**EQUITY RESEARCH REPORT**

BY

**GARIMA CAPITAL LIMITED**

**03.01.2024**

# HIMALAYAN DISTILLERY LIMITED (HDL)

| Sector: Manufacturing | LTP: Rs. 1,726 (2nd Jan, 2024) | Pricing: Over | Valuation: Over |
|---|---|---|---|

## *Will the Glory Past Return Again?*

HDL recorded the 100% dividend in each of the FY 75-76, FY 76-77, and FY 77-78, providing an average of 58% bonus and 42.5% cash. The stock price rocketed to Rs.7,938 (Bhadra 2078). For FY 78-79, the company provided 70% dividend (60% bonus and 10% cash). But for FY 79-80, company discontented the investors with just 25% dividend (10% bonus and 15% cash). The stock price nosedived to Rs.1,540 (Mangshir 2080). Company's 5 Year CAGR of both revenue and net profit is 3.91% and 17.56% respectively. But in FY 79-80, company is likely to produce the audited figures of approx. 27% and 37% drawdown on the revenues and net profit respectively. The higher capitalization of reserves (bonus) in past has depleted the financial metrics to the vexation of investors: 5 Years CAGR of EPS, BVPS, ROE are -23.7, -8.6%, and -16.6% respectively. *We believe the company to strategically work ahead to regain its business stature but struggle in retrieving its past fundamental feat. We expect the company to shift towards cash dividend over bonus in the coming years while focusing more on boosting its reserves.*

**Stock's Profile**

| | |
|---|---|
| O/s Shares *(post bonus)* | 26,725,233 units |
| Market Cap. (Rs.) | Rs. 46,127,752,158 |
| Market Coverage | 1.46% |
| 52 Weeks H – L | Rs. 2,969.9 – 1,577 |
| 180D Avg. Price | Rs. 1,974.1 |
| 180D Avg. Vol. | 23,371 |
| No. of Subsidiary | 2 |
| No. of Liquor Products | 6 |
| Parent Company | Jawalakhel Group of Ind. |

**Statistical Metrics**

| Metrics | HDL | NEPSE |
|---|---|---|
| Mean Return | 43.46% | 13.31% |
| Mean Std. Dev. | 39.16% | 23.60% |
| Risk adj. Return | 0.97 | 0.33 |
| Beta | 1.10 | *(with NEPSE)* |
| Correlation | 0.66 | *(with NEPSE)* |

*Note: Data taken from 1.1.2020.*

**Fair Pricing**

| | | |
|---|---|---|
| P/E | 109.62 x | Over |
| P/B | 13.33 x | Over |
| P/S | 93.54 x | Over |
| P/EBITDA | 295.16 x | Over |

*Metrics are Restated*

**Valuation**

| Approach | Value | Remarks |
|---|---|---|
| Discounted Cash Flow | 541 | Over |
| Enterprise Value | 1712 | Over |
| Graham No. | 214.16 | Over |

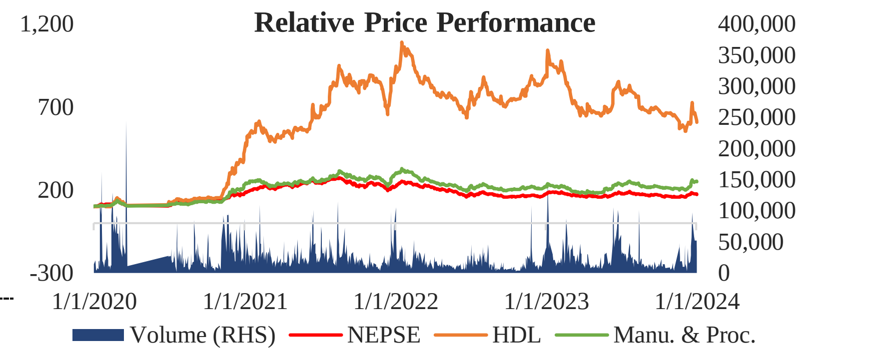
| Price Performance | 1M | 3M | 12M |
|---|---|---|---|
| Absolute | 3.98% | -11.44% | -32.06% |
| Relative to NEPSE | -5.26% | -14.44% | -31.27% |

## Synopsis

- **Needs to act aggressively to boost the revenues:** As stated above, company requires major strategic and aggressive actions to market its branded products so as to significantly boost its revenues. It needs to find new markets (in and out of the country), new strategic partners, dealers and customer segments to penetrates its businesses. Further company needs to invest on the procurement or maintenance of cash generating unit assets to increase its efficiencies.

- **Valuation / Pricing:** Our fair pricing approach involving P/E, P/B, P/Sales, and P/EBITDA, all shows the company trading at significantly higher prices than the standard requirement. Despite the company grouped under Manufacturing and Processing Sector in NEPSE, the company is unique in its kinds of operation and therefore we have ignored the peer comparison. Graham number as well reflect the stock being overly valued while the enterprise price value is biased by the equity capitalization of the stock itself. Based on the recent slowdown in operational and financial performance of the company, and anticipation of the continuation of same without any significant overhaul in its operation, we believe that the free cash flow of the company going forward to be limited, which will markedly depreciate the value per share of the company.

- **New addition to the Oak Family – Silver Oak:** In midst of preparation of this report, the company has introduced its new white spirit liquor called the 'Silver Oak'. This totals 6 brand/products in sale by the company.




*Note: Rebased to 100 in Jan 2020*

## Valuation

**Financial Ratios and Normalized Cash Flow Assumptions**

| In NPR. Million | 2075/76A | 2076/77A | 2077/78A | 2078/79A | 2079/80P | Normalized | Basis |
|---|---|---|---|---|---|---|---|
| Revenue Growth rate | 27.58% | -23.15% | 53.86% | 9.72% | -26.82% | 20% | Note |
| EBITDA Margin | 26.07% | 29.40% | 39.91% | 36.38% | 31.95% | 32.74% | Average |
| EBIT Margin | 24.29% | 27.34% | 38.53% | 35.03% | 30.25% | 31.09% | Average |
| Effective Income tax | 27.43% | 25.54% | 26.04% | 25.55% | 26.12% | 25.50% | - |
| After tax EBIT Margin | 17.62% | 20.36% | 28.49% | 26.08% | 22.35% | 22.98% | Harmean |
| Total Asset Growth Rate | 16.14% | 43.11% | 15.74% | 38.22% | 14.94% | 16.14% | Median |
| Fixed assets/Total Assets | 46.41% | 29.94% | 26.25% | 19.74% | 16.48% | 14% | Note |
| WC Increment/ Total Assets | 10.41% | 17.18% | (14.81%) | 18.91% | 30.41% | 6% | Note |

**Computation of Present Values (Figures in Millions)**

| *Years* | *Net Revenue* | *EBIT* | *Income tax (25.5%)* | *Dep.* | *Change in WC* | *Capex* | *Free cash flow* | *Discounting factor @14.17%* | *FCF Present Value* |
|---|---|---|---|---|---|---|---|---|---|
| 2078/79 | 4,059.12 | 1421.89 | (362.79) | 54.83 | (603.66) | (34.59) | 475.67 | | |
| 2079/80* | 2,970.51 | 898.55 | (233.51) | 50.49 | (1,115.70) | (16.11) | (416.29) | 1.00 | - |
| 2080/81E | 2,544.96 | 781.38 | (199.25) | 53.60 | (255.70) | 61.64 | 441.67 | 0.88 | 386.84 |
| 2081/82E | 3,053.95 | 949.34 | (242.08) | 50.58 | (296.98) | (45.74) | 415.12 | 0.77 | 318.45 |
| 2082/83E | 3,664.74 | 1139.21 | (290.50) | 60.69 | (344.92) | (51.17) | 513.31 | 0.67 | 344.89 |
| 2083/84E | 4,397.68 | 1367.05 | (348.60) | 72.83 | (400.59) | (57.09) | 633.60 | 0.59 | 372.86 |
| 2084/85E | 5,277.22 | 1640.46 | (418.32) | 87.39 | (465.26) | (63.50) | 780.78 | 0.52 | 402.43 |
| 2085/86E | 6,332.66 | 1968.55 | (501.98) | 104.87 | (540.37) | (70.38) | 960.70 | 0.45 | 433.69 |
| 2086/87E | 7,599.20 | 2362.26 | (602.38) | 125.85 | (627.60) | (77.69) | 1180.44 | 0.40 | 466.73 |
| 2087/88E | 9,119.04 | 2834.72 | (722.85) | 151.02 | (728.91) | (85.38) | 1448.59 | 0.35 | 501.65 |
| 2088/89E | 10,942.84 | 3401.66 | (867.42) | 181.22 | (846.58) | (93.34) | 1775.54 | 0.30 | 538.54 |
| 2089/90E | 13,131.41 | 4081.99 | (1,040.91) | 217.46 | (983.24) | (101.41) | 2173.89 | 0.27 | 577.51 |
| Terminal Period | 14,181.93 | 4,408.55 | (1,124.18) | 234.86 | (1,141.96) | (135.49) | 2,241.78 | 0.27 | 9,645.56 |

| | |
|---|---|
| Present Value of Firm | 13,989,138,505 |
| Total Debt | - |
| Cash and Cash Equivalent | 469,591,315 |
| Total present value of Firm/Equity | 14,458,729,820 |
| Outstanding Shares | 26,725,233 |
| **Value per Share** | **541** |

**Analyst Notes and Comments:**

- 5 Years average revenue growth is 8.24% against our 20% count, believed to be fueled by the gradual market penetration by the newer products.
- Perpetual growth rate is anticipated 8%.
- Size of Fixed assets to total assets is assumed 14% despite the 5 Years average of 27.76%.
- Working capital increment in each of the projected periods are computed based on the proportion of working capital increment to total assets. We assume the increment to be 6% despite the 5 Years average of 12.42%.
- Since the company has no debt, FCFF and FCFE are assumed to be equal while WACC equals Cost of Equity.
- Risk free rate assumed to be the 364 Weighted average Treasury Bills Rate which is 4.445%.

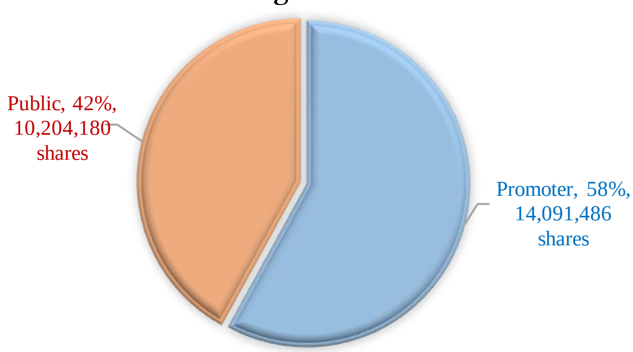
## Fundamental Synopsis

### *Company Profile*

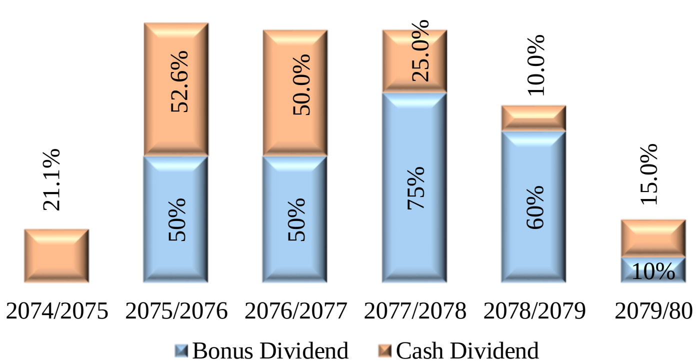
*Established on Shrawan 2042 as a private company and converted to public company on Kartik 2047, Himalayan Distillery Limited (HDL) is a subsidiary of Jawalakhel Group of Industries which basically manufacture alcoholic beverages (21 Brands). HDL has in total 6 liquor products namely Golden Oak, Black Oak, Blue Oak, Himalayan Aila, Royal Treasure, and Silver Oak. The company is the highest selling whiskey company in Nepal with Golden Oak having market share of 58.7% and overall market share of 80% (all brands) in 40UP segment. The company has 30 KLPD (Kilo Litre per Day) distillation plant with 4.32 million productions of ENA (Extra Neutral Alcohol) out of 6 million liters of production capacity per annum. Its registered office and factory are located in Birgunj, Parsa where both distillation and bottling take place.*

| | |
|---|---|
| ***Chairman*** | ***Mr. Akhileshwar Prasad Singh*** |
| ***CEO*** | ***Mr. Niraj Subedi*** |

**Shareholding Structure**




**Dividend History**




**Upcoming 23rd AGM and Agendas:** Company's 23rd AGM is going to be held on 25th Poush (10th Jan.) with the key agenda to pass the 15% cash dividend and 10% bonus shares for FY 2079-80. The issue of bonus will augment its Paid-up capital to Rs. 2.67 billion from the existing Rs. 2.43 billion and company propose to pass the resolution of increasing the authorized capital to Rs. 3 billion from the existing Rs. 2.5 billion at the AGM. The trading price of the company's stock has already been adjusted for the 10% bonus issue following the book closure date on 13th Poush, 2080.

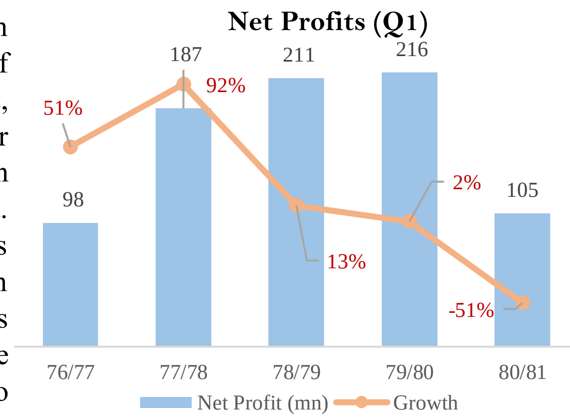
**Current Development and Strategy Ahead:** Q1 report states that the company is in process of procuring the required machines to bring in effect its Zero Liquid Discharge concept that will efficiently manage the Effluent and Grain Sludge produced during production of liquors. Company anticipates its revenue to be boosted by the sale of 'Dry cakes' instead of 'Semi liquid cakes' produced from the Grain Sludge. Similarly, work has been initiated for the connection of the 'Malt distillation unit' for production of the Matured Spirit, , *major ingredients of the products,* within the country. Company expects a significant investment and time required for repair and maintenance of the plant and machinery used for production of the Spirit, which are likely to increase the cost of productions. Company envisions for Plant automation for generation of the Spirit.

**Revenue Source:** Of the 6 (now) existing products under its brand, Golden Oak (oldest one introduced in 2071) is the highest selling whisky of the company in Nepal with market share of 58.7% of total whisky segment. Company introduced two premium products - Black Oak (2074-75) which has a market share of 7.3%, and Blue Oak (2078-79) which has 0.3% market share. Apart from this, company sells three other products - Royal Treasure (premium products with just 0.1% market share), Himalayan Aila (again negligible market presence) and recently launched Silver Oak. Company claims to have sold 1 million cases of Golden Oak in each of FY 2076-77, 2077-78, and 2078-79, while in 2078-79, it sold 104,321 cases of Black Oak but Blue Oak is stated to have yearly production capacity of approx. 8500 litre only. So, the company revenue is majorly concentrated to the market of Golden Oak. Following the Supreme Court prohibition on any advertisement of alcoholic products, business is curtailed.

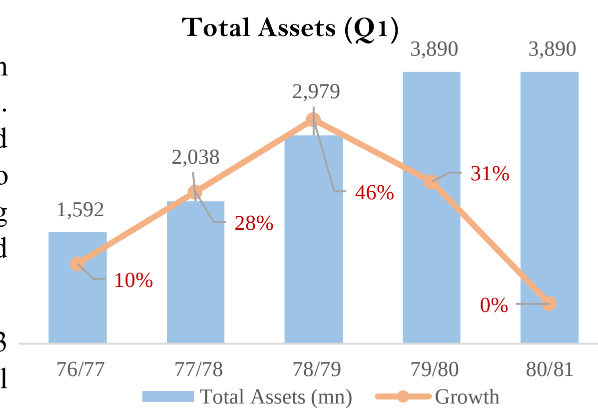
**Market Operation:** This includes the network of distributors, wholesalers, off trade and on trade channel across Nepal. J.G.I Distribution Pvt. Ltd., wings of JGI Industries, does the sales and marketing of the company's brand.

## Fundamental Synopsis

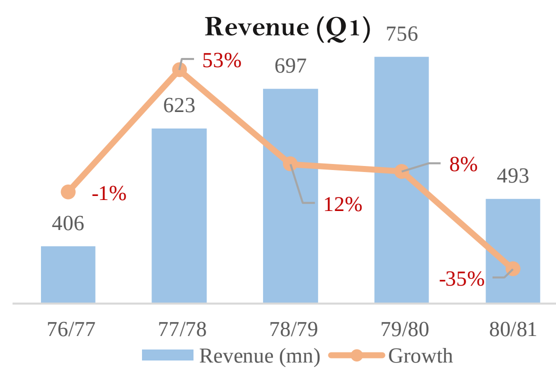
**Key challenges:** The increase in price of broken rice (key raw material for whisky) which is subject to 20% custom tariff, increase in excise duty (from Rs,456 to Rs.630 per litre), rise in fuel price, etc. has upsurged the cost of production. The competition has increased due to new products in the market, other products offered by the other wings of the JGI, shift in consumer preferences to other beverages like beer, rum and white spirits, etc. Consumption of beer in the market with the introduction of mini bottles of beer has increased. Barahsinghe is among the top competitor along with other whiskey products such as Old Durbar, Signature, Antiquity etc. In addition, due to decrease in disposable income, customers are switching to cheaper local whiskey which is further fueled by cheap quality imitated products in the markets. Further, the trend of flux of its major target segments, youth, is another major challenge to its business proliferation, whilst the burgeoning tourism industry might provide some solace.



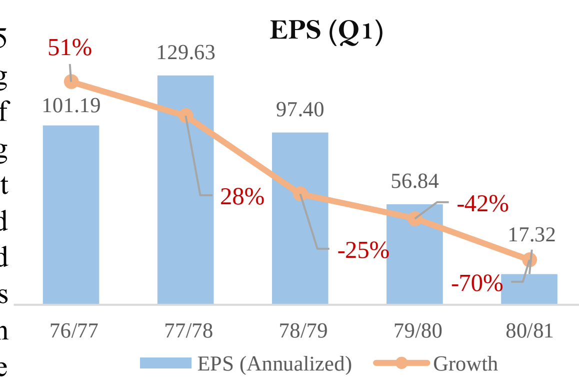

**Subsidiaries:** HDL has two wholly owned subsidiaries. One is Himalayan Fisheries Ltd. which was established on Jestha 2076 with paid-up capital of Rs. 81.1 million. Another is Himalayan Multi Agro. Ltd. which was incorporated on Falgun 2074 with paid up capital of Rs. 20 million and HDL commits to invest further Rs. 30 million. Both these subsidiaries are not operating commercially, generating no revenues and reporting the losses of Rs.96,728 and Rs.110,910 respectively in FY 2078-79.




**Paid- up Capital:** As of Q1 FY 2080-81, HDLs paid- up capital is Rs. 2.43 billion. Following the 10% bonus issue for FY 2079-80 paid-up capital will increase to Rs. 2.67 billion. 5 Years CAGR of Paid-up capital stands 47.28%. No right shares have been issued till date.

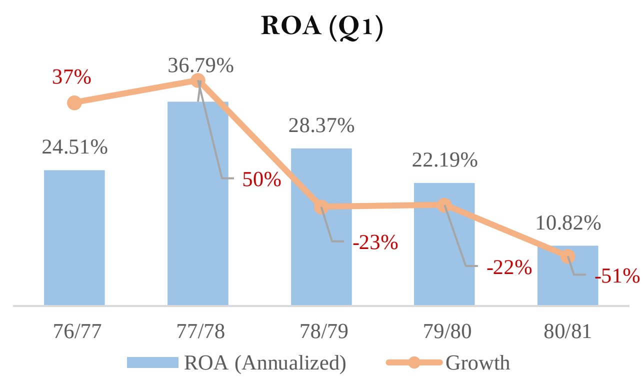


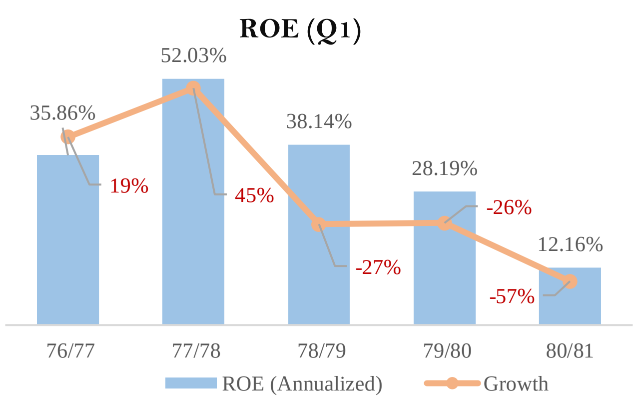

**Review of Q1 Financial Position:** As of Q1 2080-81, the balance sheet size stands at Rs. 3.89 billion, insignificant Y-o-Y change. YoY paid- up capital has increased from Rs. 1.5 billion to Rs. 2.4 billion after 60% bonus issue. With R&S of Rs. 1 billion, equity is 89% of the total balance sheet. Company settled all long-term borrowings in FY 2077-78. Trade payables decreased by 70% YoY to Rs. 75 million and current borrowings stands nil vs Rs. 150 million same period last year. Trade receivables comprise 64% of the total assets i.e. Rs. 2.47 billion (shows significant credit deals) and fixed assets is 12% of the same. Both Investments and cash & cash equivalent is approx. 2.5% of the total assets.

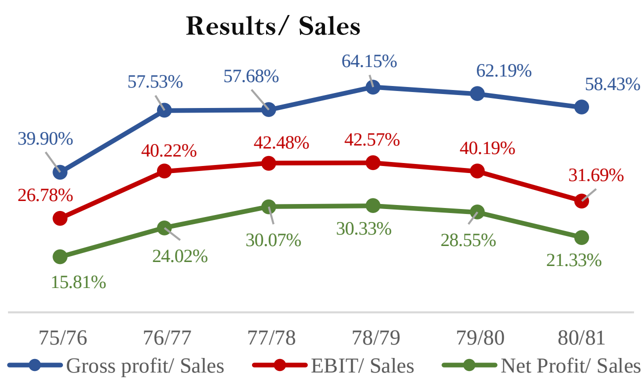


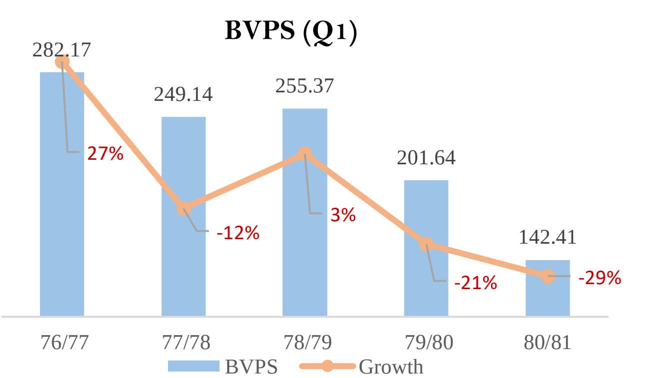

**Q1 Income statement scrutiny:** Company reported net profit of Rs.105 million in Q1 FY 80-81 which is approx. 51% lower than that of corresponding previous period i.e. Rs.215.8 million. Despite the gross operating revenue of Rs.971.8 million in Q1 (-29.7% Y-o-Y), excise duty consumed 49.26%, resulting the net sales revenue of only Rs.493 million (-35% Y-o-Y). Both the gross profit (Rs.288 million) and operating profit (Rs. 143.5 million) plunged by 38.7% and 50.6% respectively in Q1. Its gross profit margin, operating profit margin and net profit margin respectively stands 58.4%, 29%, and 21.3% in Q1 FY 80-81 as compared to 62.2%, 38.5%, and 28.5% respectively in Q1 FY 79-80. Though the company has reduced the COGS, and operating expenses, the reduction are not proportionate to the fall in revenues.

## Fundamental Synopsis




**Key financial metrics:** Annualized EPS in Q1 has lowered to Rs. 17.32 from Rs. 56.84 in Q1 79-80. The decelerating businesses and revenues with practice of over capitalizing reserves to equity, weakened the EPS. Not only this, the BVPS, ROA and ROE is at lowest in 5 years at Rs. 142.41, 10.82% and 12.90% respectively. 5-year CAGR of EPS, BVPS, ROA and ROE are showcasing negative growth of 23.7%, 8.6%, 9.5% and 16.6%. Company has no external debt, so there are no debt ratios.

**Du-Pont Analysis**

| *Periods* | *Q1 80-81* | *Q1 79-80* | *FY 78-79A* |
|---|---|---|---|
| Net Profit Margin | 21.3% | 28.5% | 26.04% |
| Asset Turnover | 0.13 | 0.22 | 1.41 |
| Equity Multiplier | 1.19 | 1.30 | 1.19 |
| ROE | 12.90% | 32.71% | 43.59% |

**Breaking the ROE:** As stated above, ROE is 12.90% as against 32.71% in Q1 79-80 while 5-year CAGR is negative 17.8%. Du-Pont analysis reveals that the drop in ROE is basically due to the diminishing asset turnover (weakening efficiency of assets in generating revenues) and net profit margin (weakening operating margin). Equity multiplier has decreased as well due to no external debts anymore, meaning no leverage, and finance charges but ROE is also not amplified in the process.

**Liquidity measure:** In the past three years period, HDL is reporting staggeringly higher current ratio and quick ratio, averaging 8.50 and 7.55 respectively. Unaudited report of Q4 79-80 computes the current ratio of 10.83 and quick ratio of 9.25. Coming to Q1 80-81, these ratios are 8.46 and 7.57 respectively. While the higher ratios are preferred for painting the better liquidity and short-term solvency of the company, we believe such extreme ratios as reported by the company are the matter concern, particularly poor cash management practices.

**Cash management analysis:** Despite the higher liquidity ratios as stated above, the other liquidity measure such as operating cash flow ratio and cash conversion cycle of the company shows serious concern. We compute the operating cash flow ratio of Q4 79-80 to be negative 1.54 which shows the company in short of actual cash balance to satisfy the current liabilities. Such ratios in the past (5 Years Median: 1.14) depicts company's exposure to potential insolvency. Receivable turnover in Q4 79-80 stands only 1.91 (against 5 Years Median of 4.87) which concludes the higher credit sales and poor cash collection. On other hand, payable turnover in Q4 79-80 has come down to 10.62 against 5 Years median of 17.03, which likely suggest the difficulties for the company to settle the bills on timely manner. Inventory turnover

## Fundamental Synopsis

turnover ratio has also come down to 3.15 in Q4 79-80 from 5 Year median of 4.14, corroborating the weaker sales situation. All these has led to significant increment in the cash conversion cycle of the company, from 5 Years median of 130 days to 273 days in Q4 79-80. This higher cash conversion cycle inks the longer duration for the company in cash generation.

**Cynical earning quality:** Company's ratio of net operating cash flow to net profit in Q4 79-80 is actually negative 0.66 while its 5 Years median ratio is 0.59 only. This lower ratio demonstrates the company's poor ability to convert the net profitability into cash flows. Alternatively, it suggests the poor earning quality and sustainability of the company.

**Dividend history:** HDL has proposed 25% dividend (10% bonus and 15% cash) for the FY 2079-80. Compared to its record of high dividends in recent pasts, dividend for FY 2079-80 is very low which came at distaste of the investors (reflected by 4% drop in stock price following the announcement). Prior to this, the company had consistently provided 100% dividend in each of 3 consecutive years from FY 2075/76 to FY 2077 / 78 (58% avg. bonus and 42% avg. cash). In FY 2078/79, it distributed 70% dividend (60% bonus and 10% cash). The company had gone more on capitalization of its retained earnings despite the challenges of shrinking businesses (as attested by weakening fundamentals and profitability). It is thus less likely for the company to rebound with higher dividend distribution at least for the intermediate periods (≤ 5 Years).

**Corporate governance issues:** Company is often headlined with the corporate governance issues, particularly related party transaction risk or transfer pricing possibly not at arm-length prices. Allegation had been for the company and group to shenanigans the financials by recording huge R&D, marketing expenses on the books of HDL and transferring the production rights of products/brands to its other private company (i.e. Vijay Distillery, Rolling River Distillery, etc.) owned by the parent company, JGI, thus avoiding the tax and possible dividend payments. Besides, the issue relates to director(s) unethical shares transaction.

**Key risk factors:** The company is exposed mainly to the operational risk since it has to depend on the import of the broken rice from India which is subject to 20% custom tariff. The annual report of 78-79 state the ban on such key material by India for some time, which put threat of the supply chain disruption. Pile up of the billion rupees receivables (Rs.1.96 billion in Q4 79-80 flag the high chances of default/credit risks. Quarterly reports reveal the company surface with the sundry litigation cases, particularly about the tax claims, although the notes do not state the monetary values of such contingent liabilities.

## Appendices

| Annual Snippet (million) | 77/78A | 78/79A | 79/80P* | 80/81E | 81/82E | 82/83E | 83/84E | 84/85E |
|---|---|---|---|---|---|---|---|---|
| Revenues | 3,699.7 | 4,059.1 | 2,970.5 | 2,544.9 | 3,053.9 | 3,664.7 | 4,397.7 | 5,277.2 |
| Gross Profit Margin | 60.14% | 61.26% | 59.57% | 56.52% | 56.52% | 56.52% | 56.52% | 56.52% |
| EBITDA Margin | 39.91% | 36.38% | 31.99% | 32.74% | 32.74% | 32.74% | 32.74% | 32.74% |
| Op. Profit Margin | 38.53% | 35.03% | 30.25% | 31.09% | 31.09% | 31.09% | 31.09% | 31.09% |
| Net Profit Margin | 28.15% | 26.04% | 22.22% | 22.60% | 22.60% | 22.60% | 22.60% | 22.60% |
| Operating Profit | 1425.4 | 1421.9 | 898.55 | 781.38 | 949.3 | 1139.21 | 1367 | 1640.46 |
| Net Profit | 1041.4 | 1056.9 | 660.52 | 575.15 | 690.18 | 828.22 | 993.88 | 1192.6 |
| EPS | 120.02 | 69.61 | 27.17 | 21.52 | 25.83 | 30.99 | 37.19 | 44.63 |

*P* Provisional*

## Appendices

| *Quarterly Snippet* | *Q1 79/80* | *Q4 79/80* | *Q1 80/81* | *Q2 80/81E* |
|---|---|---|---|---|
| Paid Up Capital *(million)* | 1518.47 | 2429.56 | 2429.56 | 2672.52 |
| R&S | 1543.36 | 925.2 | 1030.44 | - |
| Total Assets | 3890 | 3669.3 | 3889.77 | - |
| Non-Current Liabilities | 32.82 | 31.6 | 42 | - |
| Net Revenue | 755.75 | 2970.51 | 493.11 | 1085.58 |
| Gross Profits | 470 | 1769.46 | 288.14 | 654.40 |
| Operating Profits | 290.76 | 898.55 | 143.53 | 333.3 |
| Net Profits | 215.76 | 660.52 | 105.2 | 245.49 |
| EPS | 56.84 | 27.19 | 17.32 | 18.87 |
| BVPS | 201.64 | 138.08 | 142.41 | - |
| ROE | 29.23% | 21.31% | 12.35% | - |
| ROA | 24.05% | 19.25% | 11.14%% | - |

| Cost of Equity / WACC Computation | |
|---|---|
| Risk Free Rate | 4.45% |
| Market Return | 13.31% |
| Market Beta | 1.10 |
| CAPM Return | 14.17% |
| Cost of Debt | - |
| WACC / Cost of Equity | 14.17% |
| Perpetual Growth Rate | 8% |
| Capitalization Rate | 6.71% |

| S.N. | Key Financial Ratios | Average | 79/80P | 78/79A | 77/78A | 76/77A | 75/76A |
|---|---|---|---|---|---|---|---|
| 1 | Net Profit Margin | 22.60% | 22.24% | 26.04% | 28.15% | 19.42% | 17.16% |
| 2 | Gross Profit Margin | 56.52% | 59.57% | 61.26% | 60.14% | 51.36% | 50.27% |
| 3 | EBITDA Margin | 32.74% | 31.95% | 36.38% | 39.91% | 29.40% | 26.07% |
| 4 | Operating Profit Margin | 31.09% | 30.25% | 35.03% | 38.53% | 27.34% | 24.29% |
| 5 | Pre-tax Margin | 30.57% | 30.10% | 34.98% | 38.06% | 26.08% | 23.65% |
| 6 | ROE | 46.14% | 21.31% | 43.59% | 63.95% | 41.67% | 60.17% |
| 7 | ROA | 35.00% | 19.25% | 38.42% | 48.38% | 27.55% | 41.39% |
| 8 | Operating Return on Assets | 48.29% | 26.19% | 51.69% | 66.21% | 38.78% | 58.56% |
| 9 | Return on Capital Employed | 42.53% | 21.31% | 43.58% | 61.06% | 36.48% | 50.24% |
| 10 | Equity Multiplier | 1.31 | 1.11 | 1.13 | 1.32 | 1.51 | 1.45 |
| 11 | Total Asset Turnover Ratio | 0.35 | 0.19 | 0.38 | 0.48 | 0.28 | 0.41 |
| 12 | Receivable Turnover Ratio | 5.48 | 1.91 | 4.87 | 5.18 | 3.66 | 11.08 |
| 13 | Days of Sale Outstanding | 93.48 | 191.24 | 74.98 | 70.48 | 99.78 | 30.94 |
| 14 | Inventory Turnover | 4.41 | 3.15 | 7.24 | 4.52 | 3.00 | 4.14 |
| 15 | Days of Inventory on Hand | 91.41 | 115.75 | 50.45 | 80.78 | 121.78 | 88.27 |
| 16 | Payable Turnover | 17.78 | 10.62 | 22.18 | 17.03 | 12.35 | 26.69 |
| 17 | Number of Days of Payable | 23.10 | 34.35 | 16.46 | 21.43 | 29.56 | 13.67 |
| 18 | Cash Conversion Cycle | 161.80 | 272.63 | 108.97 | 129.83 | 192.00 | 105.54 |
| 19 | Current Ratio | 4.03 | 8.36 | 6.32 | 1.96 | 2.00 | 1.51 |
| 20 | Quick Ratio | 3.28 | 7.69 | 5.71 | 1.36 | 1.19 | 0.46 |
| 21 | Fixed Asset Turnover | 6.04 | 6.14 | 7.94 | 6.91 | 4.14 | 5.08 |
| 22 | Working Capital Turnover | (5.43) | (2.66) | (6.72) | 10.81 | (7.02) | (21.54) |
| 23 | Operating Cash Flow Ratio | 1.30 | (1.54) | 1.61 | 4.92 | 0.38 | 0.79 |
| 24 | Financial Leverage | 1.31 | 1.11 | 1.13 | 1.32 | 1.51 | 1.45 |
| 25 | Operating cash flow to net income ratio | 0.49 | (0.66) | 0.47 | 1.27 | 0.59 | 1.14 |

*Note: * P: Provisional / Team Own Estimate.*

## Technical Synopsis


| Technical Indicator (02/01/2024) | | | |
|---|---|---|---|
| RSI | 58.51 | Exponential Moving Average (12 Day) | 1678.58 |
| MACD line | 46.53 | Exponential Moving Average (26 Day) | 1632.05 |
| Signal line | 22.98 | Exponential Moving Average (50 Day) | 1642.30 |
| Bollinger Upper Band | 1850.50 | Exponential Moving Average (200 Day) | 1799.17 |
| Bollinger Middle Band | 1591.43 | Volumes | 34.731 K |
| Bollinger Lower Band | 1332.36 | On Balance Volumes | -86.773 K |
| ADX | 35.81 | Super trend | 1654.66 |

Over the span of a year, HDL has dropped by approx. 50% from its peak. The stock is still moving in a negative trend, showing a downward channel pattern with a new lower bottom. Although, it has recovered from the middle channel during the current rise, however as of yet, there isn't a definite indication of a positive trajectory. The stock is trading at resistance zone as it hasn't decisively break out of the declining channel pattern. Additionally, a fresh higher high formation and channel breakout are necessary for the market's bullish rally.

The Fibonacci retracement levels indicate that the HDL strong support level is at the 0.618 level. To push for the next significant resistance zone of 2300, the scrip has to stabilize above the 2000 price zone in order to continue its bullish rise. At this point, HDL has taken the middle band's support, indicating the scrip's upward momentum. The crossing between the MACD line and the signal line, as shown by the MACD, also indicates that the stock has positive momentum.

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