Orkla India Ltd

Rooted in Tradition, Positioned for Tomorrow

March 22, 2026

Orkla India Ltd

Reco BUY

Industry	FMCG
LTP (Mar 20, 2026)	569.5
Entry Range	563-577
Add on Dips	505-520
Base Case Target	627
Bull Case Target	684
Time Horizon	4 Quarters

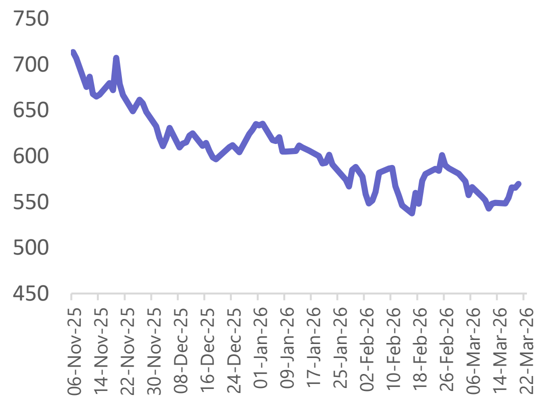
Stock Info

HDFC Scrip Code	ORKLAINDIA
BSE Code	544595
NSE Code	ORKLAINDIA
Bloomberg	ORKLAIND:IN
Equity Capital (Rs Cr)	13.7
Face Value (Rs)	1.0
Equity Share O/S (Cr)	13.7
Market Cap (Rs Cr)	7,766
Book Value (Rs)	191
Avg. 52 Wk Volumes	4,08,679
52 Week High	760
52 Week Low	533

Share Holding Pattern (%) (Dec'25)

Promoters	75.0
Institutions	11.4
Non-Institutions	13.6
Total	100.0

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

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Regional Dominance, Consistent Performance

*Orkla India Ltd (Orkla) is emerging as a differentiated packaged foods player by executing a focused, region-first strategy anchored in deep consumer relevance. Its flagship brands, **MTR** and **Eastern**, command strong recall and trust, underpinned by leadership positions across core categories. The company's dominant presence in Karnataka, Kerala, and Andhra Pradesh (core markets) provides a solid foundation for sustained, profitable growth.*

Rather than pursuing a one-size-fits-all approach, the company has built a comprehensive every occasion, localized portfolio across pure and blended spices, breakfast mixes, sweets and ready-to-eat meals that aligns with regional taste profiles and culinary preferences. A strong distribution presence in core markets, increasing traction of packaged spices and evolving consumer preferences towards convenience foods, positions Orkla well to continue on its growth compounding journey.

We believe investors can buy the stock in Rs 563-577 band (20.0x FY28E EPS) and add on dips in Rs 505-520 band (18.0x FY28E EPS) for a base case fair value of Rs 627 (22.0x FY28E EPS) and bull case fair value of Rs 684 (24.0x FY28E EPS) over the next 4 quarters.

Our Take

Multi-category food company with a strong brand heritage

Entrenched in South India, Orkla is a multi-category food company with decades of operational experience, offering a diverse range of products in the Spices and Convenience Foods categories. The company's heritage brands of **MTR** (with 100-year-old legacy) and **Eastern** (40+ years of market presence) are household names in their respective states of Karnataka and Kerala. The company commands a healthy market share in packaged spices at 31.2% in Karnataka and 41.8% in Kerala and a pan-India market share of 18.6% in Convenience Foods segment. The company has developed a well-rounded portfolio of products, catering to every meal occasion, from breakfast and lunch to dinner, snacks and beverages and desserts.

Deeply rooted in South Indian culinary heritage

Orkla firmly believes that culinary preferences in India are localized and very region specific. Catering to this idiosyncrasy, Orkla has developed its product portfolio, deeply rooted in South Indian culinary heritage. Even within Southern India, the company has tailored seemingly similar products for very specific regional tastes. This has helped garner strong brand trust and loyalty amongst its consumers.

With packaged spices forming only 40% of overall Indian spices market, the company believes it has enough room to further strengthen its market share and drive meaningful growth in its core regions through its deep understanding of local tastes and preferences. Rather than taking its portfolio pan-India, the company is focused on increasing the daily meal occasions of its products in the regions where it already has a well-established distribution network and reach.

Focus on tailored ad campaigns and distribution expansion to drive volumes

In line with the localized philosophy, the company has tailored its brand initiatives to local consumers through ad campaigns in regional languages, local activations with local influencers and crafting culturally relevant messages for particular regions. Through this approach, Orkla aims to strengthen brand awareness, increase usage of its products and strengthen customer brand loyalty, driving penetration in core states. With nearly 70% of its distribution touchpoints in core markets, Orkla continues to invest in driving further reach and penetration to help sustain volume growth.

Convenience Foods segment to deliver strong growth momentum

Contributing ~35% to its overall revenue, Convenience Foods segment has emerged as a key growth driver for the company in recent years. As demand for ready-to-cook (RTC) and ready-to-eat (RTE) packaged foods increased in India, through increasing disposable income and increasing preference towards quick cooking, ready packaged foods, Orkla has focused on developing a wide range of products across Breakfast, Meals and Sweets categories to capture the increasing demand.

Valuation & Recommendation

Despite passing on the sharp deflation in key spices, Orkla has been able to drive robust value growth over the past few years through steady volume growth across categories. The company delivered a steady tonnage growth of 7.1% in 9MFY26 with overall revenue growth lagging at 4.1%. However, early indications from the recent fresh crop season for chili and other spices suggest that there will be an inflationary trend in the raw materials in the upcoming year as cropping area has reduced with farmers moving on to other higher priced products. This bodes well for the company as given its extensive reach and brand loyalty, is expected to sustain volume growth and drive value growth in an inflationary environment.

Over the past 3 years, Orkla has focused on new product development, launching 13 new products in Spices and 27 under the Convenience Foods segment. These products have witnessed positive traction and are expected to further aid profitable growth. Eastern integration has progressed well and has started delivering synergistic benefits and we expect the overall capacity utilization to further improve as manufacturing process gets fully integrated. We believe Orkla through its well curated product portfolio, strong distribution network and strong parentage is well placed to benefit from the rapidly growing spices and convenience foods market in India.

We believe investors can buy the stock in Rs 563-577 band (20.0x FY28E EPS) and add on dips in Rs 505-520 band (18.0x FY28E EPS) for a base case fair value of Rs 627 (22.0x FY28E EPS) and bull case fair value of Rs 684 (24.0x FY28E EPS) over the next 4 quarters.

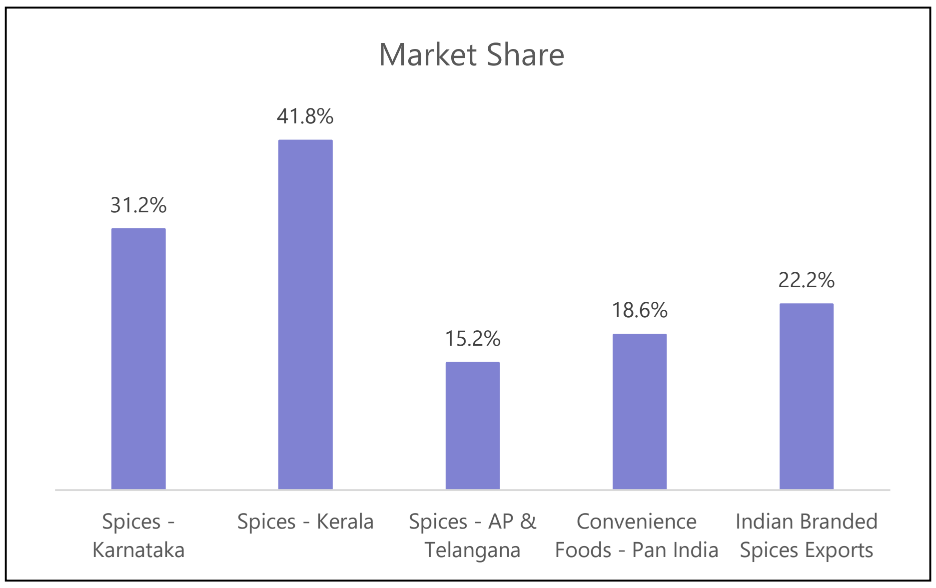
Financial Summary

Particulars (in Rs Cr)	Q3FY26	Q3FY25	YoY-%	Q2FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	636	615	3.4%	650	-2.2%	2,172	2,356	2,395	2,538	2,735	3,009
EBITDA	103	86	19.8%	107	-2.9%	311	341	397	410	464	540
APAT	57	66	-14.0%	77	-26.1%	341	226	289	294	332	390
Diluted EPS (Rs)	4.1	4.8	-14.6%	5.6	-26.8%	26.4	16.9	21.1	21.4	24.2	28.5
RoE-%						16.5	9.0	11.0	11.6	12.3	13.6
P/E (x)						21.6	33.7	27.0	26.6	23.5	20.0
EV/EBITDA (x)						24.5	22.1	19.2	18.1	15.6	13.0

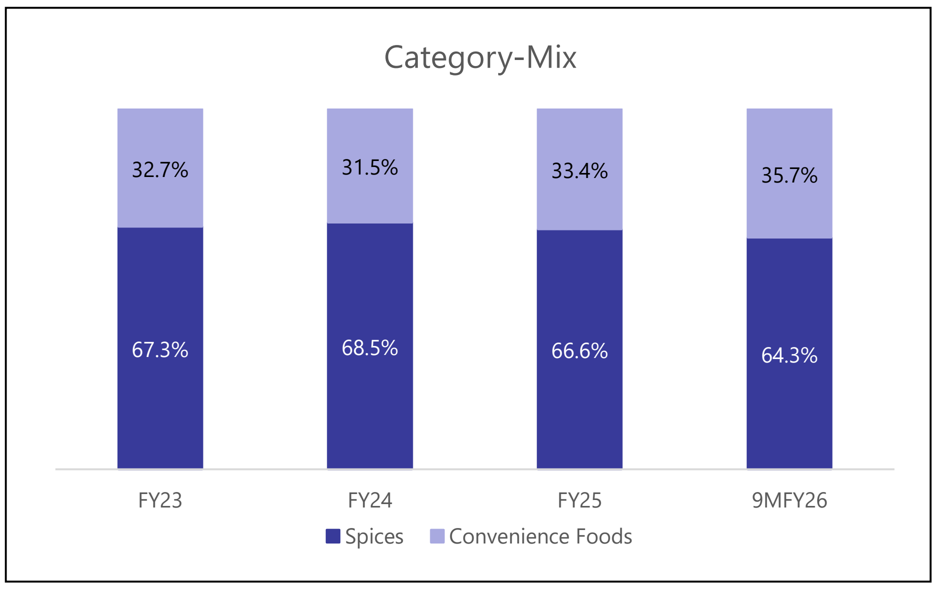
(Source: Company, HDFC sec)

Story in Charts

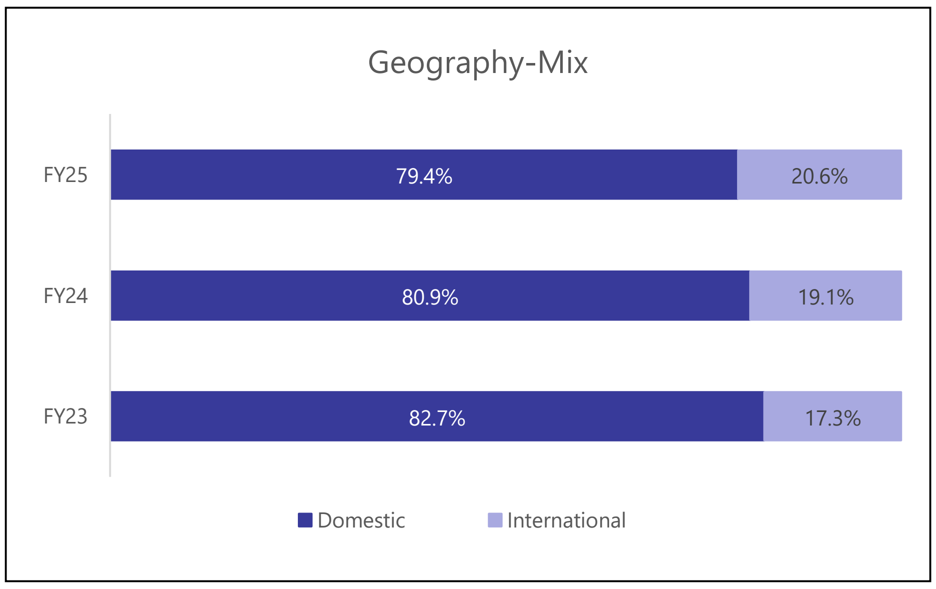
Market leadership in Spices in Karnataka and Kerala



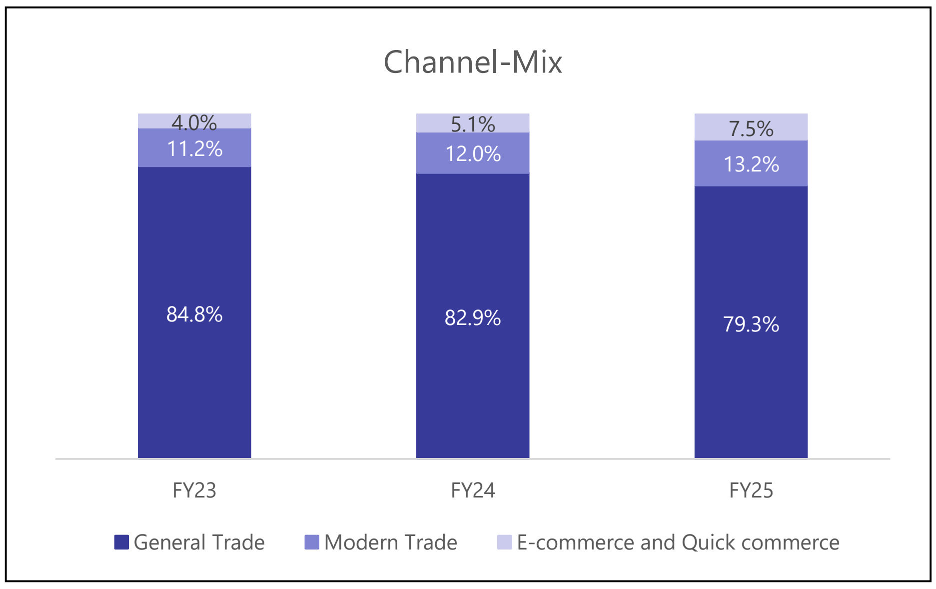
Spices continue to dominate with increasing salience of convenience foods



Focus on increasing share of exports



Increasing salience of alternate trade channels



(Source: Company, HDFC sec)

Q3FY26 Result Update

Orkla's consolidated revenue from operations grew by 3.4% YoY in Q3FY26, with underlying volume growth steady at 5.4% YoY. While the overall growth was partly impacted by festive season timings, overall deflationary environment continued to persist across key raw materials, resulting in value growth lagging its volume counterpart.

Spices portfolio delivered a strong 10.1% volume growth whereas Convenience Foods volumes were impacted due to lower growth in sweets on account of preponement of the festive season in Q2 this year as opposed to Q3 last year. Overall, Convenience Foods growth stood at 6% YoY during the quarter. Domestic growth stood at 2.9% YoY whereas International operations posted a strong 8.0% YoY growth.

Gross Profit margin contracted by 66 bps YoY to 43.0%. In absolute terms, gross profit grew by 1.81% YoY. Disciplined cost management led to EBITDA growth of 19.8% YoY with EBITDA margin expanding by 222 bps YoY to 16.2%. PAT however de-grew by 14% YoY on account of exceptional items. Adjusting for Impact of 'New Labour Codes' as notified by GOI, w.e.f. November 21 2025, PAT growth stood at 4.0% YoY.

Digital commerce channel continued to witness strong traction, growing 43.4% YoY. Revenue contribution from digital commerce in domestic market stood at 9.5% in Q3FY26 as compared to 6.8% in Q3FY25. New Product Development (NPD) also continued to yield result, growing 41.6% during the quarter. The company continues to invest in deepening its regional distribution reach and aims to drive further brand penetration through regional specific marketing campaigns.

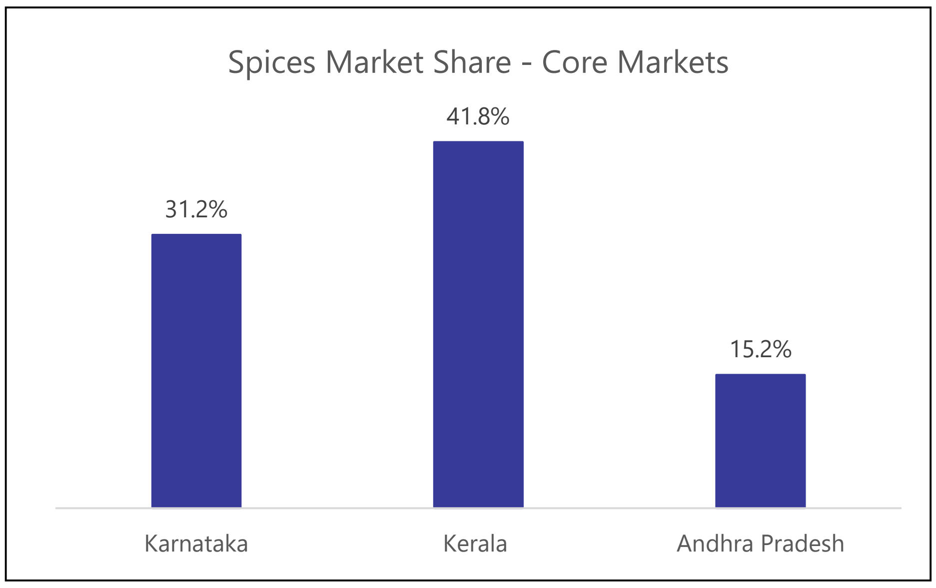
Key Rationale

Multi-category food company, commanding market leadership in South India

Among the top 5 spices and convenience food providers in India

- With experience of several decades, Orkla offers a diverse range of food products, catering to every meal occasion. The company is among the top 5 spices and convenience food providers in India, commanding 31.2% market share in spices in Karnataka, 41.8% market share in spices in Kerala and 18.6% pan-India market share in convenience foods (ready-to-eat/ready-to-cook).
- Orkla's brands – MTR and Eastern have a strong brand recall in their respective regions, through deep understanding of local flavours and a strong commitment to quality. The company holds approximately 41% share of the blended packaged spices market and 19% of the pure packaged spices market in Karnataka. It approximately holds 44% of the blended packaged spices market share and 40% of the pure packaged spices market in Kerala.
- The company offers its products under 2 main categories – Spices and Convenience Foods. Under Spices, key products include (a) Sambar Masala, Chicken Masala, Puliogare Masala, Rasam Masala and Meat Masala, among others, in blended spices; and (b) Chilli, Kashmiri Chilli, Turmeric, Coriander and Cumin, among others, in pure spices. Whereas under Convenience Food Products, key offerings include Gulab Jamun mix, Rava Idli mix, 3-Minute Poha and Dosa mix, among others.
- Orkla offers a portfolio of about 400 products across these categories, selling ~2.3 mn units on average every day as of June 30, 2025. Over the past 3 years, Orkla has launched 13 new products in Spices and 27 new products in Convenience Foods.

Dominant market share in South India through legacy brands



Diversified portfolio, well poised to capture growth across market

(Source: Company, HDFC sec.)

Wide range of offerings across various product categories

Company	Spices	Convenience Foods	Adjacent Categories		
			Packaged Sweets	Vermicelli and Pasta	Pickles
Players Present in Spices and Convenience Food Categories					
Orkla India	☑	☑	☑	☑	☑
Tata Consumer Products	☑	☑	--	☑	--
Aachi Masala Foods	☑	☑	--	☑	☑
Shubham Goldiee Masale	☑	☑	--	☑	☑
GRB Dairy Food	☑	☑	☑	--	
Manjilas Food Tech	☑	☑	--	☑	☑
Swastiks Masalas, Pickles and Food Products	☑	☑	--	☑	☑
Intergrow Brands	☑	☑	--	--	☑
Pravin Masalewale	☑	☑	--	--	☑
Players Present in Spices Category					
Everest Food Products	☑	--	--	--	--
Mahashian Di Hatti	☑	--	--	--	--
Sakthi Masala	☑	--	--	☑	--
JK Spices and Food	☑	--	--	--	--
Players Present in Convenience Food Category					
Halidram Snacks	--	☑	☑	--	--
Gits Food Products	--	☑	☑	☑	--

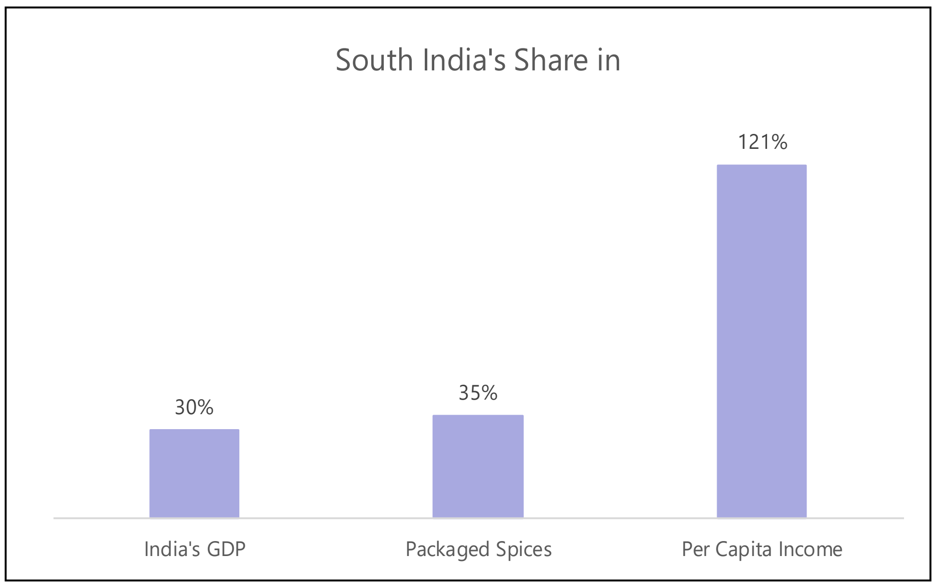
(Source: Company, HDFC sec.)

Deep understanding of local tastes and preferences to strengthen market position

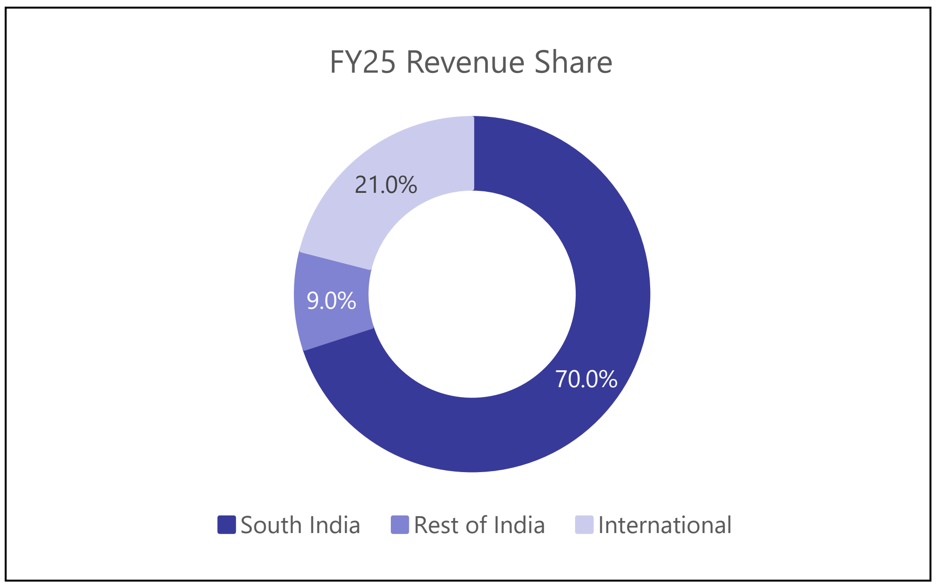
Products tailored to regional tastes and preferences

- Orkla's dominant market position in the Southern states of Karnataka and Kerala is built on its deep understanding of the region's local tastes and curation of a product portfolio suitable for regional preferences.
- In this regard, the company's product portfolio offers a range of local dishes within its core markets such as Puliogare and Bisi Belebhath to cater to consumers in Karnataka, Chicken Porichathu and Assal Kayam Sambar Masala to cater to consumers in Kerala, and Podi and Masala Karam to cater to consumers in Andhra Pradesh.
- Additionally, it also tailors seemingly similar dishes consumed across various states are crafted to cater to local nuances. For instance, within Sambhar, the MTR Sambar Masala is focused on the preferences of consumers in Karnataka, the MTR Spicy Sambar Powder is tailored to consumers in Andhra Pradesh, and the Eastern Assal Kayam Sambar Powder cater to the tastes of consumers in Kerala.
- The company's products aim to address a wide range of consumption occasions across the day. Orkla India is the only food company among select leading spices and convenience food peers with offerings spanning breakfast mix, pure and blended spices, ready to eat meal offerings, beverage mixes, sweets, and sweet mixes. Moreover, the company's business model is built on the fundamental premise that food is local. It aims to cater to region specific tastes and preferences, where it has a deep understanding, rather than expanding the same product line pan-India.

Southern India well placed to drive significant future growth



South India constitutes dominant share in Orkla's revenue



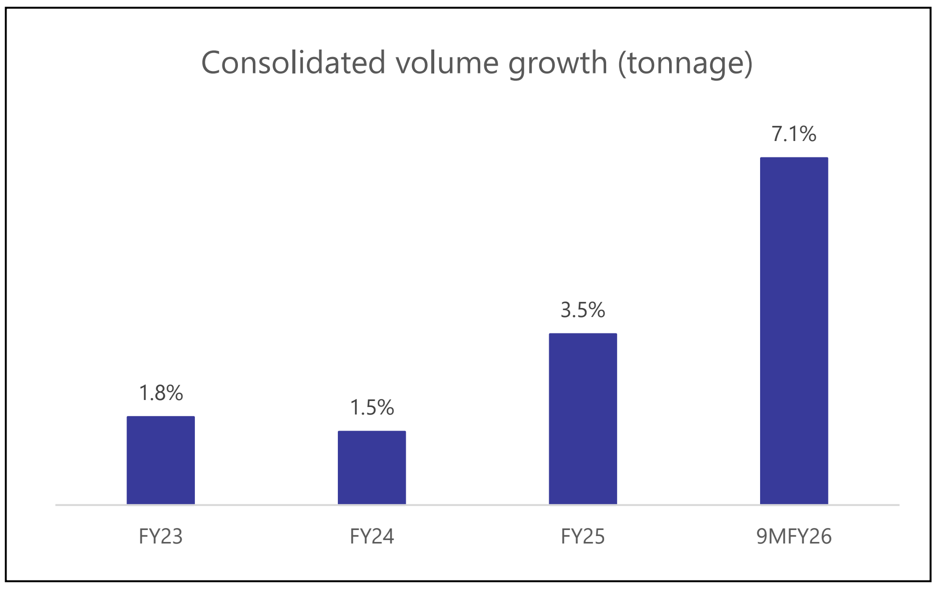
(Source: Company, HDFC sec.)

Focus on tailored ad campaigns and distribution expansion to drive volumes

Driving domestic volume growth through deeper penetration and tailored brand initiatives

- Orkla aims to drive growth in its core markets of Karnataka, Kerala, Andhra Pradesh and Telangana by leveraging favourable market conditions, such as shift towards packaged products, the importance of regional and authentic flavours, and consumers' focus on health and convenience.
- The packaged spices markets in India constitute ~40% of the overall Indian domestic spices market. Orkla aims to solidify its leadership position by increasing household penetration and purchasing frequency, in order to gain market share from the unorganised sector.
- In this regard, the company has tailored its brand initiatives to local consumers through regionalised ad campaigns, local activations with local influencers and crafting culturally relevant messages for particular regions. Through this approach, Orkla aims to strengthen brand awareness, increase usage of its products and strengthen customer brand loyalty, driving penetration in core states.
- The other vector for growth through penetration is expansion of its distribution reach. As of December 31, 2025, Orkla operated through ~6,73,000 retail touchpoints, present across India, with focus on the Southern core markets. Nearly 70% of these touchpoints are in its core markets. The company continues to increase its distribution reach in these markets, adding 22,000 outlets in Q3FY26 across Karnataka and Andhra Pradesh, materially expanding numeric reach and availability at point of purchase.
- Moreover, the company has also undertaken on-ground visibility drives across 25,000 outlets in Q3FY26, to drive penetration in Rs 5 and Rs 10 packs of its 4 top selling masalas - Sambar, Puliogare, Rasam, and Garam Masala. In the Eastern brand as well, Orkla continues to focus on increasing availability and visibility of its core product range to drive consumption.

Aim to drive tonnage growth with focus on core markets



Localized consumer initiatives to drive penetration and volumes

(Source: Company, HDFC sec.)

International business is scaling up well

- Orkla exports its products to 45 countries and has a well-established presence in the US, Canada and GCC countries. The company holds ~22.2% market share in the Indian branded spices exports segment with Eastern has continued to maintain its position as India's largest brand exporter for the past 24 years.

- The share of exports in company's revenue has increased from 17.3% FY23 to 20.6% in FY25. While UAE and Saudi Arabia are some of its key export markets and are expected to be impacted from the ongoing US/ISRAEL – IRAN war, the long term potential for export to Indian diaspora remains strong and we expect the company to navigate the war induced headwinds in the short term. Growth in GCC markets in Q3FY26 stood at 16.4% YoY.

- Over the past few years, Orkla has also significantly expanded its distribution network in the US and Canada, growing its distributor base from 12 in FY23 to 19 as of June 30, 2025 in these regions. By leveraging its brand equity and expanding its international distribution network, Orkla aims to capture the demand potential across approximately 5.4 mn and 2.9 mn overseas Indian in the US and Canada, respectively. It intends to enhance market presence by expanding product offerings to appeal to non-Indian consumers outside India. Additionally, Orkla is also focused on growing presence in key emerging markets with growing Indian populations such as Australia, New Zealand, Singapore and Malaysia.

Convenience Foods segment to delivery strong growth momentum

- Orkla's Convenience Foods portfolio of RTC and RTE products is designed to simplify the cooking process and enable quick meal preparation through products such as Gulab Jamun mix, Rava Idli mix, 3-Minute Poha and Dosa mix. Over the past few years, the increased demand for Convenience Foods, has helped the company deliver superior 6.1% CAGR in the segment between FY23-25 as compared to 4.5% CAGR in Spices, during the same period.

- This has been driven by continuous innovation and new product development in the segment. Orkla has introduced about 27 new products in the categories over the past 3 years. Its strategy is transform its offering the segment, in line with the developing consumer needs for higher convenience. Its Convenience Foods segment is built largely across 3 key categories: Sweets, Breakfast, and Meals.

- In Q3FY26, the category grew by 6.0% YoY with strong double-digit growth in the Breakfast category. Meals also delivered a solid growth performance. The company continues to drive momentum in these categories through strong traction on quick commerce platforms, with digital commerce in breakfast, especially growing 45% during the quarter. Innovations in the segment grew at 41.6%, indicating a good traction for all the new concepts that it has launched over the past few years.

Strategic acquisitions such as Eastern provide additional growth vectors

- Orkla's acquisition of ~67% stake in Eastern Condiments (Eastern) in 2021 has delivered strong strategic and operational synergies for the company, particularly on the back of complementary regional strengths and product portfolios. Eastern's entrenched presence in Kerala and select pockets of Eastern India has helped plug a key gap in Orkla's footprint. While Orkla's existing scale and distribution network has allowed for rapid expansion of Eastern's products in new geographies, thus driving synergistic benefits.

- Over time, these synergies are expected to be further visible in higher route-efficiency, lower per-unit logistics costs, and better front-office productivity as combined sales teams service a broader basket of product lines under one roof. The integration of Eastern's manufacturing and sourcing capabilities into a larger group platform has also enabled better procurement leverage, tighter working-capital management, and margin progression in the spices segment. Once fully integrated, Orkla's capacity utilization is expected to improve further.

- The Eastern acquisition validates a playbook of building scale through selective, locally-entrenched brands that offer strong market share, brand equity, and cultural fit for Orkla. In a fragmented Indian packaged spices market with local reach and brand loyalty, additional strategic acquisitions such as Eastern, remains a reliable growth driver for the company, given its liquidity strength.

Experienced Leadership Backed by Strong Global Parentage

- Orkla being a subsidiary of Orkla ASA, a Norway-listed industrial, long-term investment company focused on brands and consumer-oriented companies, with a legacy spanning over 370 years. This provides it with significant strategic advantages, including access to global best practices, advanced research and development capabilities, and established systems in areas such as food safety, sustainability, procurement, and innovation.

- Orkla ASA owns a wide portfolio of well-established international brands across food, snacks, and personal care. These include popular names such as **Grandiosa** (frozen pizzas), **Felix** (condiments and ready foods), and **Nidar** (confectionery), all of which hold strong market positions in the Nordic region.

- Orka India also benefits from a highly experienced and professionally diverse management team that brings deep domain expertise across key business functions. Notably, senior leaders such as the Managing Director and CEO bring decades of industry experience, over 30 years in some cases, ensuring stability, institutional knowledge, and a strong understanding of evolving consumer trends. This depth of leadership is complemented by a capable board with varied industry exposure, fostering robust governance and informed oversight.

Risks & Concerns

- Orkla India's margins are vulnerable to volatility in key inputs such as chilli, turmeric, coriander, and packaging materials, which together form a significant portion of costs and are influenced by monsoons and commodity cycles.
- The company relies heavily on a limited set of suppliers, with the top 10 vendors contributing ~33–38% of procurement; any disruption, pricing pressure, or supply delay could impact production continuity.
- Majority of its revenues come from southern markets, exposing the business to region-specific risks such as economic slowdowns, climatic disruptions, or intensified regional competition.
- With ~20% of revenue coming from exports across 45 countries (including strong presence in GCC markets), ongoing geopolitical tensions or war in the Middle East could disrupt demand, logistics, or trade routes, impacting export growth.
- The company faces multiple regulatory compliances under food safety regulations; any adverse findings related to quality, labelling, or contamination could lead to penalties and reputational damage.
- Post integration of Eastern, capacity utilization stands at ~46%. The company execution in ramping up its capacity utilization post integration of Eastern manufacturing processes, remains key.
- The packaged foods and spices industry is highly competitive, with strong regional and national players, limiting pricing power and requiring continuous innovation and marketing investments.

Company Description

Orklia India (Orkla), a subsidiary of Orkla India is a subsidiary of Orkla ASA, a leading Norwegian industrial investment company, and has established itself as a prominent player in the Indian food and home care segments. The company operates a diverse portfolio of well-known brands across categories such as spices, ready-to-eat foods, breakfast products, and personal care. Orkla India has built an extensive network reaching over 673,000 retail touchpoints across urban and rural markets, enabling deep market penetration and consistent consumer access. It has an extensive pan-India distribution network with 834 distributors and 1,888 sub-distributors across 28 states and six union territories, 42 modern trade partners and six e-commerce and quick commerce partners. Spices/Convenience Foods contributed 66.6%/33.4% to its revenue in FY25. Domestic sales contribution stood at 79.4% during the year.

Its key manufacturing facilities in Bommasandra, Bengaluru, are largely automated, from the process of receiving materials to conveying, supervisory control and data acquisition-enabled processing, and primary and secondary packaging.

Financial Statements

Income Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**2,172**	**2,356**	**2,395**	**2,538**	**2,735**	**3,009**
Growth (%)	***18.2***	***8.4***	***1.6***	***6.0***	***7.7***	***10.0***
Operating Expenses	1,861	2,015	1,998	2,128	2,272	2,469
EBITDA	**311**	**341**	**397**	**410**	**464**	**540**
Growth (%)	***30.8***	***9.7***	***16.2***	***3.3***	***13.1***	***16.5***
EBITDA Margin (%)	***14.3***	***14.5***	***16.6***	***16.2***	***17.0***	***18.0***
Depreciation	55	62	62	62	62	65
Other Income	29	32	61	44	48	53
EBIT	**285**	**311**	**396**	**393**	**450**	**528**
Interest expenses	27	7	7	6	6	6
PBT	**256**	**305**	**355**	**371**	**443**	**521**
Tax	-82	81	99	93	112	131
PAT	**338**	**224**	**256**	**277**	**332**	**390**
Share of Asso./Minority Int.	1	2	0	1	1	1
Reported PAT	**339**	**226**	**256**	**278**	**332**	**390**
Adj. PAT	**341**	**226**	**289**	**294**	**332**	**390**
Growth (%)	**191**	**-34**	**28**	**1**	**13**	**18**
EPS	26.4	16.9	21.1	21.4	24.2	28.5

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	12	13	14	14	14	14
Reserves	2,227	2,794	2,446	2,587	2,754	2,939
Shareholders' Funds	**2,240**	**2,807**	**2,460**	**2,600**	**2,768**	**2,953**
Minority Interest	0	0	0	0	0	0
Total Debt	95	63	54	54	54	54
Other Non-Curr. Liab	8	10	14	15	16	18
Net Deferred Taxes	72	91	104	104	104	104
Total Sources of Funds	**2,415**	**2,971**	**2,631**	**2,773**	**2,942**	**3,128**
APPLICATION OF FUNDS						
Net Block & Goodwill	2,013	2,055	1,981	1,944	1,912	1,882
CWIP	74	4	8	8	8	8
Investments	255	325	175	175	175	175
Other Non-Curr. Assets	102	119	127	134	145	159
Total Non-Current Assets	**2,444**	**2,503**	**2,290**	**2,261**	**2,240**	**2,224**
Inventories	350	297	309	313	337	371
Debtors	116	169	163	174	187	206
Cash & Equivalents	25	40	81	308	481	664
Other Current Assets	167	367	328	348	375	413
Total Current Assets	**658**	**872**	**881**	**1,143**	**1,381**	**1,653**
Creditors	182	232	270	348	375	412
Other Current Liab & Provisions	505	172	270	283	304	337
Total Current Liabilities	**687**	**404**	**540**	**631**	**679**	**749**
Net Current Assets	-29	468	341	512	702	904
Total Application of Funds	**2,415**	**2,971**	**2,631**	**2,773**	**2,942**	**3,128**

Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	257	307	355	371	444	522
Non-operating & EO items	-16	-27	-18	-7	-9	-13
Interest Expenses	26	6	6	6	6	6
Depreciation	55	62	62	62	62	65
Working Capital Change	-57	30	91	56	-17	-20
Tax Paid	-75	-81	-103	-93	-112	-131
OPERATING CASH FLOW (a)	**190**	**296**	**392**	**395**	**374**	**429**
Capex	-78	-38	-19	-25	-30	-35
Free Cash Flow	113	258	372	370	344	394
Investments	-88	-201	251	0	0	0
Non-operating income	0	3	31	0	0	0
INVESTING CASH FLOW (b)	**-165**	**-237**	**263**	**-25**	**-30**	**-35**
Debt Issuance / (Repaid)	-6	-38	-7	0	0	0
Interest Expenses	-9	-6	-5	-6	-6	-6
FCFE	10	16	642	364	338	388
Share Capital Issuance	0	-1	0	0	0	0
Dividend	0	0	-600	-137	-164	-205
Others	0	0	0	0	0	0
FINANCING CASH FLOW (c)	**-15**	**-45**	**-613**	**-143**	**-171**	**-212**
NET CASH FLOW (a+b+c)	**10**	**15**	**42**	**227**	**174**	**182**

Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profitability Ratios (%)						
EBITDA Margin	14.3	14.5	16.6	16.2	17.0	18.0
EBIT Margin	13.1	13.2	16.5	15.5	16.4	17.5
APAT Margin	15.7	9.6	12.1	11.6	12.1	13.0
RoE	16.5	9.0	11.0	11.6	12.3	13.6
RoCE	13.2	12.0	14.7	15.1	16.3	18.0
Solvency Ratio (x)						
Net Debt/EBITDA	0.2	0.1	-0.1	-0.6	-0.9	-1.1
Net D/E	0.0	0.0	0.0	-0.1	-0.2	-0.2
PER SHARE DATA (Rs)						
EPS	26.4	16.9	21.1	21.4	24.2	28.5
CEPS	30.6	21.6	25.6	25.9	28.8	33.3
BV	173.1	209.9	179.5	191.0	203.2	216.7
Dividend	0.0	0.0	0.0	10.0	12.0	15.0
Turnover Ratios (days)						
Debtor days	18	22	25	24	24	24
Inventory days	55	50	46	45	43	43
Creditors days	33	32	38	44	48	48
Valuation (X)						
P/E	21.6	33.7	27.0	26.6	23.5	20.0
P/BV	3.3	2.7	3.2	3.0	2.8	2.6
EV/EBITDA	24.5	22.1	19.2	18.1	15.6	13.0
EV / Revenues	3.5	3.2	3.2	2.9	2.6	2.3
Dividend Yield (%)	0.0	0.0	0.0	1.8	2.1	2.6
Dividend Payout (%)	0.0	0.0	0.0	46.7	49.5	52.6

(Source: Company, HDFC sec.)

HDFC Sec Prime 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.

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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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