Sushil Finance
ACTIONABLE KNOWLEDGE

Huhtamaki

INITIATING COVERAGE REPORT

HUHTAMAKI INDIA LTD

Market Cap.	52 Week H/L	CMP	Target Price
Rs. 2,114 Crore	Rs.353/175	Rs.280	Rs.396

PACKAGING

STOCK DATA

BUY

Reuters Code Bloomberg Code	HUIN.IN
BSE Code	509820
NSE Symbol	HUHTAMAKI
Face Value	2
Shares Outstanding	7.55 Cr.
Avg. Daily Vol. (6m)	118,861

Price Performance (%)

1M	3M	6M
(1)	(4)	(10)

200 Days EMA Rs. 296

SHARE HOLDING (%)

Promoters	67.7
FII	4.2
FI/Bank	1.6
Body Corporate	-
Public & Others	26.5

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Growth in the FMCG and Pharma consumption to drive growth for HIL.

Huhtamaki India Ltd's (HIL) business growth is highly dependent on the growth in the FMCG and pharma consumption as majority of the revenue of the company is generated from these sectors. Indian FMCG sector is expected to grow at a CAGR of ~15% to reach USD 220 Bn by 2025. Covid-19 pandemic has lead to increase in demand for FMCG and Pharma products. We expect continued growth in demand for FMCG and Pharma, leading to increase in demand for flexible packaging.

Improvement in margins by adding new products through a continued focus on innovation.

In the consumables sector, constant innovation and product development is the key to increased customer orders, margins and realizations. In line with the effort of increasing the profitability and realization, HIL has shifted its focus from just being a supplier to being a major contributor in the growth of the consumer space. Additionally, HIL has focus on increasing share of premium innovative products which contributed ~25% of the total revenue in CY2018.

Geographical diversification in both the domestic markets and international markets.

HIL derives ~20% of its revenues from exports to countries like, Africa, Middle East, SEA, North and South America, LATAM. HIL to focus on increasing export share, which is more lucrative, that provides geographical diversification and natural forex hedge. The company also has a pan-India presence with 18 state of the art manufacturing facilities, with an installed capacity of ~1,58,000 MT, across the country. Many of them are strategically located near client's manufacturing site, which facilitates quick turnaround and reduced logistics cost.

Robust Financial with a considerable dividend payout to attract more investors.

In the last 5 years, the solvency profile of HIL has improved considerably. The Debt to Equity ratio is down at 0.39X in CY19 from 1.17x in CY15, as the long-term debt level has came down from INR 434 Crore in CY15 to INR 101 Crore in CY19. The Net D/E ratio has improved to 0.24x in CY19 from 0.68x in CY15. HIL has maintained consistency in dividend payment and also it has gradually increased its dividend payments over the years. In the last 4 years, HIL has distributed ~13 - 65% of its profits as dividends.

Y/E Dec	Revenue (Rs. Cr)	EBITDA (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	EPS (Rs.)	P/E (X)	P/BV (X)	EV/EBITDA (X)
CY19	2591.0	294.8	173.8	6.7%	22.52	12.4	3.0	7.9
CY20	2453.8	233.8	96.0	3.9%	12.71	22.0	2.8	9.8
CY21E	**2699.2**	**261.8**	**116.2**	**4.3%**	**15.39**	**18.2**	**2.5**	**8.7**
CY22E	**2969.1**	**341.5**	**176.0**	**5.9%**	**23.31**	**12.0**	**2.2**	**6.7**

OUTLOOK & VALUATION

We believe that the growth in the FMCG and the Pharma segment due to increased demand from consumers will be one of the major factors in the growth of the business of HIL. Additionally, innovation packaging products which form ~25% of the company's total topline coupled with geographical diversification will have a substantial positive impact on the margins of the company. The strong and superior financials will enable the company to tackle any adverse factors in the industry with ease. **Hence, For CY21E to CY22E we expect the company to deliver sales growth of 10% in both the years. In addition to the growth in the revenue, we expect the company to deliver strong EBITDA and PAT margins of 11.5% and 5.9% by CY22 respectively. EPS for CY21E and CY22E is projected to be ~Rs. 15.39 and Rs. 23.31 respectively. Thus, we initiate coverage on Huhtamaki India Ltd with a BUY rating and assign a P/E multiple of 17X we arrive at a target price of Rs. 396 which provides an upside of ~41% from the current market price of Rs. 280.**

KEY RISK

- **Increased Competition:** The packaging sector is highly fragmented in India, with existence of many smaller unorganized players along with large players. The increase in competition from peers may impact margins of the company.
- **Fluctuating Raw material prices:** The key raw material for the company is polymers, which are highly correlated to the movement in crude prices. Though the company has a pass-through mechanism in place up-to some extent, a significant increase in crude/polymer prices can result in rise in raw material cost leading to lower gross margins.
- **Delay in growth of FMCG consumption:** The demand for flexible packaging is highly co-related with the growth of FMCG sector, which is the key user industry. Any unfavorable scenario like bad monsoon during a year, which might impact FMCG demand will have negative impact on the demand for flexible packaging, leading to lower revenues and decreased profitability for the company.
- **Litigation related to Thane Plant:** HIL had received a closure notice on 20th November, 2018 from Maharashtra Pollution Control Board, in relation to its Thane manufacturing facility. The Company has filed an appeal with the National Green Tribunal against that. Consequently, On 14th Dec, 2018 the company withdrew its appeal before the NGT, with liberty to file appeal, which has been accepted by NGT. The Company expects a withdrawal of the closure notice by MPCB and awaiting the formal communication for the same. Any adverse outcome on this Thane plant matter could affect the company's business.

Source: Sushil Finance Research, Company Research

INVESTMENT RATIONALE- Rising consumption in the FMCG and Pharma industry to drive growth for HIL.

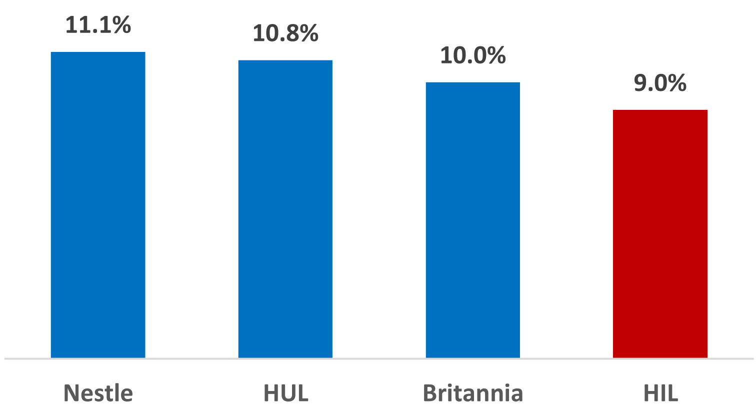
HIL primarily caters to FMCG and pharma industry, which requires flexible packaging for most of their products where the volume growth of HIL is highly co-related with the growth of these two sectors. Thus, FMCG and Pharma could be termed as best proxies in terms of growth of flexible packaging sector and the HIL itself. For CY2018, HIL has reported a volume growth of ~9%, which was in-line with the volume growth reported by major FMCG companies during the same period. **HIL's clientele includes top FMCG brands like Nestle, HUL, P&G, Cadbury, Britannia, Coca-Cola, Pepsi, ITC, Dabur, Emami, Marico, Tata Tea, Perfetti, Kellogs, Mars, Hershey etc. In the pharma space, it serves MNC players such as Cipla, GSK, Reckitt Benckiser etc.**

The Company also has labels business, which contributes ~17-19% of total revenues. The labels business also serves both pharma and FMCG sectors. HIL has strengthened its position in premium labels business with acquisition of Webtech Labels and Ajanta Packaging. In terms of different segments that the company caters to, **'Food & Beverages' category is ~50-60%** concentration, and concentration to the **'Home and Personal Care' is ~40-50%**. As the Company's area of focus is flexible packaging, it has a significant scope for growth, on the back of FMCG. Also there is large amount of food and non-food items which is sold loose, which is gradually migrating to packed. The migration from loose to packed will eventually lend additional support to the demand for flexible packaging.

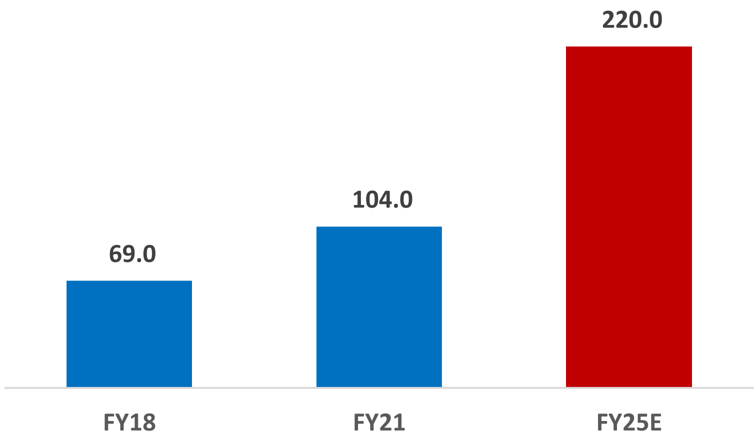
The FMCG sector is forecasted to grow to USD 104 Bn by FY21 and USD 220 Bn by FY25 from USD 69 Bn in FY2018. Additionally, packaged food industry is expected to double to USD 70 Bn by FY25 with the major growth in demand expected from the rural India which is witnessing increased demand for quality goods and services driven by upgraded distribution channels of FMCG companies. Low penetration levels compounded with higher disposable income among the rural population to fuel up the demand for FMCG products.

Source: Sushil Finance Research, Company Research

FMCG Major's Volume growth V/S HIL's



FMCG Industry Growth (USD Bn)



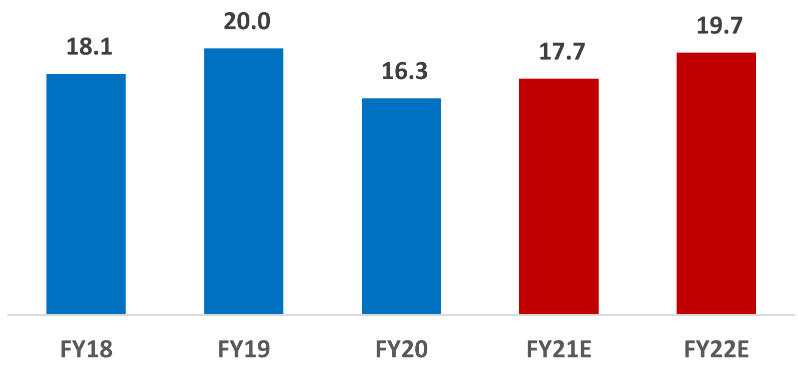
E-Commerce platforms also provide means to increase sales volumes due to higher penetration in the market. Companies like Dabur which were traditionally used to sell products through a conventional route has developed a couple of products only to be sold on E Commerce platforms. E-Commerce platforms is forecasted to contribute 11% to the overall FMCG sales by FY2030. The gross merchandise value (GMV) of grocery segment in India is expected to increase by 18 times over the next few years to USD 37 Bn by FY25.

The Indian pharmaceutical industry is one of the largest in the world and ranks 3rd worldwide for pharmaceutical production and 14th by value. India supplies more than 50% of global demand for vaccines, 40% demand of generic medicines in USA and 25% of all medications in UK. India's pharma sector stood at USD 16.28 Bn in FY20 and is expected to grow at a CAGR of 22.4% in the near future.

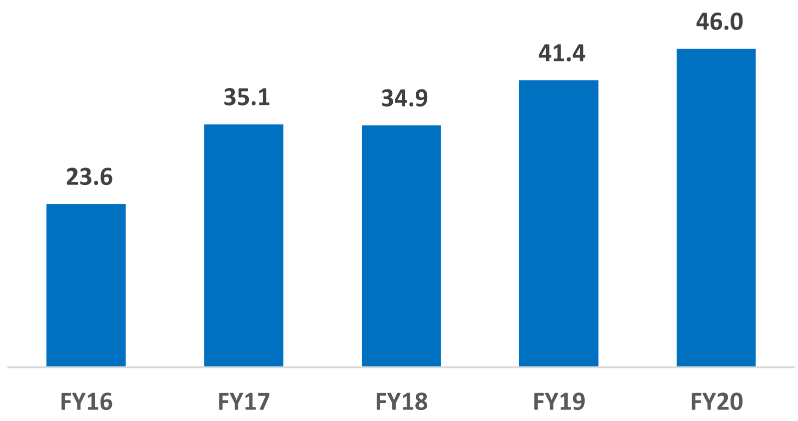
Government expenditure in the pharmaceutical Industry increased to USD 45.96 Bn, implying an 18% CAGR from FY16. Projects like medical technology parks have been set up in Vishakapatnam (AP) where states like Himachal Pradesh, Gujarat, Telangana and Maharashtra are expected to make a substantial investment. GoI has offered USD 942.8 Mn production linked incentive schemes between 5-20% for incremental sales and plans to set up 3 mega drug parks.

We expect that, over the next two years HIL's EBITDA margin to expand by ~200bps to 11.5% in CY22E from 9.5% in CY20, while the ROE and ROCE are expected to improve from 12.6% and 14.2% in CY20 to 18.1% and 20.7% in CY22E, respectively, largely due to strong demand backed by FMCG and pharma sector.

Pharmaceutical Industry Growth (USD Bn)



Government Expenditure in Pharma Industry (USD Bn)



Source: Sushil Finance Research, Company Research

INVESTMENT RATIONALE- Focus on Innovative products to lead improvement in margins

Since last eight decades, HIL has been working to develop innovative packaging solutions to provide safe and secure products to consumers and their product innovation strategies range from creating unique and customized offerings as per client needs. The brand packages are required to be differentiated as the consumer hardly spends few seconds to decide on whether to pick a pack from a shelf or to ignore it. Hence, making packaging that is the deal-breaker in the discovery of new products is the most important aspect for any packaging company. With this, HIL extends its role from just being a supplier of solutions to a major contributor in the growth of consumer products.

The innovative products account for 23% to 25% of the overall sales for the company. With NASP (New Applications, Structures, Products/ Processes) in HIL's DNA, the Company has continued to deploy new pack formats, innovative labels, specialty laminates with features like high barrier, functionality and improved aesthetics. These are designed to creatively advertise brand propositions and help products navigate through snap judgements at retail. HIL offered flexible solutions that enhanced consumer experiences (vada batter pouch with special spout/booklet labels with braille) to encourage trials and trust.

HIL has great amount of capability in creating anti counterfeit features in the products. It has offered anti-counterfeit solutions for brand security and consumer protection (unique registered holographic sachets for a major shampoo brand) while experimenting with a combination of technologies for improved pack presentation and consumer engagement (cartons being replaced by five and six panel pouches/flexible + label offering).

HIL deploys solutions that use energy reducing technologies, lower carbon footprint, save waste and water while maintaining packaging efficiency and performance. Some of its noteworthy efforts include transformation of packages from rigids to flexibles for diverse applications, reduction in package layers, shifts to paper-based solutions and easy recyclable offerings.

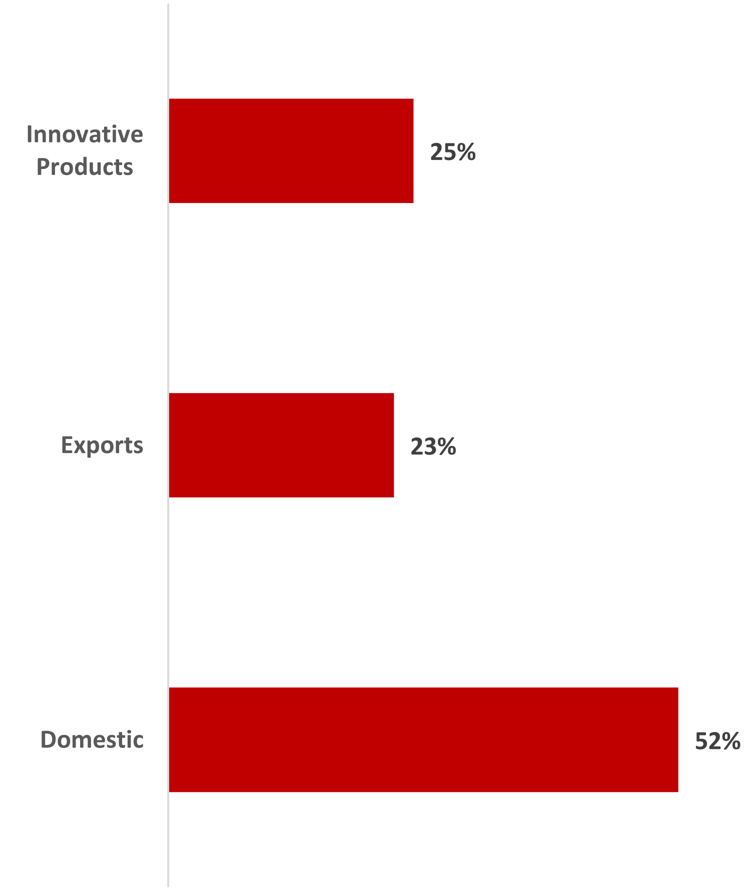
HIL's innovations is backed by strong R&D, which is driven by a) customers need in-terms of innovations and new look according to their branding needs and b) sustainability theme aims at making recyclable structures. Higher portion of innovative products helps reduces raw material cost as they command premium pricing. Innovation also helps increase its wallet share with brands. As the company increases its premium/ innovative packaging offerings, it will help increase realizations and margins.

Source: Sushil Finance Research, Company Research

Huhtamaki India Ltd.

Award	Winning Entries
2019 Dow Packaging Innovation Awards	• Syngenta bag-in-bag pouch • Akulon barrier & drop resistant bulk bag
World Star Awards 2020	• Meera registered holograms • ID 'Do it Yourself' vada batter pouch • Syngenta bag-in-bag pouch
India's Most Trusted Company Award 2019	• Huhtamaki PPL Limited
IFCA Star Awards 2019	• Myst recyclable paper-based air-freshener pack • Bisleri two-faced jar label • Zero-stain embossed cube wraps • Easter limited-edition shampoo pack • Royal Khajoor shaped pouch
SIES SOP Star Awards 2019	• Syngenta bag-in-bag pouch • Akulon recyclable and drop-resistant bulk bag • ID Coffee Decoction profile pouch • Akulon barrier and drop-resistant bulk bag
14th National Awards for Excellence in Printing	• Ferrero Banderolla • Royal Khajoor shaped pouch
2019 Asian Packaging Excellence Awards	• Cornetto embossed cone sleeves • Meera registered holo sachet
The Economic Times Polymers Awards 2020	• Recyclable see-through snack pack

Revenue Diversification



Source: Sushil Finance Research, Company Research

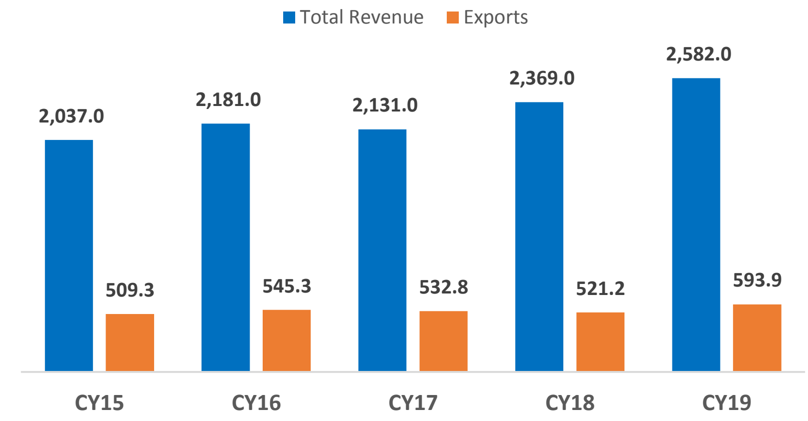
INVESTMENT RATIONALE- Focus on increasing exports share to aid margins and it provides geographical diversification and natural hedge against adverse dollar movement.

HIL garners a considerable portion of its revenues from exports, as over the past few years the company has expanded its business to foreign markets. Over CY 11-19, exports have grown at a CAGR of ~21.3%, against the revenue CAGR of ~16% during the same period. For CY19, HIL's exports revenue stood at INR 595 Cr, up ~17% over INR 509 Cr reported in CY18. The contribution to total income was ~23% for the year. Currently, HIL exports its products to Africa, the Middle East, South East Asia, North and South America and Latin America. The export business compensates for the revenue shortfall, in case any unfavorable business circumstances arises in India business.

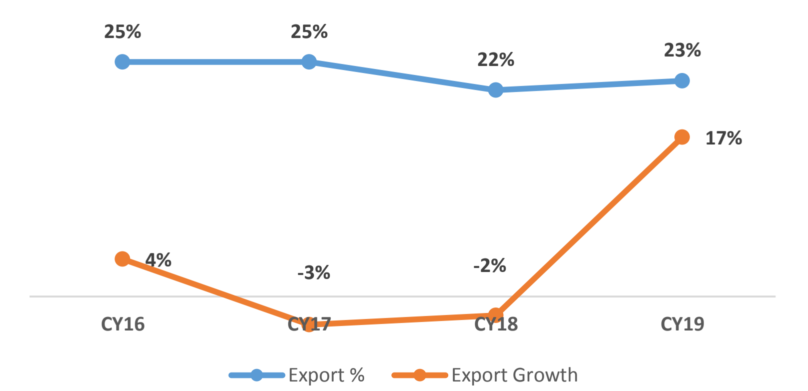
The growth in CY19 export revenue was mainly due to the increase in share with key accounts and further penetration of the soup cube across SEA and LATAM. HIL also experienced few headwinds in the West Africa and in ME markets due to intense competition from local suppliers. The exports share dropped to ~22% in CY18 as the company witnessed headwinds primarily due to the geopolitical unrest in Africa, which is one of its largest markets. In terms of volume growth in export market, the Company has maintained stability and focused on markets where the collections were not at risk like Sri Lanka, Thailand, the Philippines, Turkey and Mexico.

HIL is a net exporter, as the export receivables are generally higher than the imports payables, which also provides a natural hedge to it in case of appreciation in dollar. For CY19, the foreign exchange earnings stood at ~INR 595 Cr, against the forex outflow of INR 457 Cr, resulting in a net forex earning of INR 138 Cr. The export realizations are higher than domestic sales and thus are a bit more lucrative in terms of margins. Going forward, the company will continue to increase its exports. In terms of geographies, HIL to focus more on markets like North America, UK and Latin America.

Share of exports (INR Crore)



Export % and YoY Export Growth %



Source: Sushil Finance Research, Company Research

INVESTMENT RATIONALE- Robust Financial with a considerable dividend payout to attract more investors.

HIL has maintained consistency in dividend payment and also it has gradually increased its dividend payments over the years. In the last 4 years, HIL has distributed ~13 - 65% of its profits as dividends. Due to current economic slowdown consequent to Covid-19 pandemic, HIL has revised its FY19 dividend payment to Rs 3/ share from Rs 5/ share announced earlier, with a view to conserve its financial resources.

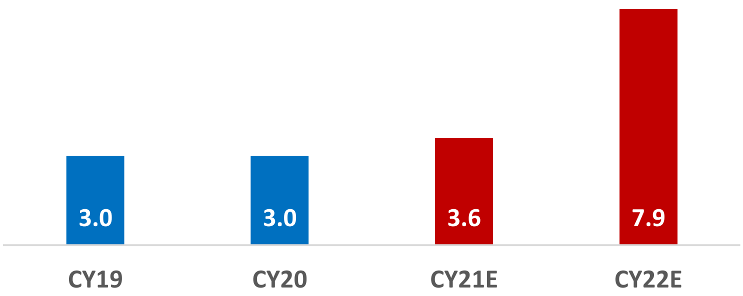
Going forward, we expect the dividend payout ratio to increase to ~33% over CY21E-22E from ~13% in FY19, due to strong cash flow generation and normalization of Covid pandemic situation.

In the last 5 years, the solvency profile of HIL has improved considerably. The debt/equity ratio is down at 0.39x in CY19 from 1.17x in CY15, as the long-term debt level has came down from INR 434 Cr in CY15 to INR 102 Cr in CY19. The Net D/E ratio has improved to 0.24x in CY19 from 0.68x in CY15. The interest coverage ratio has improved significantly from 3.7x in CY15 to 10.5x in CY19, led by increase in profitability and redemption of NCDs.

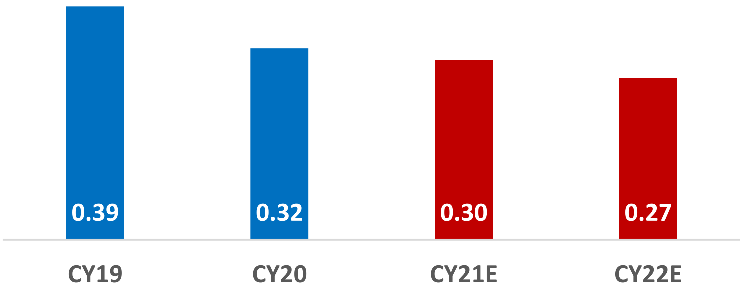
In CY2015, HIL had issued and allotted 3850 NCDs aggregating to INR 385 Cr to Huhtalux S.á.r.l. (a Huhtamaki group entity). These were issued for a period of 5 years @7% interest p.a. The proceeds of the issue was utilized towards acquisition of Positive Packaging Industries Limited. On 20-December-2019, HIL had redeemed these NCDs along with the interest thereon amounting to INR 109.6 million (amount net of tax).

After the redemption of NCDs worth Rs 385 Cr, We expect the D/E ratio for the company to further improve to 0.27X over CY21E-22E.

Dividend per share



Debt to Equity Ratio



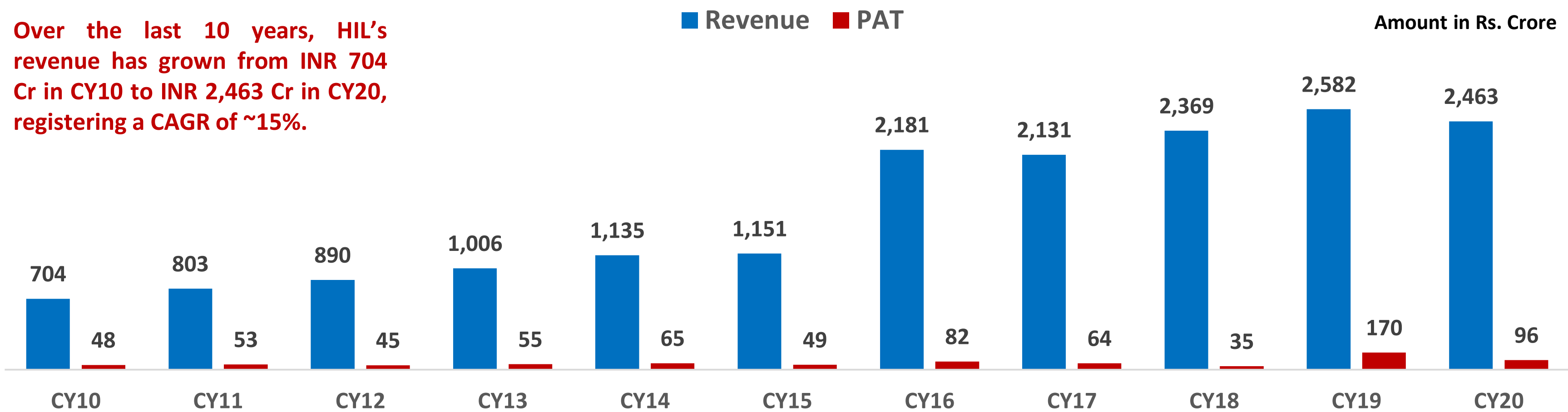
Source: Sushil Finance Research, Company Research

COMPANY OVERVIEW

- Huhtamaki India Limited (HIL), is a leading provider of innovative and sustainable consumer flexible packaging and decorative labelling solutions in India that primarily cater to the food and beverages, home and personal care, healthcare and other specialty segments.
- HIL was established in 1935 as 'The Paper Products Limited (PPL)' and went public in 1950 and got listed on the Bombay Stock Exchange. In 1960, PPL commissioned its first Flexible Plant unit in Thane. Later in the year 1999, PPL was acquired by the Finland-based global food packaging major Huhtamaki Oyj, which took controlling stake of 51% in the company. In 2014, The Paper Products Ltd was renamed as Huhtamaki PPL Ltd., and subsequently to Huhtamaki India Limited in Nov-2020. Huhtamaki Oyj owns ~66.94% in HIL.
- HIL offers unique pack designs and formats through a comprehensive portfolio of flexible packaging solutions that include :-
    - A) Barrier and recyclable laminates,
    - B) Specialised pouching, such as shaped, 5 and 6 panel pouches,
    - C) Thermoforms,
    - D) Decorative labels,
    - E) Digitally printed laminates for pack personalization and
    - F) Tube laminates.
- Large brands like Nestle, HUL, P&G, Cadbury, Britannia, Coca-Cola, Pepsi, ITC, Dabur, Emami, Marico, Tata Tea, Perfetti, Kellogs, Mars, Hershey etc in the FMCG industry and MNC players such as Cipla, GSK, Reckitt Benckiser etc in the pharma industry form an enviable customer base for the company.
- HIL employs 3,675 people and has a pan-India presence with 18 manufacturing facilities (Installed capacity of ~1,58,000 MT), 2 R&D centres and 5 sales offices across states & UT's like Andhra Pradesh, Assam, Dadra & Nagar Haveli, Daman, Himachal Pradesh, Karnataka, Maharashtra, Sikkim, Telengana, Uttarakhand and Maharashtra.
- ~20% of the total revenue is exported to regions like the Middle East, South East Asia, North and South America, Latin America.
- In the last one decade, HIL has grown considerably through acquisitions, which includes Webtech Labels (2012), Positive Packaging (2015), Val Pack Solutions (2016), Ajanta Packaging (2018) and Mohan Mutha Polytech (2020) which in turn has helped the company to grow its manufacturing capacities.

Source: Sushil Finance Research, Company Research

Over the last 10 years, HIL's revenue has grown from INR 704 Cr in CY10 to INR 2,463 Cr in CY20, registering a CAGR of ~15%.



The company has a total of 18 manufacturing facilities and 2 R&D Centres in the country with ~1,58,000 MT of manufacturing capabilities. The manufacturing facilities are located in states like:

- Andhra Pradesh
- Assam
- Dadra & Nagar Haveli
- Daman
- Himachal Pradesh (2 Units)
- Karnataka (2 Units)
- Maharashtra (6 Units) and 2 R&D Centres
- Sikkim
- Telangana (2 Units)
- Uttarakhand

HIL's capacity got a boost in year 2015, when it acquired Positive Packaging. With the acquisition of Positive Packaging, the installed capacity of HIL increased from ~52,000 MT to ~97,000 MT in 2015. Post that, HIL acquired Val Pack Solutions in 2016 and then Ajanta Packaging in 2018, which helped company to reach an installed capacity of ~1,58,000 MT.

Source: Sushil Finance Research, Company Research

YEAR	KEY MILESTONES
1935	Established as The Paper Products Limited (PPL)
1950	PPL goes public and is listed on the Bombay Stock Exchange
1960	Flexible Plant - I commissioned in Thane
1996	Flexible Plant - II commissioned in Silvassa
1998	Flexible laminates and carton manufacturing Plant – III with takeover and extensive refurbishing of A&R Packaging at Hyderabad
1999	PPL becomes a member of Huhtamaki Packaging Worldwide with the later buying 51% stake in it
2006	Flexible laminate Plant - IV commissioned at Rudrapur
2007	High end pouching solutions at Silvassa
2010	New Thane plant – transformation into a world class facility
2012	Consolidation of its position in labelling in India through acquisition 51% stake in Webtech Labels Private Ltd
2014	Major capability and capacity expansion at Silvassa plant, The Paper Products Ltd was renamed as Huhtamaki PPL Ltd.
2015	Acquired 100% stake in Positive Packaging Industries Ltd.
2016	Continued expansion into new technologies and geographies, Acquired 51% stake in Val Pack Solutions Private Ltd.
2017	Legal merger of 'Positive Packaging Industries Ltd.' and 'Webtech Labels Private Ltd.' with Huhtamaki-PPL, Commissioned two new plants at Sikkim and Guwahati.
2018	Acquired 100% stake in Ajanta Packaging (India)
2020	Acquired flexible packaging business of Mohan Mutha Polytech Private Ltd (MMPPL), Huhtamaki PPL Ltd. was renamed as Huhtamaki India Limited

Source: Sushil Finance Research, Company Research

TYPES OF PACKAGING PRODUCTS

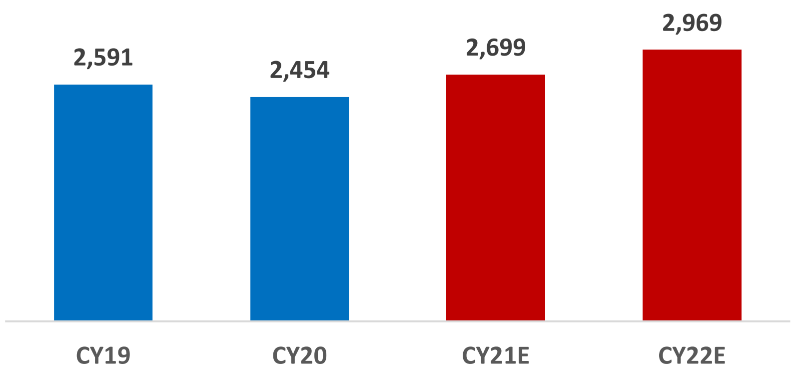
Source: Sushil Finance Research, Company Research

Source: Sushil Finance Research, Company Research

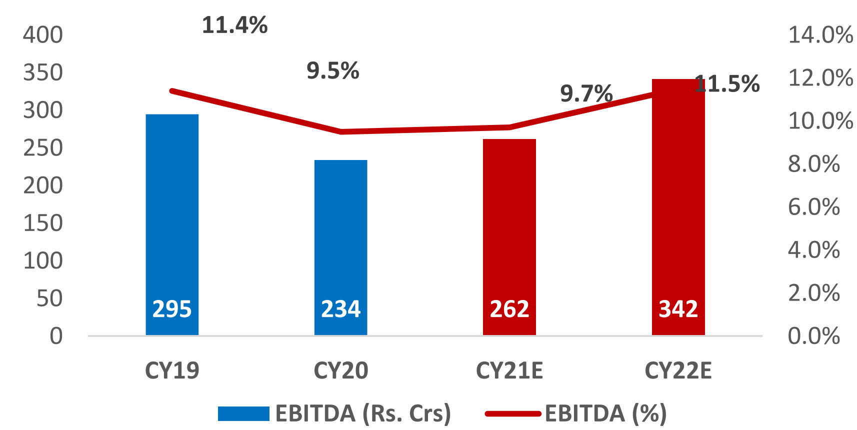
Source: Sushil Finance Research, Company Research

Huhtamaki India Ltd.

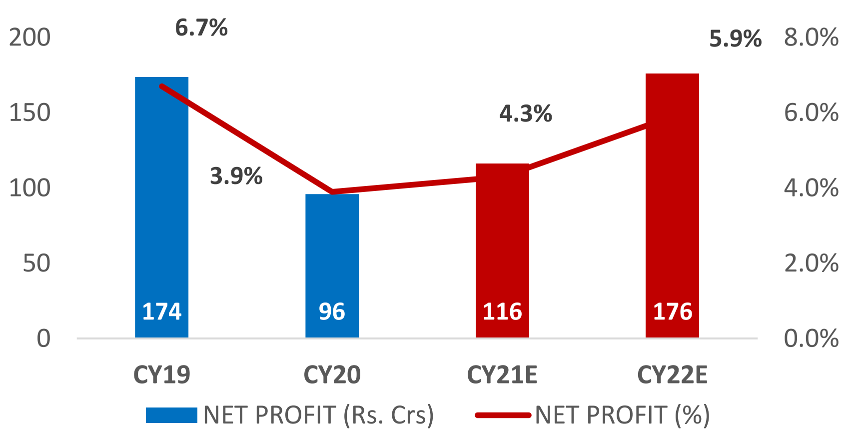
TOTAL INCOME (RS. Crs)



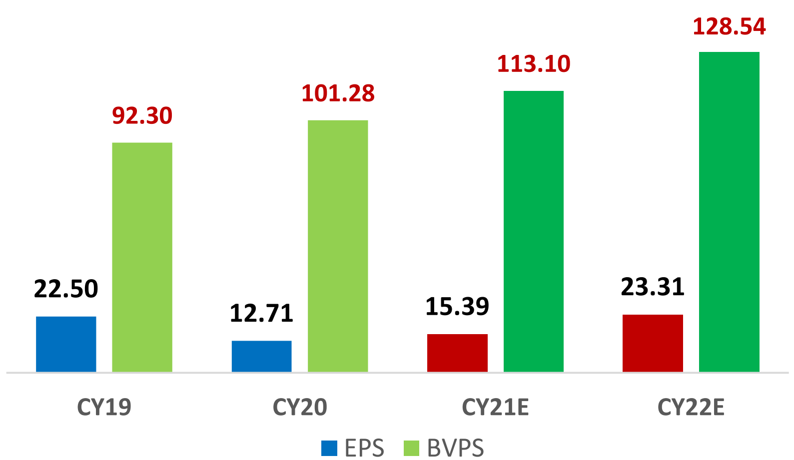
EBITDA (Rs. Crs)



NET PROFIT (Rs. Crs) & NP (%)

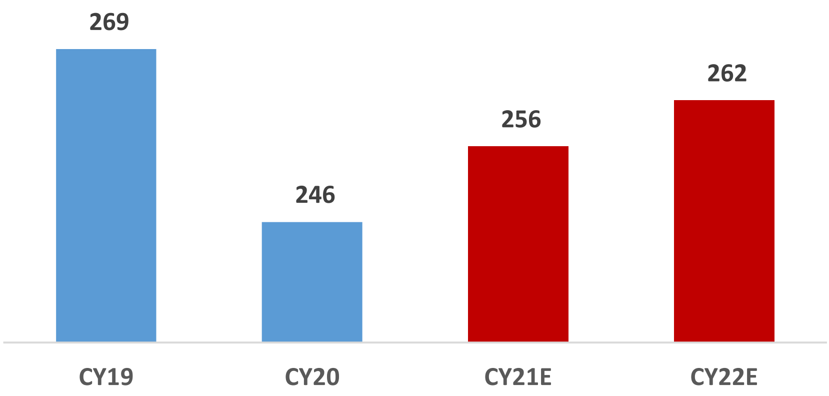


EPS & BVPS

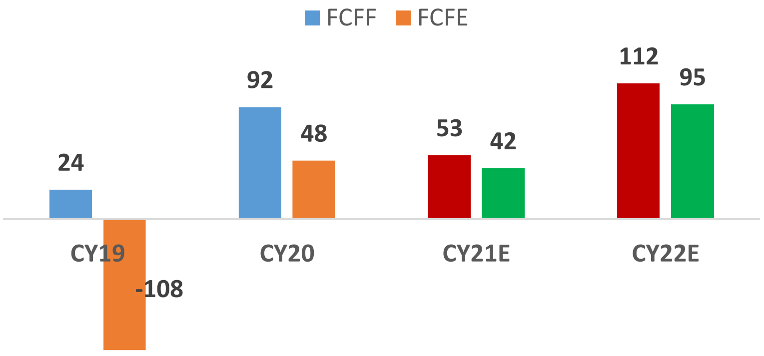


Source: Sushil Finance Research, Company Research

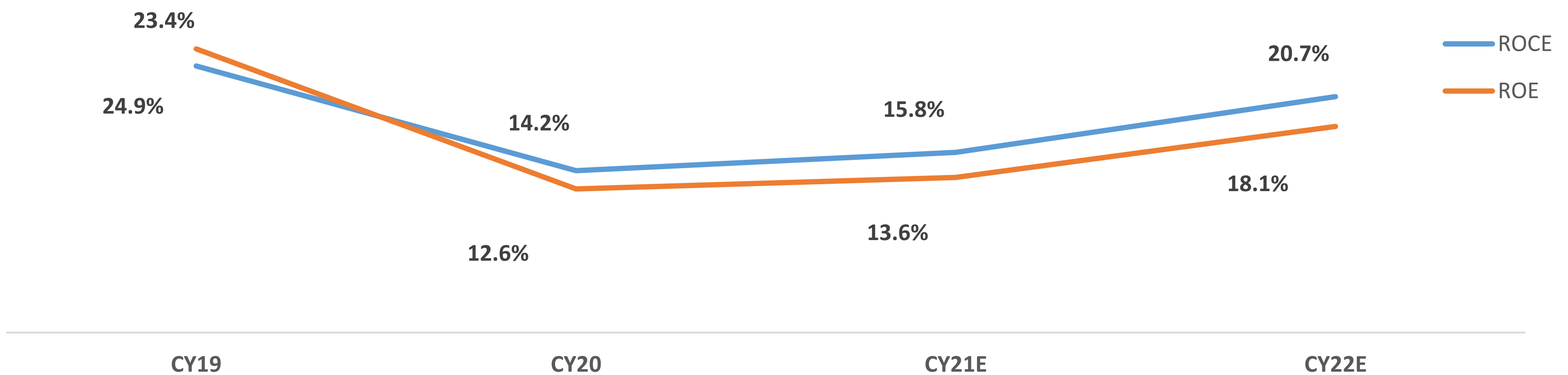
TOTAL DEBT (RS. Crs)



FCFF & FCFE (RS. Crs)



ROCE & ROE



Source: Sushil Finance Research, Company Research

Sushil Finance
ACTIONABLE KNOWLEDGE

Huhtamaki India Ltd.

INCOME STATEMENT

(Rs. Cr)

Y/E December	CY19	CY20	CY21E	CY22E
Revenue	**2,591.0**	**2,453.8**	**2,699.2**	**2,969.1**
Cost of Goods Sold	1,720.5	1,603.6	1,768.0	1,900.3
Employee Cost	251.7	276.0	299.6	326.6
Other Expenses	324.0	340.5	369.8	400.8
EBITDA	**294.8**	**233.8**	**261.8**	**341.5**
EBITDA (%)	**11.4%**	**9.5%**	**9.7%**	**11.5%**
Depreciation	86.9	97.9	93.9	95.0
Finance Cost	21.1	26.1	27.0	29.7
Other Income	18.6	7.9	8.1	8.9
PBT (as reported)	**205.3**	**117.6**	**149.0**	**225.7**
Tax	31.5	21.6	32.8	49.6
PAT	**173.8**	**96.0**	**116.2**	**176.0**
PAT (%)	**6.7%**	**3.9%**	**4.3%**	**5.9%**
EPS	**22.52**	**12.71**	**15.39**	**23.31**

BALANCE SHEET STATEMENT

(Rs. Cr)

Particulars (Rs. Crs)	CY19	CY20	CY21E	CY22E
PP&E (Incl. CWIP)	422.1	422.4	423.0	431.9
Other Non Current Assets	149.4	246.7	215.8	230.7
Inventories	181.9	228.8	295.8	341.7
Trade Receivables	618.5	533.8	591.6	667.0
Cash & Cash Equivalents	44.6	67.1	89.2	84.1
Other Current Assets	97.6	84.1	96.4	135.7
Total Assets	**1,514.1**	**1,582.8**	**1,711.7**	**1,891.2**
Share Capital	15.1	15.1	15.1	15.1
Reserves & Surplus	682.2	749.8	839.0	955.7
Long Term Debt	101.8	125.0	128.1	145.6
Short Term Debt	167.1	121.0	128.1	116.5
Other Non Current Liabilities	18.2	60.7	64.0	68.3
Trade Payables	429.5	409.8	428.9	471.8
Other Current Liabilities	100.2	101.4	108.4	118.2
Total Equity & Liabilities	**1,514.1**	**1,582.8**	**1,711.7**	**1,891.1**

Source: Sushil Finance Research, Company Research

CASH FLOW STATEMENT

(Rs. Cr)

Particulars	CY19	CY20	CY21E	CY22E
Cash Flow from Operating				
PBT	205.3	117.6	149.0	225.7
Depreciation & Amortization	86.9	97.9	93.9	95.0
Finance Cost	21.1	26.1	27.0	29.7
Income Tax paid	(31.5)	(21.6)	(32.8)	(49.6)
Changes in Inventory	30.4	(46.9)	(67.0)	(45.8)
Changes in Debtors	(48.3)	84.7	(57.8)	(75.4)
Changes in other Current Assets	(39.3)	13.6	(12.3)	(39.3)
Changes in Trade Payables	67.8	(19.7)	19.1	42.9
Changes in other Current Liabilities	(7.9)	(82.3)	7.1	9.7
Cash Flow from Operations	**284.5**	**169.3**	**126.1**	**192.7**
Cash flow from Investing				
Capex/(Sales)	(59.0)	(98.2)	(94.5)	(103.9)
Changes in non Current assets	(28.6)	25.6	30.9	(15.0)
Cash flow from Investing	**(87.5)**	**(72.7)**	**(63.6)**	**(118.9)**
Cash Flow from Financing				
Dividend Paid	(27.3)	(22.8)	(27.0)	(59.4)
Changes in Non Current Liabilities	(172.8)	(51.4)	(13.5)	(19.5)
Cash Flow from Financing	**(200.1)**	**(74.2)**	**(40.5)**	**(78.9)**
Increase/ Decrease in Cash	(3.2)	22.5	22.1	(5.1)
Opening Cash	47.6	44.5	67.0	89.0
Closing Cash	**44.5**	**67.0**	**89.0**	**84.0**
Bank Balance	0.1	0.2	0.2	0.2
Total Cash & Cash Equivalent	**44.6**	**67.1**	**89.2**	**84.1**

Source: Sushil Finance Research, Company Research

FINANCIAL RATIOS STATEMENT

Ratios	CY19	CY20	CY21E	CY22E
Growth (%)				
Revenue		-5.3%	10.0%	10.0%
EBITDA		-20.7%	12.0%	30.4%
PAT		-44.8%	21.1%	51.5%
Profitability (%)				
EBITDA Margin	11.4%	9.5%	9.7%	11.5%
PAT Margin	6.7%	3.9%	4.3%	5.9%
ROCE	23.4%	14.2%	15.8%	20.7%
ROE	24.9%	12.6%	13.6%	18.1%
Per Share Data				
EPS	22.5	12.71	15.39	23.31
BVPS	92.3	101.28	113.10	128.54
Sales per share	343.1	324.92	357.41	393.15
Gearing Ratio				
Debt/Equity	0.4	0.32	0.30	0.27
Valuations (x)				
P/E	12.4	22.0	18.2	12.0
P/BV	3.0	2.8	2.5	2.2
P/Sales	0.8	0.9	0.8	0.7
EV / EBITDA	7.9	9.8	8.7	6.7
Turnover Days				
Debtors Days	87.1	79.4	80.0	82.0
Inventory Days	25.6	34.0	40.0	42.0
Creditors Days	60.5	61.0	58.0	58.0
WC Cycle	**52.2**	**52.5**	**62.0**	**66.0**
Others				
Current Ratio	1.8	1.8	2.0	2.1
Quick Ratio	1.4	1.3	1.4	1.5
Interest Coverage	10.7	5.5	6.5	8.6

Q1-CY21 PERFORMANCE

Particulars	Q1CY21	Q4CY20	QoQ	Q1CY20	YoY
Net Sales (Rs. Cr)	632.3	557.7	13.4%	578.3	9.3%
EBITDA (Rs. Cr)	42.3	35.5	19.2%	50.0	-15.3%
EBITDA Margin (%)	*6.7%*	*6.4%*	*33 Bps*	*8.6%*	*-195 Bps*
PBT (Rs. Cr)	19.9	7.8	155.9%	24.2	-17.9%
PAT (Rs. Cr)	16.2	5.1	218.3%	27.3	-40.8%
PAT Margin (%)	*2.6%*	*0.9%*	*165 Bps*	*4.7%*	*-217 Bps*
EPS (Rs.)	2.14	0.67	219.4%	3.62	-40.9%

PEER REVIEW

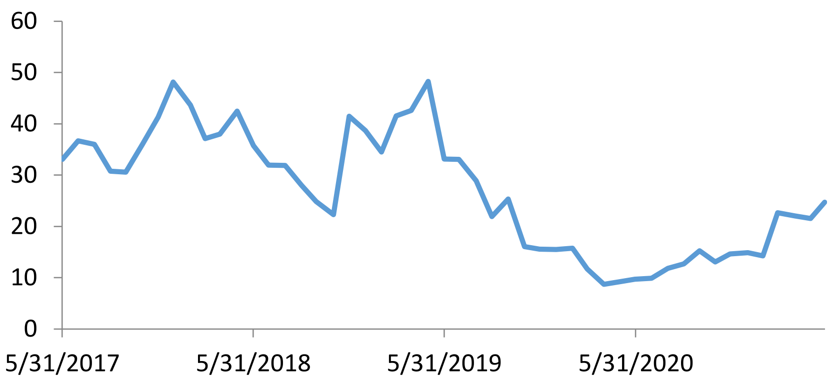
Company	Market Cap (Rs. Cr)	Stock P/E	Revenue (FY21)	Debt: Equity	ROCE%
Huhtamaki India Ltd	**2,115**	**22.0**	**2,463***	**0.32***	**14.2%***
Essel Propack Ltd (EPL Ltd)	7,224	30.2	2,760	0.34	17.0%
Time Technoplast Ltd	2,011	22.5	3,578	0.43	13.2%
MoldTeck Packaging Ltd	1,350	28.2	479	0.39	22.0%
Average PE		**25.7**			
Average PE (Ex Huhtamaki)		**27.0**			

*** For Calendar Year 20**

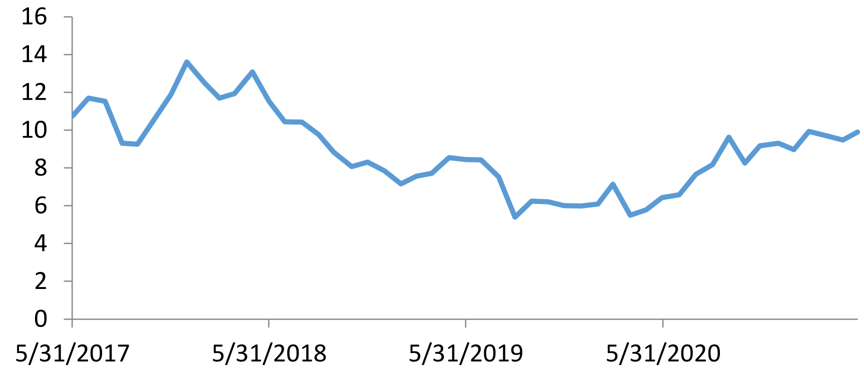
Source: Sushil Finance Research, Company Research

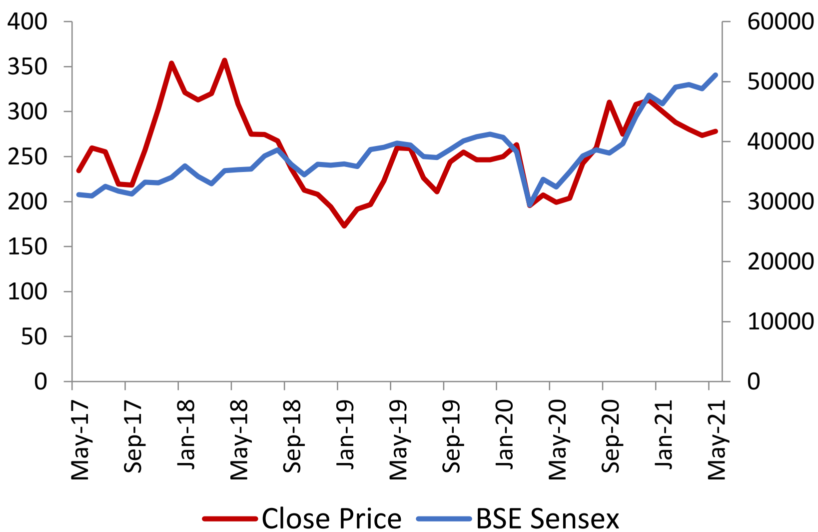
MARKET INFORMATION

Price to Earning



EV to PBIDT





Price Chart

Source: Sushil Finance Research, Company Research

Rating Scale : This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)	BUY : Over 20%	HOLD : 0% to 20%	SELL : 0% to -20%

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Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No