

Tata Consumer Products

Estimate change



TP change



Rating change



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Bloomberg	TATACONS IN
Equity Shares (m)	922
M.Cap.(INRb)/(USDb)	410.2 / 5.5
52-Week Range (INR)	472 / 214
1, 6, 12 Rel. Per (%)	8/22/69
12M Avg Val (INR M)	1546
Free float (%)	65.3

Financials & valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	96.4	108.5	119.2
EBITDA	12.9	17.4	19.8
PAT	7.3	9.3	11.1
EBITDA (%)	13.4	16.0	16.6
EPS (INR)	8.0	10.1	12.1
EPS Gr. (%)	66.4	27.1	19.2
BV/Sh. (INR)	150	157	165
Ratios			
Net D/E	(0.1)	(0.1)	(0.2)
RoE (%)	6.9	6.6	7.5
RoCE (%)	8.5	8.6	9.9
Payout (%)	54.1	27.7	27.3
Valuations			
P/E (x)	56.2	44.2	37.1
EV/EBITDA (x)	30.6	22.8	20.0
Div Yield (%)	0.9	1.4	1.6
FCF Yield (%)	4.8	4.1	5.6

Shareholding pattern (%)

	Jun-20	Mar-20	Jun-19
Promoter	34.7	34.7	34.5
DII	19.8	21.8	13.1
FII	19.5	17.1	26.6
Others	26.0	26.4	25.8

Note: FII includes depository receipts

CMP: INR448
TP: INR560 (+25%)
Buy

India S/A business drives overall EBITDA performance

- Tata Consumer Products' (TCP) 1QFY21 results were robust (ahead of expectations), mainly led by improvement in standalone (S/A) performance. S/A EBITDA grew 40% YoY due to better realizations, favorable commodity costs and lower discretionary expenditure. Strong operating performance was witnessed across businesses (barring Tata Coffee S/A).
- Factoring in the better-than-expected performance and margin expansion in India Food and Beverage (F&B) segment, we have increased our earnings estimates for FY21/FY22E by 30%/22% to arrive at an SOTP-based TP of INR560/share. Maintain **Buy**.

Gross Margin expansion drives EBITDA margin

- Revenues were up 13% YoY to INR27.1b (v/s est. INR25.3b). EBITDA grew 38% YoY to INR4.8b (v/s est. INR3.8b). Note that base quarter performance includes India Food business numbers (erstwhile Tata Chemicals' consumer business). EBITDA margin expanded 310bp YoY to 17.8% due to 180bp expansion in gross margin, lower ad spends and operating leverage. Adj. PAT rose 45% YoY to INR2.6b. The higher growth was due to margin expansion and lower tax rate of 22.1% (v/s 34.1% last year).
- India branded beverages/foods revenue grew 11%/19% YoY to INR10b/INR5.9b. Segment EBIT increased 56%/54% YoY to INR2.2b/INR1.1b. India branded beverages/foods volume grew 4%/8%. International branded beverages witnessed revenue growth of 15% to INR8.7b with EBIT growth of 58% YoY to INR1.3b.
- S/A revenues grew 10% YoY to INR16.1b. EBITDA was up 40% YoY to INR3.3b. Adj. PAT rose 56% YoY to INR2.5b. The higher growth in Adj. PAT was due to margin expansion and the lower tax rate. The consol. performance was driven by S/A and TCL's coffee sales in the US.
- Tata Coffee's (TCL) consolidated revenue/EBITDA grew 26%/40% YoY to INR5.9b/INR1.1b, driven by the overseas coffee business' performance. TCL's standalone revenue declined 12% YoY (to INR1.8b), whereas EBITDA declined 34% (210bp) to INR152m. Revenue/EBITDA for TCL's overseas coffee business grew 55%/70%. Revenue growth was aided by the Vietnam plant (absent in the base quarter) and the US' coffee revenue, which grew 37% (26% underlying growth). Overall, operating leverage led to EBITDA margin expansion.
- TCP's overseas tea business' revenue/EBITDA grew 13%/19% YoY to INR5.2b/INR464m.

Highlights from management commentary

- The company is on track to realize initial synergy estimates of 2-3% of combined India branded revenues over the next 18-24 months.
- TCP has gained market share in the India tea business from most competitors on the back of better procurement/ distribution (v/s peers).

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- Tea prices surged 50% in the last few months and are believed to have peaked. However, it is expected to decline (as crop harvest would reach market). Focus is to achieve profitability rather than volume growth.
- TCP aims to become a complete FMCG company from an F&B company currently. TCP is planning to expand to adjacent product portfolios in the near term and to branch out to newer categories over the long term. The company is focused on maintaining strong RoCE rather than improving sales alone.

Valuation and view

- TCP reported 38% growth in consolidated EBITDA on the back of S/A (contributed 70% to the incremental EBITDA earned v/s last year) and TCL's overseas tea (30%). S/A EBITDA growth was aided by better realizations, favorable commodity costs and lower discretionary expenditure.
- The Tata Group is clearly focused on leveraging its brand and participating in India's consumption story of INR30t, which has resulted in the merger of Tata Chemicals' Food biz with TCP.
- The merger of Tata Chemicals' Food business with TCP is in line with Tata Group's focus on creating a single FMCG-focused company. The merger offers multiple synergies, including higher outlet coverage, focused new product development, stronger cash flow generation and scale efficiencies.
- Moreover, in the short-to-medium term, we believe the new CEO, Mr. Sunil D'Souza would focus more on marketing the under-penetrated food product categories such as pulses, *besan* (gram flour), spices, and *chilla* mix, aggressively leveraging the existing strong distribution network and the *Tata* brand.
- Additionally, the company intends to focus on setting up the right sales and distribution channels and driving cost efficiencies in the near term. It is on track to realize its initial synergy estimates of 2-3% of combined India branded revenues over the next 18-24 months.
- Over FTY20-22E, sales/EBITDA/ PAT is expected at CAGR of 11%/24%/23% to INR119b/INR20b/INR11b.
- Factoring in the better-than-expected performance and margin expansion in the India F&B segment, we have increased our earnings estimates for FY21/22E by 30%/22% and arrived at an SOTP-based TP of INR560/share. Maintain **Buy**.

Consolidated - Quarterly Earning Model

(INR M)

Y/E March	FY20				FY21				FY20	FY21	FY21	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	23,924	23,471	24,930	24,050	27,139	26,131	28,004	27,261	96,374	1,08,535	25,279	7
YoY Change (%)	32.7	33.3	30.3	35.5	13.4	11.3	12.3	13.4	32.9	12.6	33.2	
Total Expenditure	20,415	20,323	21,748	20,967	22,313	21,863	23,960	23,043	83,453	91,179	21,512	
EBITDA	3,509	3,148	3,181	3,084	4,827	4,267	4,044	4,218	12,922	17,356	3,767	28
Margins (%)	14.7	13.4	12.8	12.8	17.8	16.3	14.4	15.5	13.4	16.0	14.9	
Depreciation	576	587	614	640	619	650	670	675	2,417	2,614	650	
Interest	186	204	201	187	173	195	200	190	779	758	190	
Other Income	331	280	285	219	327	250	285	220	1,116	1,082	300	
PBT before EO expense	3,078	2,637	2,651	2,476	4,362	3,672	3,459	3,573	10,842	15,066	3,227	
Extra-Ord expense	-81	-15	-8	-2,644	633	0	0	0	-2,748	633	0	
PBT	2,997	2,622	2,643	-168	4,995	3,672	3,459	3,573	8,094	15,699	3,227	
Tax	1,022	636	750	334	1,104	1,028	969	1,000	2,742	4,101	904	
Rate (%)	34.1	24.3	28.4	-198.2	22.1	28.0	28.0	28.0	33.9	26.1	28.0	
Minority Interest	164	147	153	-460	180	184	191	-561	4	-6	181.5	
Profit/Loss of Asso. Cos.	-74	92	-46	-723	-435	-400	-400	-400	-751	-1,635	-750	
Reported PAT	1,737	1,932	1,694	-765	3,276	2,060	1,900	2,734	4,598	9,969	1,392	
Adj PAT	1,818	1,947	1,702	1,879	2,643	2,060	1,900	2,734	7,346	9,336	1,392	90
YoY Change (%)	35.2	10.3	71.4	499.0	45.4	5.8	11.6	45.5	66.4	27.1	4.4	
Margins (%)	7.6	8.3	6.8	7.8	9.7	7.9	6.8	10.0	7.6	8.6	5.5	

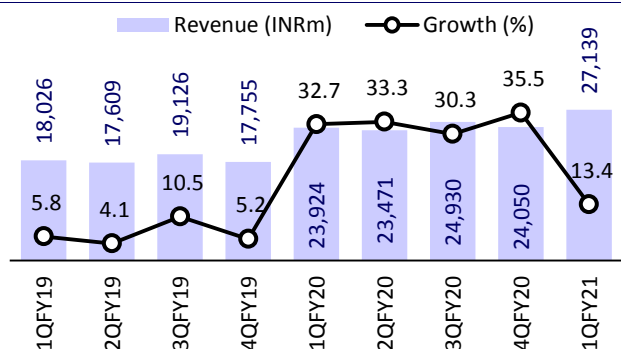
Nos. include Tata Chemicals' Consumer biz nos.

Key Performance Indicators

Y/E March	FY20				FY21				FY20	FY21
Consolidated	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue Growth (%)										
Standalone	61.1	68.5	64.5	70.3	9.7	10.0	14.7	16.9	65.9	13.5
Overseas Tea Biz	-2.2	-4.2	-5.3	4.2	12.8	2.0	2.5	1.0	4.4	4.4
Tata Coffee Ltd (TCL) Consol	10.5	5.5	7.7	12.2	25.9	15.3	15.7	17.3	9.0	18.5
TCL Standalone	25.9	4.7	0.6	-16.9	-12.3	3.0	5.0	18.0	2.4	2.7
Coffee Overseas	1.3	6.1	11.7	34.8	54.6	23.1	21.0	17.0	13.2	27.6
EBITDA Margin (%)										
Standalone	15.9	14.3	14.1	12.0	20.3	18.5	16.2	15.6	14.1	17.7
Overseas Tea Biz	8.5	7.2	4.9	12.8	8.9	7.2	5.1	12.7	8.5	8.6
TCL Consol	16.9	16.5	17.0	14.9	18.8	17.3	18.1	17.5	16.3	17.9
TCL Standalone	11.4	9.4	8.9	0.4	8.7	8.0	8.7	5.3	7.8	7.6
Coffee Overseas	21.0	20.9	21.0	21.9	23.2	22.1	22.1	23.5	21.2	22.7
Cost Break-up										
RM Cost (% of sales)	57.1	56.5	56.5	54.5	55.3	56.4	57.2	55.0	56.1	56.0
Staff Cost (% of sales)	8.9	9.4	8.8	9.6	8.4	8.6	8.3	8.8	9.2	8.5
Adv. and Sales (% of sales)	5.5	6.9	8.1	7.5	4.9	5.6	7.3	6.7	7.0	6.2
Other Cost (% of sales)	13.9	13.8	13.9	15.5	13.6	13.0	12.8	14.0	14.2	13.4
Gross Margins (%)	42.9	43.5	43.5	45.5	44.7	43.6	42.8	45.0	43.9	44.0
EBITDA Margins (%)	14.7	13.4	12.8	12.8	17.8	16.3	14.4	15.5	13.4	16.0
EBIT Margins (%)	12.3	10.9	10.3	10.2	15.5	13.8	12.0	13.0	10.9	13.6

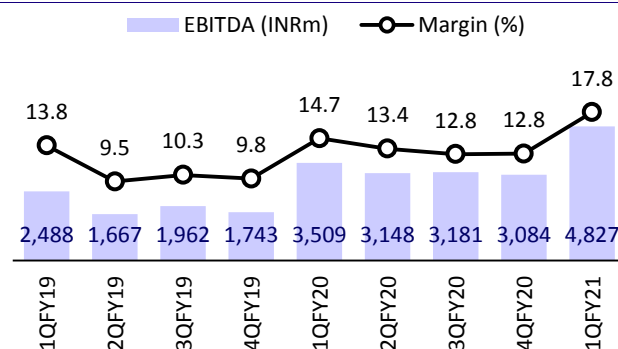
Key Exhibits

Exhibit 1: Consolidated revenue trend



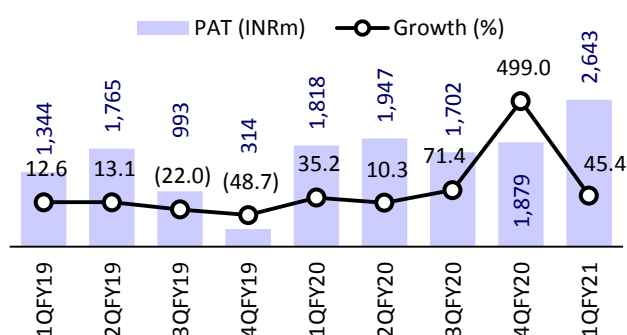
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



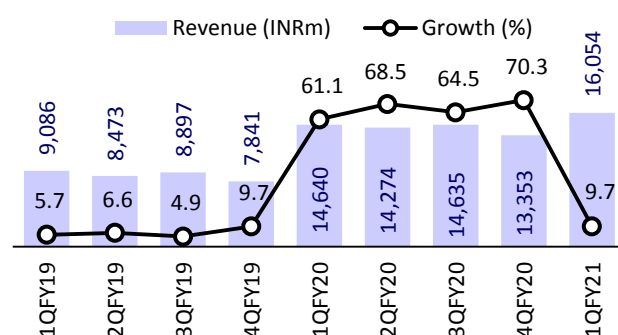
Source: Company, MOFSL

Exhibit 3: Consolidated adj. PAT trend



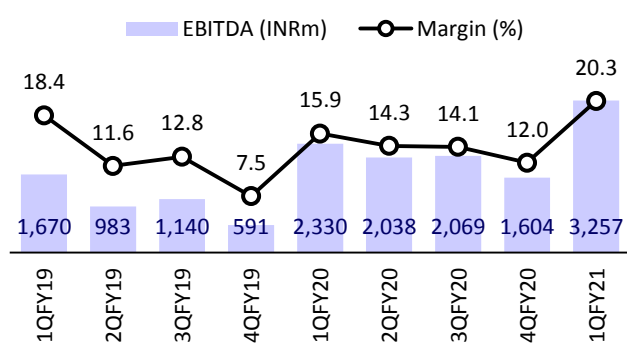
Source: Company, MOFSL

Exhibit 4: Standalone revenue trend



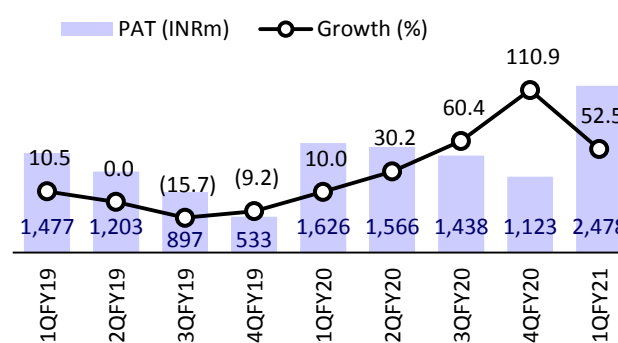
Source: Company, MOFSL

Exhibit 5: Standalone EBITDA trend



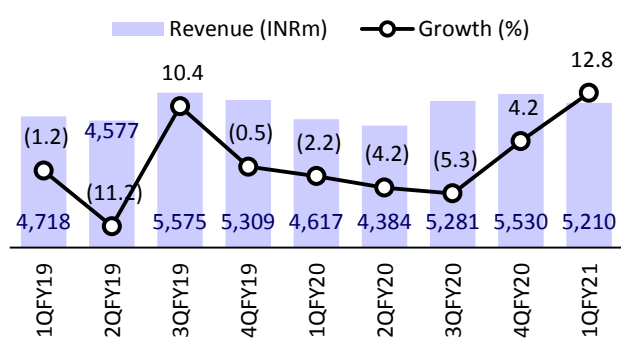
Source: Company, MOFSL

Exhibit 6: Standalone adj. PAT trend



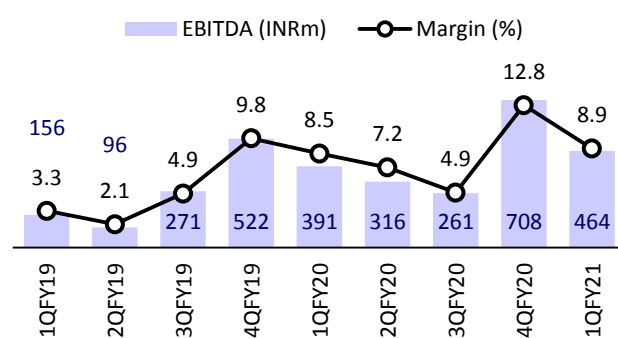
Source: Company, MOFSL

Exhibit 7: TCP's overseas Tea revenue trend

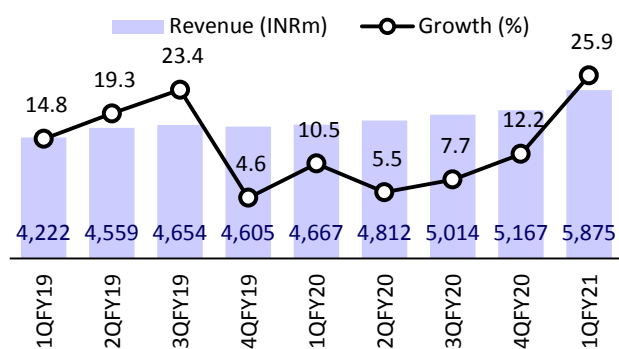


Source: Company, MOFSL

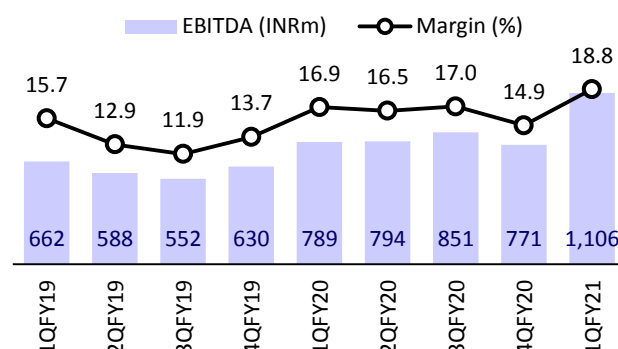
Exhibit 8: TCP's overseas Tea EBITDA trend



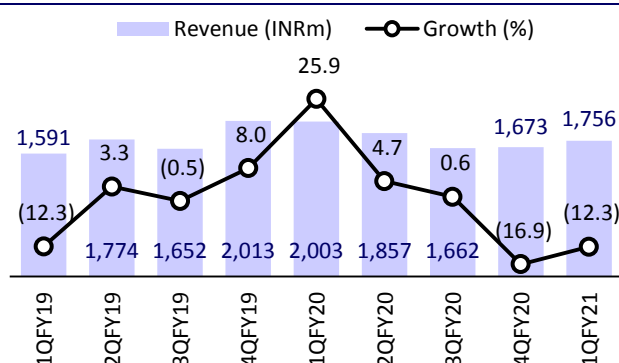
Source: Company, MOFSL

Exhibit 9: Tata Coffee's consol. revenue trend

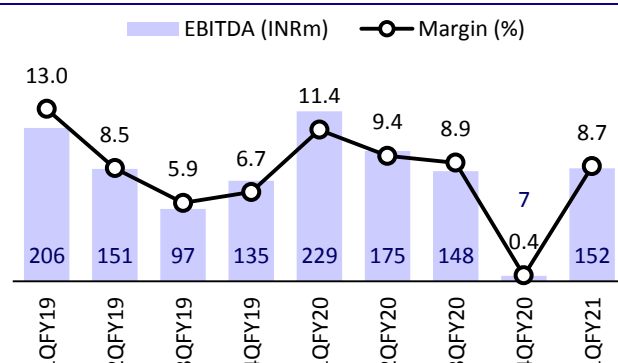
Source: Company, MOFSL

Exhibit 10: Tata Coffee's consol. EBITDA trend

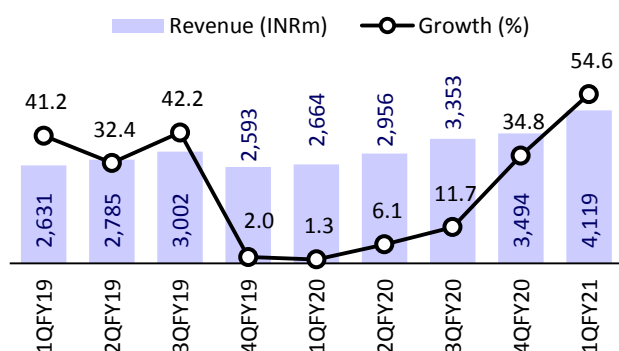
Source: Company, MOFSL

Exhibit 11: Tata Coffee's standalone revenue trend

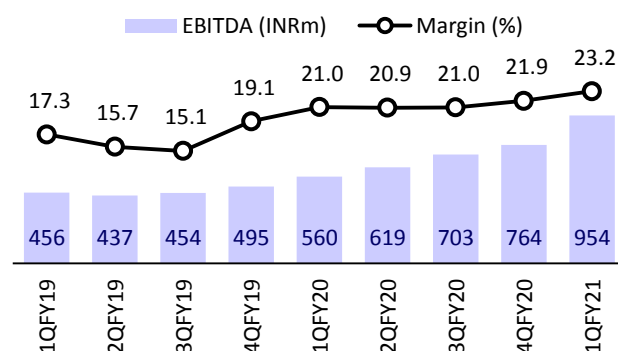
Source: Company, MOFSL

Exhibit 12: Tata Coffee's standalone EBITDA trend

Source: Company, MOFSL

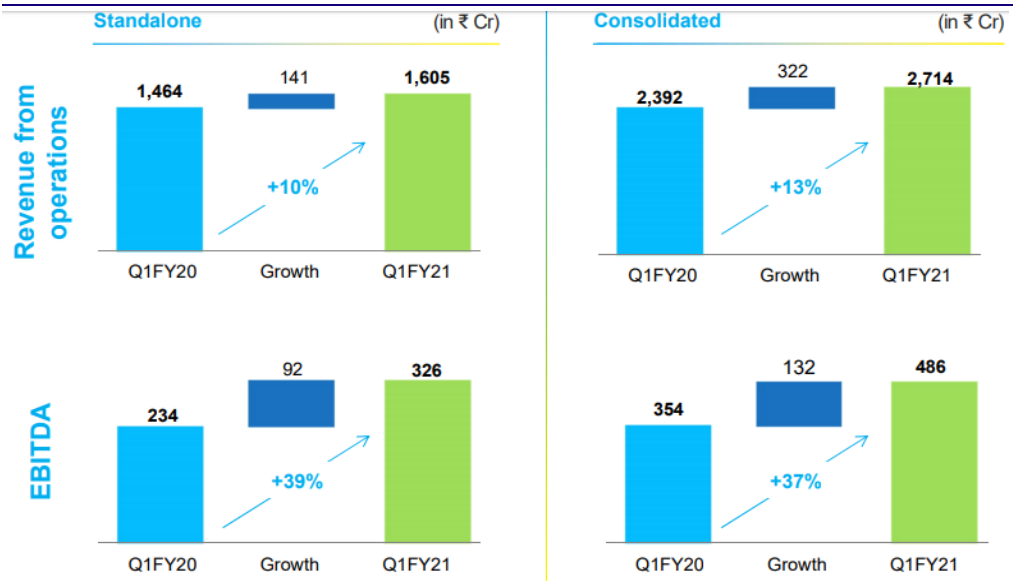
Exhibit 13: Tata Coffee's overseas revenue trend

Source: Company, MOFSL

Exhibit 14: Tata Coffee's overseas EBITDA trend















Source: Company, MOFSL

Exhibit 15: Performance highlights for TCP – 1QFY21



Source: Company, MOFSL

Exhibit 16: Revenue at a glance

							
	International Beverages						
In ₹ Cr (unless specified)	India Beverages	India Foods	US Coffee	International Tea	Foodservice (International)	Tata Coffee (incl. Vietnam)	Consolidated
Revenue	1,000	589	358	475	34	229	2,714
Revenue Growth [Underlying growth]	11%	19%	37% [26%]	14% [9%]	-56% [-59%]	12% [10%]	13% [11%]
Volume Growth	4%*	8%	27%	4%	-60%	14%	
Key Brands	<div></div>						

*Branded tea volume growth

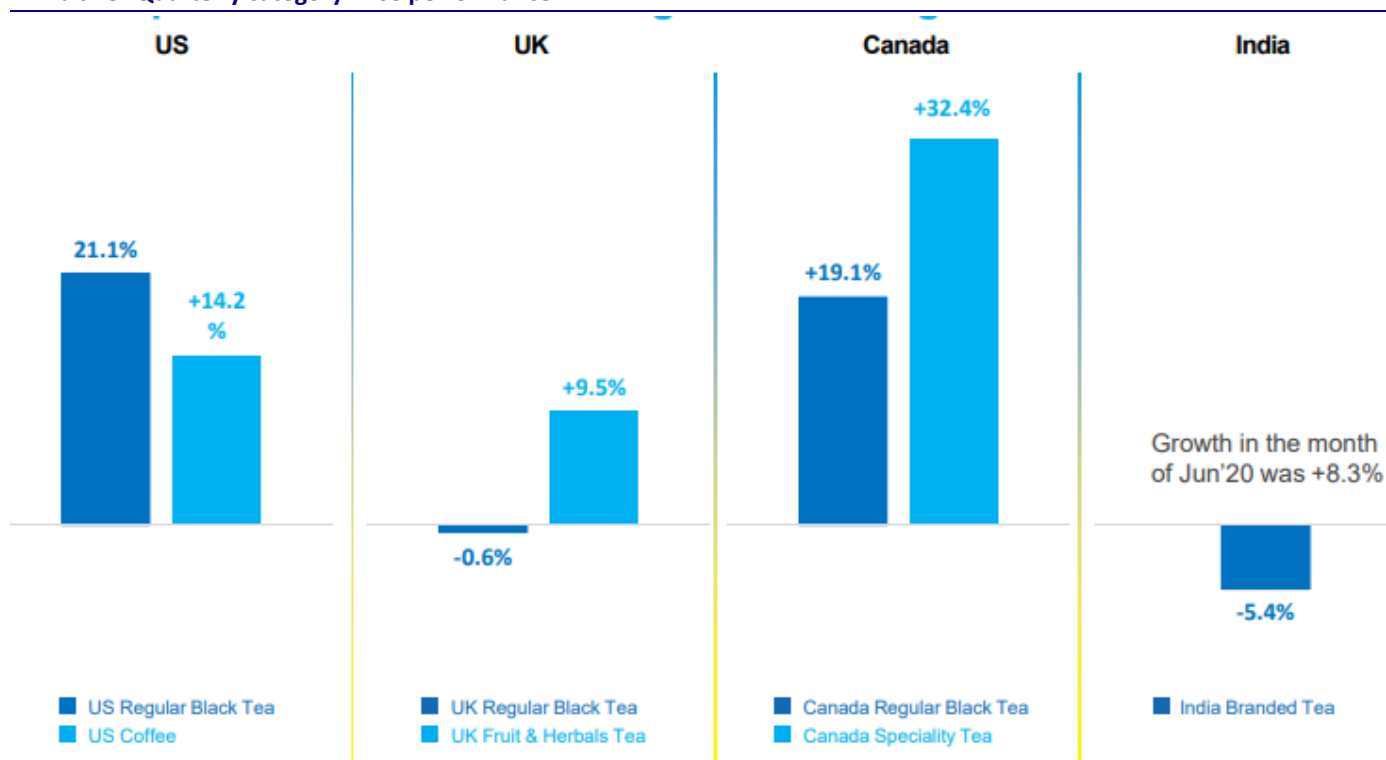
Source: Company, MOFSL

Exhibit 17: Consolidated segmental results

INR m	1QFY20	4QFY20	1QFY21	% ch YoY	% ch QoQ
Segmental revenue					
Branded Business					
India - Beverages	9,014	7,548	10,005	11.0%	32.5%
India - Foods	4,952	5,244	5,891	18.9%	12.3%
International - Beverages	7,543	8,744	8,674	15.0%	-0.8%
Total Branded Business	21,509	21,537	24,569	14.2%	14.1%
Non-Branded Business	2,429	2,513	2,644	8.9%	5.2%
Total Segment Revenue	23,938	24,050	27,213	13.7%	13.2%
Others	61	64	11		
Inter segment sales	-75	-64	-85		
Revenue from Operations	23,924	24,050	27,139	13.4%	12.8%
Segment Results					
Branded Business					
India - Beverages	1,380	872	2,153	56.0%	147.0%
India - Foods	745	573	1,146	53.8%	100.0%
International - Beverages	792	1,285	1,255	58.4%	-2.4%
Total Branded Business	2,918	2,729	4,554	56.1%	66.8%
Non-Branded Business	220	12	140	-36.4%	1072.3%
Total Segment Results	3,137	2,741	4,693	49.6%	71.2%
EBIT margins					
India - Beverages	15.3%	11.5%	21.5%	621	997
India - Foods	15.0%	10.9%	19.4%	441	853
International - Beverages	10.5%	14.7%	14.5%	396	(23)
Total Branded Business	13.6%	12.7%	18.5%	497	586
Non-Branded Business	9.0%	0.5%	5.3%	(376)	480

Source: Company, MOFSL

Exhibit 18: Quarterly category-wise performance



Source: Company, Nielsen, MOFSL



Management call highlights

India Beverages (Tea and Coffee)

- India Beverages business (tea and coffee) recorded revenue growth of 8% and volume growth of 4% YoY.
- Apr'20 sales were significantly impacted, followed by high double-digit growth in May-Jun'20.
- Increase in profits was due to better price realization, efficient management of commodity costs and lower discretionary expenditure.
- Premium offerings – *Tata Tea Gold* delivered double-digit growth. *Tata Tea Agni* and *Spice Mix* continued its robust growth momentum.
- **Gained market share in India tea business from most competitors on the back of better procurement and better distribution (compared to peers).**
- **Sharp increase in North India Tea prices during 1QFY21 was a result production being impacted by the lockdown and excessive rains (flooding) in Assam.**
- Tea prices surged 50% in the last few months. It is believed to have peaked and is expected to decline (as crop harvest would come to market). Focus would be to achieve profitability rather than volume growth.

India Food business

- India Food business recorded revenue growth of 19% and volume growth of 8% YoY.
- High double-digit growth was achieved in each month of the quarter, despite operational challenges.
- Salt revenues grew 11%. Record sales volumes were achieved for Tata Salt in May-Jun'20. Profits increased due to better gross margin, lower trade spend and lower discretionary expenditure.
- TCP faced supply-chain issues during the early days of the lockdown. However, supply-chain is now robust.
- **In a bid to reduce multiple layers in the distribution network, TCP decided to remove consignee agents/distributors and directly deal with stockiest.**

NourishCo

- Revenue decreased by 34% YoY to INR460m in 1QFY21.
- TCP completed acquisition of the entire stake of PepsiCo in NourishCo and rights over the '*Gluco Plus/Gluco+*' brand at a total consideration of INR290m.
- Volumes declined due to drop in on-the-go consumption due to COVID-19.
- Total revenues in May-Jun'20 bounced back to ~85% of last year levels.
- New organization structure is in place with Mr. Vikram Grover as MD and CEO of NourishCo.

Tata Coffee (incl. Vietnam)

- Top line grew 12% (10% in constant currency terms) led by Vietnam and the Plantations business.
- **Plantations** business grew 17% (+18% volume growth). Highest-ever sales of coffee in a quarter.

- Overall extraction business grew 14% (+6% volume growth) led by Vietnam business.
- India extraction business declined 30% in value terms being adversely impacted by the reduced exports on account of COVID-19.
- Vietnam plant is now operating at ~87% of its production capacity and has turned EBIT positive.
- Steep decline in supplies to domestic out-of-home business. Demand for instant coffee continues to face headwinds due to the COVID-19 impact.

JV: Starbucks

- Despite challenges ~60% stores have now re-opened.
- Revenue is growing every month, with Jun'20 revenue at ~27% (v/s last year).
- Take-away contribution to revenue currently stands at 82%, whereas delivery stands at 18%.
- Opened India's first Starbucks Drive-through store at Zirakpur near Chandigarh.

UK Business

- Strong revenue growth of 12% with volume growth of 7%.
- Discounter channel remains the biggest growth driver, with growth across all key accounts.
- The OOH (out-of-home) channel is growing despite the lockdown on the back of DEFRA supply (government food packs).
- Good Earth Teas and Kombucha launched in the UK should create new tea occasions and beverages for a new generation of consumers.

USA Business

- Revenue grew 37% with underlying growth (constant currency) of 26%. Volumes grew 27%. Growth is seen across both branded/private-label coffee business.
- Tea (excluding Empirical): Strong revenue growth of 25% in value and 26% in volume terms.

Canada business

- Strong revenue growth of 32% and volume growth of 28%, largely driven by pantry loading and retailer re-stocking.
- Growth continues to outpace the category –both Regular and Specialty.
- Improved profits driven by sales and reduced overheads.

Synergy

- TCP completed organization structure and operating model to enable profitable growth across multiple categories.
- **On track to realize initial synergy estimates of 2-3% of combined India branded revenues over the next 18-24 months.**
- **In the near term, focus is to expand into adjacent categories F&B. Post this, the company can focus on new product developments within the existing product portfolio and new launches.**

COVID-19

- All factories and plantations are now operational. 60% of Starbucks stores are operational across India.
- As part of the ongoing risk management, TCP secured its raw materials and packaging supply chains.

Others

- Currently TCP is the second largest branded tea player in the world.
- TCP is already listed with Jiomart and supply chain of the company is robust to meet Reliance Jiomart's requirements.
- **Debt:** Currently net cash of TCP stands at ~INR20b with gross cash at INR30b. The company's long-term borrowings are due to loans in Vietnam and for *Eight O'clock*, which are at very low interest rate.
- Overall spending on advertisement and sales promotion would be robust. TCP does not plan to cut down on ads and promotional spends.
- TCP aims to become a complete FMCG entity from an F&B company now. TCP plans to expand to adjacent product portfolio in the near term. Over the long term, it plans to branch out to newer categories. The company's focus will be to maintain strong RoCE rather than improving sales alone.

Valuation and view

- TCP reported 38% growth in consolidated EBITDA on the back of S/A (contributed 70% to the incremental EBITDA earned v/s last year) and TCL's overseas tea (30%). S/A EBITDA growth was aided by better realizations, favorable commodity costs and lower discretionary expenditure.
- The Tata Group is clearly focused on leveraging its brand and participating in India's consumption story of INR30t, which has resulted in the merger of Tata Chemicals' Food biz with TCP.
- The merger of Tata Chemicals' Food business with TCP is in line with Tata Group's focus on creating a single FMCG-focused company. The merger offers multiple synergies, including higher outlet coverage, focused new product development, stronger cash flow generation and scale efficiencies.
- Moreover, in the short-to-medium term, we believe the new CEO, Mr. Sunil D'Souza would focus more on marketing the under-penetrated food product categories such as pulses, *besan* (gram flour), spices, and *chilla* mix, aggressively leveraging the existing strong distribution network and the *Tata* brand.
- Additionally, the company intends to focus on setting up the right sales and distribution channels and driving cost efficiencies in the near term. It is on track to realize its initial synergy estimates of 2-3% of combined India branded revenues over the next 18-24 months.
- Over FTY20-22E, sales/EBITDA/ PAT is expected at CAGR of 11%/24%/23% to INR119b/INR20b/INR11b.
- Factoring in the better-than-expected performance and margin expansion in the India F&B segment, we have increased our earnings estimates for FY21/22E by 30%/22% and arrived at an SOTP-based TP of INR560/share. Maintain **Buy**.

Exhibit 19: Valuation methodology

EV/EBITDA	EBITDA	Multiple (x)	EV
India Tea (TCP Standalone)	6,607	30	1,98,209
Coffee India (ex-Starbucks) @57%	437	10	4,562
Coffee Overseas	3,072	11	33,797
Consumer (Salt & others)	6,538	30	1,96,152
Overseas tea (Tetley UK)	1,945	10	20,330
DCF			
Starbucks JV			29,508
Price/Sales			
NourishCo (JV with Pepsi) & others	2,000	4	8,000
Enterprise value			4,90,558
Less: Net debt			-25,103
Market value (INRm)			5,15,660
No. of shares (m)			922
Target price (INR)			560
CMP (INR)			448
Upside (%)			25%

Source: MOFSL

Exhibit 20: Change in estimates

Earnings Change (INR m)	Old		New		Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Revenue	1,05,827	1,16,413	1,08,535	1,19,165	3%	2%
EBITDA	15,131	17,511	17,356	19,754	15%	13%
Adj. PAT	7,191	9,116	9,336	11,130	30%	22%

Source: MOFSL

Financials and valuations

Consolidated Income Statement

							(INR M)
Y/E March	2016	2017	2018	2019	2020	2021E	2022E
Net Sales	66,365	67,796	68,154	72,515	96,374	1,08,535	1,19,165
Change (%)	-17.0	2.2	0.5	6.4	32.9	12.6	9.8
Gross Profit	30,149	32,180	31,160	32,439	42,267	47,771	52,057
Margin (%)	45.4	47.5	45.7	44.7	43.9	44.0	43.7
Other operating exp.	23,606	24,269	22,771	24,579	29,346	30,415	32,303
EBITDA	6,543	7,911	8,389	7,859	12,921	17,356	19,754
Margin (%)	9.9	11.7	12.3	10.8	13.4	16.0	16.6
Depreciation	1,168	1,260	1,160	1,226	2,417	2,614	2,577
Net Interest	1,169	915	428	525	779	758	769
Other income	820	831	942	1,571	1,116	1,082	1,136
PBT before EO	5,026	6,566	7,743	7,680	10,842	15,066	17,545
EO income/(exp.)	-3,329	53	-211	-333	-2,748	633	0
PBT after EO	1,698	6,619	7,531	7,347	8,094	15,699	17,545
Tax	2,000	1,983	1,859	2,609	2,742	4,101	4,913
Rate (%)	117.8	30.0	24.7	35.5	33.9	26.1	28.0
Minority and Associates	-247	742	717	656	754	1,629	1,503
Reported PAT	-55	3,894	4,956	4,082	4,598	9,969	11,130
Adjusted PAT	3,274	3,841	5,167	4,415	7,345	9,336	11,130
Change (%)	-13.3	17.3	34.5	-14.6	66.4	27.1	19.2

Balance Sheet

							(INR M)
Y/E March	2016	2017	2018	2019	2020	2021E	2022E
Share Capital	631	631	631	631	922	922	922
Reserves	61,841	62,024	69,685	72,686	1,37,227	1,43,878	1,51,359
Net Worth	62,472	62,655	70,316	73,317	1,38,149	1,44,800	1,52,280
Minority Interest	8,618	9,195	10,090	10,277	10,925	10,918	10,911
Loans	13,541	7,866	10,676	11,283	11,825	11,825	9,325
Capital Employed	84,630	79,716	91,082	94,877	1,60,898	1,67,543	1,72,516
Gross Block	24,033	23,711	25,424	27,689	59,111	60,611	62,611
Less: Accum. Deprn.	14,511	13,650	15,181	16,407	18,824	21,438	24,014
Net Fixed Assets	9,523	10,060	10,244	11,282	40,288	39,174	38,597
Capital WIP	394	632	1,352	4,244	954	954	954
Goodwill & Intangibles	37,096	34,979	37,235	37,851	73,338	73,338	73,338
Investments	11,926	13,534	6,431	6,045	4,893	3,258	1,748
Curr. Assets	40,009	36,309	49,343	49,385	65,258	76,451	84,612
Inventories	16,290	14,530	14,483	16,099	17,120	22,302	24,486
Account Receivables	5,924	5,925	6,483	6,806	9,224	10,324	11,335
Cash and Bank Balance	6,744	7,412	18,067	16,168	24,550	29,462	34,427
Others	11,051	8,444	10,310	10,313	14,364	14,364	14,364
Curr. Liability & Prov.	13,532	14,345	13,525	12,887	20,799	22,598	23,699
Account Payables	6,773	7,378	7,057	6,649	9,440	11,239	12,340
Other liabilities	2,776	3,389	3,562	4,221	8,603	8,603	8,603
Provisions	3,983	3,578	2,906	2,017	2,756	2,756	2,756
Net Curr. Assets	26,477	21,965	35,818	36,498	44,459	53,854	60,913
Def. tax liability	786	1,454	-3	1,043	3,033	3,033	3,033
Appl. of Funds	84,630	79,716	91,082	94,877	1,60,898	1,67,543	1,72,516

Financials and valuations

Cash flow statement

Y/E March	2016	2017	2018	2019	2020	2021E	2022E
EBITDA	6,543	7,911	8,389	7,859	12,921	17,356	19,754
Prov. & FX	-132	22	-14	0	0	0	0
WC	-2,719	1,485	-1,389	-2,347	-649	-4,482	-2,095
Others	-190	100	-438	-333	1,292	633	0
Direct taxes (net)	-2,342	-2,106	-2,992	-2,609	-2,742	-4,101	-4,913
CF from Op. Activity	1,160	7,412	3,556	2,571	10,822	9,406	12,747
Capex	-1,545	-1,382	-3,588	-3,000	-1,500	-1,500	-2,000
FCFF	-385	6,030	-32	-429	9,322	7,906	10,747
Interest/dividend	697	574	485	1,571	1,116	1,082	1,136
Investments in subs/assoc.	-509	-280	373	0	0	0	0
Others	4,273	2,503	10,133	0	0	0	0
CF from Inv. Activity	2,917	1,415	7,403	-1,429	-384	-418	-864
Borrowings	-796	-4,848	2,160	0	0	0	-2,500
Finance cost	-663	-615	-282	-525	-779	-758	-769
Dividend	-1,871	-1,890	-2,118	-1,893	-2,986	-3,318	-3,650
Others	512	-805	-65	-623	1,709	0	0
CF from Fin. Activity	-2,818	-8,158	-304	-3,041	-2,056	-4,076	-6,918
(Inc)/Dec in Cash	1,259	668	10,655	-1,899	8,382	4,912	4,965
Opening balance	5,485	6,744	7,412	18,067	16,168	24,550	29,462
Closing balance (as per B/S)	6,744	7,412	18,067	16,168	24,550	29,462	34,427

Ratios

Y/E March	2016	2017	2018	2019	2020	2021E	2022E
Basic (INR)							
EPS	3.6	4.2	5.6	4.8	8.0	10.1	12.1
Cash EPS	4.8	5.5	6.9	6.1	10.6	13.0	14.9
BV/Share	67.8	68.0	76.3	79.6	149.9	157.1	165.2
DPS	2.3	2.3	2.4	2.5	2.7	3.0	3.3
Payout (%)	NA	36.5	29.9	38.7	54.1	27.7	27.3
Dividend yield (%)	1.9	1.5	0.9	1.2	0.9	1.4	1.6
Valuation (x)							
P/E	126.0	107.4	79.9	93.5	56.2	44.2	37.1
Cash P/E	92.9	80.9	65.2	73.1	42.3	34.5	30.1
P/BV	6.6	6.6	5.9	5.6	3.0	2.8	2.7
EV/Sales	6.0	5.8	5.8	5.4	4.1	3.6	3.3
EV/EBITDA	60.4	49.9	47.1	50.3	30.6	22.8	20.0
Dividend Yield (%)	1.9	1.5	0.9	1.2	0.9	1.4	1.6
FCF per share	-0.6	9.6	-0.1	-0.7	10.1	8.6	11.7
Return Ratios (%)							
RoE	5.6	6.1	7.8	6.1	6.9	6.6	7.5
RoCE	7.6	9.0	9.4	8.6	8.5	8.6	9.9
RoIC	8.2	10.6	11.7	9.8	11.5	11.4	11.8
Working Capital Ratios							
Fixed Asset Turnover (x)	7.0	6.7	6.7	6.4	2.4	2.8	3.1
Asset Turnover (x)	0.8	0.9	0.7	0.8	0.6	0.6	0.7
Debtor (Days)	33	32	35	34	35	35	35
Creditor (Days)	37	40	38	33	36	38	38
Inventory (Days)	90	78	78	81	65	75	75
Leverage Ratio (x)							
Debt/Equity	0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.2

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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