <b>1166.0</b>  | <b>1167.7</b>  | <b>1133.1</b>  | <b>1099.3</b>  |
| <b>Current assets</b>                            |                |                |                |                |                |                |                |
| Inventories                                      | 1,728.7        | 1,891.2        | 1,750.2        | 2,222.8        | 2,389.6        | 2,692.3        | 3,093.4        |
| <b>Financial Assets:</b>                         |                |                |                |                |                |                |                |
| Trade receivables                                | 468.0          | 534.9          | 619.6          | 486.7          | 555.2          | 621.0          | 703.3          |
| Cash and Cash Equivalents                        | 19.5           | 29.2           | 19.1           | 16.8           | 13.1           | 38.2           | 24.5           |
| Other Balances with Banks                        | 9.6            | 8.5            | 5.8            | 13.1           | 63.1           | 113.1          | 263.1          |
| Short-term loans and advances                    | 18.3           | 7.9            | 8.8            | 6.2            | 6.2            | 6.2            | 6.2            |
| Other financial assets                           | 16.0           | 29.2           | 11.2           | 29.6           | 33.8           | 37.8           | 42.8           |
| Current Tax Assets(net)                          | 0.6            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Other current assets                             | 192.3          | 188.0          | 217.6          | 175.1          | 199.7          | 223.4          | 253.0          |
|  | <b>2,452.9</b> | <b>2,688.9</b> | <b>2,632.4</b> | <b>2,950.4</b> | <b>3,260.7</b> | <b>3,731.9</b> | <b>4,386.4</b> |
| <b>Total</b>                                     | <b>3,262.0</b> | <b>3,585.4</b> | <b>3,820.3</b> | <b>4,116.4</b> | <b>4,428.4</b> | <b>4,865.1</b> | <b>5,485.7</b> |

Source: Company, LKP Research

## Cash Flows

| Particulars (₹ in Cr)  | 2018           | 2019           | 2020           | 2021           | 2022E          | 2023E          | 2024E          |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                     |                |                |                |                |                |                |                |
| Profit / (Loss) before Tax                                     | 215.8          | 213.6          | 276.9          | 398.0          | 426.3          | 559.5          | 798.4          |
| Depreciation and Amortization                                  | 50.1           | 69.0           | 91.4           | 108.5          | 98.7           | 104.1          | 108.3          |
| Interest   | 145.0          | 135.1          | 129.8          | 86.1           | 74.2           | 72.1           | 62.8           |
| Other Operating Activities                                     | 8.2            | 4.8            | 24.5           | 19.0           |                |                |                |
| Working capital changes  | (255.5)        | (216.4)        | 33.4           | (53.7)         | (213.2)        | (313.6)        | (424.1)        |
| Income tax paid  | (103.5)        | (103.7)        | (78.9)         | (113.1)        | (107.3)        | (140.8)        | (201.0)        |
| <b>NET CASH GENERATED BY OPERATING ACTIVITIES (A)</b>          | <b>60.2</b>    | <b>102.5</b>   | <b>477.2</b>   | <b>444.7</b>   | <b>278.7</b>   | <b>281.3</b>   | <b>344.4</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |                |                |                |                |                |                |                |
| Capital Expenditure  | (229.4)        | (113.3)        | (84.5)         | (99.0)         | (80.0)         | (50.0)         | (50.0)         |
| Change in Investments  | (4.6)          | (25.8)         | 1.1            | (2.6)          | (50.0)         | (50.0)         | (150.0)        |
| Other Investing Activities                                     | 1.6            | 3.6            | 2.5            | 1.6            | 7.7            | 10.7           | 20.1           |
| <b>NET CASH GENERATED / (USED) IN INVESTING ACTIVITIES (B)</b> | <b>(232.4)</b> | <b>(135.6)</b> | <b>(80.9)</b>  | <b>(99.9)</b>  | <b>(122.3)</b> | <b>(89.3)</b>  | <b>(179.9)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                     |                |                |                |                |                |                |                |
| Interest paid  | (145.8)        | (137.8)        | (130.9)        | (88.9)         | (81.9)         | (82.7)         | (82.9)         |
| Dividend paid including DDT                                    | (4.8)          | (6.1)          | (25.1)         | (32.0)         | (52.0)         | (57.7)         | (69.3)         |
| Other Financial Activities                                     | 310.4          | 187.7          | (247.8)        | (225.2)        | (26.3)         | (26.3)         | (26.1)         |
| <b>NET CASH GENERATED / (USED) IN FINANCING ACTIVITIES (C)</b> | <b>159.8</b>   | <b>43.9</b>    | <b>(403.8)</b> | <b>(346.1)</b> | <b>(160.3)</b> | <b>(166.8)</b> | <b>(178.3)</b> |
| Net Change in Cash (A+B+C)                                     | (12.4)         | 10.9           | (7.5)          | (1.4)          | (3.8)          | 25.2           | (13.7)         |
| <b>Cash &amp; cash equivalents at the end of the year</b>      | <b>19.5</b>    | <b>29.2</b>    | <b>19.1</b>    | <b>16.8</b>    | <b>13.1</b>    | <b>38.2</b>    | <b>24.5</b>    |

Source: Company, LKP Research

## Financial Ratios

| YE Mar                                     | 2018   | 2019   | 2020   | 2021   | 2022E  | 2023E  | 2024E  |
|--|--------|--------|--------|--------|--------|--------|--------|
| <b>Per Share data (₹)</b>                  |        |        |        |        |        |        |        |
| EPS  | 4.80   | 3.96   | 5.77   | 8.57   | 9.30   | 12.33  | 17.83  |
| Cash EPS                                   | 6.93   | 6.46   | 9.09   | 12.43  | 13.06  | 16.35  | 22.07  |
| BV/Share                                   | 42.02  | 41.56  | 46.31  | 54.89  | 62.56  | 73.09  | 88.75  |
| DPS  | 0.15   | 0.15   | 0.65   | 1.00   | 1.35   | 1.50   | 1.80   |
| Payout (%)                                 | 3%     | 4%     | 11%    | 12%    | 15%    | 12%    | 10%    |
| <b>Growth Ratios (%)</b>                   |        |        |        |        |        |        |        |
| Sales Growth                               |        | 7.66%  | 6.57%  | 12.02% | 14.07% | 11.85% | 13.26% |
| EBIDTA Growth                              |        | 5.08%  | 18.49% | 18.21% | 2.84%  | 23.24% | 32.30% |
| EBIT Growth                                |        | -2.78% | 17.35% | 17.41% | 4.70%  | 26.38% | 37.21% |
| EBT Growth                                 |        | -1.01% | 29.64% | 43.71% | 7.10%  | 31.27% | 42.69% |
| PAT Growth                                 |        | -4.82% | 44.99% | 45.04% | 10.34% | 31.27% | 42.69% |
| <b>Valuation Ratios (x)</b>                |        |        |        |        |        |        |        |
| P/E  | 15.83  | 19.20  | 13.17  | 8.86   | 8.16   | 6.16   | 4.26   |
| Cash P/E                                   | 10.96  | 11.76  | 8.36   | 6.11   | 5.82   | 4.65   | 3.44   |
| EV/Sales                                   | 1.01   | 1.05   | 0.94   | 0.79   | 0.68   | 0.59   | 0.50   |
| EV/EBITDA                                  | 9.66   | 10.28  | 8.27   | 6.61   | 6.30   | 4.97   | 3.58   |
| P/B  | 1.81   | 1.83   | 1.64   | 1.38   | 1.21   | 1.04   | 0.86   |
| Mcap/Sales                                 | 0.59   | 0.62   | 0.59   | 0.52   | 0.46   | 0.41   | 0.36   |
| <b>Working Capital Ratios (x)</b>          |        |        |        |        |        |        |        |
| Fixed Asset Turnover Ratio                 | 6.95   | 6.84   | 7.18   | 7.26   | 8.53   | 10.46  | 13.20  |
| Asset Turnover Ratio                       | 1.11   | 1.09   | 1.09   | 1.13   | 1.20   | 1.22   | 1.22   |
| Inventory Days                             | 236.20 | 234.94 | 208.26 | 251.38 | 245.00 | 240.00 | 240.00 |
| Trade Receivables Days                     | 47.27  | 50.18  | 54.55  | 38.25  | 38.25  | 38.25  | 38.25  |
| Trade Payables Days                        | 46.69  | 35.26  | 31.04  | 56.95  | 56.95  | 56.95  | 56.95  |
| <b>Profitability Ratios (%)</b>            |        |        |        |        |        |        |        |
| EBITDA Margin                              | 10.5%  | 10.2%  | 11.4%  | 12.0%  | 10.8%  | 11.9%  | 13.9%  |
| EBIT Margin                                | 10.0%  | 9.1%   | 10.0%  | 10.5%  | 9.6%   | 10.8%  | 13.1%  |
| EBT Margin                                 | 6.0%   | 5.5%   | 6.7%   | 8.6%   | 8.0%   | 9.4%   | 11.9%  |
| PAT Margin                                 | 4.0%   | 3.5%   | 4.8%   | 6.2%   | 6.0%   | 7.1%   | 8.9%   |
| <b>Return Ratios</b>                       |        |        |        |        |        |        |        |
| ROE (%)                                    | 12.24% | 10.34% | 13.45% | 16.47% | 15.94% | 17.91% | 21.05% |
| ROCE (%)                                   | 25.10% | 20.62% | 19.75% | 20.40% | 19.38% | 21.71% | 25.62% |
| ROA (%)                                    | 4.43%  | 3.83%  | 5.22%  | 7.02%  | 7.20%  | 8.61%  | 10.89% |
| <b>Liquidity &amp; Leverage Ratios (x)</b> |        |        |        |        |        |        |        |
| Current Ratio                              | 1.35   | 1.43   | 1.52   | 1.70   | 1.81   | 1.96   | 2.14   |
| Interest Coverage Ratio                    | 2.47   | 2.54   | 3.13   | 5.55   | 6.20   | 7.76   | 10.63  |
| Net Debt/Equity Ratio                      | 1.58   | 1.46   | 1.16   | 1.00   | 0.87   | 0.73   | 0.58   |
| Debt/EBIDTA Ratio                          | 4.09   | 4.26   | 3.16   | 2.30   | 2.19   | 1.74   | 1.29   |
| Financial Leverage                         | 2.77   | 2.70   | 2.58   | 2.34   | 2.21   | 2.08   | 1.93   |
| Gearing Ratio (%)                          | 60.6%  | 58.6%  | 53.3%  | 49.5%  | 45.5%  | 40.8%  | 34.5%  |

Source: Company, LKP Research

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