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Rating Information	
Price (Rs)	281
Target Price (Rs)	352
Target Date	30th Sep'18
Target Set On	23th May 17
Implied yrs of growth (DCF)	15
Fair Value (DCF)	353
Fair Value (DDM)	117
Ind Benchmark	SPBSMIP
Model Portfolio Position	NA

Stock Information	
Market Cap (RsMn)	37,321
Free Float (%)	55.2%
52 Wk H/L (Rs)	372/229
Avg Daily Volume (1yr)	119,312
Avg Daily Value (RsMn)	34.0
Equity Cap (RsMn)	266
Face Value (Rs)	2
Bloomberg Code	CCLP IN

Ownership	Recent	3M	12M
Promoters	44.8%	0.0%	0.1%
DII	3.6%	0.1%	1.1%
FII	22.2%	-0.9%	2.5%
Public	29.4%	0.8%	-3.6%

Price %	1M	3M	12M
Absolute	-3.5%	-16.0%	15.3%
Vs Industry	-3.1%	-20.5%	-12.6%
Tata Coffee	-1.9%	0.2%	22.8%
Nestle India	-0.7%	2.1%	2.4%

#### Consolidated Quarterly EPS forecast

Rs/Share	1Q	2Q	3Q	4Q
EPS (17A)	3.0	1.0	3.4	2.7
EPS (18E)	3.2	3.0	2.9	3.6

# CCL Products Ltd.

Update Note: TP(↔), Estimate(↔), Rating(↔)

Regular Coverage

Absolute : LONG

Relative : Overweight

21% ATR in 15months

Management continues to remain upbeat on opportunities, Reiterate LONG

Beverages

We reiterate our positive view on CCL Products (CCL) post our meeting with Mr. Rajendra Prasad, Executive Chairman of CCL Products. Management of CCL remains very optimistic about the medium to long term growth prospects for the business. Initiatives taken by CCL during FY17 for Vietnam and Guntur plant and setting up freeze dried capacity in Chittoor indicates that focus remains on high margin business. Further the scale of opportunity remains huge for Continental brand and could prove to be strong catalyst for the company in the medium to long term. We believe that CCL is well placed to capitalise on the rising opportunities in the instant coffee market in India as well as globally. We reiterate our LONG rating on the stock with a Sept'18 TP of Rs 352 which is based at 24x of TTM EPS of 14.7.

#### Below are the key takeaways from our interaction:

**Chittoor Plant:** 1) Management has indicated that the total expenditure on land plus construction cost is likely to be ~Rs 500mn. Remaining Rs 3,000mn would be mainly for equipment. 2) The technology in the equipment ordered would be German based and will be highly advanced. 3) The construction activity remains on track and should be completed by October/November period. Post completion of construction activity equipment is likely to be installed by December/January and the plant should commence its operations from April onwards. 4) With this new advanced technology the company would be able to acquire new clients mainly from Europe. 5) The company will be enjoying tax benefits for 5 years as the new plant is in SEZ.

**Vietnam Plant:** 1) The initiatives taken during FY17 in form of refurbishments and agglomeration are likely to deliver positive results for the company in the coming years. 2) Incentives offered by Vietnamese government of zero tax rates will be discontinued from FY20E onwards. From FY20E onwards CCL would be required to pay 50% of the prevailing tax rate of 16% which would translate into 8% tax rate for CCL for another 5 years. 3) Vietnamese government continues to be supportive for the coffee industry and the production levels and inventories continue to remain at higher levels. This indicates that the green coffee procurement should not be an area of concern for the company in the coming years for its Vietnam and India facility.

**Higher raw material inventories at the end of FY17:** 1) Management reiterated that the company does not indulge into speculative trading which means that higher raw material of green coffee at the end of the period indicate higher number of orders. 2) CCL remains comfortable with the current levels of higher inventories and receivables and remains optimistic for FY18E.

#### Consolidated Financials

Rs. Mn YE Mar	FY17A	FY18E	FY19E	FY20E
Sales	9,765	11,413	13,705	15,794
EBITDA	2,320	2,748	3,344	3,935
Depreciation	333	336	346	374
Interest Expense	112	89	191	176
Other Income	12	18	22	25
Reported PAT	1,343	1,696	2,127	2,568
Recurring PAT	1,343	1,696	2,127	2,568
Total Equity	6,363	7,579	9,066	10,833
Gross Debt	1,010	2,340	2,250	1,980
Cash	165	941	1,767	2,667
Rs Per Share	FY17A	FY18E	FY19E	FY20E
Earnings	10.1	12.8	16.0	19.3
Book Value	48	57	68	81
Dividends	2.5	3.0	4.0	5.0
FCFF	5.2	0.3	12.9	16.0
P/E (x)	27.8	22.1	17.5	14.5
P/B (x)	5.9	4.9	4.1	3.4
EV/EBITDA (x)	16.6	14.3	11.4	9.4
ROE (%)	23%	24%	26%	26%
Core ROIC (%)	19%	20%	23%	26%
EBITDA Margin (%)	23.8%	24.1%	24.4%	24.9%
Net Margin (%)	14%	15%	16%	16%



## Some of the other takeaways from our interaction:

### Competition

- Market continues to remain competitive in the current scenario in the low end products. CCL is increasing its focus on the premium orders which is likely to command significantly higher margins as compared to simple conversion from green coffee to instant coffee.

### India Business

- Management remains very optimistic on the India business and the focus will continue to increase revenues from value added products.
- Addition of freeze dried capacity and initiatives in Vietnam plant reaffirm the focus of management.
- A lot of focus is on “Continental” brand. Management has indicated that the industry has grown well in the recent years and instant coffee remains the fastest growing segment in the Indian coffee market. Though India has been a tea consuming country and coffee has been considered a luxury drink. However, the notion is changing given the shift in lifestyles, increasing disposable incomes, higher influence of western countries, etc. Gradually over the last 10-12, coffee has evolved as a trendy beverage for the young population and with the high ratio of young population in India; the entire coffee industry has been registering positive results.
- Management indicated that the scale of opportunity for “Continental” brand remains immense which they had highlighted in their FY17 Annual Report: “The instant coffee market in India is growing at a rate of more than 15% year on year”.
- CCL is in the process to launch number of new variants under Continental brand and remains confident on the long term growth prospects. CCL will continue to target profitable growth which we believe is likely to be EPS accretive.

### Switzerland subsidiary

- CCL is likely to witness improved performance from the Switzerland subsidiary in FY18. During FY17, CCL reported net loss of Rs 57mn as compared to Rs 38mn in FY16 and -Rs 36mn in FY15.

### Equirus Opinion

We continue to remain positive on the medium to long term growth prospects for CCL Products and believe that company is likely to register 24% CAGR growth in net profits during FY17-FY20E period. We believe that guidance offered by the company remains conservative and hence outperformance could be on the cards in the coming years. Favorable base of 2QFY17 and 4QFY17 (for subsidiary business) could result in strong growth for the company during FY18E.

### Valuation

At CMP of Rs 282, CCL is trading at 27.9x/22.1x/17.6x of FY17/FY18E/FY19E EPS of Rs 10.1/12.8/16.0. We continue to remain confident on the medium to long term growth prospects for CCL which is further backed by the high level of focus by the senior management of the company. We reiterate our LONG rating on the stock with a Sept'18 TP of Rs 352 which is based at 24x of TTM EPS of 14.7.

### Proven track record

The key return ratios for the company have improved over the years. ROE/Core ROIC has improved from 18.3%/11.1% in FY13 to 23.4%/19.3% in FY17. On the other hand, consolidated EBIDTAM/Net Margin have improved from 18.6%/7.3% in FY13 to 23.8%/13.8% in FY17. Going forward we expect gradual improvement in EBIDTAM from 23.8% in FY17 to 24.9% in FY20E.

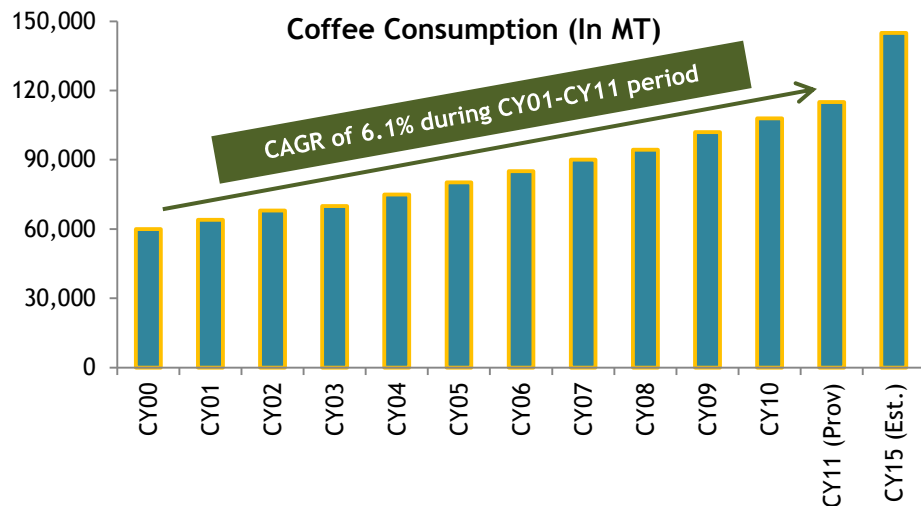


### Size of the Indian coffee market offers huge scale of opportunity for Continental brand

We have done some analysis on Indian coffee market to understand the opportunity that exists for CCL in its institutional business and Continental brand. Exhibit 01 indicates that the total coffee consumption in India has been growing at a CAGR of 6.1% during CY00-CY11 period and has grown from 60,000mt in CY00 to 115,000mt in CY11 which has further grown to ~145,000mt in CY15. Management indicated that instant coffee is growing at a pace of ~15% and is the fastest growing segment. As per our calculation, currently “Continental” brand’s market share would be less than 1%. Higher focus on modern trade channel and distribution network expansion could alone fuel strong growth given the product quality.

Looking at the size of the total coffee market, we believe that even minor market share for CCL’s Continental brand will result in good revenue growth for the company in the coming years. [We reiterate that Continental brand could be strong catalyst for CCL in the medium to long term.](#)

Exhibit 01: Coffee consumption in India continues to grow at a steady pace



Source: Industry; Equirus Securities

### Superior product quality and right pricing will be a key to make strong inroads in the Indian instant coffee market

In Exhibit 02, we have tried to analyze the players and the price points of some of the major brands present in the coffee industry. We have tried to gauge the position of Continental brand as compared to other brands.

Currently Continental brand has three product offerings. Below are some of the takeaways when we compare the Continental coffee to the largest player’s product:

- **Continental Premium:** Continental Premium is purely made from the Arabica green coffee using the freeze dried process and the MRP is -Rs 2,300/kg vs. Nescafe Gold at -Rs 4,800/kg. As per some of the customer reviews coffee quality of this variant is by and large in-line with Nescafe Gold and at ~53% lower price vs. Nescafe Gold.
- **Continental Speciale:** The variant is made from the combination of Robusta and Arabica green coffee using freeze dried process. The MRP is -Rs 1,700/kg and could be compared with Nescafe Classic which quotes MRP of -Rs 2,600/kg. Again the coffee quality by and large in-line with Nescafe Classic and is at ~37% discount.
- **Continental Xtra:** The third variant is made from the mix of Chicory and Robusta green coffee using spray dried process. The MRP is -Rs 2,000/kg where the company is offering “Buy One Get One Free” offer eventually translating the price to -Rs 1,000/kg vs. Sunrise Premium at around Rs 1,600/kg.

**\*\*Prices derived using 50gm jars**

We believe that Continental brand offers a strong Value for money proposition to customers given the product quality and hence increasing distribution network and rising awareness of the brand is likely to help CCL in growing its Continental brand in the coming years.

Exhibit 02: Continental remains very competitive vs. some of the major brands

VARIANT	SOME OF THE BRANDS	Price Range
Instant Coffee (Coffee Powder)	Nescafé Sunrise, Classic, Gold	Rs250-Rs4,800 per kg
	Bru Green Label, Instant, Super Strong Gold, Exotica	
	Illy	
Premixes	Lavazza	INR 60-75 per pack of 5
	Nescafé Cappuccino, Vanilla Latte, Choco Mocha	
	Bru	
Pods	Nespresso, Lavazza, Fresh n Honest	Rs 30 each upwards
Beans	Illy, Lavazza, Coffee Day, Starbucks, Coffee Bean n Tea	Rs500-Rs5,000 per kg
	Leaf, Fresh & Honest	
Ready-to-Drink (RTD)	Starbucks, Nescafé Amul, Mother Dairy	Rs20-Rs275 per bottle
Filter Coffee	Kaapi	Rs750-Rs800 per kg

Source: Industry; Equirus Securities



## Company Snapshot

### How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY18E	13	12	2%	We believe that higher revenues from value added products and premium blends will result in better margins for CCL, resulting in better profitability.
	FY19E	16	15	6%	
Sales	FY18E	11,413	11,014	4%	
	FY19E	13,705	12,842	7%	
PAT	FY18E	1,696	1,648	2%	
	FY19E	2,127	2,005	6%	

### Our Key Investment arguments:

- Strong momentum gained in Vietnam operations to continue in the coming years. Volumes are expected to grow at a CAGR of ~30% over FY16-19E
- India operations expected to grow at a steady CAGR of 7.2% over FY16-19E; however the additional volumes would be coming from high margin products.
- Strong profitability in India business is likely to be driven by better product mix (largely driven by premium blends + freeze dried coffee) and smaller packs.
- Retail + Institutional sales likely to be a long term catalyst for CCL which commands significantly higher margins as compared to Bulk sales

### Key Estimates:

Rs. mn	FY15	FY16	FY17E	FY18E	FY19E	FY20E
Standalone Sales	6,720	6,772	7,074	8,120	9,757	11,163
Subsidiary Sales	2,086	2,549	2,691	3,294	3,948	4,631
<b>Total Sales</b>	<b>8,806</b>	<b>9,321</b>	<b>9,765</b>	<b>11,413</b>	<b>13,705</b>	<b>15,794</b>
EBIDTA	1,712	2,047	2,320	2,748	3,344	3,935
<b>EBIDTA Margin</b>	<b>19.4%</b>	<b>22.0%</b>	<b>23.8%</b>	<b>24.1%</b>	<b>24.4%</b>	<b>24.9%</b>
PAT	940	1,221	1,343	1,696	2,127	2,568
<b>PAT Margin</b>	<b>10.7%</b>	<b>13.1%</b>	<b>13.8%</b>	<b>14.9%</b>	<b>15.5%</b>	<b>16.3%</b>

Comparable valuation		Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS		P/B			RoE			Div Yield	
Company	Reco.				CMP	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A	FY18E	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY17A
CCL Products	LONG	281	37,321	352	30th Sep'18	10.1	12.8	16.0	30.6	24.2	19.3	48	5.4	23%	24%	26%	1%	1%		
Tata Coffee	NR	128	23,832	NR	NR	11.3	9.3	10.5	11.3	13.7	12.2	57	1.9	15%	18%	17%	0%	0%		
Nestle India	NR	6,600	636,329	NR	NR	128.1	149.5	170.3	51.5	44.1	38.8	347	19.0	39%	41%	46%	1%	2%		

### Risk to Our View

- Global slowdown could be a big risk for the coffee business
- Failure in new client acquisition. Rising competition
- Inability to scale up sales of high margin products.

### Key Triggers

- Increased presence in U.S. market leading to strong volumes.
- Increase in contribution from the value added products and premium blends

Sensitivity to Key Variables	% Change	% Impact on EPS
EBIDTA Margin	1 %	5 %
-	-	-

### DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr		
6.8%	0.70	10.9%	3%	18%		
		FY18E	FY19E	FY20-22E	FY23-27E	FY28-32E
Sales Growth		17%	20%	13.7%	10.8%	9.4%
NOPAT Margin		15%	16%	17%	17%	17%
IC Turnover		1.20	1.35	1.47	1.47	1.47
RoIC		20.4%	23.0%	26.2%	26.2%	26.1%
Years of strong growth		1	2	5	10	15
Valuation as on date (Rs)		141	170	219	268	307
Valuation as of Sep'18		162	195	252	308	353

Based on DCF, assuming 15 years of 12% CAGR growth and 25.6% average ROIC, we derive current fair value of Rs. 307 and 30<sup>th</sup>Sep 2018 fair value of Rs. 353.

### Company Description:

CCL Products (India) Limited is one of the largest instant coffee company in world. CCL exports its products to more than 60 countries. CCL has a state-of-the-art soluble instant coffee manufacturing plant (Export-Oriented Unit) in Guntur district of A.P. with a capacity of 20,000mt and 10,000mt plant in Vietnam. CCL is among the only companies in the world to produce all 4 types of pure soluble coffee from a single location.



## Consolidated Quarterly Earnings Forecast and Key Drivers

Rs in Mn	1Q17A	2Q17A	3Q17A	4Q17A	1Q18E	2Q18E	3Q18E	4Q18E	1Q19E	2Q19E	3Q19E	4Q19E	FY17A	FY18E	FY19E	FY20E
Revenue	2,506	1,423	2,866	2,970	2,763	2,747	2,722	3,182	3,318	3,474	3,239	3,674	9,765	11,413	13,705	15,794
Cost of Materials Consumed	1,425	816	1,485	1,793	1,515	1,506	1,490	1,762	1,799	1,877	1,728	2,043	5,519	6,273	7,447	8,502
Packaging Materials Consumed	91	55	125	0	98	115	114	120	145	145	144	151	0	447	586	672
Stores, Power & Fuel Consumed	123	69	124	0	134	138	160	196	159	172	196	229	0	628	755	871
Employee benefit expenses	87	68	140	109	123	130	136	147	156	165	177	187	404	535	685	808
Other expenses	157	129	221	428	206	201	177	200	230	236	204	219	1,521	783	888	1,005
EBITDA	623	286	771	640	687	658	646	757	830	879	791	845	2,320	2,748	3,344	3,935
Depreciation	84	86	87	76	84	84	84	84	87	87	87	87	333	336	346	374
EBIT	540	200	685	563	603	574	562	673	743	792	704	759	1,988	2,412	2,998	3,561
Interest	29	21	25	37	21	21	22	25	47	48	48	48	112	89	191	176
Other Income	4	4	2	3	5	5	5	5	5	6	5	5	12	18	22	25
PBT	515	183	662	529	586	557	545	652	702	750	661	716	1,888	2,341	2,829	3,410
Tax	112	53	203	177	164	156	155	168	178	195	170	159	545	644	702	842
PAT bef. MI & Assoc.	403	130	458	353	422	401	389	484	525	555	491	557	1,343	1,696	2,127	2,568
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit from Assoc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recurring PAT	403	130	458	353	422	401	389	484	525	555	491	557	1,343	1,696	2,127	2,568
Extraordinaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reported PAT	403	130	458	353	422	401	389	484	525	555	491	557	1,343	1,696	2,127	2,568
EPS (Rs)	3.03	0.97	3.44	2.65	3.17	3.01	2.93	3.64	3.94	4.17	3.69	4.19	10.10	12.75	15.99	19.30
<b>Key Drivers</b>																
Volumes - in mt	-	-	-	-	-	-	-	-	-	-	-	-	20,575	23,110	25,097	27,191
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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<b>Sequential Growth (%)</b>																
Revenue	-5.3%	-43.2%	101.4%	3.6%	-7.0%	-0.6%	-0.9%	16.9%	4.3%	4.7%	-6.8%	13.4%	-	-	-	-
Cost of Materials Consumed	-7.6%	-42.7%	81.9%	20.7%	-15.5%	-0.7%	-1.0%	18.3%	2.1%	4.4%	-8.0%	18.3%	-	-	-	-
EBITDA	2.4%	-54.2%	170.0%	-17.1%	7.4%	-4.2%	-1.8%	17.2%	9.6%	5.9%	-10.0%	6.9%	-	-	-	-
EBIT	1.0%	-62.9%	242.4%	-17.7%	7.0%	-4.8%	-2.0%	19.8%	10.4%	6.6%	-11.1%	7.8%	-	-	-	-
Recurring PAT	9.8%	-67.8%	253.7%	-23.0%	19.6%	-5.0%	-2.9%	24.3%	8.4%	5.8%	-11.6%	13.5%	-	-	-	-
EPS	9.8%	-67.8%	253.7%	-23.0%	19.6%	-5.0%	-2.9%	24.3%	8.4%	5.8%	-11.6%	13.5%	-	-	-	-
<b>Yearly Growth (%)</b>																
Revenue	14.1%	-39.5%	34.6%	12.3%	10.3%	93.0%	-5.0%	7.1%	20.1%	26.5%	19.0%	15.5%	4.8%	16.9%	20.1%	15.2%
EBITDA	28.1%	-41.0%	69.0%	5.1%	10.2%	130.2%	-16.3%	18.4%	20.8%	33.6%	22.4%	11.6%	-12.0%	18.4%	21.7%	17.7%
EBIT	29.1%	-51.7%	77.1%	5.5%	11.7%	186.9%	-17.9%	19.5%	23.3%	38.1%	25.3%	12.7%	-15.5%	21.3%	24.3%	18.8%
Recurring PAT	33.3%	-55.7%	76.4%	-3.8%	4.8%	209.4%	-15.0%	37.3%	24.4%	38.4%	26.0%	15.0%	-25.8%	26.3%	25.4%	20.7%
EPS	33.3%	-55.7%	76.4%	-3.8%	4.8%	209.4%	-15.0%	37.3%	24.4%	38.4%	26.0%	15.0%	10.0%	26.3%	25.4%	20.7%
<b>Margin (%)</b>																
EBITDA	24.9%	20.1%	26.9%	21.5%	24.9%	23.9%	23.7%	23.8%	25.0%	25.3%	24.4%	23.0%	23.8%	24.1%	24.4%	24.9%
EBIT	21.5%	14.1%	23.9%	19.0%	21.8%	20.9%	20.6%	21.2%	22.4%	22.8%	21.7%	20.6%	20.4%	21.1%	21.9%	22.5%
PBT	20.5%	12.8%	23.1%	17.8%	21.2%	20.3%	20.0%	20.5%	21.2%	21.6%	20.4%	19.5%	19.3%	20.5%	20.6%	21.6%
PAT	16.1%	9.1%	16.0%	11.9%	15.3%	14.6%	14.3%	15.2%	15.8%	16.0%	15.2%	15.2%	13.8%	14.9%	15.5%	16.3%

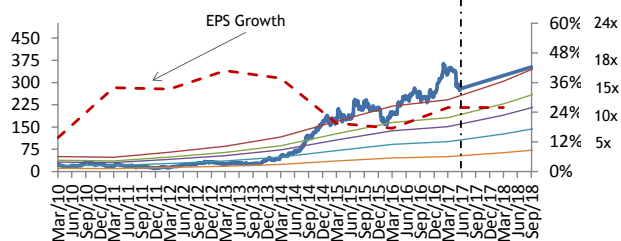
### Consolidated Financials

P&L (RsMn)	FY17A	FY18E	FY19E	FY20E
Revenue	9,765	11,413	13,705	15,794
Op. Expenditure	7,445	8,666	10,361	11,859
EBITDA	2,320	2,748	3,344	3,935
Depreciation	333	336	346	374
EBIT	1,988	2,412	2,998	3,561
Interest Expense	112	89	191	176
Other Income	12	18	22	25
PBT	1,888	2,341	2,829	3,410
Tax	545	644	702	842
PAT bef. MI & Assoc.	1,343	1,696	2,127	2,568
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	1,343	1,696	2,127	2,568
Extraordinaires	-	-	-	-
Reported PAT	1,343	1,696	2,127	2,568
FDEPS (Rs)	10.1	12.8	16.0	19.3
DPS (Rs)	2.5	3.0	4.0	5.0
CEPS (Rs)	12.6	15.3	18.6	22.1
FCFPS (Rs)	5.2	0.3	12.9	16.0
BVPS (Rs)	47.8	57.0	68.1	81.4
EBITDAM (%)	24%	24%	24%	25%
PATM (%)	14%	15%	16%	16%
Tax Rate (%)	29%	28%	25%	25%
Sales Growth (%)	5%	17%	20%	15%
FDEPS Growth (%)	10%	26%	25%	21%

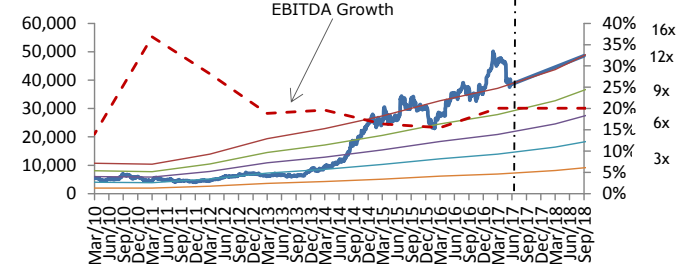
Balance Sheet (RsMn)	FY17A	FY18E	FY19E	FY20E
Equity Capital	266	266	266	266
Reserve	6,097	7,313	8,800	10,567
Networth	6,363	7,579	9,066	10,833
Long Term Debt	1,010	2,340	2,250	1,980
Def Tax Liability	310	260	250	220
Minority Interest	0	0	0	0
Account Payables	122	141	167	191
Other CurrLiabi	681	1,141	1,370	1,579
Total Liabilities & Equity	8,487	11,461	13,104	14,803
Net Fixed Assets	3,933	6,177	6,331	6,457
Capital WIP	2	0	0	0
Others	510	511	511	511
Inventory	1,828	1,814	2,103	2,423
Account Receivables	1,632	1,595	1,877	2,120
Other Current Assets	416	423	515	624
Cash	165	941	1,767	2,667
Total Assets	8,486	11,461	13,103	14,803
Non-cash Working Capital	3,073	2,549	2,957	3,397
Cash Conv Cycle	114.9	81.5	78.7	78.5
WC Turnover	3.2	4.5	4.6	4.6
FA Turnover	2.5	1.8	2.2	2.4
Net D/E	0.1	0.2	0.1	-0.1
Revenue/Capital Employed	1.5	1.6	1.5	1.5
Capital Employed/Equity	1.4	1.3	1.3	1.3

Cash Flow (RsMn)	FY17A	FY18E	FY19E	FY20E
PBT	1,888	2,341	2,829	3,410
Depreciation	333	336	346	374
Others	37	0	0	0
Taxes Paid	533	644	702	842
Change in WC	-674	523	-407	-440
Operating C/F	1,050	2,556	2,066	2,501
Capex	-199	-2,573	-500	-500
Change in Invest	0	-7	0	0
Others	2	0	0	0
Investing C/F	-197	-2,580	-500	-500
Change in Debt	-675	1,330	-90	-270
Change in Equity	0	0	0	0
Others	-199	-531	-650	-831
Financing C/F	-874	800	-740	-1,101
Net change in cash	-21	776	825	901
RoE (%)	23%	24%	26%	26%
RoIC (%)	19%	20%	21%	22%
Core RoIC (%)	19%	20%	23%	26%
Div Payout (%)	30%	28%	30%	31%
P/E	27.8	22.1	17.5	14.5
P/B	5.9	4.9	4.1	3.4
P/FCFF	40.0	1252.7	21.8	17.5
EV/EBITDA	16.6	14.3	11.4	9.4
EV/Sales	3.9	3.4	2.8	2.3
Dividend Yield (%)	0.9%	1.1%	1.4%	1.8%

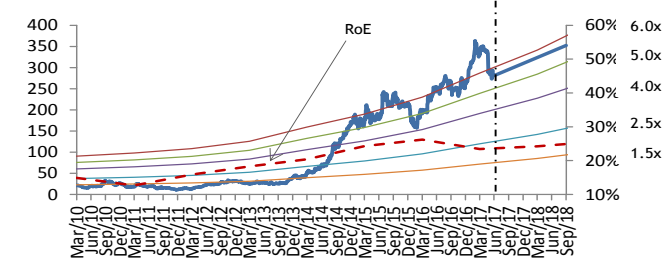
TTM P/E vs. 2 yr forward EPS growth



TTM EV/EBITDA vs. 2 yr forward EBITDA growth



TTM P/B vs. 2 yr forward RoE





## Historical Consolidated Financials

P&L (RsMn)	FY14A	FY15A	FY16A	FY17A	Balance Sheet (RsMn)	FY14A	FY15A	FY16A	FY17A	Cash Flow (RsMn)	FY14A	FY15A	FY16A	FY17A
Revenue	7,168	8,806	9,321	9,765	Equity Capital	266	266	266	266	PBT	996	1,338	1,668	1,888
Op. Expenditure	5,737	7,093	7,274	7,445	Reserve	3,262	3,950	4,832	6,097	Depreciation	291	268	284	333
EBITDA	1,431	1,712	2,047	2,320	Networth	3,528	4,216	5,098	6,363	Others	420	1	-804	37
Depreciation	291	268	284	333	Long Term Debt	2,404	1,837	1,588	1,010	Taxes Paid	320	420	-380	533
EBIT	1,140	1,444	1,763	1,988	Def Tax Liability	233	243	290	310	Change in WC	-139	-140	83	-674
Interest Expense	171	136	108	112	Minority Interest	0	0	0	0	Operating C/F	1,248	1,047	1,610	1,050
Other Income	26	30	12	12	Account Payables	205	445	115	122	Capex	-596	-206	-872	-199
PBT	996	1,338	1,668	1,888	Other CurrLiabi	880	876	921	681	Change in Invest	0	0	0	0
Tax	351	398	446	545	Total Liabilities & Equity	7,250	7,617	8,013	8,487	Others	14	15	2	2
PAT bef. MI & Assoc.	644	940	1,221	1,343	Net Fixed Assets	3,611	3,400	4,173	3,933	Investing C/F	-583	-192	-870	-197
Minority Interest	0	0	0	0	Capital WIP	389	534	0	2	Change in Debt	-245	-693	-253	-675
Profit from Assoc.	0	0	0	0	Others	56	83	527	510	Change in Equity	0	0	0	0
Recurring PAT	644	940	1,221	1,343	Inventory	1,379	1,735	1,486	1,828	Others	-170	-240	-567	-199
Extraordinaires	0	0	0	0	Account Receivables	1,068	1,132	1,281	1,632	Financing C/F	-415	-933	-820	-874
Reported PAT	644	940	1,221	1,343	Other Current Assets	404	466	358	416	Net change in cash	250	-78	-80	-21
EPS (Rs)	4.8	7.1	9.2	10.1	Cash	344	266	187	165	RoE (%)	20%	24%	26%	23%
DPS (Rs)	0.0	1.5	2.5	2.5	Total Assets	7,250	7,617	8,013	8,486	RoIC (%)	13%	17%	20%	19%
CEPS (Rs)	7.0	9.1	11.3	12.6	Non-cash Working Capital	1,765	2,013	2,089	3,073	Core RoIC (%)	13%	17%	20%	19%
FCFPS (Rs)	5.8	7.1	6.2	5.2	Cash Conv Cycle	89.9	83.4	81.8	114.9	Div Payout (%)	0%	25%	32%	30%
BVPS (Rs)	26.5	31.7	38.3	47.8	WC Turnover	4.1	4.4	4.5	3.2	P/E	57.9	39.7	30.6	27.8
EBITDAM (%)	20%	19%	22%	24%	FA Turnover	1.8	2.2	2.2	2.5	P/B	10.6	8.9	7.3	5.9
PATM (%)	9%	11%	13%	14%	Net D/E	0.6	0.4	0.3	0.1	P/FCFF	48.1	39.2	45.6	40.0
Tax Rate (%)	35%	30%	27%	29%	Revenue/Capital Employed	1.3	1.5	1.5	1.5	EV/EBITDA	27.8	23.0	19.2	16.6
Sales growth (%)	10%	23%	6%	5%	Capital Employed/Equity	2.1	1.9	1.6	1.4	EV/Sales	5.6	4.5	4.2	3.9
FDEPS growth (%)	36%	46%	30%	10%						Dividend Yield (%)	0.0%	0.5%	0.9%	0.9%



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