

Tata Global Beverages

Poised to perform

Tata Global Beverages Limited (TGBL) is an emerging player in the global beverage market. The company has made a strategic shift from being a local tea company to a global beverage company through various acquisitions and strategic partnerships with global beverage giants like PepsiCo and Starbucks. As a result, the company has made an entry into the top 10 global companies list in the hot drinks category, posing a challenge to global players like Nestlé, Unilever and Kraft Foods. The company's product portfolio comprises leading global brands like *Tetley*, *Eight O' Clock* and local brands like *Tata Tea*.

Bottomed-out margins; expect a positive surprise: We model in TGBL's OPM to improve by ~150bp over FY2011-13E from 8.6% in FY2011 to ~10.1% in FY2013E, driven by a shift in the company's focus from the plantation business to branded products and rationalization in the operating cost structure. While TGBL's focus on volume growth remains intact, selective price increases and stable ad spends will further aid in margin improvement. Also, with the Tea Board of India estimating higher tea production in 2011 as compared to 2010 (~5% higher production), we expect auction prices of tea to soften, thereby providing a relief to the company from heightened input cost pressure.

Estimate ~40% plus adjusted EPS CAGR over FY2011-13E: We model a ~40% EPS CAGR over FY2011-13, led by (1) 9% revenue growth and (2) a ~150bp margin improvement. We believe the company is set to outperform the industry's growth, with the help of selective price increases and strong brands like *Tata Tea Premium*, *Tata Tea Gold*, *Agni Dust* and *Kanan Devan*.

Key valuation trigger: Despite its leadership position in the Indian packaged tea market, No. 2 position in the global tea market and generating ~90% of its total revenue from branded products, TGBL is trading at 12.2x FY2013E EPS (which is at a discount to its FMCG peers, trading at 20x-35x FY2013E EPS). Also, on EV/Sales basis, the stock is trading at 0.6x FY2013E EV/Sales (historical average of 1x EV/ Sales). **Hence, we initiate coverage on the stock with a Buy recommendation and a target price of ₹97, based on 14x FY2013E EPS of ₹6.9(0.8x FY2013 EV/Sales).**

Key financials (Consolidated)

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
Net Sales	5,784	5,984	6,522	7,110
% chg	19.3	3.5	9.0	9.0
Net Profit	390	254	336	427
% chg	73.2	(34.8)	32.1	27.2
EBITDA (%)	8.9	8.6	9.2	10.1
EPS (₹)	6.2	3.4	5.4	6.9
P/E (x)	14.5	26.4	16.6	12.2
P/BV (x)	1.5	1.4	1.4	1.3
RoE (%)	10.4	5.4	8.4	10.2
RoCE (%)	6.2	6.7	8.0	9.6
EV/Sales (x)	0.9	0.8	0.7	0.6
EV/EBITDA (x)	10.8	8.9	8.6	8.6

Source: Company, Angel Research

BUY

CMP	₹84
Target Price	₹97
Investment Period	12 Months

Stock Info

Sector	FMCG
Market Cap (₹ cr)	5,219
Beta	1.0
52 Week High / Low	120/80
Avg. Daily Volume	294,179
Face Value (₹)	1
BSE Sensex	15,391
Nifty	4,613
Reuters Code	TAGL.BO
Bloomberg Code	TGBL@IN

Shareholding Pattern (%)

Promoters	35.2
MF / Banks / Indian Fls	33.4
FII / NRIs / OCBs	9.8
Indian Public / Others	21.6

Abs. (%)	3m	1yr	3yr
Sensex	(10.0)	(22.5)	52.7
TGBL	(7.8)	(26.4)	54.8

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Investment thesis

Fast emerging global beverage player

Among the top 10 global players in the hot drinks category, posing a challenge to Nestlé, Kraft Foods and Unilever, among others.

TGBL, led by its various acquisitions in recent years, has become a global non-alcoholic beverage company. The company now features among the global top 10 players list in the hot drinks category.

Exhibit 1: Top-10 Global players (%Off-trade value) - Hot drinks category

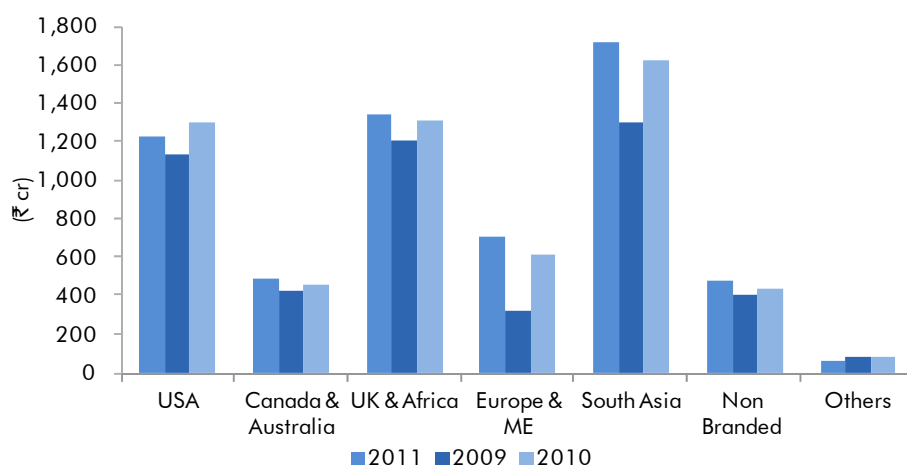
Company	2005	2010
Nestlé SA	15.1	15.2
Kraft Foods Inc.	7.9	7.8
Unilever Group	4.5	4.4
Sara Lee Corp	3.2	3.4
Tchibo GmbH	1.8	1.6
Tata Global Beverages Ltd	-	1.3
Associated British Foods Plc (ABF)	1.4	1.3
JM Smucker Co, The	-	1.2
Strauss Group Ltd	0.1	1.2
Lavazza SpA, Luigi	1.2	1.1

Source: Euromonitor International, Angel Research

Spreading its wings across the globe

TGBL has a very ambitious plan to generate revenue of US\$5bn by 2015, which it may fall short of due to the slow growth in its key categories (tea and coffee) and slowdown due to the ongoing global as well as local macroeconomic scenario. The company has a commanding position in the tea and coffee categories in North America and South Asia. With leadership positions in India, UK and Canada in the tea market, TGBL has been consistent in maintaining its market share.

Exhibit 2: TGBL's increasing global footprint in beverages



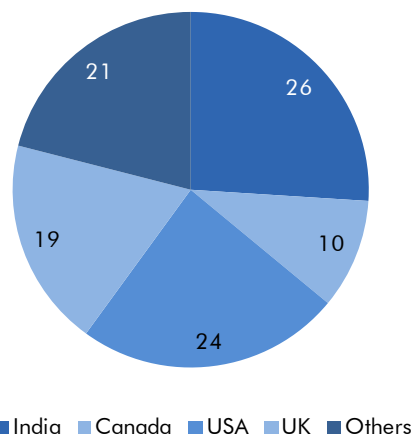
Source: Company, Angel Research

The company generates over 70% of its consolidated sales from outside India.

Branded products constitute 90% of the company's top line.

During FY2011, TGBL reported more than 70% of its revenue from outside India. The company has a leadership position in the tea and coffee markets in several countries. The company is the second largest global tea marketing company and the third largest player (post acquisition of *Eight O' Clock* coffee through its subsidiary Tata Coffee) in the branded coffee market in the US.

Exhibit 3: TGBL's country-wise sales of hot drinks in CY10 (% retail value)



Source: Euromonitor International, Angel Research

Apart from being among the leaders in global tea markets, TGBL's leadership in the Indian tea market has also been increasing. Currently, iconic brands like *Tata Tea*, *Kanan Devan* and *Tetley* feature among the top tea brands in the country.

Exhibit 4: Top tea brand shares in India (% retail value)

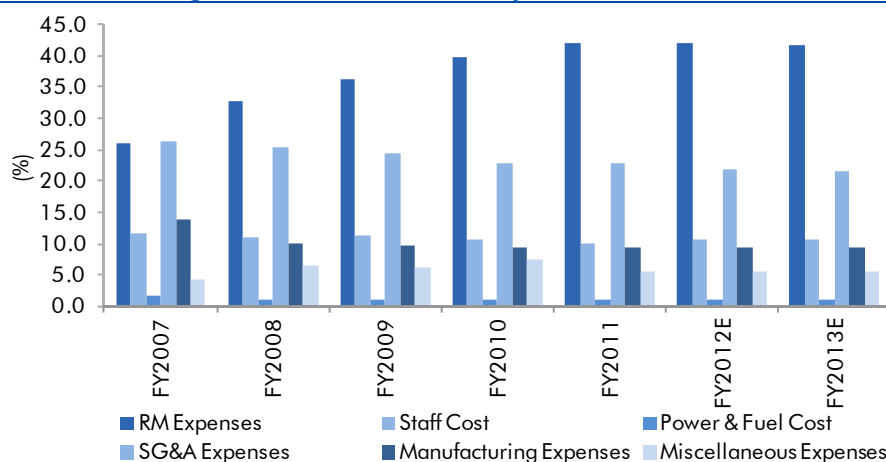
Brand	Company	CY2010
Tata Tea	TGBL	19.7
Brooke Bond	HUL	19.1
Duncans	Duncans Industries	8.6
Lipton	HUL	6.2
Wagh Bakri	Wagh Bakri	3.5
Kanan Devan	TGBL	3.3
Goodricke	Goodricke Group	1.5
Twinnings	Twinnings Pvt Ltd	1.2
Golden Tips	Golden Tips Tea Co	1.1
Girnar	Girnar Food & Beverages	1
Jay Green Tea	Jay Shree Tea	0.7
Tetley	TGBL	0.5
Kho-Cha	Kho-Cha Darjeeling Tea Bureau	0.2

Source: Euromonitor International, Angel Research

Bottomed-out margins; expect a positive surprise

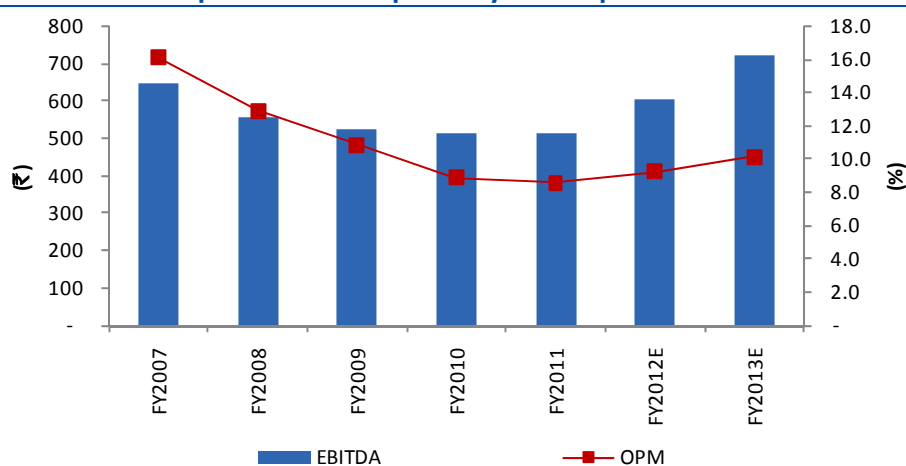
We model in TGBL's OPM to improve by ~150bp over FY2011-13E from 8.6% in FY2011 to ~10.1% in FY2013E, driven by a shift in its focus from the plantation business to branded products business and rationalization in its operating cost structure. We expect a rejig in the company's cost structure due to the ongoing hiving off of the plantation business and expect staff cost, power and fuel cost and manufacturing expenses to come down going forward. While TGBL's focus on volume growth remains intact, selective price increases and stable ad spends will further aid in margin improvement.

Exhibit 5: Changes in cost structure to improve OPM



Source: Company, Angel Research

Exhibit 6: We expect OPM to improve by ~150bp over FY2011-13E



Source: Company, Angel Research

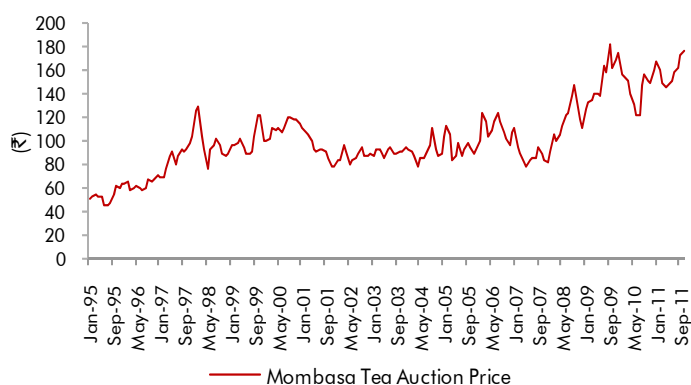
Also, with the Tea Board of India estimating higher production of tea in 2011 as compared to 2010 (~5% higher production), we expect auction prices of tea to soften, thereby providing a relief to the company from the heightened input cost pressure. It is estimated that tea production in India will cross 1,000mn kgs in 2011 with increased tea production from North India.

Exhibit 7: Monthly estimated tea production for CY2011

CY2011 ('000kgs)	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Jan to Oct
Total Assam	3,426	94	23,669	37,025	30,968	62,824	76,311	84,080	66,962	70,467	455,826
Growth (yoy %)	(37)	114	60	(3)	9	24	14	7	7	(2)	9
Total W. Bengal	2,934	909	14,364	11,954	20,330	25,955	33,934	27,148	23,762	22,973	184,263
Growth (yoy %)	(8)	(39)	(4)	27	10	2	(1)	(1)	(2)	(10)	-
Total North India	6,412	1,004	38,137	49,451	51,738	89,458	111,940	112,757	93,062	95,039	648,998
Growth (yoy %)	(26)	(34)	28	3	9	16	9	5	4	(4)	6
Total South India	14,518	15,728	18,595	23,593	24,439	25,251	21,329	14,250	17,999	22,458	198,160
Growth (yoy %)	(21)	(4)	(3)	17	(3)	(7)	5	(4)	(2)	4	(2)
All India	20,930	16,732	56,732	73,044	76,177	114,709	133,269	127,007	111,061	117,497	847,158
Growth (yoy %)	(23)	(7)	16	7	5	10	8	3	3	(3)	4

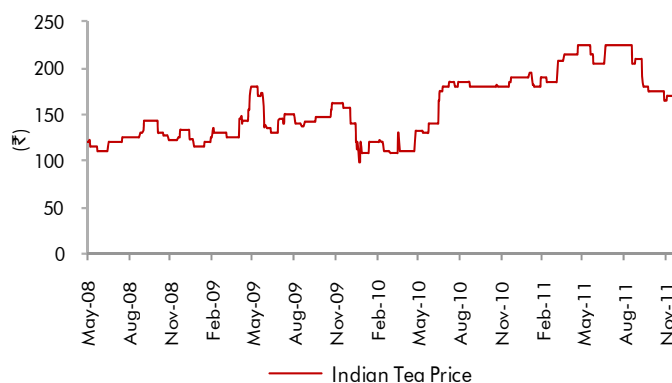
Source: Indian Tea Board, Angel Research

Exhibit 8: Mombasa tea auction price (₹/kg)



Source: Industry, Angel Research

Exhibit 9: India Tea price - signs of cooling down (₹/kg)



Source: Indian Tea Board, Angel Research

Exhibit 10: Increase in tea plantation acreage to increase production

Year	Area (hectares)	Production ('000 kgs)
1981	383,629	560,427
1982	394,170	560,562
1983	396,066	581,484
1984	398,453	639,864
1985	399,964	656,162
1986	407,647	620,803
1987	411,335	665,251
1988	414,347	700,014
1989	414,953	688,105
1990	416,269	720,338
1991	420,470	754,192
1992	420,289	732,322
1993	418,363	760,826
1994	425,966	752,895
1995	427,065	756,016
1996	431,204	780,140
1997	434,294	810,031
1998	474,027	874,108
1999	490,200	825,935
2000	504,366	846,922
2001	509,806	853,923
2002	515,832	838,474
2003	519,598	878,129
2004	521,403	892,965
2005	523,000	927,984
2006	567,020	981,800
2007	578,458	986,430
2008	NA	980,820
2009	NA	978,999
2010	NA	966,403
2011	NA	1000000E

Source: Indian Tea Board, Angel Research

Estimate ~40% plus adjusted CAGR over FY2011-13E

We model a ~40% EPS CAGR over FY2011-13, led by (1) 9% revenue growth and (2) a 150bp margin improvement. We believe the company is set to outperform the industry's growth with the help of selective price increases and strong brands like *Tata Tea Premium*, *Tata Tea Gold*, *Agni Dust* and *Kanan Devan*.

We estimate return ratios to improve

Despite being a leading player in the consumer space, TGBL (unlike its FMCG peers) does not have very high RoE and RoCE – the reason being high goodwill (~50% of total assets in FY2011) in the balance sheet as a result of acquisitions over many years.

Exhibit 11: RoCE to improve over FY2011-13E

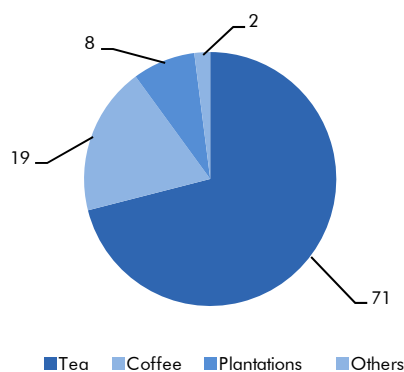
(%)	Reported	Adjusted for goodwill	Adjusted for goodwill & cash
FY2007	7.5	30.2	32.3
FY2008	6.6	11.2	16.4
FY2009	6.0	10.3	14.1
FY2010	6.2	11.0	22.6
FY2011	6.7	13.2	19.4
FY2012E	8.0	15.8	23.8
FY2013E	9.6	18.8	27.2

Source: Company, Angel Research

Revenue overview

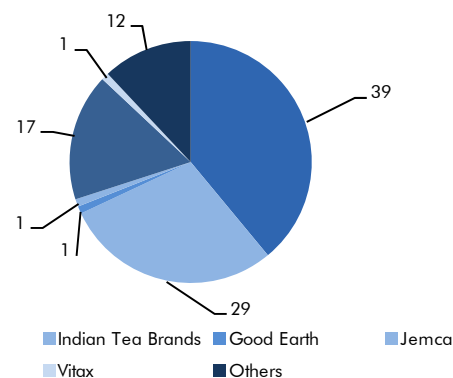
TGBL has become a global non beverage player post its various acquisitions in many geographical regions. Though the company's key revenue generating product remains tea, it is also present in coffee through its subsidiary Tata Coffee Ltd. The company has recently started to expand its product portfolio by entering into other beverages. The company has recently entered into a JV with PepsiCo India Pvt. Ltd. to develop non-carbonated, ready-to-drink beverages focused on health and enhanced wellness for international markets.

Exhibit 12: Category-wise sales breakup FY2011



Source: Company, Angel Research

Exhibit 13: Brand-wise sales breakup FY2011



Source: Company, Angel Research

We expect the company's consolidated revenue to witness a ~9% CAGR over FY2011-13E, driven by modest volume growth and selective price hikes in the company's key categories – tea and coffee.

The tea industry has witnessed a number of changes over the years with changing consumer behavior due to changing lifestyles and increased awareness. Though tea remains the key focus area for TGBL, the company is focusing on expanding its footprint across the globe, strengthening its position in the global tea market and getting noticed in the global beverages category. Over the years, TGBL has grown inorganically – considering the sluggish growth in the domestic tea market.

Exhibit 14: Time line of acquisitions and JVs of TGBL

Year	Company	Country
FY2000	Tetley	UK
FY2005	Good Earth, Inc., USA	USA
FY2006	Eight O' Clock Coffee Company, USA	USA
FY2009	Grand, Russia	Russia
FY2011	Rising Beverage Company Llc	USA
FY2012	Nourishco Beverages Ltd (With PepsiCo India)	India

Source: Company, Angel Research

Exhibit 15: Brand portfolio of TGBL

Brands	Category	Country
Tetley	Black tea, herbal tea, fruit tea	UK and Canada
Vitax	Fruit tea	Poland
Jemca	Black tea, green tea, herbal tea, fruit tea	Czech
Phendula	Tea	South Africa
Tata Tea	Tea	India
Eight O'Clock	Coffee	USA
Grand	Coffee and tea	Russia
Good Earth	Tea	USA
Himalayan	Mineral water	India
T4 KIDZ	Hot flavoured drink	UK
Laager	Tea	South Africa
Activate	Flavoured water	USA
Nourishco	Non carbonated RTD beverage	India & Intl. markets
Sukk	Drinkable jelly snack	UK

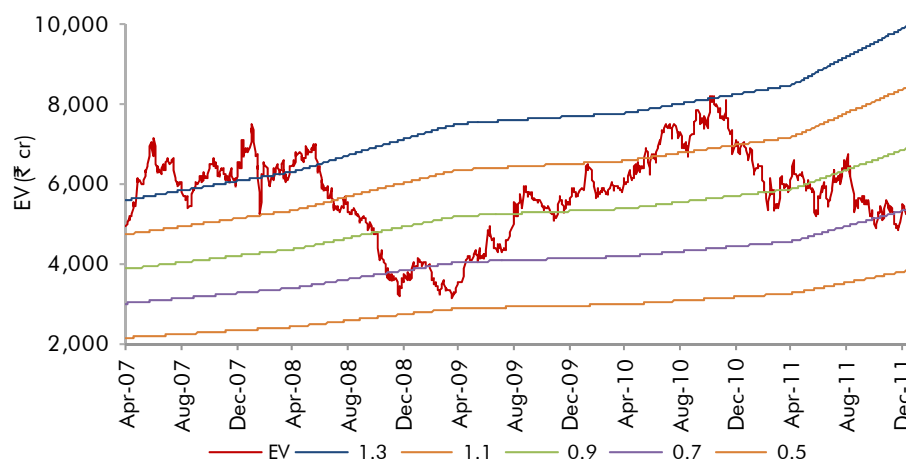
Source: Company, Angel Research

Outlook and valuation

We estimate modest revenue growth at a ~9% CAGR over FY2011-13E on the basis of price and volume-led growth. In spite of the slow revenue growth, we expect healthy expansion of 150bp in the company's OPM over FY2011-13E, from 8.6% in FY2011 to ~10% in FY2013E, due to changes in cost structure and selective price hikes in key products. Adjusted earnings for the company are expected to witness a robust ~40% EPS CAGR over FY2011-13E, primarily due to increased OPM.

Despite its leadership position in the Indian packaged tea market, No. 2 position in the global tea market and generating ~90% of its total revenue from branded products, TGBL is trading at 13.3x FY2013E EPS (which is at a discount to its FMCG peers, trading at 20x–35x FY2013E EPS). Also, on EV/Sales basis, the stock is trading at 0.6x FY2013E EV/Sales (historical average of 1x EV/ Sales). **Hence, we initiate coverage on the stock with a Buy recommendation and a target price of ₹104, based on 16x FY2013E EPS of ₹6.5 (0.9x FY2013 EV/Sales).**

Exhibit 16: Trading at attractive 0.6x FY2013E EV/Sales



Source: Angel Research

We believe the stock will be re-rated due to the following reasons:

- Improvement in OPM and return ratios going forward
- The company has been taking initiatives to expand globally and emerge as a global beverage player. Going ahead, we believe higher revenue visibility from the recent JVs and further expansion in non-alcoholic beverages would result in higher revenue growth.

Key risk

- Tea and coffee prices have been at their peaks and volatile. Any further hardening of key raw materials will negatively impact the company's margins and earnings.

Tea market dynamics in India

According to a report by Euromonitor, tea over the past five years has witnessed over a 4% CAGR in volumes, with black tea contributing ~98% of volumes. Volumes of green tea have grown at a faster pace at ~10% in the past five years, with increasing awareness among consumers about the benefits of green tea.

Exhibit 17: Category-wise volume sales of tea

Tea type (cr tones)	2005	2006	2007	2008	2009	2010	CAGR (%)
Black Tea	2,109	2,171	2,227	2,310	2,396	2,472	15
Green Tea	29	31	33	35	38	42	10
Tea	2,138	2,202	2,260	2,345	2,434	2,514	15

Source: Euromonitor, Angel Research, CAGR over CY2005-10

In terms of value sales, tea has grown by ~15% over CY2005-10 due to higher demand, as tea remains the most preferred hot drink in most parts of India.

Exhibit 18: Category-wise retail sales value of tea

Tea type (₹ cr)	2005	2006	2007	2008	2009	2010	CAGR (%)
Black Tea	347.5	368.3	399.5	463.2	527.4	608.5	4.1
Green Tea	25.9	27.8	29.7	31.6	34.0	37.8	9.2
Total Tea	373.4	396.1	429.1	494.9	561.4	646.3	4.1

Source: Euromonitor, Angel Research, CAGR over CY2005-10

During the past few years, changing consumer behavior and increased awareness about green tea have led to high growth in this category. Though the category is very small in terms of volume and value sales, it is gaining acceptance among consumers in the country's major towns.

The packaged tea market in India is dominated mainly by two players, HUL and TGBL, with both players competing neck to neck in terms of their market shares. TGBL has a vast presence in various price points. *Tata Tea Premium* and *Tetley* are its premium brands, whereas *Agni Dust* and *Chakra Gold* are the mass brands.

Company snapshot

TGBL is a global beverage company headquartered in London. The company has a strong portfolio of global and regional brands such as *Tata Tea*, *Tetley*, *Eight O'Clock Coffee*, *Good Earth*, *Jemca*, *Grand Vitax* and *Himalayan*.

During the past decade, TGBL has made acquisitions in various countries in the tea, coffee, water and other beverages categories. Tea constitutes more than 70% of the company's total turnover; coffee constitutes a ~19% share; and the rest comes from other activities.

Branded products constitute 90% of the company's annual turnover, with the remaining sales coming from B2B plantation and extraction activities. About 70% of the company's sales are from outside India in countries like US, UK, Czech Republic and Poland.

Key subsidiaries of TGBL

Exhibit 19: TGBL's key subsidiaries

Company	Country
Tata Global GB Ltd.	UK
Stansand (Africa) Ltd.	Kenya
OOO Sunty LLC	Russia
Tata Coffee Ltd.	India
Consolidated Coffee, Inc.	US

Source: Company, Angel Research

Exhibit 20: TGBL vs. local peers relative valuation

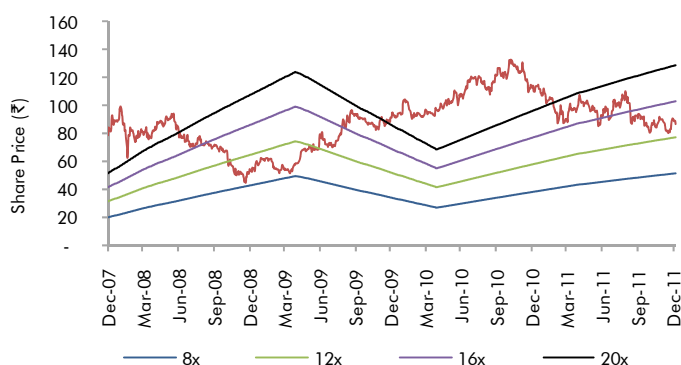
Company	Reco	Mcap (₹ cr)	CMP (₹)	TP (₹)	Upside (%)	P/E (x)		EV/Sales (x)		RoE (%)		CAGR #	
						FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	Sales	EPS
Asian Paints	Accumulate	25,414	2,650	3,030	14	25.8	21.0	2.7	2.3	39.6	38.3	17.3	19.8
Britannia	Accumulate	5,279	442	495	12	28.7	19.6	1.0	0.9	37.8	46.0	17.3	36.0
Colgate	Neutral	13,817	1,016	-	-	31.5	26.9	5.2	4.5	111.7	108.0	14.9	12.9
Dabur	Buy	16,885	97	115	19	24.1	21.0	3.3	2.9	44.9	41.6	20.5	18.8
GSKCHL*	Neutral	10,306	2,450	-	-	29.6	24.9	3.4	2.9	32.6	31.8	20.1	23.9
GCPL	Accumulate	12,915	399	457	15	24.1	18.5	3.2	2.6	36.6	29.4	22.9	20.2
HUL	Neutral	86,450	396	320	-	33.9	29.8	3.8	3.3	87.5	85.3	12.7	17.1
ITC	Accumulate	152,711	197	219	11	26.5	22.3	5.9	4.9	32.7	31.5	17.6	17.4
Marico	Accumulate	8,546	139	151	9	27.7	22.0	2.4	2.1	30.2	28.8	17.2	28.0
Nestlé*	Neutral	39,918	4,140	3,603	-	41.0	34.5	5.5	4.7	91.1	72.9	16.1	18.9
TGBL	Buy	5,219	84	104	23	16.6	12.2	0.7	0.6	8.4	10.2	9.0	42.3

Source: Angel Research, #Denotes CAGR over FY2011-13E, *Denotes December ending

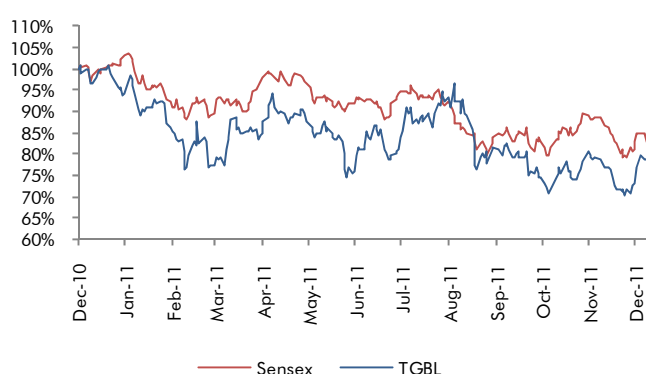
Exhibit 21: TGBL vs. global non-alcoholic beverage companies

Company	Mcap (mn)	CMP	Curr.	Country	P/E (x)		EV/Sales (x)		RoE (%)		CAGR #	
					FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	Sales	EPS
TGBL	52,193	85	INR	INDIA	16.6	12.2	0.7	0.6	8.4	10.2	9.0	42.3
Tingyi Cayman Islands Holding Corp.	131,647	24	Yuan	CHINA	15.4	14.0	0.89	0.81	7.8	8.2	7.7	21.3
Green Mountain Coffee Roasters, Inc.	7,108	46	USD	USA	27.8	21.9	1.71	1.35	26.3	28.3	36.7	32.2
Dr. Pepper Snapple Group, Inc.	8,260	39	USD	USA	17.4	12.6	1.86	1.39	17.6	19.3	45.3	58.0
Hansen Natural Corp.	8,295	95	USD	USA	13.1	12.1	1.74	1.68	27.3	29.6	5.7	9.8
Arca Continental SAB de CV	93,663	58	Peso	MEXICO	25.7	21.6	4.18	3.41	31.9	44.5	30.4	23.0
Yakult Honsha Co Ltd.	411,806	2,341	Yen	JAPAN	16.4	13.6	1.85	1.69	15.8	17.1	46.6	27.4
Uni-President China Holdings Ltd.	16,341	5	Yuan	CHINA	28.2	25.5	1.28	1.22	6.1	6.5	2.9	16.5
Ito En Ltd.	118,941	1,304	Yen	JAPAN	20.2	14.3	0.58	0.48	8.8	11.3	52.3	33.0
Britvic PLC	724	300	Pound	BRITAIN	18.6	16.9	0.42	0.38	7.9	7.4	2.8	(1.4)
Cott Corp.	617	7	CAD	CANADA	8.4	7.6	0.90	0.86	189.0	110.9	4.0	27.7

Source: Bloomberg, # Denotes CAGR over CY2011-13E, CMP as on December 19, 2011

Exhibit 22: One-year forward PE band


Source: Angel Research

Exhibit 23: TGBL's one-year return to the Sensex


Source: Angel Research

Profit and loss statement (Consolidated)

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Gross sales	4,311	4,849	5,784	5,984	6,522	7,110
Less: Excise duty	1.4	1.1	0.9	1.5	0.7	0.7
Net Sales	4,310	4,848	5,783	5,982	6,522	7,109
% chg	7.1	12.5	19.3	3.4	9.0	9.0
Total Expenditure	3,753	4,322	5,269	5,469	5,919	6,389
Cost of Materials	1,416	1,753	2,310	2,521	2,739	2,957
Advertising Exp (Incl Promotion)	825	879	985	1,013	1,057	1,137
Personnel	480	550	611	610	698	754
Others	278	304	437	336	365	398
EBITDA	556	526	514	513	602	720
% chg	(14.1)	(5.6)	(2.3)	(0.0)	17.3	19.5
(% of Net Sales)	12.9	10.8	8.9	8.6	9.2	10.1
Depreciation & Amortisation	92	99	103	99	111	121
EBIT	465	427	411	414	492	600
% chg	(15.7)	(8.2)	(3.8)	0.8	18.8	21.9
(% of Net Sales)	10.8	8.8	7.1	6.9	7.5	8.4
Interest & other Charges	306	210	149	120	122	97
Other Income	1,929	1,039	379	200	188	191
(% of PBT)	92.4	82.7	59.2	40.5	33.8	27.6
Reported PBT	2,088	1,256	641	494	558	694
% chg	258.0	(39.8)	(49.0)	(22.9)	12.8	24.4
Prior Period & Extra Exp/(Inc.)	1,517	480	8	44	-	-
PBT (recurring)	571	776	633	451	558	694
Tax	153	424	248	202	184	229
(% of PBT)	7.3	33.8	38.6	40.9	33.0	33.0
PAT (reported)	1,935	832	393	292	374	465
Add: Share of earnings of asso.	-	25	33	20	20	20
Less: Minority interest (MI)	392	156	36	58	58	58
PAT after MI (reported)	1,543	701	390	254	336	427
ADJ. PAT	25	221	382	211	336	427
% chg	(92.3)	778.0	73.2	(44.8)	59.4	27.2
(% of Net Sales)	0.6	4.5	6.6	3.5	5.2	6.0
ADJ. EPS (₹)	0.4	3.6	6.2	3.4	5.4	6.9
Fully Diluted EPS (₹)	0.4	3.6	6.2	3.4	5.4	6.9
% chg	(92.3)	778.0	73.2	(44.8)	59.4	27.2

Balance sheet (Consolidated)

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
SOURCES OF FUNDS						
Equity Share Capital	62	62	62	62	62	62
Preference Capital	-	-	-	-	-	-
Reserves & Surplus	3,353	3,591	3,662	3,895	3,976	4,152
Shareholders' Funds	3,414	3,653	3,723	3,957	4,038	4,214
Minority Interest	1,028	1,022	1,057	1,108	1,108	1,108
Total Loans	2,609	2,431	1,797	1,042	942	842
Deferred Tax Liability	37	48	75	64	64	64
Total Liabilities	7,088	7,154	6,652	6,170	6,152	6,227
APPLICATION OF FUNDS						
Gross Block	1,351	1,442	1,470	1,563	1,703	1,856
Less: Acc. Depreciation	629	707	752	842	952	1,073
Net Block	722	735	718	721	750	783
Capital Work-in-Progress	50	63	47	39	43	46
Goodwill	2,938	3,027	2,929	3,038	3,038	3,038
Investments	1,391	351	519	587	615	623
Current Assets	3,329	4,587	3,998	3,376	3,620	3,757
Cash	1,323	1,089	1,904	997	1,052	981
Loans & Advances	1,012	2,303	653	736	802	874
Other	400	267	28	30	30	30
Current liabilities	1,358	1,617	1,560	1,590	1,914	2,020
Net Current Assets	1,971	2,970	2,438	1,786	1,705	1,736
Misc. Exp. not written off	16.61	7.64	-	-	-	-
Total Assets	7,088	7,154	6,652	6,170	6,152	6,227

Cash flow statement (Consolidated)

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Profit before tax	2,088	1,256	641	494	558	694
Depreciation	92	99	103	99	111	121
Change in Working Capital	(502)	381	42	(143)	140	(114)
Interest / Dividend (Net)	256	154	91	44	65	48
Direct taxes paid	153	424	248	202	184	229
Others	557	(2,338)	(147)	(71)	(8)	12
Cash Flow from Operations	2,337	(872)	482	221	681	531
(Inc.)/ Dec. in Fixed Assets	(70)	(68)	(89)	(85)	(144)	(157)
(Inc.)/ Dec. in Investments	2,818	1,155	1,472	5	(29)	(8)
Cash Flow from Investing	2,749	1,087	1,384	(81)	(173)	(165)
Issue of Equity	203	-	-	(63)	-	-
Inc./(Dec.) in loans	(1,968)	(178)	(634)	(755)	(100)	(100)
Dividend Paid (Incl. Tax)	253	125	146	145	289	289
Interest / Dividend (Net)	256	154	91	44	65	48
Cash Flow from Financing	(2,274)	(457)	(871)	(1,007)	(454)	(437)
Inc./(Dec.) in Cash	1,204	(234)	815	(907)	54	(70)
Opening Cash balances	119	1,323	1,089	1,904	997	1,052
Closing Cash balances	1,323	1,089	1,904	997	1,052	981

Key ratios

Y/E March	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Valuation Ratio (x)						
P/E (on FDEPS)	220.8	25.2	14.5	26.4	16.6	12.2
P/CEPS	2.7	6.0	11.4	17.9	12.5	9.5
P/BV	1.6	1.5	1.5	1.4	1.4	1.3
Dividend yield (%)	3.9	2.0	2.2	2.2	4.4	4.7
EV/Sales	1.3	1.4	0.9	0.8	0.7	0.6
EV/EBITDA	9.8	12.5	9.6	9.8	8.0	6.2
EV / Total Assets	0.8	0.9	0.7	0.8	0.8	0.7
Per Share Data (₹)						
EPS (Basic)	0.4	3.6	6.2	3.4	5.4	6.9
EPS (fully diluted)	0.4	3.6	6.2	3.4	5.4	6.9
Cash EPS	32.9	15.1	7.9	5.0	7.2	8.9
DPS	3.5	1.8	2.0	2.0	4.0	4.0
Book Value	54.7	58.5	59.6	63.4	64.6	67.4
Returns (%)						
RoCE	6.6	6.0	6.2	6.7	8.0	9.6
Angel ROIC (Pre-tax)	-	-	-	-	-	-
RoE	57.4	23.1	10.4	5.4	8.4	10.2
Turnover ratios (x)						
Asset Turnover (Gross Block)	3.3	3.5	4.1	3.9	3.9	3.9
Inventory / Sales (days)	45	49	53	61	62	62
Receivables (days)	37	34	31	33	34	34
Payables (days)	84	88	83	83	83	83
WC cycle (ex-cash) (days)	1	-	1	-	1	-

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Disclosure of Interest Statement

	TGBL
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Returns):

Buy (> 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (< -15%)

Neutral (-5 to 5%)

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