



Pick of the week

ADF Foods Ltd	
NSE Symbol	ADFFOODS
BSE Ticker	519183
Cur. Price (Rs)	224
Face Value (Rs)	2/-
Target Price (Rs)	273
Holding Time	10 months
Stop Loss (Rs)	185
Risk perceived	Medium
Stock Category	Listed
Rec. Weightage	4%
Book Value (Rs)	40
Promoter Stake	36.33%

ADF (formerly American Dry Fruits) started small, as most companies do, selling specialty dried fruits out of a small retail outlet in the Flora Fountain also known as 'Hutatma Chowk' located at Mumbai in the 1960s.

Today ADF is a leading company engaged in prepared ethnic food, offering, frozen foods, ready-to-eat (RTE) items, ready-to-cook (RTC) items, sauces, pickles, pastes and dips under its 8 brands and more than 400 products. Its range of ethnic foods, include Indian, Middle Eastern, Mediterranean and other global cuisines. The products are sold under eight brands; Ashoka, ADF Soul, PJ's, Nates, Camel, Aeroplane, Truly Indian and Khansaama. It manufactures, distributes, and markets Indian food along with organic Mexican and natural meat alternative foods.

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Financial Highlights (Consolidated)

	03/'20	03/'21	03/'22	03/'23	03/'24	03/'23*	03/'24*
Revenue	272.82	369.32	421.20	450.28	520.33	123.11	153.63
Other Income	21.80	6.00	9.48	11.21	11.06	0.57	1.77
Interest	-1.33	-1.16	-1.80	-2.65	-2.33	-0.64	-0.63
Depreciation	-5.88	5.89	-9.08	-13.73	-15.59	-3.53	-4.35
Tax	-12.21	-16.64	-16.61	-19.60	-24.28	-6.77	-6.03
Net Profit	42.77	50.06	48.52	55.85	73.78	16.08	25.03
Equity Capital	20.02	20.02	20.97	21.97	21.97	21.97	21.97
EPS	4.27	5.00	4.63	5.08	6.72	1.46	2.28
CEPS	4.86	4.41	5.49	6.33	8.14	1.79	2.67
OPM%	22.80	16.78	18.05	20.39	22.29	21.95	23.46
NPM%	15.68	13.55	11.52	12.40	14.18	13.06	16.29
Dividend	75%	150%	200%	250%	260%	-	-

The latest Face Value and Equity Capital are used for per-share ratios. / * 3 months / Rs in crores / Items deducted from Revenue to find Net Profit are marked negative.



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Its products are exported to over 55+ countries through a strong 180+ distribution network across US, Canada, Europe, Australia, Asia and Middle East. Its US subsidiary deals in Mexican & plant based foods, agency distribution etc.

Its annual food processing capacity is ~ 28000 MT across its facilities in Nadiad (Gujarat), Nashik (Maharashtra) and Surat (Gujarat). It is setting up a greenfield plant at Surat with an investment of Rs 75 crores in the first phase.

Investment rationale

During the last five years, the company has regularly expanded its infrastructure and facilities. Revenue to Equity capital ratio stands decent at 23 times! It is a regular dividend paying and a debt-free company.

For FY24 the results appear decent with Revenue and Net Profit growth of 16% and 32% respectively on year-on-year basis. But the **Q4FY24 result is eye popping with Revenue and Net Profit growth of 25% and 55% respectively on year-on-year basis.!**

From FY22 to FY24 Operating Profit Margins (OPM) has swiftly moved up from 18.05% to

20.39%, while Net Profit Margins (NPM) jumped from 11.52% to 14.18% respectively. For Q4FY24, OPM jumped to 23.46% (21.95%) while NPM skyrocketed 16.29% (13.06%)!

The Company launched several new products across various categories including frozen sweets, snacks, breads, canned sweets, dips, sauces and pickles under the 'Ashoka' brand. Under the 'SOUL' brand, the Company added leading e-commerce platforms including Swiggy Instamart for wider reach. 'Truly Indian' brand – The Company hired a dedicated sales team in USA for its planned launch in FY25.

The management is upbeat for FY25, and expects sales growth of 20%+. Based on the new products launched and the fast growing topline and bottomline we are projecting Revenue and Net Profit growth of 20% and 30% respectively for FY25. Thus we are projecting a FY25 EPS in the range of Rs 8.5 to Rs 9.0. For next couple of years we project EPS growth of 25% p.a.

Stock deserves a PEG ratio of 1.25 due to its long term track record, consistent growth, and bright growth prospects for the sector it serves.

Shares are regularly traded on NSE and BSE with aggregate daily volumes of about 2 lac shares. ✨

Note: Please review the Disclosures, Disclaimer, and Terms & Conditions before investing, both on subsequent pages and our website.

Terms used in research report

Book Value

Book value is the net value of a company's assets after subtracting its liabilities. It is a measure of the company's equity and is calculated by subtracting total liabilities from total assets.

BSE/NSE

BSE stands for Bombay Stock Exchange. NSE stands for National Stock Exchange

CAGR

CAGR stands for Compound Annual Growth Rate. It is a measure used to determine the average annual growth rate of an investment or business over a specific period, taking into account compounding effects.

CEPS

CEPS stands for Cash Earning Per Share. While Depreciation is subtracted from the operating profit to calculate the net profit, it's important to recognize that the depreciation amount remains available to the company for its utilization in practice. CEPS is calculated by dividing the sum of Depreciation and Net Profit by the number of outstanding shares. CEPS gives a better measure to gauge the cash profit per share.

EPS

EPS stands for Earnings Per Share. It is a financial metric that measures the profitability of a company by dividing its net earnings or profit by the number of outstanding shares. EPS represents the portion of earnings allocated to each share of common stock.

Face Value

Face Value refers to the nominal or par value assigned to a share of stock at the time of issuance. It is typically a small amount (e.g., Rs1, Rs2, Rs5, or Rs10). The face value does not necessarily reflect the market price or the actual value of the stock.

NPM

NPM stands for Net Profit Margin. It is a financial ratio that measures the profitability of a company by calculating the percentage of net profit generated relative to its total revenue.

OPM

OPM stands for Operating Profit Margin. It is a financial ratio that measures the profitability of a company's core operations by calculating the percentage of operating profit generated relative to its total revenue.

PE

PE stands for Price-to-Earnings ratio. It is a financial metric used to assess the relative value of a company's stock by comparing its current stock price to its earnings per share.

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Terms used in research report

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PEG

PEG ratio stands for Price/Earnings to Growth ratio. It is a financial metric used to assess the valuation of a company's stock in relation to its expected earnings growth. The PEG ratio takes into account the company's price-to-earnings (P/E) ratio and its projected earnings growth rate.

Risk

Risk refers to the potential for the value of a stock to fluctuate or experience losses due to various factors such as market conditions, economic events, company-specific risks, or unforeseen circumstances. Every stock is categorized into one of three risk levels: High, Average, or Low. These risk levels are determined based on their correlation to the broader market indices, such as the BSE Sensitive index and NSE Nifty 50 index. Low risk is assigned to stocks with a beta value below 0.75, Medium risk to stocks with a beta value between 0.75 and 1.25, and High risk to stocks with a beta value exceeding 1.25.

ROCE

ROCE stands for Return on Capital Employed. It is a financial metric that measures the profitability and efficiency of a company by comparing its operating profit to the capital employed in the business.

ROE

ROE stands for Return on Equity. It is a financial metric that measures the profitability and efficiency of a company by calculating the percentage of net income generated relative to its shareholders' equity.

Stock Category

Stocks are categorized as Value or Growth. Value stocks are undervalued companies with stable cash flows, while growth stocks are companies expected to have above-average earnings or revenue growth. Value stocks offer stability and potential income, while growth stocks offer higher potential for capital appreciation. The choice depends on investment goals and risk tolerance.

Stop Loss

Stop loss refers to a predetermined price level set by an investor to automatically sell a security if it reaches or falls below that level. It is a risk management tool designed to limit potential losses by triggering a sale order when the price reaches a specified threshold.

Weightage

Stock weightage/allocation in a portfolio means determining the proportion of the portfolio's value invested in different stocks to achieve diversification and meet investment objectives. Factors considered include the potential impact of stock price movements, scenarios likelihood, investment duration, and the probability of achieving targeted EPS growth. ✳

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Products at a glance

✓ **Smart Gains** : Value rewards, always !

Objective: Medium-term Wealth creation, learning valuations.

Content: On Wednesdays before 11 am, we provide a meticulously researched real-time stock recommendation, complete with a research report. We target annual returns between 20% and 30% and specify 'Stop Loss,' 'Target,' 'Holding Period,' and 'Allocation.' Our regular stock reviews and notifications for recommendations and exits are delivered through our mobile app, WhatsApp, and email.

For whom: Best suited for Investors looking for a healthy return on investment and ready to invest for 3 to 24 months.

	2018	2019	2020	2021	2022	2023
Success Rate	73%	61%	84%	87%	71%	89%

One year subscription Rs 9900/- as on 4 July 2024 (+ GST@18%)

Pick of the Week (Yearly best performers)

Company	Rec. Date	Rec. Price	Current Pr.#	% Gains
GE T&D India Ltd.	03-04-24	925	1695	83%
Pittie Engineering	10-01-24	685	1163	70%
TransformeRs & Rect.	19-04-23	65	796	1125%
VA Tech Wabag Ltd.	11-01-23	333	1323	297%
Vesuvius India Ltd.	18-05-22	1010	5059	401%
Finolex Cables Ltd.	13-04-22	411	1654	302%
HBL Power Systems	14-09-22	94	533	467%
Usha Martin	30-06-21	57	405	611%
Action Constructions	05-05-21	145	1529	954%

Note: 'Target Price' for each of the mentioned stocks has been attained; # as on 04 Jul. 2024

Products at a glance.. Continued

✓ **Smart Multibaggers** : Medium Safety, High Reward !

Objective: Achieving substantial long-term wealth growth through returns from multi-bagger investments

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For whom: This product is suitable for investors willing to commit to a minimum 2-year investment period with a minimum investment of Rs 5 lakhs. Over 7000 investors have already derived benefits from this offering.

	2013 to 2019	2020	2021	2022	2023
Success Rate	71%	83%	71%	50%	100%

One year subscription Rs 11900/- as on 4 July 2024 (+ GST@18%)

Yearly best PerformeRs

Company	Rec. Date	Rec. Price	Current Pr.#	% Gain
ITD Cementation India	28-04-23	124	516	316%
HBL Power Systems	01-02-23	100	533	433%
Solar Industries India	16-12-22	4121	11841	187%
Tata Power	03-03-21	104	437	320%
Tata Elxsi	13-01-21	2300	7080	208%
KEI Industries	22-04-20	271	4657	1618%
The Indian Hotels Co	25-06-20	82	614	649%
Hind RectifieRs	09-10-19	156	686	340%
Gokaldas Export	19-03-19	77	984	1178%

Note: 'Target Price' for each of the mentioned stocks has been attained; # as on 04 Jul. 2024

Disclosures

Recommendations given in this report have been researched and prepared by Anil Kumar Asnani (SEBI Reg. - IN-H000000420). He has experience of 34 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA (Finance), ERA (ICFAI, Hyderabad) and Ph.D.

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Disclosures (continued)

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- Protecting against fraud, unauthorized access, or any other misuse of our services.

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Privacy Policy (continued)

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