

**Target: Rs.848**
**CMP Rs.471 (11.1x FY24 P/E)**
**BUY**

Index Details	
Sensex	48,383
Nifty	14,488
Industry	Consumer

Stove Kraft Ltd (SKL) is a consumer discretionary product company having a diverse portfolio spanning across the segments of kitchen modular solutions, kitchen & home electrical appliances and LED lighting solutions. It markets its products under the 144+ year old Pigeon (value for money), Gilma (semi-premium) and internationally reputed Black & Decker (premium) brands thus providing solutions across the value chain.

Scrip Details	
Mkt Cap (Rs Cr)	1,533
O/S Share (Cr)	3.25
3 M Avg Vol (000)	378.0
52 Wk H/L (Rs)	547.4/407.0
Div Yield (%)	0.0
FVPS (Rs)	10.0

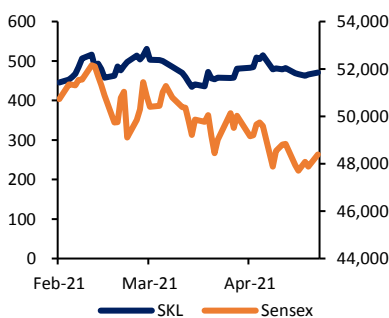
We believe that SKL is in a high growth phase and akin to its peers is due for a major re-rating. We initiate coverage on the stock with a BUY for a price target of INR 848 (20X FY24 P/E), representing a potential upside of 80% over the next 24 months.

Shareholding Pattern	
Shareholder	%
Promoters	54.36
Institutional	23.82
Public	21.82
Total	100.00

Our optimism stems from the fact that revenues are expected to grow at 17.6% CAGR over FY21-24 to INR 1,390 cr. EBITDA and net earnings are expected to grow at the faster CAGR of 19.4% and 17.7% to INR 201 cr and INR 138 cr, respectively, over the forecast period. While RoIC is expected to get bumped up to 40.5% (+52bps), the RoE is expected to decline to 21.6% (-600bps) by FY24 on the back of tax effect (normal tax rate in FY24 against zero tax in FY21).

Post repayment from the funds raised at the time of the IPO and internal accruals, we expect the company to become debt-free by FY21. Cash flow generation, which has turned positive in FY21, is expected to remain robust over the forecasted period.

#### SKL vs. Sensex



#### How the turnaround was executed

During the period FY12-16, SKL's revenue and EBITDA declined at a CAGR of 10.9% and 15.7% to INR 371 cr and INR 21 cr, respectively, while PAT turned negative to INR 25 cr. Its low margin OMC co-branded business (products sold through agency-based cylinder distribution channel) led to the decline in company's financial performance.

The ripple effect led to a deterioration in the balance sheet health – Net debt increased from Rs.102 cr in FY12 to Rs.110 cr in FY16 and net debt to equity ballooned to 2.8X (from 1.6X).

#### Key Financials (in ₹ crores)

	Sales	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS ₹	BV ₹	RoE (%)	RoIC (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)
<b>FY20</b>	669.9	33.8	2.8	5.0	0.4	0.9	-18.0	-4.8	8.7	539.4	-26.1	54.5
<b>FY21E</b>	853.5	118.2	84.9	13.9	10.0	26.1	94.4	27.6	40.0	18.1	5.0	12.6
<b>FY22E</b>	1,024.2	143.1	117.3	14.0	11.5	36.0	130.4	27.6	38.1	13.1	3.6	9.9
<b>FY23E</b>	1,208.9	173.6	116.6	14.4	9.7	35.8	166.3	21.5	35.6	13.1	2.8	7.6
<b>FY24E</b>	1,389.8	201.1	138.0	14.5	9.9	42.4	196.0	21.6	40.5	11.1	2.4	6.1

To turn around the fortunes of the company, the management undertook a five-point strategic initiative:

**Reduced the OMC co-branded channel sales and focused on growing its own branded products**

It launched kitchen modular solutions, kitchen & home electrical appliances and LED lighting solutions verticals three brands – Pigeon, Gilma and Black & Decker.

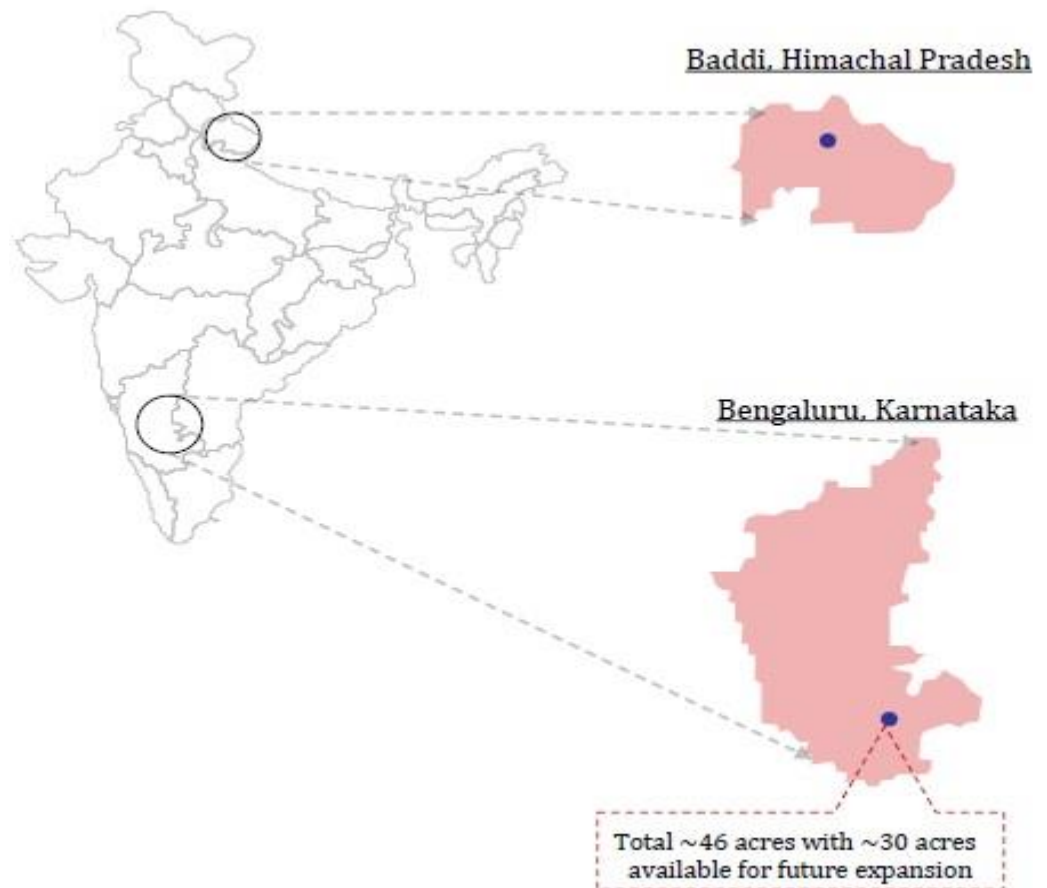
- **Pigeon** – A value-for-money brand that offers low-cost cookware, gas stoves, cooktops, kitchen appliances and LED lights. It contributes 90-95% to the operating revenue.
- **Gilma** – A semi-premium brand that comprises chimneys, hobs, cooktops and other kitchen solutions. It contributes 2.5-3.0% to the operating revenue
- **Black & Decker** – A premium brand in kitchen electric appliances. SKL entered into an exclusive brand license agreement of 10 years with Stanley Black & Decker Inc in 2016 to manufacture and distribute its products in India. Black & Decker contributes 2.5-3.0% to SKL's operating revenue

**Focus on in-house manufacturing**

SKL increased the share of manufacturing products from 50% in FY16 to 73% in FY20, while improving the overall quality and reducing freight cost and transit time. This helped the company get better control over pricing and margins. At present nearly 20% of sales comprises imports from China. The imports are expected to be completely eliminated by FY23 as the company shores up their manufacturing in-house.

The entire manufacturing operations of the company are housed at two production facilities located at Bengaluru, Karnataka and Baddi, Himachal Pradesh.

The company also has free land of 30 acres at its Bengaluru facility which could be utilized for future expansion and thereby reduce the annual capital expenditure requirement to INR 35-40 cr (expected to be funded through internal accruals).

**SKL's manufacturing facilities**

Source: Company Reports

**E-commerce first**

**SKL in a divergent trend from that followed by its peers focused on online sales from very early on. The company realized that online channel sales significantly reduced operating cost and has a better cash conversion cycle. Its e-commerce presence shot up from zero in FY16 to 26% of total sales in FY20.**

**Today its online sales of 40% (in 9MFY21) is way ahead of peers – TTK Prestige (14%), Bajaj Electricals (10%), Havells India (4%) and V-Guard Industries (7%).**

***This has helped SKL achieve way better margins than that of its peers***

To achieve its objectives, the company has used a wide range of branding and marketing activities coordinated by a focused digital marketing team. This has helped SKL diversify its product portfolio to suits the needs of its customer based on insights and feedback received from them.

#### SKL's profitability is better than direct peers

Peer Group	Profitability	FY16	FY17	FY18	FY19	FY20	FY21E
Stove Kraft Ltd	EBITDA Margin (%)	-0.5	4.9	1.9	4.7	5.0	13.9
	Net Margin (%)	-7.3	0.2	-2.4	0.3	0.4	10.0
TTK Prestige Ltd	EBITDA Margin (%)	12.6	12.2	13.6	13.9	12.8	13.0
	Net Margin (%)	7.8	8.9	14.7	7.6	9.0	9.1
Butterfly Gandhimathi Ltd	EBITDA Margin (%)	6.7	-5.0	6.5	7.1	6.1	10.0
	Net Margin (%)	1.3	-13.0	0.9	1.5	0.6	4.0
Hawkings Cookers Ltd	EBITDA Margin (%)	14.0	14.5	12.8	13.2	15.4	15.4
	Net Margin (%)	8.2	9.2	8.9	8.3	10.8	11.4
Havells India Ltd	EBITDA Margin (%)	10.0	13.3	12.2	11.7	10.8	14.5
	Net Margin (%)	17.1	8.1	8.2	7.9	7.8	9.8
Crompton Greaves Cons Electricals Ltd	EBITDA Margin (%)	11.7	12.4	13.0	13.1	13.3	14.7
	Net Margin (%)	5.9	7.3	7.9	9.0	11.0	10.9
Bajaj Electricals Ltd	EBITDA Margin (%)	5.8	5.7	5.9	5.1	4.2	6.2
	Net Margin (%)	2.4	2.4	1.8	2.5	-0.2	3.2
V-Guard Industries Ltd	EBITDA Margin (%)	9.6	10.0	8.1	8.6	10.3	11.4
	Net Margin (%)	6.1	7.0	5.8	6.5	7.5	7.5

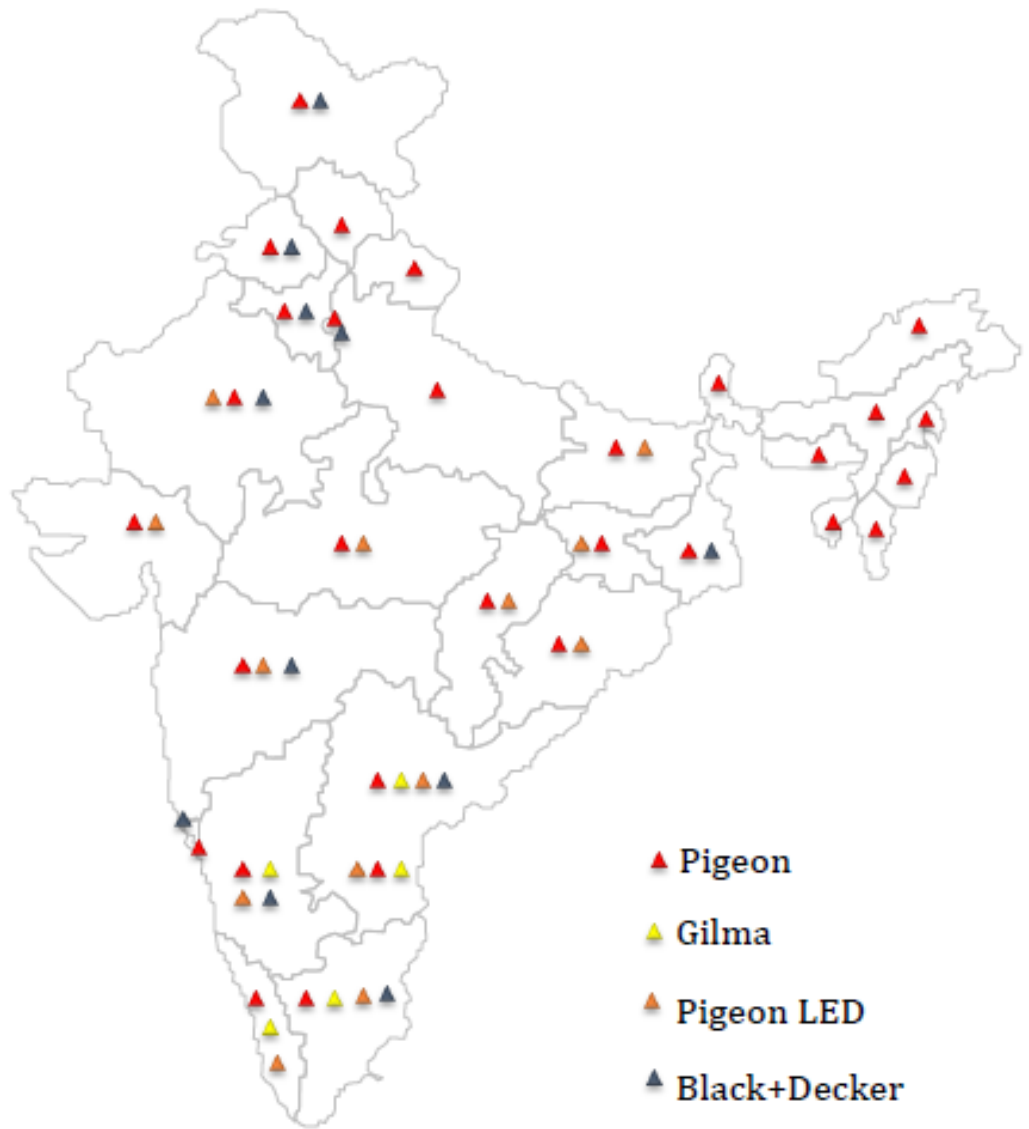
Source: Company Reports

#### Now strengthening pan-India footprint

SKL realized that for wholesome growth a strong pan India presence, besides online leadership, is a vital ingredient.

While it already has a strong presence in South India it is rapidly beefing up its presence across the North. Currently, it has a network of 651 distributors and 9 C&F agents, who are connected to a strong network of 45,475 retail outlets.

**Pan India footprints of Pigeon, Gilma and Black & Decker**



Source: Company Reports

**SKL has also entered into commercial agreement with organized retail chains to sell its products and established a network of after-sales services to improve customer relations.**

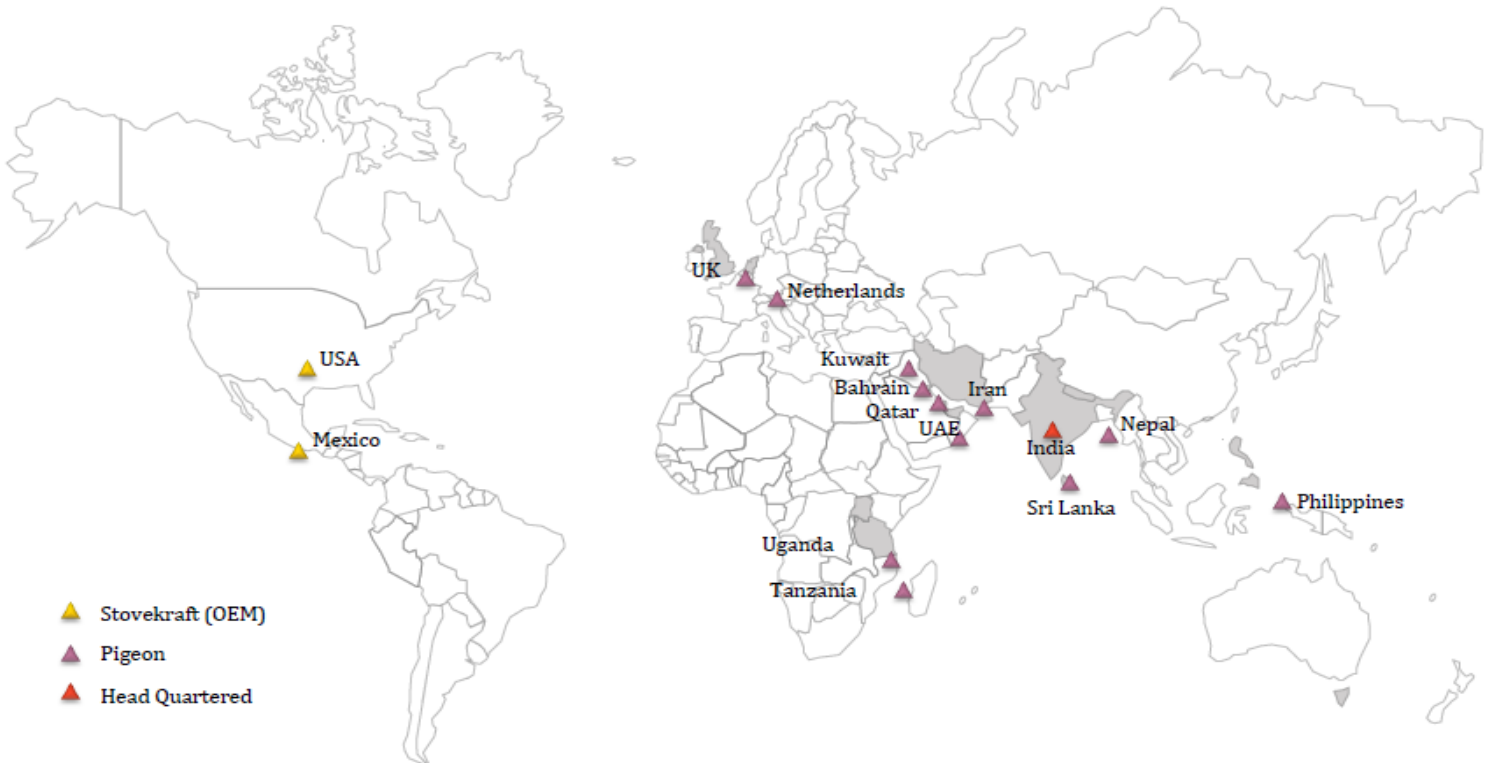
**Peer's sales and distribution network**

Company Name	Dealers/Distributors	Retailers
<b>Stove Kraft Ltd</b>	<b>651</b>	<b>45,475</b>
TTK Prestige Ltd	3,000	3,00,000
Butterfly Gandhimathi Ltd	500	35,000
Hawkings Cookers Ltd	1,000	2,50,000
Havells India Ltd	7,575	1,50,000
Crompton Greaves Cons Electricals Ltd	3,500	1,00,000
Bajaj Electricals Ltd	478	2,20,000
V-Guard Industries Ltd	600	40,000

Source: Company Reports & Ventura Research

**Diversifying across markets**

SKL is currently exporting to 14 countries in Asia and Africa. and seeking to expand global reach in other developing markets. This improved the exports as a percentage of total sales from 2.0% in FY16 to 7.6% in FY20.

**SKL's global export network**


Source: Company Reports

## Diversified assortment of products

### Stove Kraft has a strong diversified brand portfolio across categories

Company Name	Stove Kraft	TTK Prestige	Butterfly Gandhim athi	Hawkings Cookers	Havells India	CG Cons Electricals	Bajaj Electricals	V-Guard Industries
Pressure Cooker	✓	✓	✓	✓			✓	
Electric Cooker	✓		✓		✓		✓	✓
Gas Stoves	✓	✓	✓				✓	✓
Mixer Grinders	✓	✓	✓		✓	✓	✓	✓
Non-Stick Cookware	✓	✓	✓	✓			✓	
Induction Cooktops	✓	✓			✓	✓	✓	✓
Chimneys	✓	✓	✓					✓
Chopper & Blender	✓		✓		✓		✓	
Iron	✓		✓		✓	✓	✓	
Consumer Lighting	✓				✓		✓	

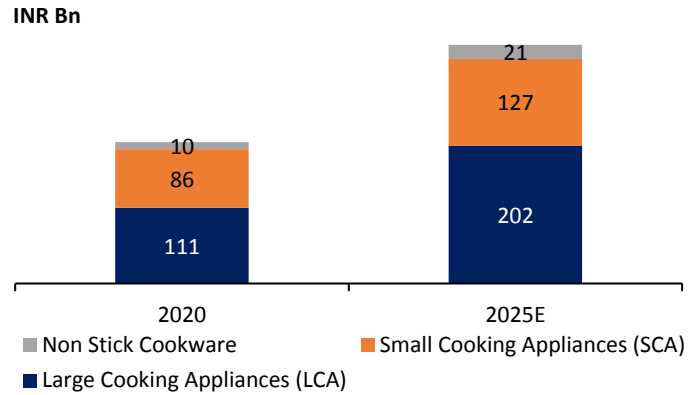
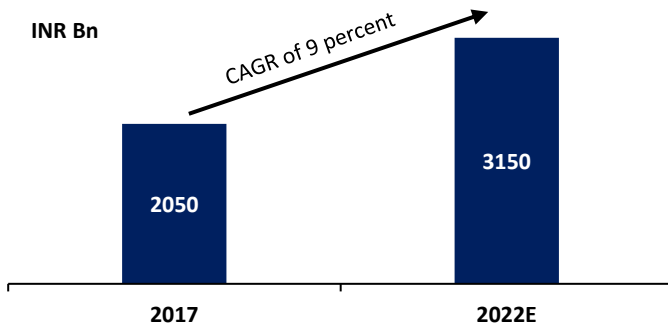
Source: Company Reports & Ventura Research

**SKL is the fastest-growing company in the kitchen appliances industry. It also has a leading position in the gas stove market. Its growth in the cooker & cookware segment is faster than industry majors – TTK Prestige and Hawkins. Further, to de-risk its concentration on the kitchenware segment, SKL has also forayed into the home appliances and consumer LED segments.**

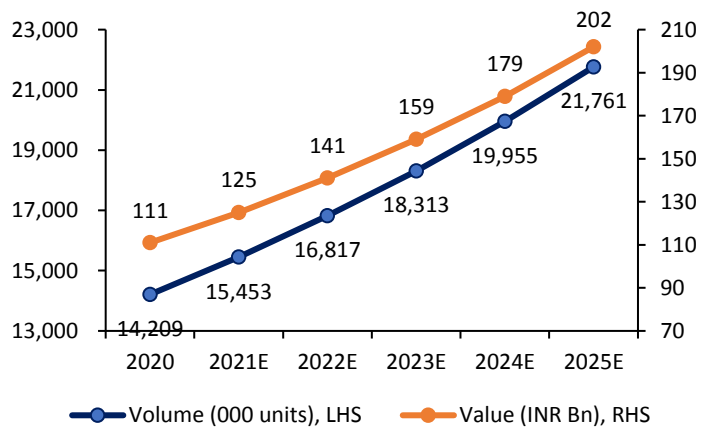
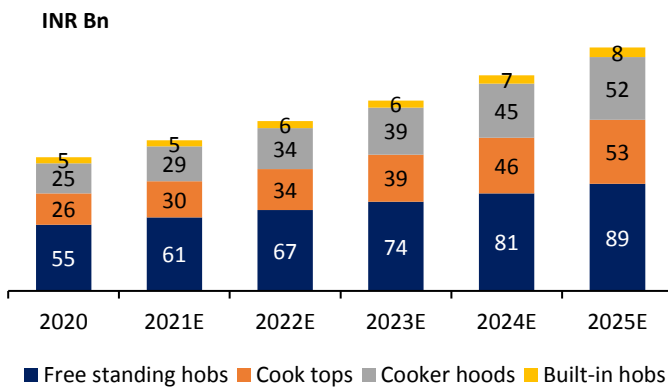
## Sectoral tailwinds augur well for growth

**The Indian consumer appliance market is expected to grow at a CAGR of 9% to INR 3,150 bn given the:**

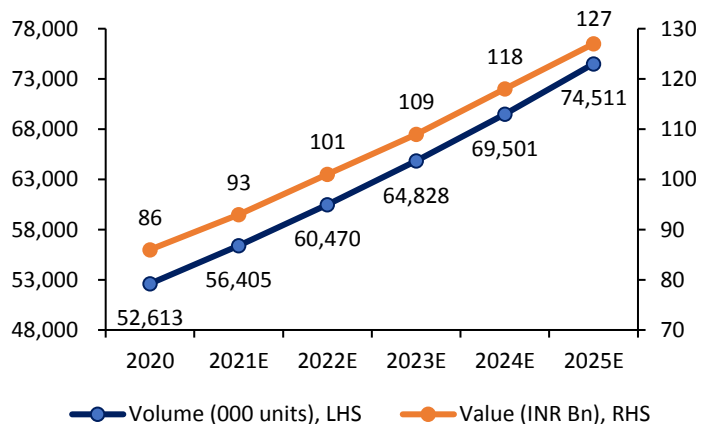
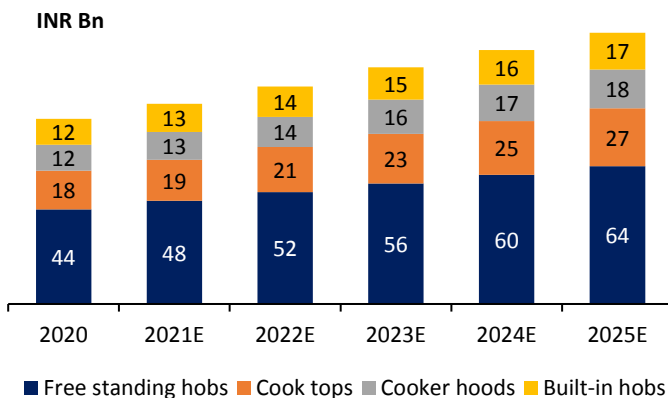
- **Shift in consumption pattern**
- **Favourable govt policies giving a thrust to organized retail. Shift from unorganized sector to organized sector with GST implementation**
- **Aspirational lifestyle**
- **Easy financing options**

**Indian Appliance & Electronics Market**
**Kitchen Appliances Market**


Source: Company Reports

**LCA Sub-segment Market Size**
**Increasing Market for LCA**


Source: Company Reports

**SCA Sub-segment Market Size**
**Increasing Market for SCA**


Source: Company Reports



### Robust future outlook

We believe that the company’s sound strategies and execution should enable it to sustain the growth momentum. We forecast revenue / EBITDA / PAT to grow at a CAGR of 17.6% / 19.4% / 17.7% to INR 1,390 cr / INR 201 cr / INR 138, respectively, by FY24. The EBITDA margin is expected to improve by 62bps to 14.5%, while PAT margin to remain flat at 9.9% due to the normal tax rate applicable from FY23 (compared to zero tax in FY21).

Similarly, RoIC is expected to get bumped up to 40.5% (+52bps), but RoE to decline to 21.6% (-600bps) by FY24 on the back of tax effect and increase in the value of net-worth due to a significant surge in profitability. We expect the company to be net debt-free by FY21.

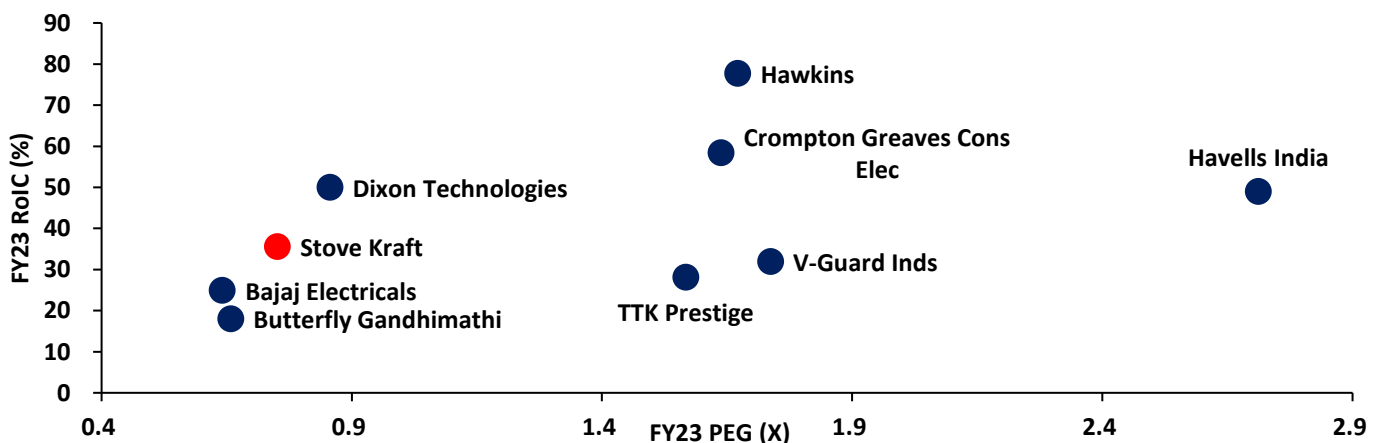
Robust cash flow generation is expected to commence from FY22. SKL is targeting to reduce its cash conversion cycle to 0 days (inventory days of 30, receivable days of 30 and payable days of 60) over the next 6-7 years. This should further improve the pace of free cash flow generation.

### Valuation

At the CMP of Rs. 471, SKL is valued at 13.1X FY23 P/E, which compares very favourably with TTK Prestige (35X FY23 P/E), Hawkins (26X FY23 P/E) and Bajaj Electricals (32X FY23 P/E).

We initiate coverage on SKL with a BUY for a target price of Rs.848 (20X FY24 P/E), representing a potential upside of 80% over the next 24 months.

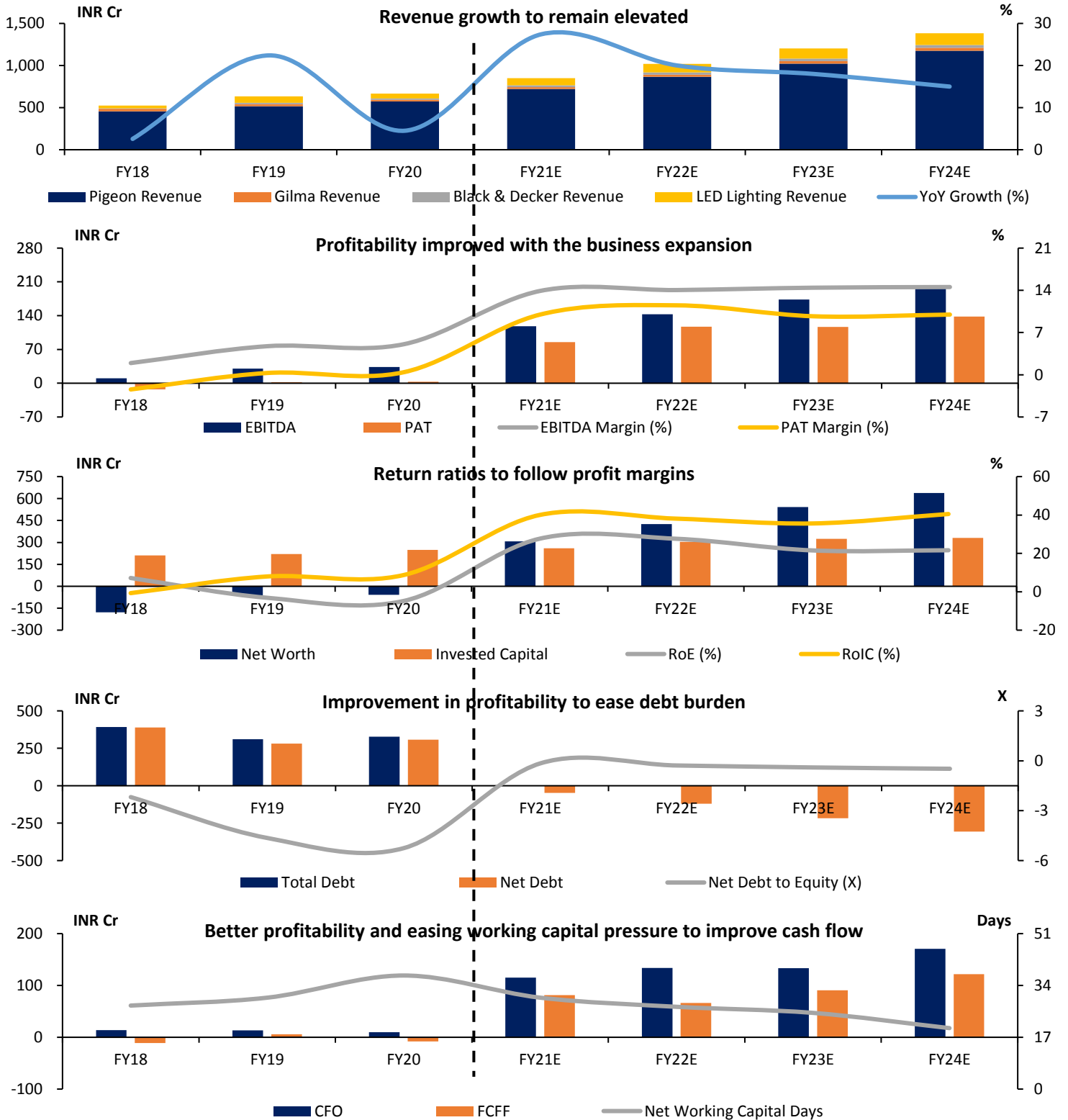
#### SKL valuations – Best placed in terms of risk and reward



Source: Bloomberg & Ventura Research

**Peer Comparison**

Particulars	Revenue	EBITDA	Net Profit	EBITDA (%)	PAT (%)	EPS ₹	BVPS ₹	RoE (%)	RoIC (%)	P/E	P/B	EV / EBITDA
<b>Stove Kraft Ltd. (CMP: Rs.471 Mkt Cap: Rs.1536 cr)</b>												
FY19	641	30	2	4.7	0.3	0.6	-18.7	-3.1	8.0	829.6	-25.9	61.7
FY20	670	34	3	5.0	0.4	0.9	-18.0	-4.8	8.7	554.3	-26.8	55.8
FY21	854	118	85	13.9	10.0	26.1	94.4	27.6	40.0	16.8	4.9	12.3
FY22	1,024	143	117	14.0	11.5	36.0	130.4	27.6	38.1	12.8	3.5	9.7
FY23	1,209	174	117	14.4	9.7	35.8	166.3	21.5	35.6	12.9	2.8	7.4
<b>Havells India Ltd. (CMP: Rs.1000 Mkt Cap: Rs.62633 cr)</b>												
FY19	10,035	1,173	788	11.7	7.9	12.6	67.1	18.8	34.9	79.4	14.9	52.3
FY20	9,407	1,013	736	10.8	7.8	11.8	67.1	17.5	24.0	85.0	14.9	60.9
FY21	10,001	1,454	982	14.5	9.8	15.7	78.8	19.9	37.7	63.7	12.7	41.9
FY22	11,861	1,628	1,121	13.7	9.5	17.9	89.5	20.0	41.9	55.8	11.2	37.1
FY23	13,644	1,920	1,352	14.1	9.9	21.6	102.9	21.0	49.0	46.3	9.7	31.0
<b>Crompton Greaves Consumer Electricals Ltd. (CMP: Rs.373 Mkt Cap: Rs.23421 cr)</b>												
FY19	4,464	584	402	13.1	9.0	6.4	17.5	36.6	53.7	58.3	21.3	40.0
FY20	4,520	599	497	13.3	11.0	7.9	17.5	45.3	46.5	47.1	21.3	38.7
FY21	4,604	676	500	14.7	10.9	8.0	27.7	28.7	49.5	46.8	13.4	34.0
FY22	5,422	796	606	14.7	11.2	9.7	33.4	28.9	54.9	38.6	11.2	28.6
FY23	6,180	927	711	15.0	11.5	11.3	40.3	28.1	58.4	32.9	9.3	24.2
<b>Dixon Technologies (India) Ltd. (CMP: Rs.3895 Mkt Cap: Rs.22818 cr)</b>												
FY19	2,978	135	66	4.5	2.2	11.2	66.8	16.8	22.4	348.1	58.3	170.0
FY20	4,397	223	122	5.1	2.8	20.8	66.8	31.2	34.9	187.0	58.3	102.2
FY21	6,310	298	170	4.7	2.7	29.0	121.4	23.9	40.4	134.3	32.1	76.4
FY22	11,504	515	325	4.5	2.8	55.4	174.8	31.7	50.9	70.3	22.3	44.1
FY23	15,142	680	441	4.5	2.9	75.3	247.6	30.4	50.0	51.7	15.7	33.3
<b>Bajaj Electricals Ltd. (CMP: Rs.1102 Mkt Cap: Rs.12627 cr)</b>												
FY19	6,639	340	168	5.1	2.5	14.7	100.6	14.6	10.9	75.2	11.0	41.8
FY20	4,939	208	-10	4.2	-0.2	-0.9	100.6	-0.9	6.4	-1,233.5	11.0	64.2
FY21	4,724	295	149	6.2	3.2	13.0	113.6	11.4	17.5	84.7	9.7	43.7
FY22	5,396	429	268	8.0	5.0	23.4	137.0	17.1	23.2	47.1	8.0	29.7
FY23	6,760	547	363	8.1	5.4	31.7	168.7	18.8	24.9	34.8	6.5	22.7
<b>TTK Prestige Ltd. (CMP: Rs.7674 Mkt Cap: Rs.10638 cr)</b>												
FY19	2,107	292	160	13.9	7.6	115.6	832.2	13.9	27.6	66.4	9.2	35.8
FY20	2,064	263	186	12.8	9.0	133.9	832.2	16.1	23.7	57.3	9.2	39.1
FY21	2,092	272	191	13.0	9.1	138.0	1,038.0	13.3	16.3	55.6	7.4	39.2
FY22	2,446	349	252	14.3	10.3	182.0	1,163.9	15.6	20.8	42.2	6.6	30.3
FY23	2,763	399	292	14.4	10.6	210.7	1,309.7	16.1	23.1	36.4	5.9	26.2
<b>V-Guard Industries Ltd. (CMP: Rs.224 Mkt Cap: Rs.9634 cr)</b>												
FY19	2,594	224	169	8.6	6.5	3.9	21.1	18.6	26.8	57.1	10.6	42.3
FY20	2,503	258	188	10.3	7.5	4.4	21.1	20.8	25.4	51.1	10.6	37.0
FY21	2,626	299	196	11.4	7.5	4.6	27.1	16.8	28.6	49.2	8.3	31.3
FY22	3,109	372	247	12.0	8.0	5.8	31.7	18.1	31.0	39.0	7.1	25.0
FY23	3,512	418	281	11.9	8.0	6.5	37.1	17.6	31.9	34.3	6.0	21.9
<b>Hawkins Cookers Ltd. (CMP: Rs.5400 Mkt Cap: Rs.2853 cr)</b>												
FY19	653	86	54	13.2	8.3	102.5	224.3	45.7	72.0	52.7	24.1	33.1
FY20	674	104	72	15.4	10.8	137.1	224.3	61.1	75.8	39.4	24.1	27.4
FY21	714	110	81	15.4	11.4	154.0	255.1	60.4	76.1	35.1	21.2	25.9
FY22	807	130	95	16.1	11.8	180.0	291.1	61.8	77.5	30.0	18.5	21.9
FY23	896	148	109	16.6	12.2	206.2	332.4	62.0	77.7	26.2	16.2	19.2
<b>Butterfly Gandhimathi (CMP: Rs.602 Mkt Cap: Rs.1076 cr)</b>												
FY19	650	46	10	7.1	1.5	0.9	106.3	0.8	11.7	699.4	5.7	366.9
FY20	676	41	4	6.1	0.6	0.3	108.0	0.3	6.6	1,818.4	5.6	181.1
FY21	833	84	34	10.0	4.0	2.3	126.8	1.8	12.9	266.0	4.7	34.4
FY22	929	99	54	10.6	5.8	3.2	156.8	2.1	19.2	186.5	3.8	14.9
FY23	1,043	111	62	10.7	5.9	3.3	191.5	1.7	22.9	181.0	3.1	9.7



Source: Company Reports & Ventura Research

### Key risk and concern areas

- With the rising income levels and growing rural economy, India's kitchen appliances market is expected to grow at a CAGR of ~13% between FY20-25, which is significantly higher than the global kitchen appliances industry CAGR of 3-4%. It could attract global brands to set up manufacturing units in India, which will cater for their domestic as well as export market. For them, the cost would be lower due to cheap labour and a lower tax rate (17% under the new tax regime).
- There are outstanding legal proceedings involving the company and its promoters, which are pending at different levels of adjudication. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect the company's reputation and business performance.

### Key Management Personnel

Key Person	Designation	Details
Mr. Rajendra Gandhi	Managing Director	He is the Promoter, Managing Director of the company. He is founder of the company and has been on the Board since 1999.
Mr. Rajiv Mehta	CEO	He is Independent director on the board of Stove Kraft since June 2018 & has been redesignated as the CEO with effect from September 2019. Previously worked as the CEO of Arvind Ltd. He holds Bachelor's degree in Chemical Engineering from the University of Mumbai and a Master's degree in Science from University of Pennsylvania; MBA from INSEAD
Mr. Shashidhar SK	CFO	He is the Chief Financial Officer, Company Secretary and Compliance Officer of the company. He has over 25 years of experience in the corporate finance and corporate secretarial field. He joined the company on July 2, 2018.
Ms. Neha Gandhi	Executive Director	She Holds a Bachelor's Degree in Business Administration from Christ University (Bengaluru) and completed Post Graduation Certificate Program in Sales and Marketing Management from MICA.
Mr. Balamurugan N	COO	He holds M.Tech. (CIM) from RV Engineering College, Bangalore, VIT University. He has 21+ years of experience in manufacturing operations, quality control, project and change management, process reengineering, cost control initiatives and team management

Source: Company Reports

### Quarterly Financial Performance

Figures in Rs Crores	FY18	FY19	H1FY20	Q3FY20	Q4FY20	FY20	H1FY21	Q3FY21	Q4FY21E	FY21E	FY22E	FY23E	FY24E
<b>Net Revenue</b>	523.6	640.9	315.5	200.4	154.0	669.9	328.8	294.7	230.0	853.5	1,024.2	1,208.6	1,389.8
<i>YoY Growth (%)</i>	2.6	22.4				4.5	4.2	47.1	49.4	27.4	20.0	18.0	15.0
Raw Material Cost	353.5	438.7	205.3	130.2	106.4	441.9	214.5	189.5	154.1	558.1	668.8	788.0	904.8
<i>RM Cost to Sales (%)</i>	67.5	68.4	65.1	65.0	69.1	66.0	65.2	64.3	67.0	65.4	65.3	65.2	65.1
Employee Cost	59.1	69.8	39.3	21.1	21.6	82.0	31.2	23.6	22.0	76.8	96.0	112.3	129.2
<i>Employee Cost to Sales (%)</i>	11.3	10.9	12.5	10.5	14.0	12.2	9.5	8.0	9.6	9.0	9.4	9.3	9.3
Other Expenses	100.8	102.4	52.0	32.5	27.7	112.2	38.2	38.8	23.4	100.4	116.3	134.6	154.8
<i>Other Expenses to Sales (%)</i>	19.2	16.0	16.5	16.2	18.0	16.8	11.6	13.2	10.2	11.8	11.4	11.1	11.1
<b>EBITDA</b>	10.2	30.1	18.9	16.6	-1.7	33.8	44.9	42.8	30.5	118.2	143.1	173.6	201.1
<i>YoY Growth (%)</i>	-58.9	194.7				12.2	137.0	158.5	-1,853.4	250.2	21.1	21.3	15.8
<i>Margin (%)</i>	1.9	4.7	6.0	8.3	-1.1	5.0	13.7	14.5	13.3	13.9	14.0	14.4	14.5
Depreciation & Amortization	11.7	12.2	5.7	3.2	3.2	12.1	6.8	3.8	3.7	14.3	17.6	19.6	21.7
<b>EBIT</b>	-1.5	17.9	13.2	13.4	-5.0	21.6	38.1	39.0	26.8	103.9	125.5	154.1	179.4
<i>YoY Growth (%)</i>	-111.1	-1,313.5				20.8	187.7	192.0	-637.9	380.8	20.8	22.7	16.4
<i>Margin (%)</i>	-0.3	2.8	4.2	6.7	-3.2	3.2	11.6	13.2	11.7	12.2	12.3	12.7	12.9
Other Income (Adj to Excep.)	5.6	1.9	1.3	0.7	0.1	2.1	0.6	0.1	-4.1	-3.4	1.3	1.8	5.0
Finance Cost	16.9	17.9	10.2	5.1	5.6	20.9	10.0	5.6	0.0	15.6	0.0	0.0	0.0
<b>PBT</b>	-12.8	1.9	4.3	9.0	-10.5	2.8	28.7	33.5	22.7	84.9	126.8	155.9	184.4
<i>YoY Growth (%)</i>	-1,306.6	-115.1				47.5	561.0	274.0	-317.3	2,888.3	49.3	22.9	18.3
<i>Margin (%)</i>	-2.4	0.3	1.4	4.5	-6.8	0.4	8.7	11.4	9.9	10.0	12.4	12.9	13.3
Reported Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5	39.2	46.4
<i>Tax Rate (%)</i>	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	25.2	25.2
<b>PAT</b>	-12.8	1.9	4.3	9.0	-10.5	2.8	28.7	33.5	22.7	84.9	117.3	116.6	138.0
<i>YoY Growth (%)</i>	-1,216.8	-114.9				49.7	561.0	274.0	-317.3	2,888.3	38.1	-0.6	18.3
<i>Margin (%)</i>	-2.4	0.3	1.4	4.5	-6.8	0.4	8.7	11.4	9.9	10.0	11.5	9.7	9.9
<i>Adjusted EPS (Rs)</i>	-3.9	0.6	1.3	2.8	-3.2	0.9	8.8	10.3	7.0	26.1	36.0	35.8	42.4
<b>Net Worth</b>	-178.1	-60.8				-58.7	-30.0			307.3	424.6	541.2	637.8
<i>Adjusted BVPS (Rs)</i>	-54.7	-18.7				-18.0	-9.2			94.4	130.4	166.3	196.0
<b>Net Debt</b>	388.6	282.1				308.1	289.4			-47.4	-119.9	-217.3	-306.4
<i>Net Debt/Equity (X)</i>	-2.2	-4.6				-5.3	-9.6			-0.2	-0.3	-0.4	-0.5
<i>Net Debt/EBITDA (X)</i>	38.1	9.4				9.1	4.8			-0.4	-0.8	-1.3	-1.5
<b>Return Ratios (%)</b>													
<i>Return on Equity</i>	7.2	-3.1				-4.8	-90.7			27.6	27.6	21.5	21.6
<i>Return on Capital Employed</i>	-0.7	7.1				8.1	17.2			33.8	27.3	21.3	21.0
<i>Return on Invested Capital</i>	-0.7	8.0				8.7	17.9			40.0	38.1	35.6	40.5
<b>Valuations (X)</b>													
<i>P/E</i>	-120.0	807.3				539.4	56.4			18.1	13.1	13.1	11.1
<i>P/BV</i>	-8.6	-25.2				-26.1	-51.1			5.0	3.6	2.8	2.4
<i>EV/EBITDA</i>	188.2	60.3				54.5	30.5			12.6	9.9	7.6	6.1
<i>EV/Sales</i>	3.7	2.8				2.7	2.7			1.7	1.4	1.1	0.9

Source: Company Reports & Ventura Research

## Financials & Projections

Figures in Rs Cr	FY20	FY21E	FY22E	FY23E	FY24E	Figures in Rs Cr	FY20	FY21E	FY22E	FY23E	FY24E
<b>Income Statement</b>						<b>Per Share Data &amp; Yields</b>					
Revenue	669.9	853.5	1,024.2	1,208.6	1,389.8	Adjusted EPS (Rs)	0.9	26.1	36.0	35.8	42.4
YoY Growth (%)	4.5	27.4	20.0	18.0	15.0	Adjusted CEPS (Rs)	4.6	30.5	41.4	41.8	49.1
Raw Material Cost	441.9	558.1	668.8	788.0	904.8	Adjusted BVPS (Rs)	-18.0	94.4	130.4	166.3	196.0
YoY Growth (%)	0.7	26.3	19.8	17.8	14.8	FCF per share (Rs)	-2.5	25.0	20.3	27.9	37.4
Gross Profit	228.0	295.4	355.4	420.6	485.1	FCF Yield (%)	-0.5	5.3	4.3	5.9	7.9
YoY Growth (%)	12.7	29.6	20.3	18.3	15.3	CFO per share (Rs)	3.0	35.3	41.1	41.0	52.4
Margins (%)	34.0	34.6	34.7	34.8	34.9	CFO Yield (%)	0.6	7.5	8.7	8.7	11.1
Employee Cost	82.0	76.8	96.0	112.3	129.2	<b>Solvency Ratios (X)</b>					
YoY Growth (%)	17.5	-6.4	25.0	17.0	15.0	Total Debt to Equity	-5.6	0.0	0.0	0.0	0.0
Other Expenses	112.2	100.4	116.3	134.6	154.8	Net Debt to Equity	-5.3	-0.2	-0.3	-0.4	-0.5
YoY Growth (%)	9.6	-10.6	15.8	15.8	14.9	Net Debt to EBITDA	9.1	-0.4	-0.8	-1.3	-1.5
EBITDA	33.8	118.2	143.1	173.6	201.1	Interest Coverage Ratio	1.0	6.7	NA	NA	NA
YoY Growth (%)	12.2	250.2	21.1	21.3	15.8	<b>Working Capital Ratios</b>					
Margins (%)	5.0	13.9	14.0	14.4	14.5	Receivable Days	56.1	40.0	36.0	32.0	30.0
Depreciation & Amortization	12.1	14.3	17.6	19.6	21.7	Inventory Days	63.5	60.0	56.0	52.0	50.0
Depreciation to Gross Block (%)	5.4	5.6	5.6	5.6	5.5	Payable Days	82.4	70.0	65.0	59.0	60.0
EBIT	21.6	103.9	125.5	154.1	179.4	Net Working Capital Days	37.3	30.0	27.0	25.0	20.0
YoY Growth (%)	20.8	380.8	20.8	22.7	16.4	Net Working Capital to Sales (%)	10.2	8.2	7.4	6.8	5.5
Margins (%)	3.2	12.2	12.3	12.7	12.9	<b>Return Ratios (%)</b>					
Other Income (incl Excep)	2.1	-3.4	1.3	1.8	5.0	Return on Equity	-4.8	27.6	27.6	21.5	21.6
Finance Cost	20.9	15.6	0.0	0.0	0.0	Return on Capital Employed	8.1	33.8	27.3	21.3	21.0
PBT	2.8	84.9	126.8	155.9	184.4	Return on Invested Capital	8.7	40.0	38.1	35.6	40.5
YoY Growth (%)	47.5	2,888.3	49.3	22.9	18.3	<b>Valuation (X)</b>					
Margins (%)	0.4	10.0	12.4	12.9	13.3	P/E Ratio	539.4	18.1	13.1	13.1	11.1
Tax	0.0	0.0	9.5	39.2	46.4	P/BV Ratio	-26.1	5.0	3.6	2.8	2.4
Tax Rate (%)	0.0	0.0	7.5	25.2	25.2	EV/EBITDA	54.5	12.6	9.9	7.6	6.1
PAT	2.8	84.9	117.3	116.6	138.0	EV/Sales	2.7	1.7	1.4	1.1	0.9
YoY Growth (%)	49.7	2,888.3	38.1	-0.6	18.3	<b>Cash Flow Statement</b>					
Margins (%)	0.4	10.0	11.5	9.7	9.9	Profit Before Tax	2.8	84.9	126.8	155.9	184.4
<b>Balance Sheet</b>						Adjustments	22.6	31.9	21.9	23.9	26.0
Share Capital	24.7	32.5	32.5	32.5	32.5	Change in Working Capital	-15.7	-1.8	-5.6	-7.0	6.6
Total Reserves	-83.4	274.7	392.1	508.7	605.3	Less: Tax Paid	0.0	0.0	-9.5	-39.2	-46.4
Shareholders' Fund	-58.7	307.3	424.6	541.2	637.8	<b>Cash Flow from Operations</b>	9.7	115.0	133.6	133.5	170.6
LT Borrowings	204.8	0.0	0.0	0.0	0.0	Net Capital Expenditure	-26.0	-30.0	-62.0	-37.0	-41.0
Other LT Financial Liabilities	10.8	13.8	16.6	19.5	22.5	Change in Investments	7.6	9.5	0.9	0.9	0.9
LT Provisions	6.3	5.9	7.3	8.6	9.9	<b>Cash Flow from Investing</b>	-18.4	-20.5	-61.1	-36.1	-40.1
Total Liabilities	163.3	327.0	448.5	569.4	670.2	Change in Borrowings	16.9	-326.9	0.0	0.0	0.0
Gross Block	223.3	253.3	315.3	352.3	393.3	Less: Finance Cost	-20.9	-15.6	0.0	0.0	0.0
Less: Accumulated Depreciation	29.9	43.3	60.0	78.7	99.5	Proceeds from issue of equity	0.0	281.0	0.0	0.0	0.0
Net Block	193.4	210.0	255.3	273.6	293.7	Less: Dividends Paid	0.0	0.0	0.0	0.0	-41.4
Capital WIP	4.2	0.0	0.0	0.0	0.0	Other Borrowing Cost	2.2	0.0	0.0	0.0	0.0
Intangible Assets	0.3	2.7	1.9	1.0	0.1	<b>Cash Flow from Financing</b>	-1.8	-61.5	0.0	0.0	-41.4
Intangible Assets WIP	3.3	0.0	0.0	0.0	0.0	Net Cash Flow	-10.6	33.0	72.5	97.4	89.1
Non Current Investments	0.9	0.9	0.9	0.9	0.9	Opening Balance of Cash	25.0	14.4	47.4	119.9	217.3
Other LT Financial Assets	5.0	6.4	7.7	9.0	10.4	<b>Closing Balance of Cash</b>	14.4	47.4	119.9	217.3	306.4
Non Current Tax Assets	0.2	0.2	0.2	0.2	0.2						
Other Non Current Assets	4.1	5.2	6.2	7.3	8.4						
Net Current Assets	-48.2	101.5	176.4	277.3	356.4						
Total Assets	163.3	327.0	448.5	569.4	670.2						

Source: Company Reports & Ventura Research

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