

Target: Rs.693
CMP Rs.414 (17.5x FY24 P/E)
BUY
Index Details

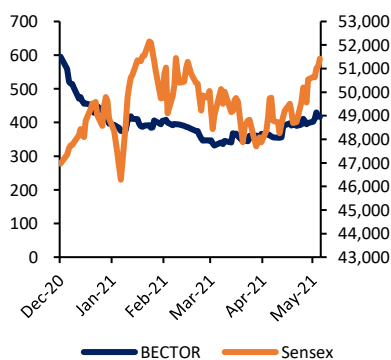
Sensex	51,849
Nifty	15,576
Industry	Food Processing

Scrip Details

Mkt Cap (Rs Cr)	2,431
O/S Share (Cr)	5.87
3 M Avg Vol (000)	1,369.7
52 Wk H/L (Rs)	630/328
Div Yield (%)	0.0
FVPS (Rs)	10.0

Shareholding Pattern

Shareholder	%
Promoters	51.13
Institutional	8.94
Public	39.93
Total	100.00

BECTOR vs. Sensex

Key Financials (in ₹ crores)

	Sales	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS ₹	BV ₹	RoE (%)	RoIC (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)
FY20	762.1	92.8	30.4	12.2	4.0	5.2	54.4	9.5	10.1	80.0	7.6	27.0
FY21E	896.7	153.8	79.4	17.1	8.9	13.5	72.3	18.7	19.7	30.6	5.7	15.7
FY22E	1,096.2	177.6	87.5	16.2	8.0	14.9	83.8	17.8	16.9	27.8	4.9	13.9
FY23E	1,312.7	220.3	106.2	16.8	8.1	18.1	97.2	18.6	17.6	22.9	4.3	11.3
FY24E	1,553.0	268.4	139.1	17.3	9.0	23.7	114.0	20.8	22.2	17.5	3.6	9.0

Mrs. Bectors Food Specialities Ltd (BECTORS), incorporated in 1978, is one of the fastest-growing companies in the premium and mid-premium biscuits and bakery segment in India. It markets its products in 23 states in India and export to 64 countries under the brand names:

- Cremica, the company's biscuit brand, has a market share of 4.5% in North India. It has also emerged as one of the largest biscuit names in the export market.
- English Oven, the bread brand, is widely accepted in the large format premium bakery retail segment.
- BECTORS is also one of the preferred bun vendors for Quick Service Restaurants (QSRs) in India.

BECTORS is in a high growth phase and the steep valuation discount of 50% to industry peers is unwarranted. We believe that as this growth story emanates, the valuation discount will narrow substantially. We initiate coverage on the stock with a BUY for a price target of INR 693 (29X FY24 P/E), representing a potential upside of 67% over the next 24 months.

The revenues are expected to grow at a CAGR of 20.1% to INR 1,553 cr over FY21-24E, while EBITDA and net profit are expected to grow at the faster CAGR of 20.4% and 20.5% to INR 268 cr and INR 139 cr, respectively, over the forecast period. Consequently, RoE and RoIC are expected to follow the same trajectory and improve to 20.8% (+208bps) and 22.2% (+240bps), respectively, by FY24.

Our optimism stems from the following:

Well timed capacity expansion augurs well for sustained growth

With an annual capacity of 75,200 TPA in biscuits and 84 mn & 435 mn packs in bread & buns, respectively, BECTORS' plants are operating at an optimum utilization of 80-90%. To cater to future growth

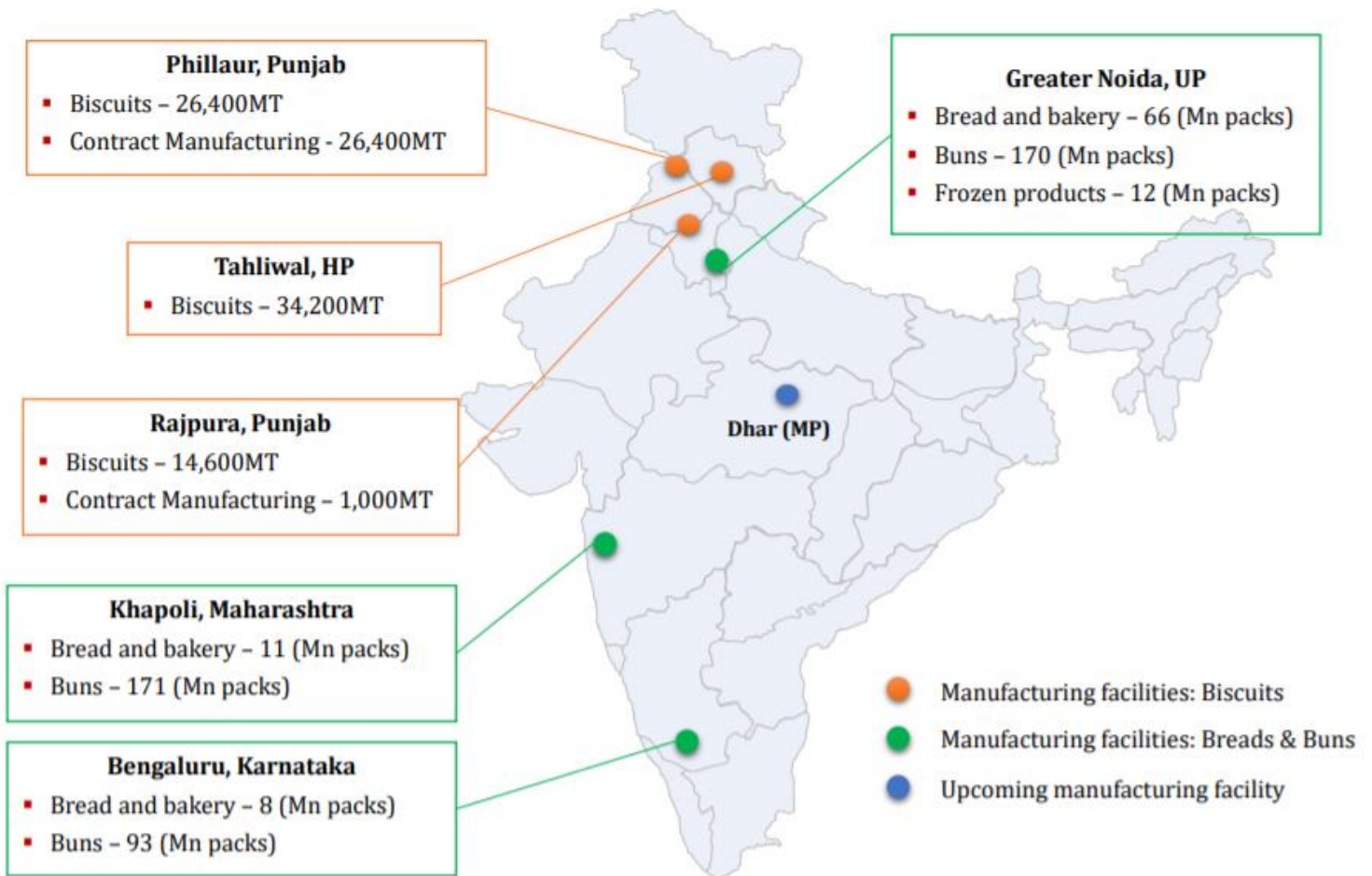
- An additional biscuit & cookies production line is coming up at its existing facility of Rajpura (Punjab).
- Another greenfield biscuit & bakery facility at Dhar (MP), is expected to cater to central, western & eastern markets of India.

With a net debt-free balance sheet and cash proceeds of INR 41 cr from the IPO, the company can comfortably support the capacity expansion.

Strategically expanding production facilities to improve pan-India presence

BECTORS' production facilities are strategically located in proximity to its target markets, which reduces freight and logistics cost and time. The company manufactures all its products at its facility and does not have any contract manufacturer. It gives control over quality and production rate, which helps in managing inventory.

Biscuit and bakery facilities across India

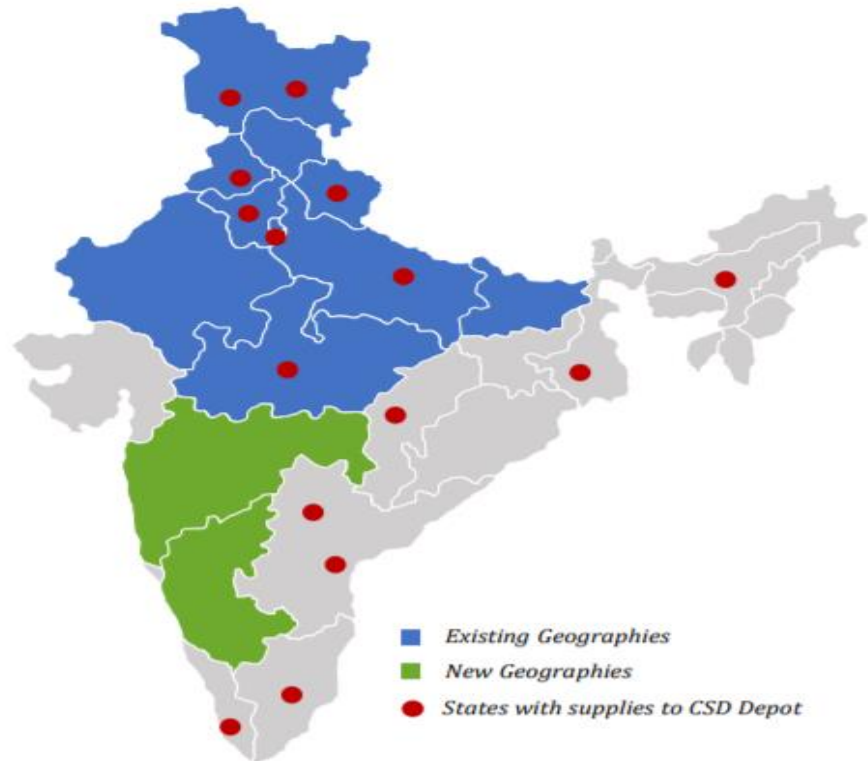


Source: Company Reports

Production capacities and utilization details

Capacities & Utilization	Capacity Unit	Capacity				Capacity Utilization (%)			
		FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21
Biscuits									
Phillaur	Tonnes	28,200	26,400	26,400	28,200	98	99	91	98
Tahliwal	Tonnes	37,200	34,200	34,200	37,200	89	93	72	96
Rajpura	Tonnes		7,800	14,600	14,600		32	40	71
Total	Tonnes	65,400	68,400	75,200	80,000	93	88	72	92
Bakery									
Greater Noida - Bread	000 Packs	51,650	65,903	65,903	65,903	64	61	80	98
Greater Noida - Bun	000 Packs	170,755	170,755	170,755	170,755	67	80	81	60
Khopoli - Bread	000 Packs	7,762	7,762	10,937	10,937	47	69	62	95
Khopoli - Bun	000 Packs	170,755	170,755	170,755	170,755	49	53	53	37
Bengaluru - Bread	000 Packs	0	5,498	7,762	7,762	0	7	18	90
Bengaluru - Bun	000 Packs	93,139	93,139	93,139	93,139	34	47	51	34
Total Bread	000 Packs	59,412	79,163	84,602	84,602	62	58	72	97
Total Bun	000 Packs	434,649	434,649	434,649	434,649	53	62	64	45

Source: Company Reports & Ventura Research

New facility will help in faster and cheaper distribution of biscuits


Source: Company Reports

Strong growth outlook across both verticals of biscuits and bakery

We expect the biscuit segment to grow at a CAGR of 22.8% to INR 1,076 cr by FY24. Over the past few years, BECTOR introduced several products in the biscuit category to improve its offerings and choices for the end customers. This further enhanced its market penetration and improved its product visibility. The management's focus is more towards premiumization to improve per unit realization and profitability.

BECTORS has a presence across all product categories and is competing with large players

Company	Biscuits	Breads	Buns	Cake	Other Bakery
Britannia Industries	✓	✓	✓	✓	✓
Parle	✓				✓
ITC	✓			✓	✓
Mrs Bectors Food	✓	✓	✓	✓	✓
Surya	✓			✓	
Anmol	✓			✓	✓
Bonn	✓	✓		✓	✓
Patanjali	✓				
Mc'Vities	✓				

Biscuit Industry	Avg Price per Kg (Rs)	Britannia Industries	Parle	ITC	Mrs Bectors Food	Surya	Anmol	Patanjali	Mc'Vities
Glucose	81	✓	✓	✓					
Marie	111	✓	✓	✓	✓	✓	✓	✓	
Cracker Non Salty	117	✓	✓	✓	✓	✓	✓		
Cookies	128	✓	✓	✓	✓	✓	✓		
Cream	134	✓	✓	✓	✓	✓	✓		
Cracker Salty	134	✓	✓	✓	✓	✓	✓		
Digestive	155	✓	✓	✓	✓	✓	✓		✓

Source: Company Reports & Ventura Research

Revenues from the bread and buns products is expected to grow at a CAGR of 16.5% to INR 434 cr by FY24. The buns market is predominantly driven by the fortunes of the QSR market.

The Indian QSR market is an INR 300+ bn opportunity and is expected to grow at a CAGR of 11-12% over FY21-25. BECTORS envisaged this opportunity very early and developed strong B2B relations with McDonald's India, Burger King and Yum Restaurants, which

- generates a regular high growth volume with minimal sales and marketing efforts
- provides long term revenue and earnings visibility

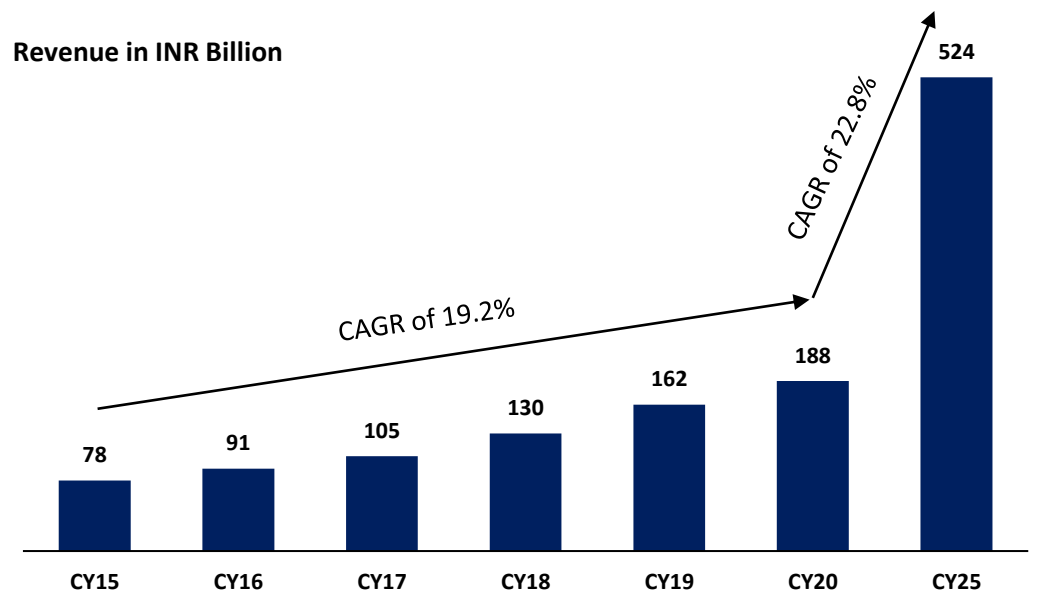
The company has recently commissioned a sheeting line that is capable of producing 'Focaccia Breads', 'Panini Breads' and 'Ciabatta Breads' at its Greater Noida facility. This new array of products, coupled with the most modern state-of-the-art production lines will help BECTORS expand its export markets significantly.

The QSR format is significantly underpenetrated in India

Countries	Population (in million)	McDonald's	Domino's	Subway	Pizza Hut	Starbucks	Berger King	QSR per Mn Population
US	332.8	14,146	5,784	22,329	7,447	15,257	7,257	217.0
China	1,444.3	2,391	200	495	2,249	4,351	1,300	7.6
Japan	126.1	2,975	642	194	412	124	110	35.3
UK	68.2	1,274	1,126	2,232	668	720	500	95.6
India	1,392.2	484	1,335	520	430	176	270	2.3

Source: Company Reports & Ventura Research

QSR growth to pick up significantly in India



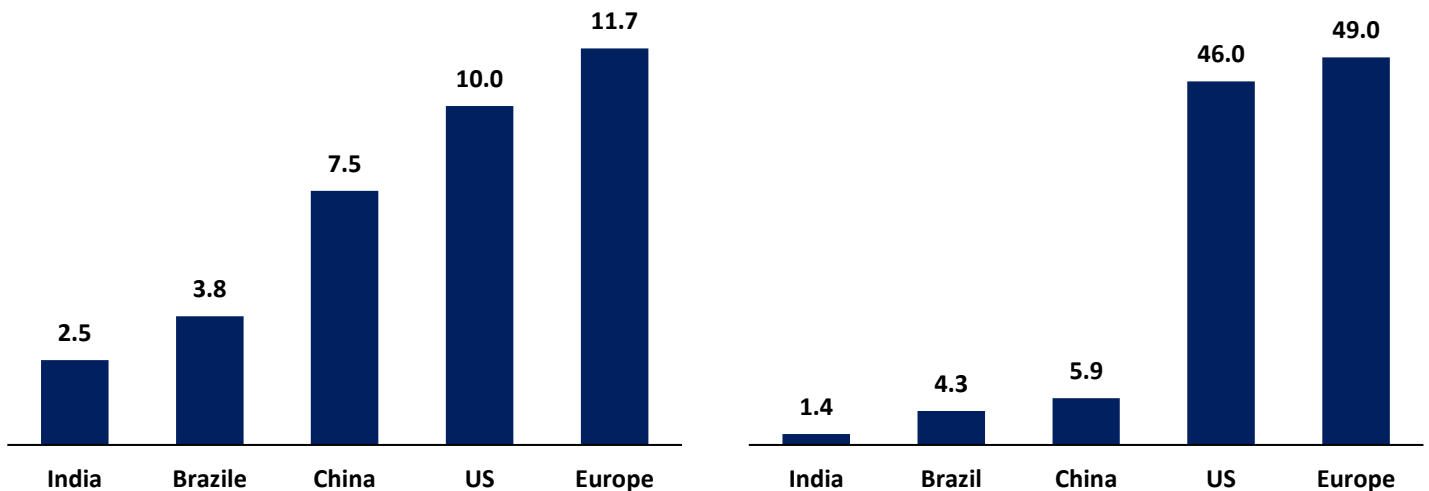
Source: Company Reports & Ventura Research

Low per capita consumption of biscuits & bread is an opportunity

India's per capital biscuit and bread consumption is way below that of developed markets

Per capita biscuit consumption in Kg

Per capita bread consumption in Kg



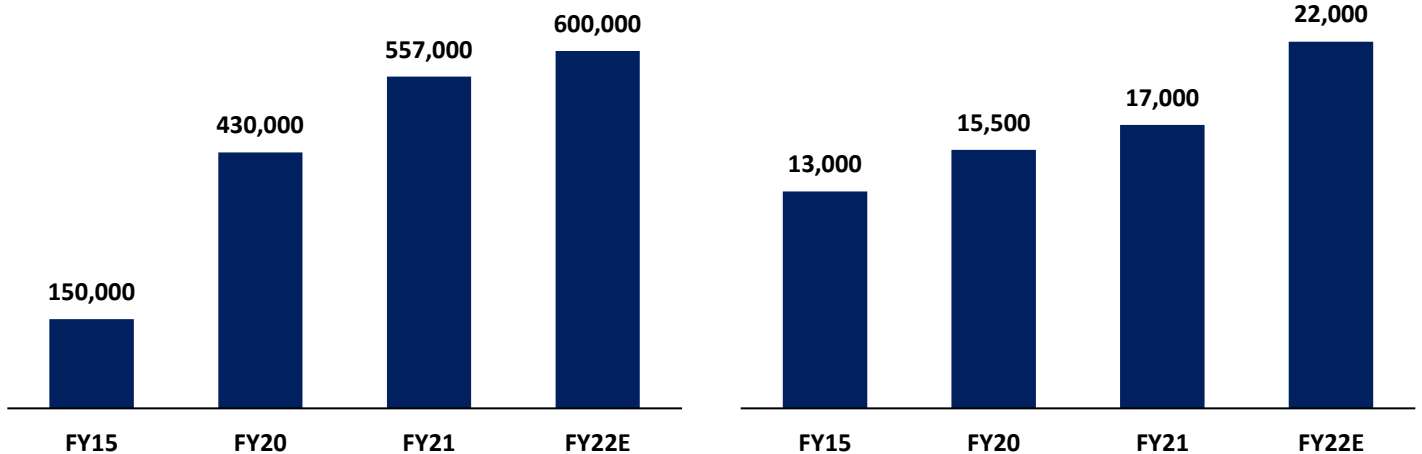
Source: Industry reports & Ventura Research

Changing demographics, rise in income levels, rapid urbanization, nuclear families and busy lifestyle are shifting consumer trends towards packaged and branded foods. This is expected to significantly boost biscuit and bread consumption in India, which is estimated to triple by 2030.

Ramping up of the direct distribution channel and focusing on product diversification

Post demonetization in 2016, BECTORS steadily shifted from a wholesale distribution model to a direct distribution model. It reduced its cash conversion cycle from 40 days to less than 30 days and also improved its relations with retailers.

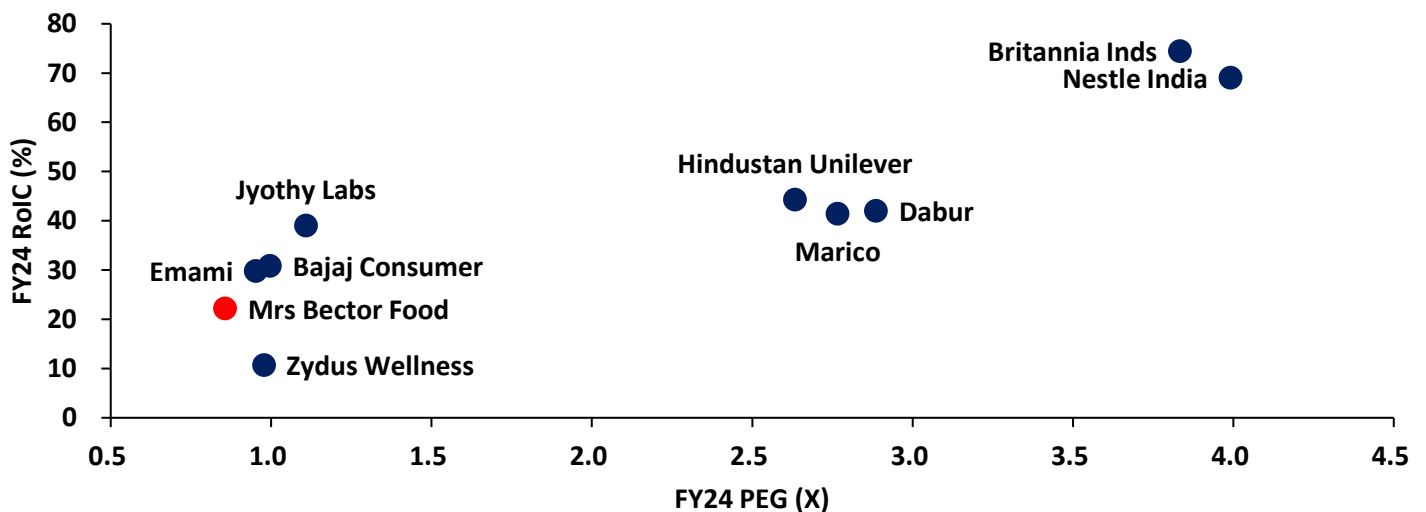
In the biscuit segment, the company has a widespread network of 14 depots 185 super stockist and 737 distributors which are connected to 5,57,000 retail outlets, while in the bakery business, the company sells through over 17,000 retail outlets (targeting to add 4,000-5,000 annually) and supplies directly to QSR formats.

Management is focused on improving the retail network
BECTORS' biscuit retail network
BECTORS' bread retail network


Source: Company Reports & Ventura Research

Valuation

We initiate coverage on BECTORS with a BUY for a price target of INR 693 (29X for FY24 earnings) representing a potential upside of 67%. Since the company is in an investment mode the FCF generation is expected to be a tad negative before its starts picking up in FY24.

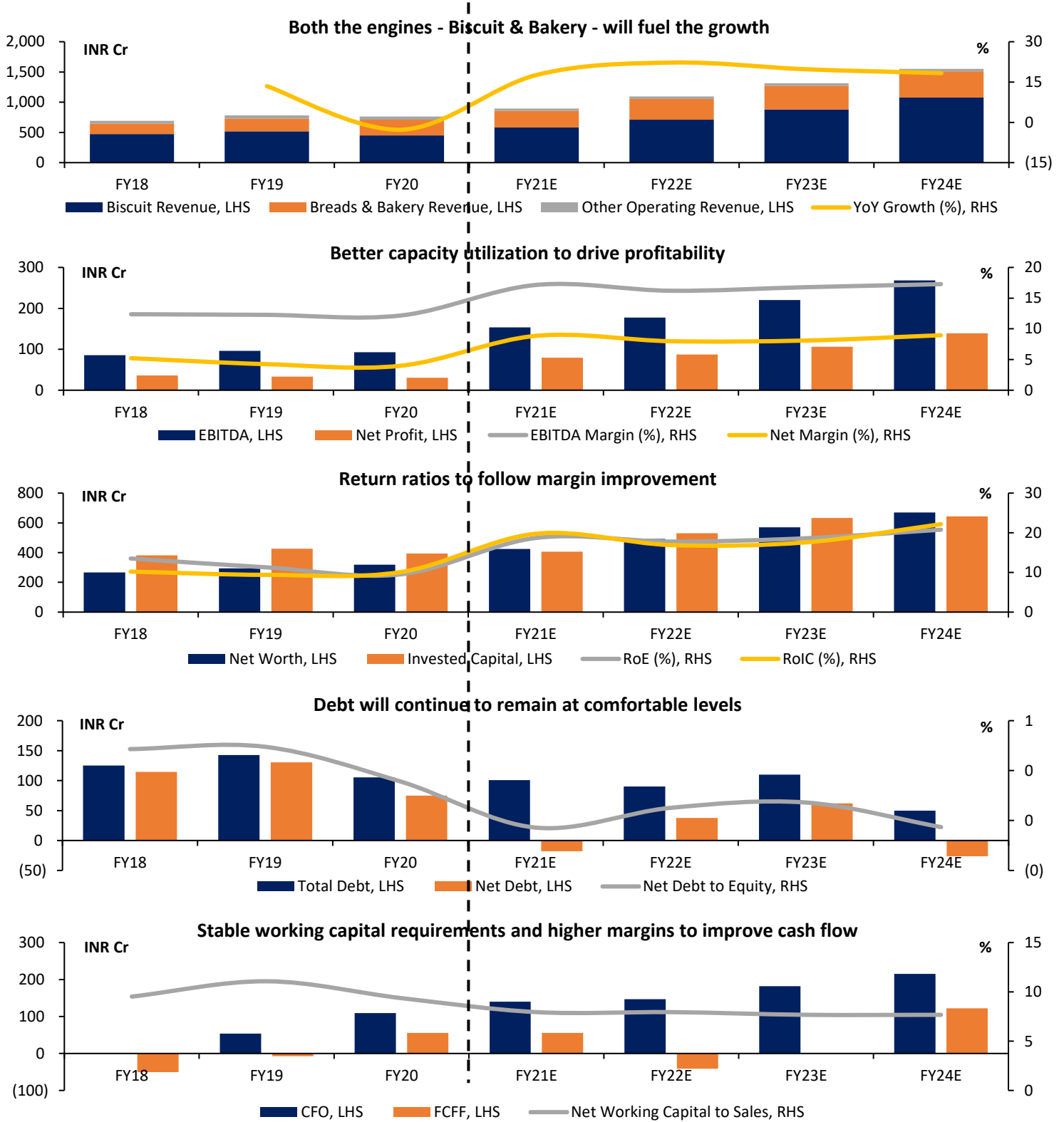
BECTORS is maintaining over 20% RoIC in its growth phase


Source: Bloomberg & Ventura Research

Domestic food processing peer comparison

Particulars	Revenue	EBITDA	Net Profit	EBITDA Margin (%)	Net Margin (%)	EPS ₹	BVPS ₹	RoE (%)	RoIC (%)	P/E	P/B	EV/EBITDA
Mrs Bectors Food Ltd. (CMP: Rs.414 Mkt Cap: Rs.2432 cr)												
FY19	784	96	33	12.3	4.2	5.7	50.2	11.3	9.4	73.1	8.3	28.1
FY20	762	93	30	12.2	4.0	5.2	54.4	9.5	10.1	80.0	7.6	27.2
FY21	897	154	79	17.1	8.9	13.5	72.3	18.7	19.7	30.6	5.7	15.8
FY22	1,096	178	87	16.2	8.0	14.9	83.8	17.8	16.9	27.8	4.9	14.0
FY23	1,313	220	106	16.8	8.1	18.1	97.2	18.6	17.6	22.9	4.3	11.4
Hindustan Unilever Ltd. (CMP: Rs.2359 Mkt Cap: Rs.554186 cr)												
FY19	38,684	8,880	6,572	23.0	17.0	28.0	36.3	77.0	383.7	84.3	64.9	61.7
FY20	39,238	9,861	7,324	25.1	18.7	31.2	36.3	85.8	342.7	75.7	64.9	55.6
FY21	46,053	11,427	8,061	24.8	17.5	34.3	196.3	17.5	25.1	68.8	12.0	48.1
FY22	51,709	13,373	9,533	25.9	18.4	40.6	202.8	20.0	30.8	58.1	11.6	40.9
FY23	57,230	15,355	11,052	26.8	19.3	47.0	196.3	24.0	39.6	50.1	12.0	35.5
Nestle India Ltd. (CMP: Rs.17646 Mkt Cap: Rs.170134 cr)												
FY19	12,295	2,926	1,968	23.8	16.0	204.2	199.0	102.6	71.6	86.4	88.7	57.4
FY20	13,290	3,202	2,082	24.1	15.7	216.0	199.0	108.5	77.5	81.7	88.7	52.4
FY21	15,000	3,674	2,457	24.5	16.4	254.9	247.5	103.0	72.0	69.2	71.3	45.5
FY22	16,616	4,168	2,811	25.1	16.9	291.5	302.9	96.2	65.2	60.5	58.3	40.0
FY23	18,340	4,682	3,138	25.5	17.1	325.4	351.1	92.7	61.7	54.2	50.3	35.4
Zydus Wellness Ltd. (CMP: Rs.2070 Mkt Cap: Rs.13173 cr)												
FY19	843	174	255	20.7	30.3	40.1	587.2	6.8	3.2	51.6	3.5	83.4
FY20	1,767	321	156	18.2	8.9	24.6	587.2	4.2	5.7	84.2	3.5	45.2
FY21	1,842	321	168	17.4	9.1	26.4	714.1	3.7	6.3	78.6	2.9	41.9
FY22	2,074	385	358	18.5	17.3	56.3	763.0	7.4	7.7	36.8	2.7	33.6
FY23	2,320	479	456	20.6	19.7	71.7	808.8	8.9	9.7	28.9	2.6	26.6
Emami Ltd. (CMP: Rs.528 Mkt Cap: Rs.23455 cr)												
FY19	2,659	762	297	28.7	11.2	6.7	45.7	14.6	15.7	79.0	11.5	30.6
FY20	2,613	748	296	28.6	11.3	6.7	45.7	14.6	15.7	79.2	11.5	31.4
FY21	2,849	904	596	31.7	20.9	13.4	44.8	30.0	31.1	39.4	11.8	25.6
FY22	3,184	953	697	29.9	21.9	15.7	46.1	34.1	35.2	33.6	11.5	23.9
FY23	3,501	1,055	802	30.1	22.9	18.0	53.0	34.0	35.1	29.3	10.0	21.3
Bajaj Consumer Care Ltd. (CMP: Rs.289 Mkt Cap: Rs.4257 cr)												
FY19	890	275	222	30.8	24.9	15.0	31.7	47.4	49.7	19.2	9.1	14.6
FY20	826	205	185	24.8	22.4	12.5	31.7	39.5	41.8	23.1	9.1	18.6
FY21	899	241	221	26.8	24.6	15.0	54.2	27.6	29.9	19.3	5.3	15.4
FY22	1,008	262	243	26.0	24.1	16.4	59.6	27.6	29.9	17.6	4.9	13.7
FY23	1,107	296	276	26.7	24.9	18.7	67.0	27.9	30.2	15.4	4.3	11.9
Britannia Industries Ltd. (CMP: Rs.3475 Mkt Cap: Rs.83697 cr)												
FY19	10,973	1,733	1,162	15.8	10.6	48.3	177.0	27.3	44.0	72.0	19.6	47.9
FY20	11,444	1,839	1,405	16.1	12.3	58.4	177.0	33.0	34.1	59.6	19.6	45.8
FY21	13,126	2,557	1,916	19.5	14.6	79.6	159.2	50.0	61.5	43.7	21.8	32.8
FY22	13,956	2,487	1,820	17.8	13.0	75.6	167.1	45.2	58.1	46.0	20.8	33.6
FY23	15,479	2,820	2,083	18.2	13.5	86.5	200.8	43.1	60.4	40.2	17.3	29.5
Marico Ltd. (CMP: Rs.491 Mkt Cap: Rs.63354 cr)												
FY19	7,273	1,326	1,116	18.2	15.3	8.6	23.0	37.5	40.2	56.8	21.3	47.5
FY20	7,254	1,479	1,021	20.4	14.1	7.9	23.0	34.3	37.0	62.1	21.3	42.6
FY21	7,802	1,602	1,165	20.5	14.9	9.0	26.2	34.5	37.2	54.4	18.8	39.2
FY22	9,190	1,768	1,296	19.2	14.1	10.0	28.0	35.9	38.6	48.9	17.6	35.4
FY23	10,124	2,038	1,494	20.1	14.8	11.6	30.5	38.0	40.7	42.4	16.1	30.5
Dabur India Ltd. (CMP: Rs.533 Mkt Cap: Rs.94115 cr)												
FY19	8,419	1,740	1,444	20.7	17.2	8.2	31.9	25.6	29.5	65.2	16.7	53.9
FY20	8,604	1,792	1,446	20.8	16.8	8.2	31.9	25.7	31.8	65.2	16.7	51.6
FY21	9,665	2,076	1,741	21.5	18.0	9.9	43.0	22.9	36.4	54.1	12.4	44.1
FY22	10,612	2,248	1,878	21.2	17.7	10.6	48.3	22.0	35.8	50.2	11.0	40.6
FY23	11,812	2,567	2,158	21.7	18.3	12.2	54.1	22.5	39.8	43.7	9.8	35.2
Jyothy Labs Ltd. (CMP: Rs.157 Mkt Cap: Rs.5762 cr)												
FY19	1,812	281	206	15.5	11.4	5.6	36.1	15.6	17.8	27.9	4.3	20.8
FY20	1,710	251	170	14.7	10.0	4.6	36.1	12.8	12.9	33.8	4.3	24.2
FY21	1,935	322	219	16.6	11.3	6.0	35.6	16.7	19.0	26.4	4.4	18.3
FY22	2,081	335	238	16.1	11.4	6.5	40.5	16.0	20.5	24.2	3.9	16.9
FY23	2,288	377	273	16.5	11.9	7.4	43.9	17.0	22.4	21.1	3.6	14.8

Source: Bloomberg & Ventura Research



Source: Company Reports & Ventura Research

Experienced promoters and management team with strong domain expertise

Key Person	Designation	Details
Ms. Rajni Bector	Founder	She has completed various short term courses including 'Domestic Fruit and Vegetable Preservation' from Government Agricultural College, Ludhiana in 1957 and from College of Agriculture, Punjab Agricultural University in 1977. She has also completed short term courses on 'Dairy Technology' in 1966 and 1977, and 'Specialised Training Course in Baking and Cooking' from Punjab Agricultural University in 1977. She received an 'Award for Excellence' from FICCI Ladies Organisation, Ludhiana in 2009. She was awarded, 'The Premier League' by the Human Factor in 2010, 'Woman of Excellence' from FICCI Ladies Organisation, Ludhiana in 2014, 'Lifetime Achievement Award' and 'Pride of Punjab' by Global Achievers Forum in 2017. She has been on the Board since September 30, 2006.
Mr. Subhash Agarwal	Chairman	He holds a bachelor's degree in commerce from Shri Ram College of Commerce, Delhi University, a bachelor's degree in law from Punjab University, Chandigarh and post graduate certificate in business administration from Scottish College of Commerce. He is a practising advocate with an experience of 60 years. He has been a member of the District Taxation Bar Association, Ludhiana since 1995. He was felicitated with a Life Time Achievement Award and an Award of Appreciation by the District Taxation Bar Association (Direct Taxes), Ludhiana. He was appointed as the Chairman on the Board on July 10, 2018. He has been on the Board since February 10, 2017.
Mr. Anoop Bector	Managing Director	He holds a bachelor's degree in commerce from Satish Chander Dhawan Government College, Panjab University. He has completed a training programme on international supply chain management conducted by McDonalds in Singapore in 2001. He was also awarded the 'Business Knight of Punjab' by the Economic Times in 2015. He was appointed as a non-official member of the board of management of Punjab Agricultural University, Ludhiana on June 25, 2018. He has been on the Board since the incorporation of the company and has an experience of 25 years with the company.
Mr. Ishaan Bector	Whole Time Director	He holds a bachelor's degree in arts from Michigan State University and attended a management programme for family business from the Indian School of Business. He is currently the Director – breads heading the breads and bakery business of the company. He has been on the Board since February 15, 2016.
Mr. Parveen Kumar Goel	Whole Time Director & CFO	He holds a bachelors' degree in commerce from S.C. Dhawan Government College, Ludhiana, Panjab University. He is a qualified CA from the ICAI. He is currently the CFO of the company. He has been on the Board since May 1, 2008.

Source: Company Reports

Key risk and concern areas

- The taste and preference of the consumers in the food industry changes over time and companies regularly anticipate and respond with new products. If the company fails to respond proactively, it may lose market share.
- The Indian food processing industry is an ultra-fragmented, competitive market, with the presence of large, medium and local players. Because it is not a capital-intensive industry, anyone at the local level can open a food processing mill at a small scale and start distribution to local retailers and challenge large players.
- BECTORS is in its high growth phase and expanding in new geographies. This would require regular investments for capacity expansion and new product development, which would result in negative cash flows, sometimes.
- Unlike a professional company, BECTORS is a family-owned business, therefore, there is the risk of differences or disputes between family members, which could impact the company's operations.
- 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, business, financial condition and operations.

Half Yearly Financial Performance

Figures in INR Crores	FY19	H1FY20	H2FY20	FY20	H1FY21	H2FY21	FY21	FY22E	FY23E	FY24E
Biscuit Revenue	516.4	218.8	232.2	451.2	294.2	287.0	581.2	710.2	881.7	1,076.1
<i>YoY Growth (%)</i>	<i>8.9</i>			<i>(12.6)</i>	<i>34.5</i>	<i>23.6</i>	<i>28.8</i>	<i>22.2</i>	<i>24.1</i>	<i>22.0</i>
<i>Share in Total Revenue (%)</i>	<i>65.9</i>	<i>60.0</i>	<i>58.4</i>	<i>59.2</i>	<i>68.3</i>	<i>61.6</i>	<i>64.8</i>	<i>64.8</i>	<i>67.2</i>	<i>69.3</i>
Bread & Bakery Revenue	212.9	121.9	135.5	258.5	112.8	162.0	274.8	344.5	388.7	433.9
<i>YoY Growth (%)</i>	<i>24.9</i>			<i>21.4</i>	<i>(7.5)</i>	<i>19.6</i>	<i>6.3</i>	<i>25.4</i>	<i>12.8</i>	<i>11.7</i>
<i>Share in Total Revenue (%)</i>	<i>27.2</i>	<i>33.4</i>	<i>34.1</i>	<i>33.9</i>	<i>26.2</i>	<i>34.8</i>	<i>30.6</i>	<i>31.4</i>	<i>29.6</i>	<i>27.9</i>
Other Operating Revenue	54.4	23.9	29.8	52.4	23.9	16.8	40.7	41.5	42.3	43.0
Total Revenue	783.7	364.6	397.5	762.1	430.9	465.8	896.7	1,096.2	1,312.7	1,553.0
<i>YoY Growth (%)</i>	<i>13.5</i>			<i>(2.7)</i>	<i>18.2</i>	<i>17.2</i>	<i>17.7</i>	<i>22.3</i>	<i>19.7</i>	<i>18.3</i>
Raw Material Cost	423.9	193.6	213.9	407.5	224.8	233.9	458.7	563.7	673.5	795.7
<i>Raw Material Cost to Sales (%)</i>	<i>54.1</i>	<i>53.1</i>	<i>53.8</i>	<i>53.5</i>	<i>52.2</i>	<i>50.2</i>	<i>51.2</i>	<i>51.4</i>	<i>51.3</i>	<i>51.2</i>
Employee Cost	109.7	57.3	60.6	117.9	62.0	68.9	130.9	154.3	179.9	207.9
<i>Employee Cost to Sales (%)</i>	<i>14.0</i>	<i>15.7</i>	<i>15.2</i>	<i>15.5</i>	<i>14.4</i>	<i>14.8</i>	<i>14.6</i>	<i>14.1</i>	<i>13.7</i>	<i>13.4</i>
Other Expenses	153.8	74.7	69.2	143.9	71.9	81.4	153.3	200.6	238.9	281.1
<i>Other Expenses to Sales (%)</i>	<i>19.6</i>	<i>20.5</i>	<i>17.4</i>	<i>18.9</i>	<i>16.7</i>	<i>17.5</i>	<i>17.1</i>	<i>18.3</i>	<i>18.2</i>	<i>18.1</i>
EBITDA	96.2	39.0	53.8	92.8	72.2	81.6	153.8	177.6	220.3	268.4
<i>YoY Growth (%)</i>	<i>12.6</i>			<i>(3.6)</i>	<i>85.1</i>	<i>51.6</i>	<i>65.7</i>	<i>15.5</i>	<i>24.1</i>	<i>21.8</i>
<i>Margin (%)</i>	<i>12.3</i>	<i>10.7</i>	<i>13.5</i>	<i>12.2</i>	<i>16.8</i>	<i>17.5</i>	<i>17.1</i>	<i>16.2</i>	<i>16.8</i>	<i>17.3</i>
Depreciation & Amortization	35.2	20.7	20.8	41.5	22.2	23.0	45.2	58.2	71.9	78.4
EBIT	61.0	18.3	33.0	51.3	50.0	58.6	108.6	119.4	148.4	190.0
<i>YoY Growth (%)</i>	<i>6.7</i>			<i>(15.9)</i>	<i>173.2</i>	<i>77.5</i>	<i>111.6</i>	<i>10.0</i>	<i>24.3</i>	<i>28.0</i>
<i>Margin (%)</i>	<i>7.8</i>	<i>5.0</i>	<i>8.3</i>	<i>6.7</i>	<i>11.6</i>	<i>12.6</i>	<i>12.1</i>	<i>10.9</i>	<i>11.3</i>	<i>12.2</i>
Other Income	2.4	1.6	1.3	2.9	7.6	2.2	9.8	7.2	3.3	3.0
Finance Cost	12.7	7.9	7.1	15.0	5.4	5.8	11.2	10.0	10.0	7.5
PBT	50.7	12.0	27.2	39.2	52.2	55.0	107.2	116.6	141.6	185.5
<i>YoY Growth (%)</i>	<i>(4.1)</i>			<i>(22.7)</i>	<i>335.0</i>	<i>102.3</i>	<i>173.4</i>	<i>8.8</i>	<i>21.4</i>	<i>30.9</i>
<i>Margin (%)</i>	<i>6.5</i>	<i>3.3</i>	<i>6.8</i>	<i>5.1</i>	<i>12.1</i>	<i>11.8</i>	<i>12.0</i>	<i>10.6</i>	<i>10.8</i>	<i>11.9</i>
Tax	17.5	1.9	6.9	8.8	13.3	14.6	27.9	29.2	35.4	46.4
<i>Tax Rate (%)</i>	<i>34.5</i>	<i>15.8</i>	<i>25.4</i>	<i>22.4</i>	<i>25.5</i>	<i>26.5</i>	<i>26.0</i>	<i>25.0</i>	<i>25.0</i>	<i>25.0</i>
PAT	33.2	10.1	20.3	30.4	38.9	40.4	79.3	87.5	106.2	139.1
<i>YoY Growth (%)</i>	<i>(7.7)</i>			<i>(8.5)</i>	<i>285.1</i>	<i>99.2</i>	<i>160.9</i>	<i>10.3</i>	<i>21.4</i>	<i>30.9</i>
<i>Margin (%)</i>	<i>4.2</i>	<i>2.8</i>	<i>5.1</i>	<i>4.0</i>	<i>9.0</i>	<i>8.7</i>	<i>8.8</i>	<i>8.0</i>	<i>8.1</i>	<i>9.0</i>
Share of Associates	0.1	0.1	(0.1)	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Net Profit	33.3	10.2	20.2	30.4	39.0	40.4	79.4	87.5	106.2	139.1
<i>YoY Growth (%)</i>	<i>(7.6)</i>			<i>(8.6)</i>	<i>283.0</i>	<i>99.8</i>	<i>161.0</i>	<i>10.2</i>	<i>21.4</i>	<i>30.9</i>
<i>Margin (%)</i>	<i>4.2</i>	<i>2.8</i>	<i>5.1</i>	<i>4.0</i>	<i>9.0</i>	<i>8.7</i>	<i>8.9</i>	<i>8.0</i>	<i>8.1</i>	<i>9.0</i>
Adjusted EPS (Rs)	5.7	1.7	3.4	5.2	6.6	6.9	13.5	14.9	18.1	23.7
Return on Equity (%)	11.3			9.5	16.6		18.7	17.8	18.6	20.8
Return on Invested Capital (%)	9.4			10.1	15.0		19.7	16.9	17.6	22.2
P/E Ratio (X)							30.6	27.8	22.9	17.5
EV/EBITDA (X)							15.7	13.9	11.3	9.0

Source: Company Reports & Ventura Research

Financials & Projections

Figures in INR Crores	FY20	FY21E	FY22E	FY23E	FY24E	Figures in INR Crores	FY20	FY21E	FY22E	FY23E	FY24E
Income Statement						Per share data & Yields					
Revenue	762.1	896.7	1,096.2	1,312.7	1,553.0	Adjusted EPS	5.2	13.5	14.9	18.1	23.7
YoY Growth (%)	(2.7)	17.7	22.3	19.7	18.3	Adjusted CEPS	12.2	21.2	24.8	30.3	37.0
Raw Material Cost	407.5	458.7	563.7	673.5	795.7	Adjusted BVPS	54.4	72.3	83.8	97.2	114.0
YoY Growth (%)	(3.9)	12.6	22.9	19.5	18.1	CFO per share	18.6	23.9	25.0	31.0	36.6
Employee Cost	117.9	130.9	154.3	179.9	207.9	CFO Yield (%)	4.5	5.8	6.0	7.5	8.8
YoY Growth (%)	7.5	11.0	17.9	16.6	15.5	FCF per share	9.5	9.5	(7.0)	(0.1)	20.8
Other Expenses	143.9	153.3	200.6	238.9	281.1	FCF Yield (%)	2.3	2.3	(1.7)	(0.0)	5.0
YoY Growth (%)	(6.4)	6.5	30.9	19.1	17.7	Solvency Ratio (X)					
EBITDA	92.8	153.8	177.6	220.3	268.4	Total Debt to Equity	0.3	0.2	0.2	0.2	0.1
YoY Growth (%)	(3.6)	65.7	15.5	24.1	21.8	Net Debt to Equity	0.2	(0.0)	0.1	0.1	(0.0)
Margin (%)	12.2	17.1	16.2	16.8	17.3	Net Debt to EBITDA	0.8	(0.1)	0.2	0.3	(0.1)
Depreciation & Amortization	41.5	45.2	58.2	71.9	78.4	Return Ratios (%) & Asset Turnover (X)					
EBIT	51.3	108.6	119.4	148.4	190.0	Return on Equity	9.5	18.7	17.8	18.6	20.8
YoY Growth (%)	(15.9)	111.6	10.0	24.3	28.0	Return on Capital Employed	9.4	15.3	15.4	16.3	19.8
Margin (%)	6.7	12.1	10.9	11.3	12.2	Return on Invested Capital	10.1	19.7	16.9	17.6	22.2
Other Income	2.9	9.8	7.2	3.3	3.0	Fixed Asset Turnover	2.3	2.5	2.3	2.3	2.7
Finance Cost	15.0	11.2	10.0	10.0	7.5	Working Capital Ratios					
Interest Coverage Ratio	3.4	9.7	11.9	14.8	25.3	Receivable Days	35.9	32.0	31.0	30.0	30.0
PBT	39.2	107.2	116.6	141.6	185.5	Inventory Days	20.8	23.0	22.0	21.0	20.0
YoY Growth (%)	(22.7)	173.4	8.8	21.4	30.9	Payable Days	22.5	26.0	24.0	23.0	22.0
Margin (%)	5.1	12.0	10.6	10.8	11.9	Net Working Capital Days	34.2	29.0	29.0	28.0	28.0
Tax	8.8	27.9	29.2	35.4	46.4	Net Working Capital to Sales (%)	9.4	7.9	7.9	7.7	7.7
Tax Rate (%)	22.4	26.0	25.0	25.0	25.0	Valuation (X)					
PAT	30.4	79.3	87.5	106.2	139.1	P/E Ratio	80.0	30.6	27.8	22.9	17.5
YoY Growth (%)	(8.5)	160.9	10.3	21.4	30.9	P/BV Ratio	7.6	5.7	4.9	4.3	3.6
Margin (%)	4.0	8.8	8.0	8.1	9.0	EV/EBITDA	27.0	15.7	13.9	11.3	9.0
Share of Associates	0.0	0.1	0.0	0.0	0.0	EV/Sales	3.3	2.7	2.3	1.9	1.5
Net Profit	30.4	79.4	87.5	106.2	139.1	Cash Flow Statement					
YoY Growth (%)	(8.6)	161.0	10.2	21.4	30.9	Profit Before Tax	39.2	107.2	116.6	141.6	185.5
Margin (%)	4.0	8.9	8.0	8.1	9.0	Adjustments	63.7	60.7	75.2	89.6	94.4
Balance Sheet						Change in Working Capital	15.4	0.1	(15.9)	(13.6)	(18.4)
Share Capital	57.3	58.7	58.7	58.7	58.7	Less: Tax Paid	(8.8)	(27.9)	(29.2)	(35.4)	(46.4)
Total Reserves	262.0	366.1	433.5	512.1	610.8	Cash Flow from Operations	109.5	140.2	146.8	182.3	215.0
Shareholders' Fund	319.3	424.8	492.1	570.8	669.5	Net Capital Expenditure	(41.0)	(70.0)	(173.0)	(170.0)	(80.0)
Long Term Borrowings	85.7	100.0	90.0	70.0	50.0	Change in Investments	(2.2)	7.8	1.1	1.1	1.1
Long Term Lease Liability	1.5	0.6	0.0	0.0	0.0	Cash Flow from Investing	(43.2)	(62.2)	(171.9)	(168.9)	(78.9)
Deferred Tax Assets / Liabilities	7.9	7.9	7.9	7.9	7.9	Proceeds from Equity Issue	0.0	40.5	0.0	0.0	0.0
Other Long Term Liabilities	13.1	15.5	18.9	22.6	26.8	Change in Borrowing	(36.2)	(3.7)	(10.0)	20.0	(60.0)
Long Term Provisions	6.1	6.8	8.0	9.3	10.8	Change in Lease Liabilities	(1.5)	(1.6)	(1.1)	0.0	0.0
Total Liabilities	433.6	555.6	616.9	680.6	765.0	Less: Finance Cost	(15.0)	(11.2)	(10.0)	(10.0)	(7.5)
Gross Block	458.1	528.1	701.1	871.1	951.1	Equity Dividend Paid	(5.2)	(15.9)	(20.1)	(27.6)	(40.3)
Less: Accumulated Depreciation	120.5	165.7	223.9	295.8	374.2	Change in Other Liabilities	6.9	0.0	0.0	0.0	0.0
Net Block	337.6	362.4	477.2	575.3	576.9	Cash Flow from Financing	(51.1)	8.2	(41.2)	(17.6)	(107.8)
Right of use assets	15.1	13.8	12.4	11.0	9.7	Net Cash Flow	15.2	86.1	(66.2)	(4.3)	28.3
Capital Work in Progress	6.7	0.0	0.0	0.0	0.0	Opening Balance of Cash	17.4	32.6	118.7	52.4	48.2
Non Current Investments	3.8	4.1	4.3	4.6	4.8	Closing Balance of Cash	32.6	118.7	52.4	48.2	76.4
Long Term Loans & Advances	3.5	4.2	5.1	6.1	7.2						
Other Non Current Assets	21.7	25.6	31.2	37.4	44.3						
Net Current Assets	45.2	145.7	86.7	46.2	122.1						
Total Assets	433.6	555.6	616.9	680.6	765.0						

Source: Company Reports & Ventura Research

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