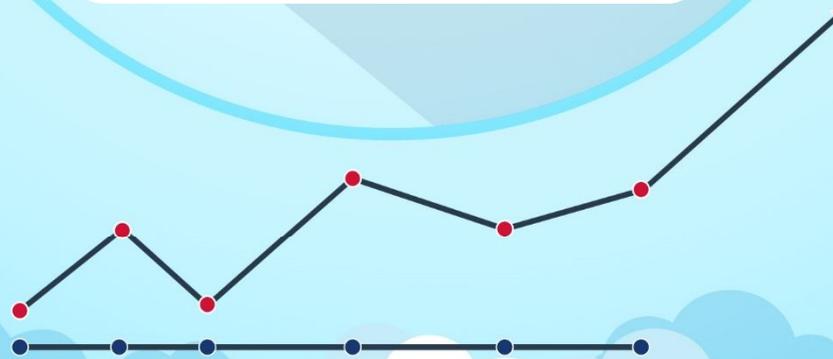


EQUITY RESEARCH

# Pick of the Week

RETAIL RESEARCH

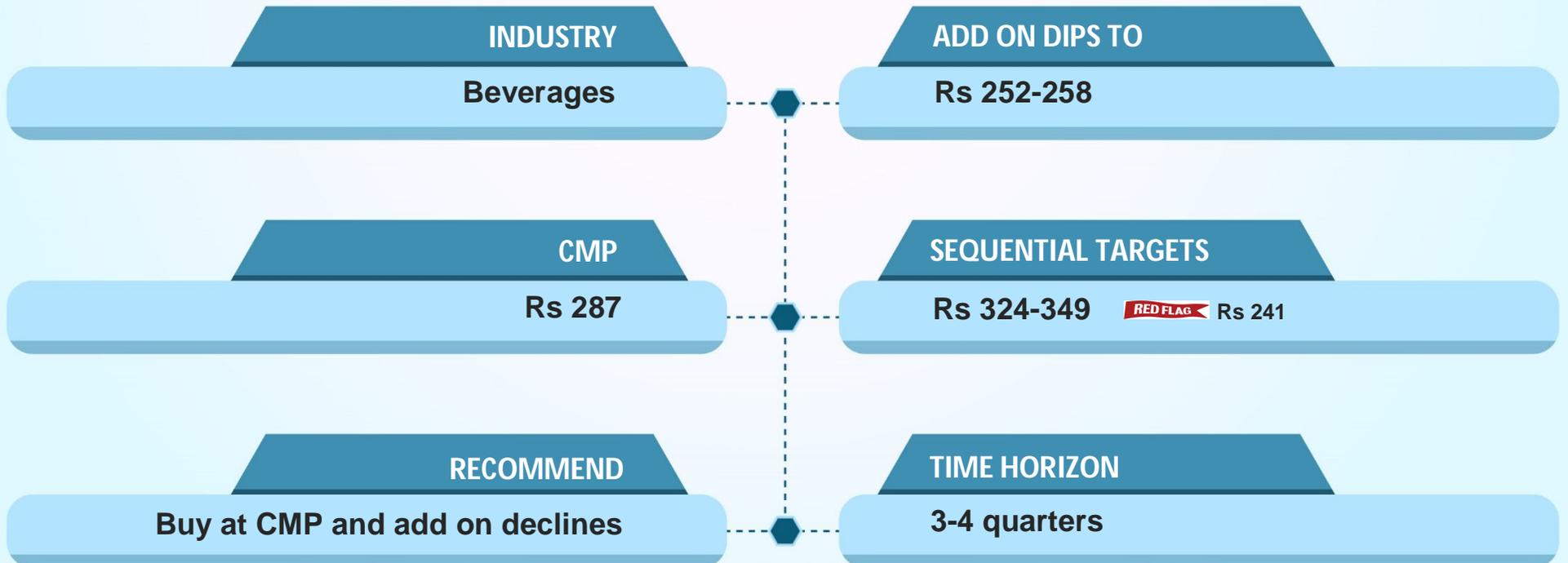
Date: 11<sup>th</sup> March 2019



# CCL Products Ltd

## Key highlights

- ▣▶ Strong entry barriers
- ▣▶ Ramp-up in capacity utilisation
- ▣▶ Long term customer relationships
- ▣▶ Rising contribution of branded sales
- ▣▶ Commissioning of new capacities



Investors may sell 60-65% of their holdings on first target being achieved and later keep a stop loss of first target for the balance holdings, in case the second target takes time to be achieved.  
 Investors may also maintain Rs 241 as **RED FLAG** level below which investment position needs to be reviewed, including the possibility to exit



HDFC Scrip Code	CCLROEQNR
BSE Code	519600
NSE Code	CCL
Bloomberg	CCL IN
CMP Mar 8, 2019	287.4
Equity Capital (cr)	26.61
Face Value (Rs)	2
Eq- Share O/S (cr)	13.30
Market Cap (Rs cr)	3822.6
Book Value (Rs)	63.5
Avg.52 Wk Volume	91,000
52 Week High	320.00
52 Week Low	225.05

**Shareholding Pattern % (Dec 31, 2018)**

Promoters	45.28
Institutions	29.76
Non Institutions	24.96
Total	100.0

**FUNDAMENTAL ANALYST**

Atul Karwa  
atul.karwa@hdfcsec.com

**Company profile:**

CCL Products Ltd. (CCL) is one of the largest coffee exporters in the world supplying to premium private label marketers in more than 60 countries. Started in 1994 it manufactures and supplies spray dried powder/granulated coffee, freeze dried coffee, roasted coffee and concentrated liquid coffee. Formerly known as Continental Coffee Ltd, it has a combined capacity of 35000 MT with a processing plant in Andhra Pradesh and two more in Switzerland and Vietnam. CCL has adapted Swiss and Brazilian Technology, purchased from world renowned pioneers in turnkey Instant/Soluble Coffee technology at its Plant. This adaptation of technology has enabled CCL Products to produce international quality soluble coffee. CCL is also currently working to establish its own brand in the lucrative domestic market.

**Investment rationale:**

- Strong entry barriers
- Long term customer relationships
- Commissioning of new capacities
- Ramp-up in capacity utilisation
- Rising contribution of branded sales

**Concerns:**

- Forex fluctuations
- Duty changes across operating countries
- Slower ramp-up in branded business
- Swiss plant duty issues

**View and valuation:**

CCL is India's largest manufacturer and exporter of instant coffee with a market share of ~28%. It supplies to more than 60 countries and has established long term relationships with customers. The ability to manufacture different varieties and blends of coffee as per customer requirements gives the company an edge. Capacity expansion in both India and Vietnam would drive higher revenues and profitability. Benign coffee prices and increasing contribution from branded domestic sales would provide margin expansion.

*We feel investors could buy the stock at the CMP, and add on dips to the Rs 252-258 band (15x FY21E EPS) for sequential targets of Rs 324 (19x FY20E EPS) and Rs 349 (20.5x FY20E EPS). At the CMP of Rs 462, the stock trades at 16.9x FY21E EPS.*



## Key Highlights

- ❖ *CCL is an established player with a strong image and presence amongst the western countries. Its brand image, quality, consistency creates a strong entry barrier for customers.*
- ❖ *CCL has been expanding its capacities to meet the increasing demand for instant coffee worldwide. Over the next year it is adding 8500MT of manufacturing and 5000MT of agglomeration capacity*
- ❖ *Instant coffee market in Indian is growing at a rate of more than 15%. CCL had launched its own coffee brand called Continental Coffee in FY14 and is now pushing its presence across regions and channels.*
- ❖ *Higher coffee production to keep coffee prices benign resulting in reduced working capital, higher cash flow and better profitability.*

Financial Summary									
YE March (Rs cr)	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	FY18	FY19E	FY20E	FY21E
Net Sales	234.1	274.0	-14.6	290.8	-19.5	1138.0	1104.4	1281.0	1502.5
EBITDA	54.3	64.5	-15.8	76.3	-28.8	238.9	250.2	292.0	361.1
APAT	32.6	40.4	-19.3	47.2	-30.9	148.1	156.6	174.9	226.7
Diluted EPS (Rs)	2.5	3.0		3.5		11.1	11.8	13.2	17.0
P/E (x)						25.8	24.4	21.8	16.9
EV / EBITDA (x)						17.1	16.4	14.2	11.4
RoE (%)						21.0	22.7	22.8	24.0

(Source: Company, HDFC sec)

### Company profile:

CCL Products was formed in the year 1994 and commenced its commercial operations in the year 1995. CCL Products is an Export Oriented Unit (“EOU”), with the ability to import green coffee into India from any part of the world, and export the same to any part of the world, free of all duties.

CCL Products is engaged in the manufacture of Soluble Instant Spray Dried Coffee Powder, Spray Dried Agglomerated / Granulated Coffee, Freeze Dried Coffee, as well as Freeze Concentrated Liquid Coffee. Its soluble instant coffee is prepared from carefully chosen Arabica and Robusta coffee beans, roasted and processed to perfection, for an aroma and flavour that will bring its customers real satisfaction instantly. In addition to 100% pure soluble instant coffee, CCL also has the ability to supply flavoured coffee, decaffeinated coffee, organic coffee, Rainforest coffee, Fair Trade coffee, Dual and Triple certified coffee as well as Chicory-coffee mix as per the required specifications of the customer, and can also offer the customers the option of highest quality customised products.

CCL Products' state-of-the-art Soluble Instant Coffee Manufacturing Plant is located at Duggirala Mandal, Guntur District, Andhra Pradesh, India, with a current combined capacity of more than 20,000 MTs, per annum. CCL Products has the distinction of setting up India's first Freeze Dried Instant Coffee Manufacturing Plant in the year 2005.

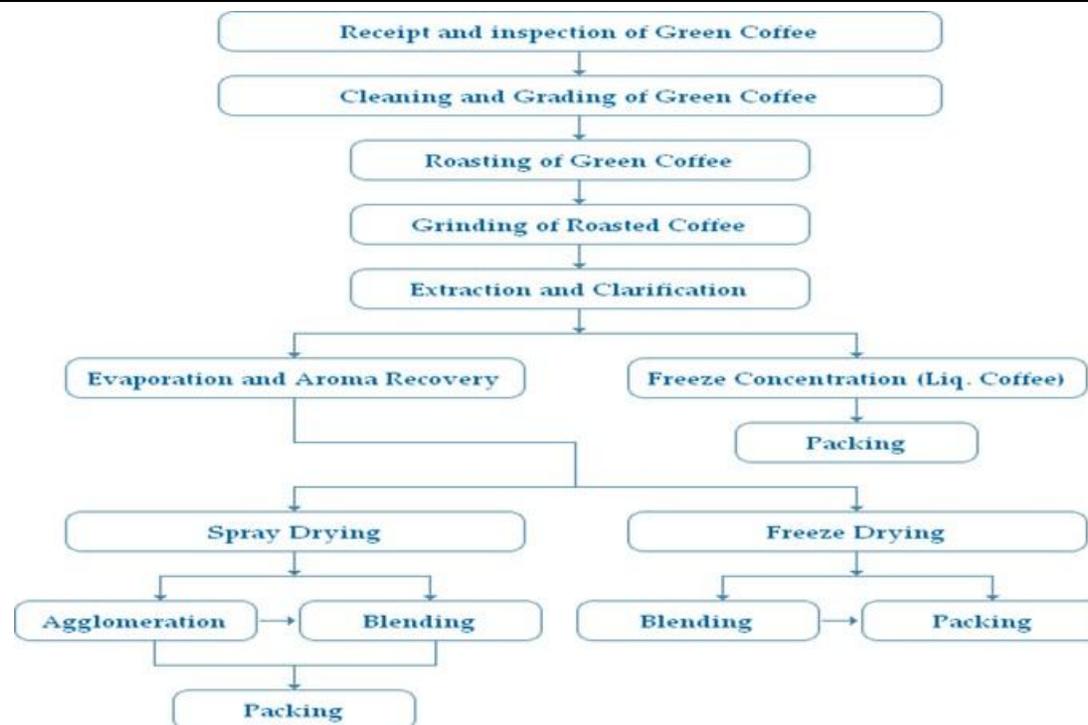
CCL Products has adapted Swiss and Brazilian Technology, purchased from world renowned pioneers in turnkey Instant/Soluble Coffee technology at its Plant. This adaptation of technology has enabled CCL Products to produce international quality soluble coffee, which is currently being exported to more than 60 countries around the globe.

CCL Products is ISO 9001:2008, HACCP and BRC Quality Management System (QMS) certified, and has achieved “Trading House” status. CCL Products is certified to produce Organic Coffee, Rain Forest Alliance Coffee and Fair Trade Coffee, in any combination, by the relevant organisations.

Apart from India, CCL's capacities are located at its subsidiaries in Vietnam (10,000 MT manufacturing +3,000 MT agglomeration capacity) and Switzerland (agglomeration capacity 3,000 MT).



## Manufacturing Process



(Source: Company, HDFC sec)

## Products

The products of CCL could be classified into four broad categories:

**Spray Dried Coffee Powder:** It is processed from the carefully selected Robusta and Arabica coffee beans, which are blended in varying proportions, to cater to multinational and multicultural tastes, and for the aroma and rich flavor to remain long after the coffee is consumed.

**Spray Dried Granules (Agglomerated):** The previously mentioned Soluble Coffee powder is further processed into agglomerated coffee, by the process of converting the coffee powder into granules. The process of agglomeration involves getting smaller particles to adhere to each other to form a powder consisting of bigger conglomerates/agglomerates, which are essential for an easy reconstitution of coffee in water.

**Freeze Dried Coffee:** CCL Products unique freeze drying process preserves all essential aspects of the coffee extract, retaining the quality parameters with regard to product color, bulk density and solubility. Further, the carefully designed system ensures the right granule size and size distribution. It uses carefully selected Arabica and Robusta coffee beans in varying combinations to produce a unique blend for complete satisfaction of the person consuming the coffee, and for an aroma that continues long after the coffee has been consumed.

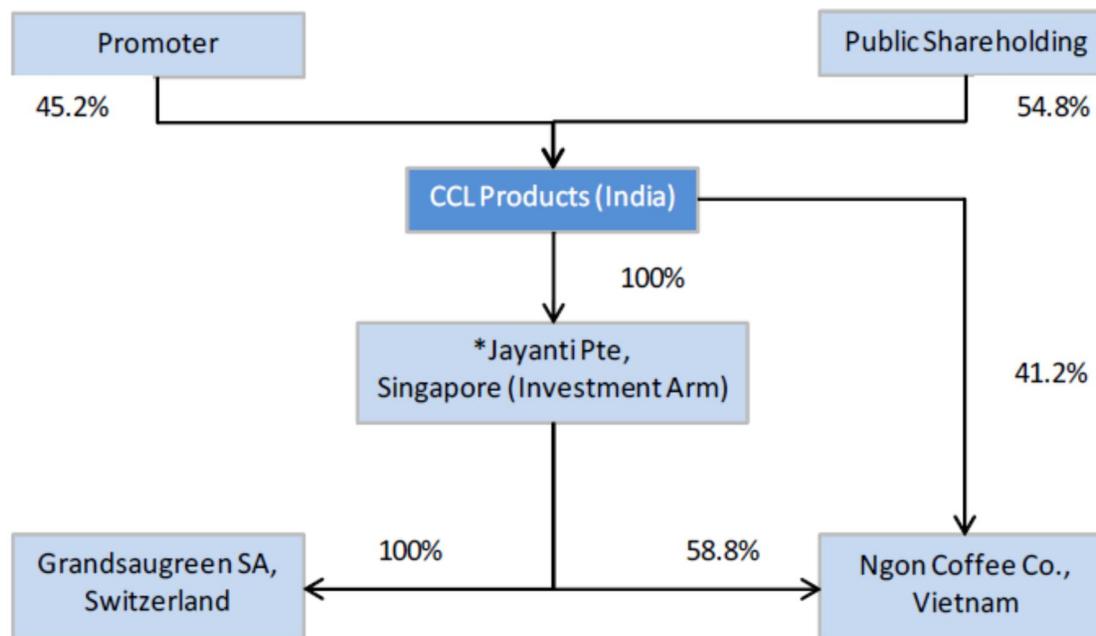


**Freeze Concentrated Liquid Coffee:** CCL has the capability to produce and offer freeze concentrated liquid coffee. The specialty of Freeze Concentration technology is its ability to retain product quality to the maximum, as a result of Operation at sub-zero temperatures. The closed system design of this technology eliminates vapor/liquid interfaces. There is no loss of aromas or other volatile components, no thermal degradation, no oxidation and there is retention of sensory properties of the original feed product.

**CCL Structure**

The company has a 100% subsidiary company named Jayanti Pte Ltd in Singapore for the purpose of promoting instant coffee projects in various countries. It has a step down subsidiary in Switzerland which is an agglomeration and packing unit. It has another subsidiary in Vietnam which is jointly owned by CCL and Jayanti Pte with an instant coffee manufacturing unit. It established another wholly owned subsidiary in India - Continental Coffee Pvt. Ltd. with an objective of promoting instant coffee brands of the company in the domestic market.

*CCL Shareholding structure*



(Source: Company, HDFC sec)

\*The Board has decided to wind up M/s. Jayanti Pte Ltd by transferring the shares held by it in M/s.Grandsaugreen SA and M/s. Ngon Coffee Company Limited, to the parent Company, there by making both the Companies directly owned by CCL as 100% Subsidiaries - as per AR FY18



## Investment rationale

### Strong entry barriers

Coffee business is an intensively tough business. It requires and demands brand image, goodwill, quality, consistency in flavour and taste to remain competitive in the business and to withstand the fierce threat of established players. The business to start with is highly capital intensive in nature. Technology is generally bought by the new players from various manufacturers. According to the management, nobody has an expertise of producing all the required equipment at one place; hence the coffee producer needs to buy different technologies and machines from various vendors. One needs to know as to who makes the finest of what technology and accordingly buy the same. Economical buying and integrating the equipment from different sources is the key to stay competitive in business for the new entrant.

Another key barrier is that the main consumers of coffee are based in the western countries. It is a well-known fact that the western countries are very specific about their requirements of coffee with regards to taste and quality as well as brand. CCL has a strong image and presence amongst the customers in the western countries. CCL is an established player with contacts and credibility, which has been built over time. This is not an easy thing to do for any new comer and establishing a presence as done by CCL would take long span of time; hence giving CCL the added advantage over the new entrants.

### Long term customer relationships

CCL is primarily a contract manufacturer for Global Instant Brand retailers or private label marketers and it has already established its longstanding presence in the international markets in two forms of instant coffee – Spray Dried and Freeze Dried. It keeps upgrading its relationships by offering products made out of latest technology available globally. CCL has built long-standing relationships with several private-label marketers across more than 60 countries, many of whom entered the business only after partnering with CCL. Customers do not change a coffee brand once they are used to it. CCL is one the very few companies globally that has successfully scaled up this business.

Quality is very important for global retailers. One of the most critical aspects of instant coffee manufacture is creating the right blend as per customer preferences and then producing that blend in high volumes. CCL manufactures over 200 different varieties of coffee for clients present across the globe. CCL has become one of the largest green coffee bean processors in the world and endeavours through its quality control division to enhance the quality of products by a careful mix of various blends and essence. Its efforts to give the products at best prices to its customer are showing results by taking the products to new competitive markets.

Global coffee consumption could grow at a steady pace driven by strong growth triggers—rising consumption in emerging markets, growing café culture and improving economic situation in traditional coffee-drinking countries.

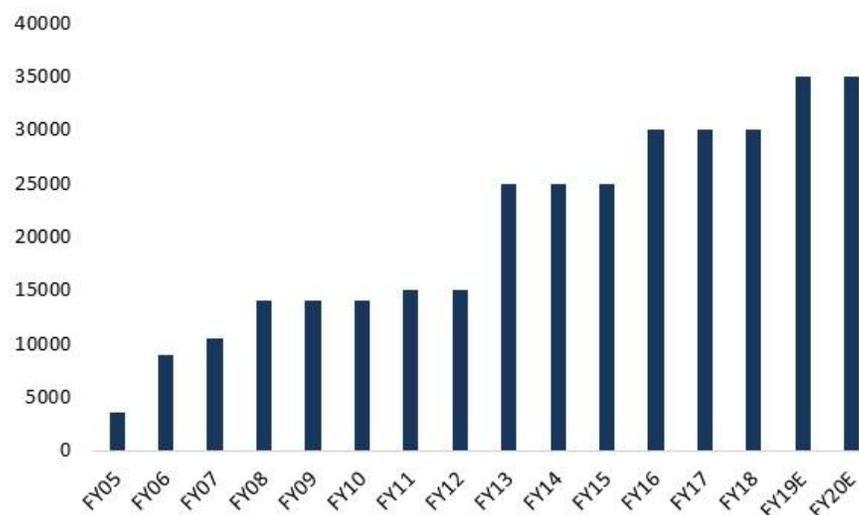
### Commissioning of new capacities, capex over – return ratios to improve

CCL has been expanding its capacities to meet the increasing demand for instant coffee worldwide. Over the past 15 years it has expanded its combined capacity by a factor of ~10x to 30,000MT. The company has instant coffee manufacturing capacity of 20,000MT and 10,000MT in India and Vietnam respectively. In addition to this, it has agglomeration capacity of 5,500MT/3,000MT/3,000MT in Vietnam/India/Switzerland respectively.

CCL is looking to expand its freeze-dried production capacity by 5,000MT tonnes at a cost of ~Rs 360cr in India. The capex for the plant has been completed and the process for trial production has begun. According to the management, 50% of this incremental capacity has already been booked for FY20. The company is also expanding its Vietnam facility by 3,500MT at a cost of \$8mn, which should be operational by Q4FY20. Besides this CCL is adding 5,000MT of agglomeration and automated packaging capacity in India at a cost of \$12mn. Agglomeration gives the company 4-5% higher margin. We expect return ratios of the company to improve as major capex has been completed and the increased capacity would drive higher topline and bottomline.



### Consistently expanding manufacturing capacity (MT)



(Source: Company, HDFC sec)

#### Vietnam facility ramps up capacity utilisation

CCL commissioned its 10,000MT Vietnam plant in FY14 at a cost of \$40mn. Vietnam has certain strategic advantages which would be beneficial for CCL.

- It is the second largest producer of green coffee beans after Brazil accounting for ~18% of the global production. As a result the plant would have easy accessibility to raw material cutting down the lead time.
- Vietnam enjoys most favoured nation with many countries thereby enjoying reduced or nil duty structure. It can easily cater to the coffee requirements of ASEAN countries and those in close proximity like Japan, Korea, China, etc.
- The Vietnam plant enjoys nil income-tax benefit for first four years and tax exemption of 50% for the next nine years.

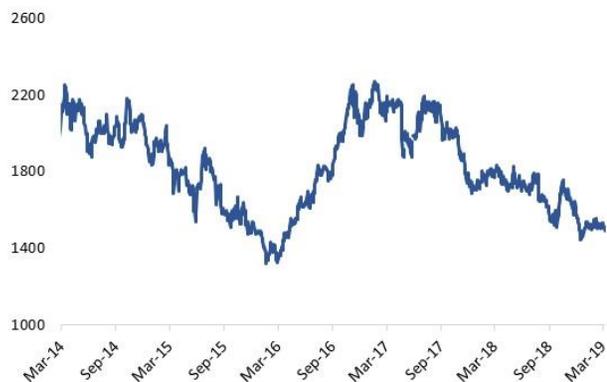
Capacity utilisation level of Vietnam plant has steadily increased since its inception in FY14. Utilisation levels have improved from 22% in FY14 to 60-65% in FY17 and is expected to touch 80% in FY19. The company is therefore expanding its Vietnam manufacturing capacity by 3,500MT in FY20.

#### Benign coffee prices to aid availability and margins

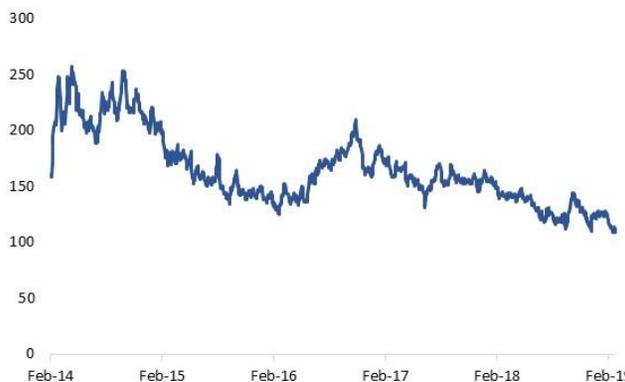
Global coffee prices have remained benign since Nov-16. According to a Crisil data, global coffee production is expected to touch 10,270mn kg in the crop season (CS October–September 2018–19, about 7% higher than the previous season). The surge in the coffee production is primarily driven by record production in Brazil and Vietnam. Brazil accounts for ~45% of global Arabica production while Vietnam is the largest producer of the Robusta variety with ~40% global share. As a result the global coffee prices are expected to remain subdued. The 10-tonne future contract for Robusta Coffee achieved a high of \$2251 in Nov-16 and has been on a declining trend since then. It is currently trading at ~\$1500. CCL has the freedom to import coffee beans from anywhere in the world unlike Brazilian manufacturers who have to buy coffee beans only from Brazil.



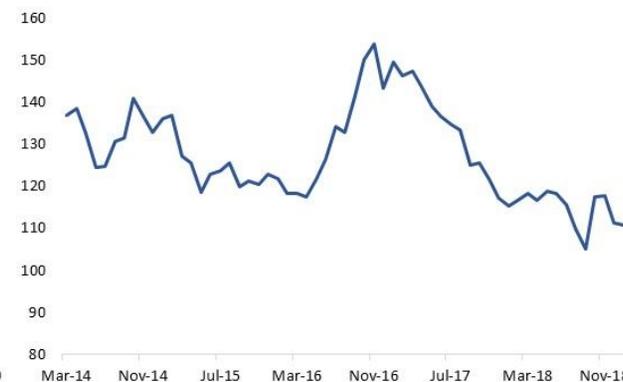
*Contract prices of Robusta Coffee on ICE (\$/10-ton)*



*Brazil Arabica Coffee Futures (\$/60kg)*



*Canada Green Coffee Index*



(Source: Bloomberg, HDFC sec)

CCL works on a fixed conversion cost model. Volatility in the raw material prices is passed on to the customer. But lower prices results in reduced working capital, higher cash flows and better profitability. While falling prices lead to stalled or falling topline (like in FY19), gross margins and operating margins are on the up.

**Rising contribution of branded sales**

CCL had launched its own coffee brand called Continental Coffee in the domestic markets with three different variants viz; Continental Premium (freeze dried), Continental Spéciale (spray dried), and Continental Supreme (chicory) in FY14. Initially the products were available in Andhra Pradesh and Telangana where it received a phenomenal response. Over FY14-18 CCL has expanded its brand to 7-8 states. In Aug-18, CCL launched Continental THIS, a single serve premix coffee. It is a 3-in-1 premix coffee that can be prepared by simply adding hot water. Presently, the 3-in-1 premix coffee market is in a nascent stage in India and CCL will compete with players like Nestle, Ginnar, etc.

Branded business showed good traction and reported revenues of Rs 55cr in 9MFY19 as compared to Rs 40cr in H1FY19. The branded business (CCL's own brands, Continental Coffee, Malgudi and THIS) contributed Rs 23cr, private labels (supplies to Big Bazaar, Spencer & Reliance) contributed Rs 7cr while the rest came in from the bulk business (railways & army). The management has guided sales of Rs 80cr from this subsidiary vs Rs 46cr in FY18 and earlier target of Rs 100cr.

Earlier in 1997, it had launched a pure vanilla coffee on a pan-India basis, which resulted in lower volume and higher advertisement and other expenses. The company is cautious this time and promotional activities are being undertaken on state-wise basis.

The opportunity in the global instant coffee market is likely to rise at a CAGR of 4.80% from 2017 to 2025. The increasing awareness regarding the harmful effects of aerated drinks is also expected to shift the preference of consumers towards coffee, which subsequently, is anticipated to propel the worldwide market for instant coffee in the near future. Instant coffee market size in India is estimated to be by ~Rs 1600cr and growing at a rate of ~15%. It is currently dominated entirely by Nestle Nescafe and HUL's Bru.



## Concerns

### Forex fluctuations

CCL derives ~90% of its revenues through exports while raw material imports account for ~75% of its costs. Though the company has a natural hedge against imports of raw material it does not undertake any hedging for the remaining exposure and could get impacted due to forex fluctuations.

### Duty changes across operating countries

CCL supplies coffee to various countries in Europe and America from India and Vietnam. Any unfavourable change in import or export duty rates in any country or imposition of non-tariff barriers could impact the competitiveness of supply from Vietnam/India.

### Slower ramp-up in branded business

The company is cautiously expanding its brand Continental in the domestic market. Although it has been well received so far, any adverse customer response could impact the growth prospects as well as financials. As the business is in investment phase, the subsidiary reported a loss of Rs.5.8 cr in FY18 on sales of Rs.24 cr.

### Swiss plant duty issues

CCL's Swiss plant is operating at sub-optimal utilisation level because of non-competitive pricing of supplies from Switzerland to the EU. Import duty levied by the EU on Swiss coffee is 9.0%, whereas only 3.3% is charged on coffee supplies from India. However, CCL is taking steps to avoid the adverse impact of this anomaly. The subsidiary after bleeding since the formation in FY14 turned into profit of Rs.0.6 cr in FY18 (compared to loss of Rs.5.7 cr in FY17).

## Q3FY19 Result Review

During Q3FY19, CCL reported revenue decline of 14.6% yoy to Rs 234cr led by decline in volume and lower raw material cost. Sales in both India (down 11% yoy) and Vietnam (down 25% yoy) were impacted during the quarter. Branded business showed good traction and reported revenues of Rs 55cr in 9MFY19 as compared to Rs 40cr in H1FY19. The branded business (CCL's own brands, Continental Coffee, Malgudi and THIS) contributed Rs 23cr, private labels (supplies to Big Bazaar, Spencer & Reliance) contributed Rs 7cr while the rest came in from the bulk business (railways & army). The management has guided sales of Rs 80cr from this subsidiary vs Rs 46cr in FY18 and earlier target of Rs 100cr.

EBITDA declined by 15.8% yoy to Rs 54cr and EBITDA margins were lower by 33bps at 23.2% on back of higher employee costs. PAT stood at Rs 33cr down by 19.3% yoy as finance costs expanded by 64% yoy to Rs 3cr. PAT margins contracted 82bps yoy to 13.9%.

CCL has begun trial production at its new 5,000MT freeze-dried SEZ plant in India. Commercial production is expected to begin from Q1FY20 and capacity utilisation is likely to be 50% in first year. In Vietnam also it is operating at 80% capacity utilisation levels and will look for expansion of 3,500MT next financial year.



**Quarterly Financials**

(Rs cr)	Q3FY19	Q3FY18	YoY-%	Q2FY19	QoQ-%	9MFY19	9MFY18	YoY-%
<b>Operating Income</b>	<b>234.1</b>	<b>274.0</b>	<b>-14.6</b>	<b>290.8</b>	<b>-19.5</b>	<b>819.3</b>	<b>815.8</b>	<b>0.4</b>
Material consumed	123.4	154.7	-20.2	154.5	-20.1	454.2	493.5	-8.0
Employee expenses	15.3	12.2	25.8	16.3	-6.0	44.2	33.6	31.6
Other expenses	41.0	42.6	-3.7	43.7	-6.2	126.6	121.0	4.6
<b>Total expenses</b>	<b>179.8</b>	<b>209.5</b>	<b>-14.2</b>	<b>214.5</b>	<b>-16.2</b>	<b>625.0</b>	<b>648.1</b>	<b>-3.6</b>
<b>EBITDA</b>	<b>54.3</b>	<b>64.5</b>	<b>-15.8</b>	<b>76.3</b>	<b>-28.8</b>	<b>194.3</b>	<b>167.7</b>	<b>15.8</b>
Depreciation	8.8	8.4	4.6	8.7	0.8	27.0	25.3	6.5
Other Income	0.9	0.4	124.7	1.4	-32.7	6.3	3.2	95.2
Interest	3.0	1.9	63.6	3.3	-7.7	8.7	5.7	52.2
<b>PBT</b>	<b>43.4</b>	<b>54.6</b>	<b>-20.6</b>	<b>65.6</b>	<b>-33.9</b>	<b>164.9</b>	<b>139.9</b>	<b>17.9</b>
Tax expenses	10.8	14.2	-24.0	18.4	-41.5	41.9	39.0	7.5
<b>Reported PAT</b>	<b>32.6</b>	<b>40.4</b>	<b>-19.3</b>	<b>47.2</b>	<b>-30.9</b>	<b>122.9</b>	<b>100.9</b>	<b>21.9</b>
<b>EPS</b>	<b>2.5</b>	<b>3.0</b>	<b>-19.3</b>	<b>3.5</b>	<b>-30.9</b>	<b>9.2</b>	<b>7.6</b>	<b>21.9</b>
EBITDA (%)	23.2%	23.5%	-33 bps	26.2%	-303 bps	23.7%	20.6%	315 bps
PAT (%)	13.9%	14.8%	-82 bps	16.2%	-230 bps	15.0%	12.4%	264 bps

**View and valuation**

CCL is India's largest manufacturer and exporter of instant coffee with a market share of ~28%. It supplies to more than 60 countries and has established long term relationships with customers. The ability to manufacture different varieties and blends of coffee as per customer requirements gives the company an edge. Capacity expansion in both India and Vietnam would drive higher revenues and profitability. Benign coffee prices and increasing contribution from branded domestic sales would provide margin expansion.

*We feel investors could buy the stock at the CMP, and add on dips to the Rs 252-258 band (15x FY21E EPS) for sequential targets of Rs 324 (19x FY20E EPS) and Rs 349 (20.5x FY20E EPS). At the CMP of Rs 462, the stock trades at 16.9x FY21E EPS.*



**Financials: Income Statement**

(Rs cr)	FY17	FY18	FY19E	FY20E	FY21E
<b>Income from operations</b>	<b>976.5</b>	<b>1138.0</b>	<b>1104.4</b>	<b>1281.0</b>	<b>1502.5</b>
Material Cost	551.9	690.6	618.0	715.6	830.4
Employee Cost	40.4	47.5	63.0	73.0	84.1
Other expenses	152.1	161.0	173.3	200.4	226.8
Total expenses	744.5	899.1	854.3	989.0	1141.3
<b>EBITDA</b>	<b>232.0</b>	<b>238.9</b>	<b>250.2</b>	<b>292.0</b>	<b>361.1</b>
Depreciation	33.3	34.1	34.9	52.6	62.2
EBIT	200.0	209.7	224.1	256.1	320.0
Other Income	1.2	4.8	8.8	16.6	21.0
Interest	11.2	7.8	12.5	21.2	20.5
Profit before tax	188.8	201.8	211.7	234.8	299.5
Tax Expenses	54.5	53.7	55.0	59.9	72.8
<b>Profit After Tax</b>	<b>134.3</b>	<b>148.1</b>	<b>156.6</b>	<b>174.9</b>	<b>226.7</b>
<b>Adj. PAT</b>	<b>134.3</b>	<b>148.1</b>	<b>156.6</b>	<b>174.9</b>	<b>226.7</b>
EPS	<b>10.1</b>	<b>11.1</b>	<b>11.8</b>	<b>13.2</b>	<b>17.0</b>

**Cash Flow**

(Rs cr)	FY17	FY18	FY19E	FY20E	FY21E
Profit Before Tax	188.8	201.8	211.7	234.8	299.5
Depreciation	33.3	34.1	34.9	52.6	62.2
Others	4.4	-5.6	7.4	19.2	34.3
Change in working capital	-67.4	-33.3	-8.0	-66.0	-85.0
Tax expenses	-53.3	-56.6	-55.0	-59.9	-72.8
<b>CF from Operating activities</b>	<b>101.2</b>	<b>145.1</b>	<b>192.0</b>	<b>173.1</b>	<b>218.1</b>
Net Capex	-19.5	-256.8	-150.0	-100.0	-50.0
Other investing activities	0.5	0.4	0.2	-39.9	-120.0
<b>CF from Investing activities</b>	<b>-19.6</b>	<b>-246.7</b>	<b>-150.0</b>	<b>-140.0</b>	<b>-130.0</b>
Proceeds from Eq Cap	0.0	0.0	0.0	0.0	0.0
Borrowings / (Repayments)	-68.3	169.0	90.0	15.0	-45.0
Dividends paid	-16.0	-40.0	-44.8	-48.0	-52.8
Interest paid	0.0	0.0	-12.5	-21.2	-20.5
<b>CF from Financing activities</b>	<b>-84.3</b>	<b>128.9</b>	<b>32.7</b>	<b>-54.3</b>	<b>-118.3</b>
<b>Net Cash Flow</b>	<b>-2.8</b>	<b>27.4</b>	<b>74.7</b>	<b>-21.1</b>	<b>-30.2</b>



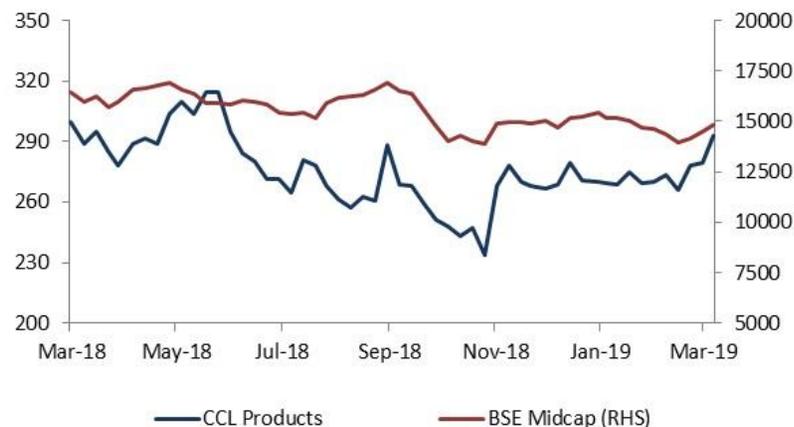
**Balance Sheet**

(Rs cr)	FY17	FY18	FY19E	FY20E	FY21E
<b>EQUITY AND LIABILITIES</b>					
Share Capital	26.6	26.6	26.6	26.6	26.6
Reserves and Surplus	601.7	713.3	825.1	952.1	1126.0
<b>Shareholders' Funds</b>	<b>628.3</b>	<b>739.9</b>	<b>851.8</b>	<b>978.7</b>	<b>1152.6</b>
Long Term borrowings	43.5	184.3	234.3	264.3	234.3
Deferred Tax Liabilities (Net)	38.2	39.2	39.2	39.2	39.2
Other Long Term Liabilities	0.3	0.0	0.0	0.0	0.0
Long Term Provisions	0.0	0.0	0.0	0.0	0.0
<b>Non-current Liabilities</b>	<b>82.0</b>	<b>223.5</b>	<b>273.5</b>	<b>303.5</b>	<b>273.5</b>
Short Term Borrowings	98.5	126.6	166.6	151.6	136.6
Trade Payables	12.2	10.3	12.5	14.1	15.7
Other Current Liabilities	24.1	33.2	28.2	33.9	40.6
Short Term Provisions	3.1	0.0	0.0	0.0	0.0
<b>Current Liabilities</b>	<b>137.8</b>	<b>170.1</b>	<b>207.3</b>	<b>199.5</b>	<b>192.9</b>
<b>TOTAL</b>	<b>848.2</b>	<b>1133.5</b>	<b>1332.5</b>	<b>1481.7</b>	<b>1619.0</b>
<b>Net Fixed Assets</b>	<b>393.3</b>	<b>371.1</b>	<b>373.1</b>	<b>590.3</b>	<b>663.0</b>
Capital work-in-progress	0.2	226.4	339.6	169.8	84.9
Non current Investments	1.5	1.5	1.5	1.5	1.5
Long-Term Loans and Advances	0.0	0.0	0.0	0.0	0.0
Other Non-current Assets	39.4	40.2	44.1	53.8	60.1
<b>Non-current Assets</b>	<b>40.9</b>	<b>41.6</b>	<b>45.6</b>	<b>55.2</b>	<b>61.5</b>
Current Investments	0.0	0.0	0.0	40.0	120.0
Inventories	182.8	183.2	196.5	221.0	267.4
Trade Receivables	162.7	182.0	211.7	235.0	267.4
Cash and Bank Balances	16.8	44.2	118.9	97.8	67.5
Short-Term Loans and Advances	0.0	0.0	0.0	0.0	0.0
Other Current Assets	51.5	85.0	47.2	72.7	87.2
<b>Current Assets</b>	<b>413.8</b>	<b>494.4</b>	<b>574.2</b>	<b>666.4</b>	<b>809.6</b>
<b>TOTAL</b>	<b>848.2</b>	<b>1133.5</b>	<b>1332.5</b>	<b>1481.7</b>	<b>1619.0</b>



Key Ratios	Particulars	FY17	FY18	FY19E	FY20E	FY21E
	EPS (Rs)	10.1	11.1	11.8	13.2	17.0
	Cash EPS (Rs)	12.6	13.7	14.4	17.1	21.7
	BVPS (Rs)	47.2	55.6	64.0	73.6	86.6
	PE (x)	28.5	25.8	24.4	21.8	16.9
	P/BV (x)	6.1	5.2	4.5	3.9	3.3
	Mcap/Sales (x)	3.9	3.4	3.5	3.0	2.5
	EV/EBITDA (x)	17.0	17.1	16.4	14.2	11.4
	EBITDAM (%)	23.8	21.0	22.7	22.8	24.0
	EBITM (%)	20.5	18.4	20.3	20.0	21.3
	PATM (%)	13.8	13.0	14.2	13.7	15.1
	ROCE (%)	26.8	23.0	19.5	19.3	21.9
	RONW (%)	23.6	21.7	19.7	19.1	21.3
	Current Ratio (x)	3.0	2.9	2.8	3.3	4.2
	Quick Ratio (x)	1.7	1.8	1.8	2.2	2.8
	Debt-Equity (x)	0.2	0.4	0.5	0.4	0.3
	Debtor days	61	58	70	67	65
	Inventory days	90	74	84	82	86
	Creditor days	6	4	5	5	5

Daily Closing Price Chart





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