

G.M.BREWERIES LTD

Result Update (PARENT BASIS): Q4 FY19

CMP: 622.40

APRIL 5th, 2019

Overweight

ISIN:INE075D01018

Index Details

Stock Data

Sector	Breweries & Distilleries
BSE Code	507488
Face Value	10.00
52wk. High / Low (Rs.)	966.00/480.00
Volume (2wk. Avg.)	7170
Market Cap (Rs. in mn.)	11381.21

Annual Estimated Results(A*: Actual / E*: Estimated)

Years (Rs. in mn)	FY19A	FY20E	FY21E
Net Sales	17047.30	18581.56	20625.53
EBITDA	1306.10	1430.59	1583.50
Net Profit	826.30	905.41	1002.25
EPS	45.19	49.51	54.81
P/E	13.77	12.57	11.36

Shareholding Pattern (%)

	As on Dec 2018	As on Sep 2018
Promoter	74.43	74.43
Public	25.57	25.57
Others	--	--

1 Year Comparative Graph



G.M.BREWERIES LTD

S&P BSE SENSEX

SYNOPSIS

- G.M. Breweries Ltd manufactures and distributes whisky, brandy, rum, gin, vodka, native liquors, and potable country liquors.
- G.M. Breweries Ltd has achieved a turnover of Rs. 4378.00 mn for Q4 FY2018-19 as against Rs. 4203.60 mn in Q4 FY2017-18, an increase of 4.15%.
- During Q4 FY19, Operating Profit (EBIDTA) stood at Rs. 364.30 mn as against Rs. 396.90 mn in the corresponding period of the previous year.
- During Q4 FY19, Profit before tax stood at Rs. 335.90 mn as against Rs. 375.30 mn in Q4 FY18.
- During the quarter, net profit stood at Rs. 243.20 mn from Rs. 246.70 mn in the corresponding quarter ending of previous year.
- EPS of the company stood at Rs. 13.30 in Q4 FY19 as against Rs. 13.49 in the corresponding quarter of the previous year.
- GM Breweries Ltd has recommended dividend at the rate of 30% i.e Rs. 3.00/- per share.
- During the year ended 31 March, 2019, Net sales increased by 6% to Rs. 17047.30 mn from Rs. 16052.80 mn in the previous ended 31 March, 2018.
- During the FY2018-19, Net Profit up by 13% to Rs. 826.30 mn from Rs. 729.00 mn in FY2017-18.
- Net Sales and PAT of the company are expected to grow at a CAGR of 11% and 23% over 2018 to 2021E, respectively.

PEER GROUPS	CMP	MARKET CAP	EPS(TTM)	P/E (X)(TTM)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. in mn.	(Rs.)	Ratio	Ratio	(%)
G.M.Breweries Ltd	622.40	11381.21	45.19	8.71	3.10	30.00
Som Distilleries & breweries Ltd	166.40	5407.00	7.71	21.58	3.26	15.00
Radico Khaitan Ltd	392.50	52363.10	13.73	28.59	4.58	50.00
United Breweries Ltd	1421.15	375759.40	22.15	64.16	13.98	200.00

QUARTERLY HIGHLIGHTS (PARENT BASIS)

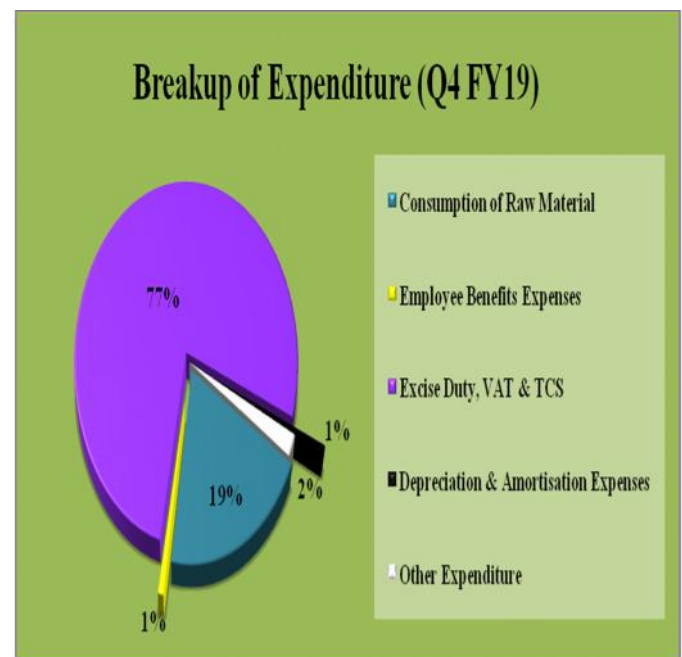
Results updates- Q4 FY19,

(Rs. in Million)	Mar-19	Mar-18	% Change
Revenue	4378.00	4203.60	4.15%
Net Profit	243.20	246.70	-1.42%
EPS	13.30	13.49	-1.42%
EBITDA	364.30	396.90	-8.21%

G.M. Breweries Ltd has achieved a turnover of Rs. 4378.00 million for the 4th quarter of the FY 2018-19 as against Rs. 4203.60 million in the corresponding quarter of the previous year, an increase of 4.15%. During Q4 FY19, Operating Profit (EBIDTA) stood at Rs. 364.30 million as against Rs. 396.90 million in the corresponding period of the previous year. During the quarter, net profit stood at Rs. 243.20 million from Rs. 246.70 million in the corresponding quarter ending of previous year. Reported earnings per share of the company stood at Rs. 13.30 in Q4 FY19 as against Rs. 13.49 in the corresponding quarter of the previous year.

Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q4 FY19	Q4 FY18	% Change
Consumption of Raw Material	808.10	684.70	18%
Employee Benefits Expenses	31.50	41.80	-25%
Excise Duty, VAT & TCS	3204.30	3080.30	4%
Depreciation & Amortisation Expenses	28.30	21.60	31%
Other Expenditure	82.50	63.70	30%



COMPANY PROFILE

G.M.Breweries Limited engages in manufacturing and marketing alcoholic beverages in India. Its alcoholic beverages include country liquor and Indian made foreign liquor. The company offers its products under the G.M.SANTRA, G.M.DOCTOR, G.M.LIMBU PUNCH, and G.M.DILBAHAR SOUNF brand names. G.M.Breweries Limited was founded in 1981 and is based in Mumbai, India.

FINANCIAL HIGHLIGHT (PARENT BASIS)
(A* - Actual, E* -Estimations & Rs. In Millions)
Balance Sheet as of March 31, 2018 -2021E

	FY18A	FY19A	FY20E	FY21E
ASSETS				
Non-Current Assets				
a) Property, Plant and Equipment	656.62	671.69	705.27	740.53
b) Capital Work in Progress	635.95	476.75	514.89	545.78
c) Investment Property	451.65	723.01	817.00	906.87
d) Other Intangible Assets	0.27	0.15	0.17	0.19
e) Financial Assets				
i) Investments	1076.89	1627.82	1920.83	2228.16
ii) Other Financial Assets	180.17	193.15	208.60	227.37
f) Non Current Tax Assets (Net)	0.00	8.92	9.54	10.12
g) Other Non-Current Assets	56.07	106.27	121.14	136.89
1. Sub Total – Non - Current Assets	3057.61	3807.75	4297.44	4795.92
Current Assets				
a) Inventories	116.21	177.43	211.15	242.82
b) Financial Assets				
i) Investments	0.00	0.00	0.00	0.00
ii) Trade Receivables	8.74	21.34	26.04	30.72
iii) Cash and Cash Equivalent	20.50	5.17	6.97	9.28
iv) Bank Balances other than Cash	84.28	6.03	7.36	9.19
c) Other Current Assets	220.94	217.72	226.43	237.75
2. Sub Total - Current Assets	450.67	427.69	477.94	529.76
Total Assets (1+2)	3508.28	4235.44	4775.38	5325.68
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share Capital	146.31	182.86	182.86	182.86
b) Other Equity	2766.50	3485.35	4008.15	4529.21
1. Total Equity	2912.80	3668.21	4191.01	4712.07
Non Current Liabilities				
a) Financial Liabilities				
i) Borrowings	0.00	0.00	0.00	0.00
b) Deferred Tax Liabilities (Net)	46.54	41.53	42.77	44.48
c) Other Non - Current Liabilities	2.34	2.34	2.46	2.60
2. Sub Total – Non - Current Liabilities	48.88	43.87	45.23	47.09
Current Liabilities				
a) Financial Liabilities				
i) Borrowings	0.00	0.00	0.00	0.00
ii) Trade Payables	50.02	45.05	48.65	51.57
iii) Other Financial Liabilities	12.86	10.45	11.50	13.56
b) Other Current Liabilities	462.87	462.06	472.96	494.99
c) Provisions	5.74	5.81	6.04	6.40
d) Current Tax Liabilities	15.10	0.00	0.00	0.00
3. Sub Total - Current Liabilities	546.60	523.36	539.14	566.52
Total Equity and Liabilities (1+2+3)	3508.28	4235.43	4775.38	5325.68

Annual Profit & Loss Statement for the period of 2018 to 2021E

Value(Rs.in.mn)	FY18A	FY19A	FY20E	FY21E
Description	12m	12m	12m	12m
Net Sales	16052.80	17047.30	18581.56	20625.53
Other Income	96.00	136.20	148.46	160.33
Total Income	16148.80	17183.50	18730.02	20785.86
Expenditure	-14975.70	-15877.40	-17299.43	-19202.37
Operating Profit	1173.10	1306.10	1430.59	1583.50
Interest	-0.30	-0.70	-0.61	-0.52
Gross profit	1172.80	1305.40	1429.98	1582.97
Depreciation	-59.90	-73.30	-80.63	-87.08
Profit Before Tax	1112.90	1232.10	1349.35	1495.89
Tax	-383.90	-405.80	-443.93	-493.64
Net Profit	729.00	826.30	905.41	1002.25
Equity capital	146.31	182.86	182.86	182.86
Reserves	2766.50	3485.35	4008.15	4529.21
Face value	10.00	10.00	10.00	10.00
EPS	49.83	45.19	49.51	54.81

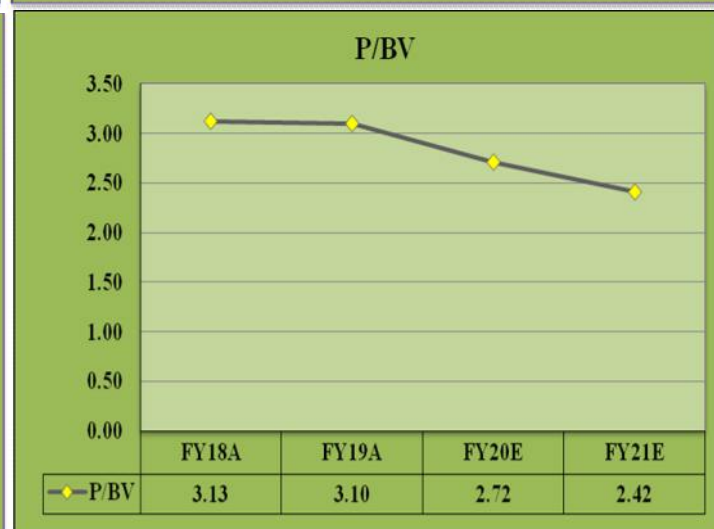
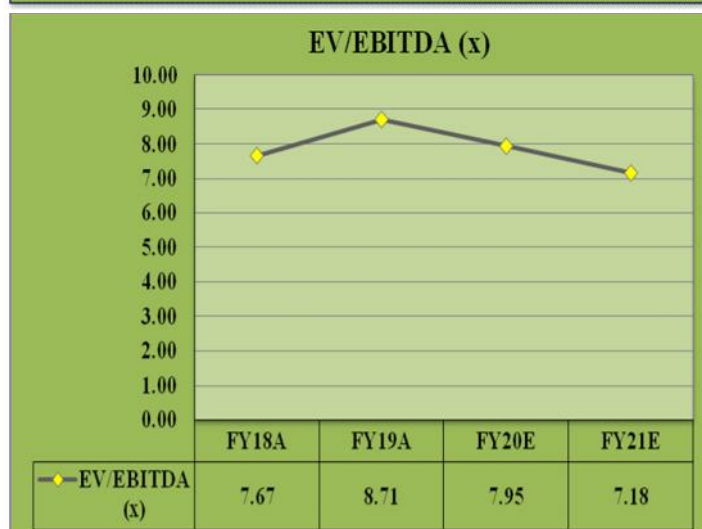
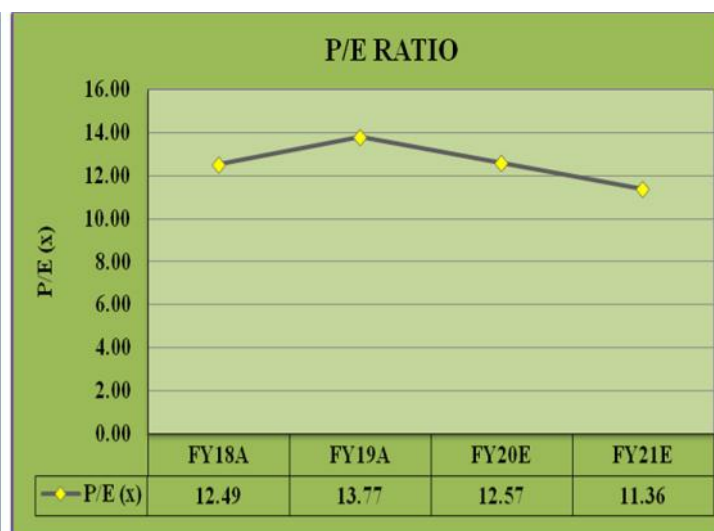
Quarterly Profit & Loss Statement for the period of 30th Sep, 2018 to 30th June, 2019E

Value(Rs.in.mn)	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19E
Description	3m	3m	3m	3m
Net sales	4135.90	4488.90	4378.00	4202.88
Other income	14.50	26.40	85.10	72.34
Total Income	4150.40	4515.30	4463.10	4275.22
Expenditure	-3832.30	-4240.20	-4098.80	-3912.88
Operating profit	318.10	275.10	364.30	362.33
Interest	-0.10	-0.20	-0.10	-0.11
Gross profit	318.00	274.90	364.20	362.23
Depreciation	-15.00	-15.00	-28.30	-30.00
Profit Before Tax	303.00	259.90	335.90	332.23
Tax	-108.80	-92.80	-92.70	-107.97
Net Profit	194.20	167.10	243.20	224.26
Equity capital	182.87	182.87	182.86	182.86
Face value	10.00	10.00	10.00	10.00
EPS	10.62	9.14	13.30	12.26

Ratio Analysis

Particulars	FY18A	FY19A	FY20E	FY21E
EPS (Rs.)	49.83	45.19	49.51	54.81
EBITDA Margin (%)	7.31%	7.66%	7.70%	7.68%
PBT Margin (%)	6.93%	7.23%	7.26%	7.25%
PAT Margin (%)	4.54%	4.85%	4.87%	4.86%
P/E Ratio (x)	12.49	13.77	12.57	11.36
ROE (%)	25.03%	22.53%	21.60%	21.27%
ROCE (%)	38.22%	33.61%	32.21%	31.76%
Debt Equity Ratio	0.00	0.00	0.00	0.00
EV/EBITDA (x)	7.67	8.71	7.95	7.18
Book Value (Rs.)	199.09	200.60	229.19	257.69
P/BV	3.13	3.10	2.72	2.42

Charts





OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 622.40**, the stock P/E ratio is at 12.57 x FY20E and 11.36 x FY21E respectively.
- Earning per share (EPS) of the company for the earnings for FY20E and FY21E is seen at Rs. 49.51 and Rs. 54.81 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 11% and 23% over 2018 to 2021E, respectively.
- On the basis of EV/EBITDA, the stock trades at 7.95 x for FY20E and 7.18 x for FY21E.
- Price to Book Value of the stock is expected to be at 2.72 x and 2.42 x for FY20E and FY21E respectively.
- Hence, we say that, we are **Overweight** in this particular scrip for Medium to Long term investment.

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