

# Tata Consumer Products

BSE SENSEX  
73,664

S&P CNX  
22,404

## TATA CONSUMER PRODUCTS

### Stock Info

Bloomberg	TATACONS IN
Equity Shares (m)	953
M.Cap.(INRb)/(USD\$)	1047.9 / 12.6
52-Week Range (INR)	1270 / 756
1, 6, 12 Rel. Per (%)	-4/6/17
12M Avg Val (INR M)	1697
Free float (%)	66.5

### Financials Snapshot (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	152.1	178.3	194.2
EBITDA	22.8	28.5	31.3
Adj. PAT	14.0	17.8	19.7
EBITDA Margin (%)	15.0	16.0	16.1
Cons. Adj. EPS (INR)	14.6	17.9	19.9
EPS Gr. (%)	28.7	22.4	10.8
BV/Sh. (INR)	168.5	223.6	237.3

### Ratios

Net D:E	0.0	-0.1	-0.1
RoE (%)	8.6	9.7	9.3
RoCE (%)	10.7	11.4	11.2
Payout (%)	53.8	36.2	32.7

### Valuations

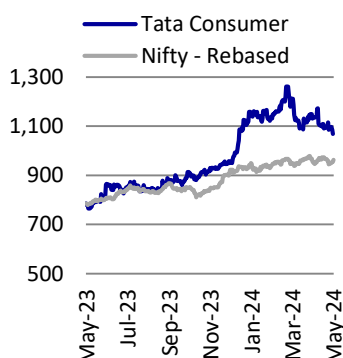
P/E (x)	74.6	60.9	55.0
EV/EBITDA (x)	44.2	34.9	31.4
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	1.5	2.0	1.7

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	33.6	34.4	34.4
DII	17.4	17.1	15.9
FII	25.5	25.6	25.1
Others	23.6	22.9	24.6

FII Includes depository receipts

### Stock performance (one-year)



**CMP: INR1100**

**TP: INR1350(+23%)**

**Buy**

### Tata Starbucks - The hidden gem within TATACONS portfolio

TATACONS entered into a Joint venture with Starbucks Corporation in FY13 to form Tata Starbucks Pvt. Ltd. Over the past decade, Tata Starbucks has successfully capitalized on India's growing coffee chain market, expanding rapidly to generate a revenue of ~INR12.2b in FY24.

- Tata Starbucks has accelerated its store addition trajectory over the last five years, tripling its store count to 421 outlets in FY24 from 146 outlets in FY19 (~24% CAGR in store addition over the period). Going ahead, it plans to reach ~1,000 outlets by FY28 (~2.5x in the next four years; ~25% CAGR).
- Along with store additions, the company is focusing on improved store economics and is rolling out its successful pilot program (wherein it has revamped menu and décor and introduced new serving sizes) in additional stores to improve annual revenue per store (~INR32m in FY24).
- Factoring this strategic growth plan, coupled with flourishing Indian coffee chain market (~10-12% growth per annum), we expect Tata Starbucks to clock ~26%/35% revenue/EBITDA CAGR over FY24-26.
- Currently, we are valuing Tata Starbucks by the DCF method and arrive at an Enterprise value of ~INR182b (~9x FY26E Revenue).

### Rapid store expansion and improving store economics to drive growth

- Tata Starbucks Private Limited (a 50:50 joint venture coffee chain company, owned by TATACONS and Starbucks Corporation) launched its business in India in FY13 with a single outlet in Mumbai.
- Over the past decade, the company has expanded to more than 400 outlets pan India (~26% store addition CAGR over FY14-24), reaching ~421 outlets by FY24 (up 26% YoY). It has clocked a revenue of INR12.2b in FY24 (~29% revenue CAGR over FY14-24; up 12% YoY) with revenue per store of ~INR32m (~4% CAGR over FY14-24; however, it is down 11% YoY, led by overall slowdown within the QSR space).
- Going ahead, the company had given guidance to reach ~1,000 outlets by FY28 (i.e., ~2.5x in four years; 25% CAGR).
- It plans to continue its expansion into Tier-2 cities and increase the number of its drive-thru outlets, airport-based outlets, highway stores and 24-hour café creating a significant presence pan India.
- Apart from this, in order to increase its penetration in India and accelerate the acceptance among Indian consumers, Tata Starbucks had initiated a pilot program. This program introduces new products, smaller serving sizes, and renewed décor for its outlets, specially curated for the Indian market.
- This pilot program yielded positive results within the launched stores. Consequently, the company plans to extend these initiatives to additional stores going ahead.
- We believe this will not only increase the popularity and affordability, but also improve the store economics on account of higher revenue per store (led by volume growth).

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**Research analyst - Meet Jain** (Meet.Jain@MotilalOswal.com) | **Omkar Shintre** (Omkar.Shintre@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Factoring in the rapid store expansion and increasing revenue per store, we expect Tata Starbucks to clock ~26% revenue CAGR over FY24-26.
- The rapid expansion of stores is likely to maintain operating expense (opex) and capex at elevated levels. However, leveraging scale and operating efficiencies, Tata Starbucks anticipates further enhancements of its margins.

### **Flourishing market to aid growth trajectory; competition remains key monitorable**

- Cafe chains in India are growing at a faster pace, led by increasing demand from younger, aspirational consumers, increasing global exposure, and increasing adoption of western culture.
- As per Statista Research, the India Coffee Chain Market is estimated at ~INR45b in CY23. Multiple industry reports suggest that the market is likely to grow by ~10-12% per annum for the next few years.
- However, the expanding market is also attracting competition from the domestic start-up space as well as global coffee chain companies.
- New global entrants like the British chain Pret a Manger and the Canadian chain Tim Hortons, alongside emerging specialty coffee chains such as Blue Tokai, Third Wave, and Slay are capitalizing on the flourishing coffee culture in India.
- As consumer preferences continue to evolve, fueled by factors such as urbanization and changing lifestyles, the competitive landscape is expected to intensify as this will lead to emergence of new domestic player and global chains. However, we believe that the coffee chain market in India is at a nascent stage and is large enough to accommodate all the new players.
- Comparing the key coffee chain players, Tata Starbucks is leading its peers with revenues of INR10.9b in FY23 (vs. INR9.2b/INR1b for Café Coffee Day/Costa Coffee), led by strong revenue growth over the last few years (~25% revenue CAGR over FY19-23). Café Coffee Day revenue also includes sales from other key business verticals, including vending machines (~48,788 machines in FY23) and hospitality services (3 resorts in Karnataka).
- In terms of operating profitability, it is placed at the second position with an EBITDA margin of ~18% in FY23 (Costa coffee led the charts with a margin of ~24%, while Café coffee day witnessed operating loss).

### **Good value unlocking potential for TATACONS**

- With the growing coffee consumption and flourishing coffee chain market in India, coffee chain companies are attracting greater interest from venture capital and private equity funds. (As per Tracxn, Indian specialty coffee café chains have raised close to USD100m in the last two years).
- Within the unlisted space, Third Wave coffee has raised USD35m at a valuation of USD155m (valuing it at ~9x FY23 sales). While Blue Tokai is in advanced talks to raise funds at a valuation of USD180-200m (valuing it at 11.5x FY23 sales).
- In terms of listed entity, Coffee Day Enterprise (operates CCD) is valued at 1.5x FY23 sales (on account of continuous revenue decline and operating losses) while Devyani Enterprise (operates Costa Coffee) is valued at 6.5x FY23 sales.
- Currently, we are valuing Tata Starbucks by the DCF method and arrive at an Enterprise value of ~INR182b (~9x of FY26E Revenue).

- This valuation (~17x FY23 revenue) is higher than the valuations of other unlisted companies in this space (~9 to 11.5x of FY23 revenue). However, Tata Starbucks is placed at a much better position among the key coffee chain players in India (market leader within the space with strong brand value) with ~421 outlets as on FY24 with a revenue of ~INR12.2b. Factoring the same, we believe Tata Starbucks demands premium valuations.

### Valuation and view

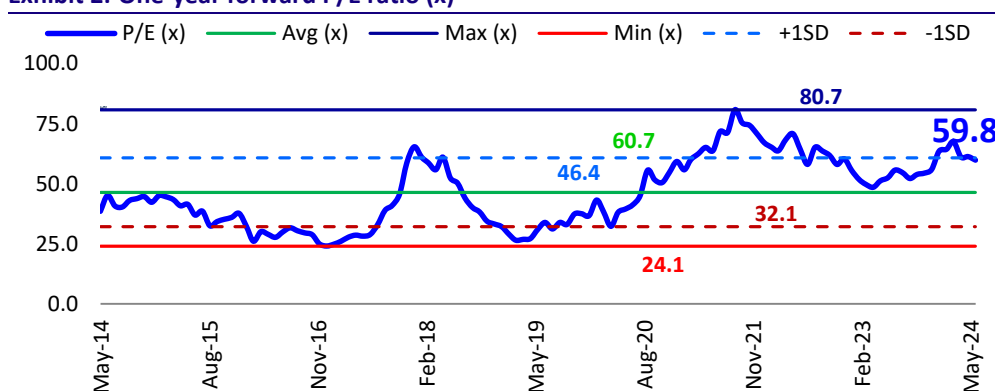
- TATACONS has a strategic roadmap in place to leverage the flourishing coffee chain market in India and sustain the high growth trajectory for Tata Starbucks. This involves rapidly expanding stores while enhancing store economics to drive continued success. Factoring the same, we expect Tata Starbucks to clock ~26%/35% revenue/EBITDA CAGR over FY24-26.
- TATACONS is following a two-pronged growth approach: 1) focusing on new growth engines such as Tata Starbucks, Tata Sampann, NourishCo, Tata Soufull, and the ready-to-eat/ready-to-consume business (Tata Smartfoodz); and 2) rapidly scaling up its distribution network along with digitization prowess across the supply chain, which will drive the next leg of growth.
- We expect a revenue/EBITDA/PAT CAGR of 13%/17%/19% over FY24-26 and arrive at our SoTP-based TP of INR1,350. We maintain our Buy rating on the stock.

### Exhibit 1: Valuation table

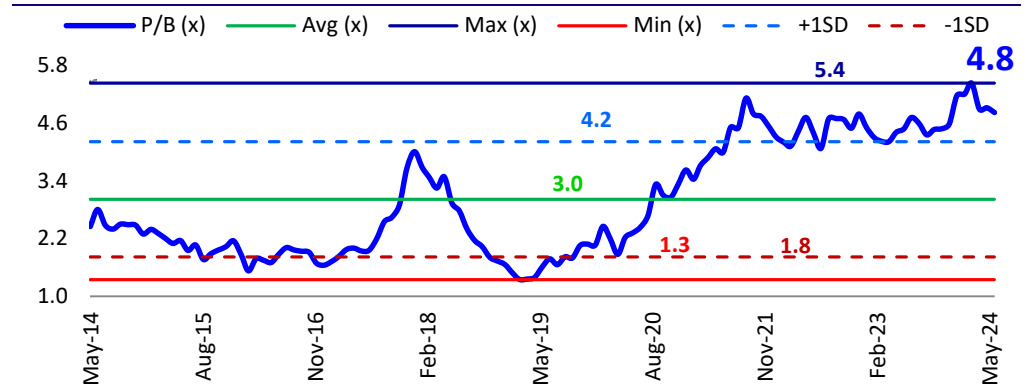
EV/EBITDA	FY26 EBITDA	Multiple (x)	EV
India Branded Business*	20,792	50	10,29,212
Coffee India (ex-Starbucks)	1,318	12	15,549
Coffee Overseas	3,967	15	58,321
Overseas tea (Tetley UK)	2,527	15	37,150
Capital Foods (75% holding)	1,561	40	62,449
Organic India	577	35	20,180
DCF			
Starbucks JV			90,931
<b>Enterprise value</b>			<b>13,13,792</b>
Less: Net debt			(24,215)
<b>Market value (INRm)</b>			<b>13,38,007</b>
No. of shares (m)			991
<b>Target price (INR)</b>			<b>1,350</b>

Source: MOFSL

### Exhibit 2: One-year forward P/E ratio (x)



Source: Company, MOFSL

**Exhibit 3: One-year forward P/B ratio (x)**

Source: Company, MOFSL

## Tata Starbucks: All stars aligned for success

### Evolved into a pioneer premium coffeehouse over the years

- Tata Starbucks Private Limited is a 50:50 joint venture coffee chain company, owned by TATACONS and Starbucks Corporation that owns and operates Starbucks outlets in India.
- The JV was formed in CY12 with Starbucks opening its first store in India in Oct'12 at Mumbai (~4,500 sq. ft. outlet in Fort).
- This was followed by opening two more outlets in Delhi in early CY13. Pune was the third city in India to have a Starbucks outlet.

**Exhibit 4: India's first Starbucks outlet in Mumbai (2012)**

Source: Company, MOFSL

- Over the years, Tata Starbucks has led the Indian coffee industry in pioneering a premium coffeehouse experience.
- Tata Starbucks also leads with innovation in store formats with the launch of its first drive-thru store in India at Zirakpur, Chandigarh, in July 2020.
- Recently, the company expanded its reach within Tier-2 cities by opening a Starbucks outlet in Varanasi in Mar'24.
- As of FY24, Tata Starbucks had 421 stores across 61 cities in India.



**Exhibit 5: Starbucks first drive through store in Punjab**

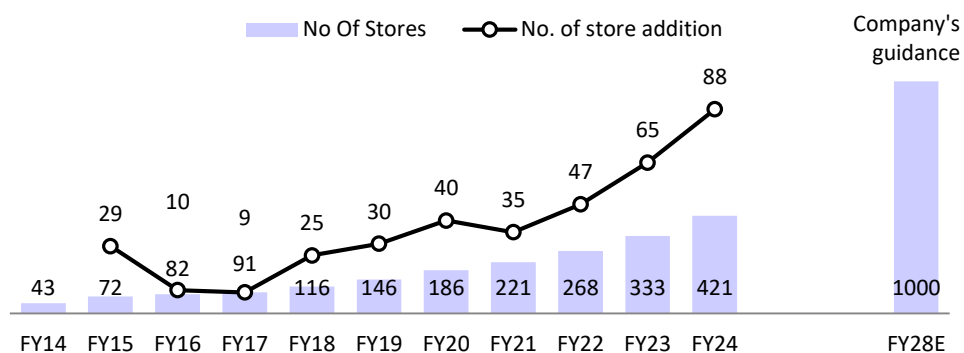
Source: Company, MOFSL

**Exhibit 6: Starbucks all-women outlet**

Source: Company, MOFSL

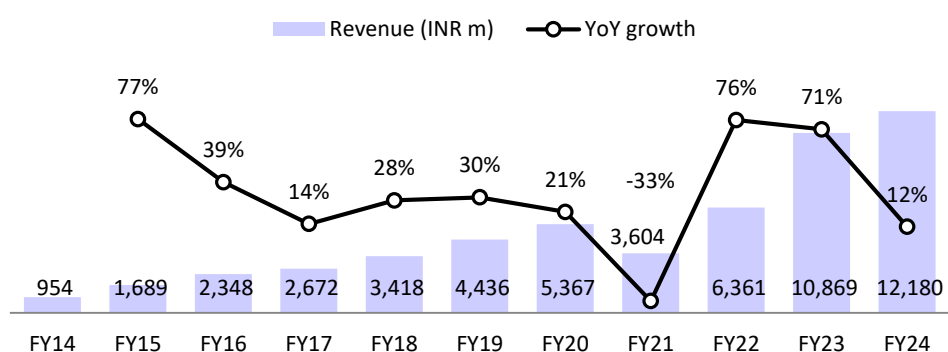
### Rapid store expansion to drive the next leg of growth

- Over the past decade, the company has expanded to more than 400 outlets pan India (~26% store addition CAGR over FY14-24), reaching ~421 outlets by FY24 (up 26% YoY).
- Going ahead, the company had given guidance to open ~1,000 stores by FY28 (i.e., ~2.5x in four years; ~25% CAGR).

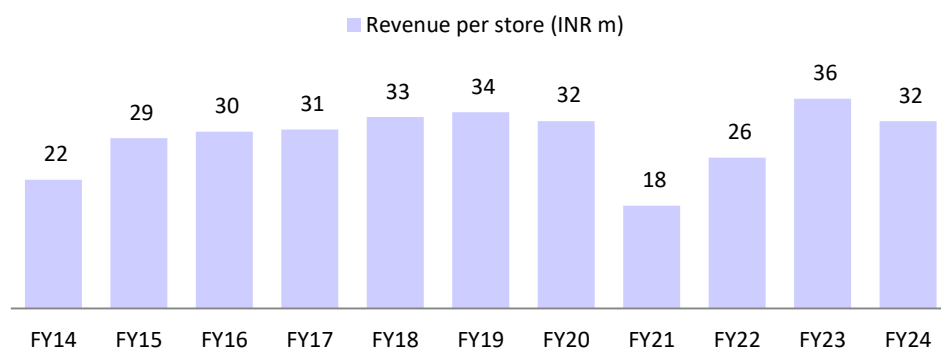
**Exhibit 7: Starbucks store addition trend**

Source: Company, MOFSL

- It plans to expand within the country and increase the number of its drive-thru outlets, airport-based outlets, and 24-hour cafés.
- Consequently, this will lead to Starbucks making a significant presence across the country, boosting its revenue manifold over the next few years.

**Exhibit 8: Starbucks revenue growth trend**

Source: Company, MOFSL

**Exhibit 9: Starbucks revenue per store trend**

Source: Company, MOFSL

- Factoring in the rapid store expansion, we expect Tata Starbucks to clock ~26% revenue CAGR over FY24-26.
- The high pace of store additions is likely to maintain opex and capex at elevated levels. However, leveraging scale and operating efficiencies, Starbucks India anticipates further enhancements of its margins. We expect Tata Starbucks to clock ~35% EBITDA CAGR over FY24-26.

### Customized innovation for Indian consumer

- In order to increase its penetration in India and accelerate the acceptance among Indian consumers, Tata Starbucks has initiated a pilot program. This program introduces new products, smaller serving sizes, and renewed décor for its outlets, specially curated for the Indian market.
- **Revamped Menu:** As part of this pilot, Starbucks has introduced new products in the beverage category, including filter coffee, masala chai (spiced tea), elaichi chai (cardamom tea), and three flavors of milkshakes (chocolate, vanilla, and strawberry). Also, now the food menu includes freshly assembled sandwiches, and shareable and bite-sized items.
- Tata Starbucks launched a Vegan Menu in India for the first time, which provided vegan options for customers, in addition to Starbucks' existing beverage customization options with plant-based dairy alternatives such as almond, oat, and soy.
- **Picco:** Starbucks India has introduced a new size— 'picco' (6oz) — in the hot beverages segment. 'Picco' is a global first to be launched in India and is a relatively cheaper and smaller-sized drinks for the Indian market.
- **Renewed Décor:** Along with new menu and sizes, Starbucks have customized the store décor in line with the location of the store. The same is reflected in the newly opened Varanasi outlet of the company (Refer exhibit 11).
- Also, Tata Starbucks has partnered with the celebrated Indian designer and couturier, Sabyasachi Mukherjee, for a limited-edition collection, available exclusively in India. It featured a range of lifestyle drinkware, including ceramic mugs and stainless-steel tumblers.
- This pilot program has witnessed success in a much shorter time, and thereby, the company plans to extend these initiatives to additional stores this year.
- We believe this will not only increase the popularity and revenue for the company, but also improve the store economics, led by higher growth in Same-Store-Sales.

**Exhibit 10: Starbucks new beverage size and menu**

Source: FMT Magazine, Company, MOFSL

**Exhibit 11: Starbucks Varanasi new outlet**

Source: Company, MOFSL

### **Rising coffee chain market in India to aid the growth trajectory**

- Cafe chains in India are now growing at a faster pace as younger, aspirational consumers increasingly prefer to meet and hang out in cafes despite high menu prices.
- As per Statista Research, the India Coffee Chain Market is estimated at ~INR45b in CY23. Multiple industry reports suggest that the market is likely to grow ~10-12% per annum for the next few years.
- Increasing global exposure, western culture, and penetration of established coffee brands are anticipated to be the key trend driving the growth of the India retail coffee chain market.
- The increased acceptance of coffee is also attributed to the emergence of premium stores from companies such as Coffee Day Enterprises Ltd, Starbucks Corporation, and Barista Coffee Co Ltd., among others, thereby fueling the market growth.
- The coffee retail shops in India are a primary hang-out place for the Indian youth, basically between the age group of 16 to 45 years. Although there is an increase in the trend of take-away in the working class, the Dine in the coffee retail market maintains a substantial majority in this market.
- The Southern Indian region is the largest market in the Indian Coffee Retail Chain Industry, followed by the Northern region. The predominance of Coffee consumption in the Southern states has leveraged the market in the region to a greater extent.

### **Intensifying competition to be key monitorable**

- The competitive landscape in the Indian coffee cafe market is dynamic and increasingly diverse, characterized by a mix of international players and homegrown brands vying for consumer attention.
- Large chains such as Tata Starbucks, Costa Coffee, and Barista have been performing well, while new global entrants such as British chain Pret a Manger and Canadian chain Tim Hortons, as well as new-age specialty coffee chains such as Blue Tokai, Third Wave, and Slay are leveraging a flourishing coffee culture.
- As consumer preferences continue to evolve, fueled by factors such as urbanization and changing lifestyles, the competitive landscape is expected to intensify.
- We have compared three of the key coffee houses (either listed or part of a listed entity) on their operating as well as financial metrics to understand the economics of coffee chain businesses in India.

**Exhibit 12: Competitive Landscape –data as on FY23**

	<b>TATA Starbucks</b>	<b>Café Coffee Day #</b>	<b>Costa Coffee</b>
Revenue (INR m)	10,869	9,238	1,018
Revenue CAGR (FY19-23)	25%	-30%	3%
No. of stores	333	469	112
Revenue per store (INR m)	32.6	19.7	9.1
EBITDA (INR m)	1,957	-2,393	241
EBITDA margin (%)	18%	-26%	24%
EBITDA per store (INR m)	5.9	-5.1	2.0
Net Profit/(Net Loss) (INR m)	-250	-3,798	NA
Net Profit/(Net Loss) per store (INR m)	-0.8	-8.1	NA
Average pricing of top selling items (INR)	257	236	154
Average Order value* (INR)	495	420	250

\*AOV is based on the assumption that each individual orders a cappuccino and a croissant

#Revenue/EBITDA/PAT for Café Coffee Day includes other business such as vending business and hospitality business (~5% of revenue in FY23).

Source: Company, MOFSL

- **Tata Starbucks** is leading its peers with revenue of INR10.9b in FY23, led by strong revenue growth over the last four years (~25% revenue CAGR over FY19-23). It has the highest revenue per store of INR32.6m in FY23 vs. INR19.7m/INR9.1m for Café Coffee Day/Costa Coffee.
- It is profitable at the operating level (EBITDA margin of ~18%), but incurred a net loss, led by higher depreciation (~16% of total sales) and interest cost (~7% of total sales) (Refer exhibit 14).
- **Café Coffee Day** (listed entity; Coffee Day Enterprises Ltd) has been witnessing a continuous decline in growth as it is trimming down its stores (especially loss making stores) in order to reduce the overall loss and drag of the balance sheet.
- Accordingly, its revenues declined to ~INR9.2b in FY23 from ~INR38b in FY19. This had led to operating deleverage (other expenses accounts for ~71% of total sales; refer exhibit 14) with the entity incurring operating loss of ~INR2.4b in FY23.
- Café Coffee Day revenue also includes sales from other key business verticals such as vending machines (~48,788 machines in FY23) and hospitality services (3 resorts in Karnataka).
- Coffee business (including vending business)/hospitality business accounted for ~94%/5% of the total revenue of Café Coffee Day in FY23.
- While **Costa coffee** (part of listed entity; Devyani International Ltd) is a relatively smaller player (INR1b of revenue in FY23), it is operating with higher margins (~24% EBITDA margins in FY23), even with lower priced products (average selling price of ~INR150).



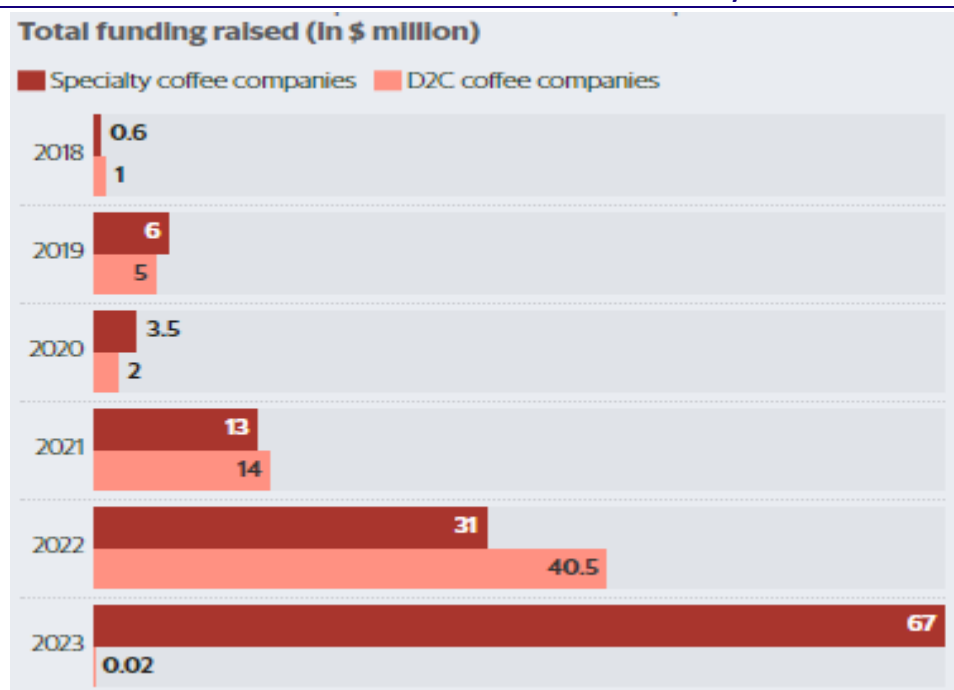
**Exhibit 13: Key financial metrics**

Particulars (FY23; in INR m)	TATA Starbucks	Café Coffee Day	Costa Coffee
<b>Revenue</b>	<b>10,869</b>	<b>9,238</b>	<b>1,018</b>
Raw Material cost	3,157	3,705	214
<b>Gross Profit</b>	<b>7,712</b>	<b>5,533</b>	<b>804</b>
Employee expense	1,591	1,352	43
Other expenses	4,164	6,574	520
<b>EBITDA</b>	<b>1,957</b>	<b>-2,393</b>	<b>241</b>
<b>EBITDA Margin</b>	<b>18%</b>	<b>-26%</b>	<b>24%</b>
Interest	763	870	NA
Depreciation	1,728	1,612	NA
Other income	166	1,051	NA
<b>Profit Before Tax</b>	<b>-368</b>	<b>-3,824</b>	<b>NA</b>
Tax	-118	48	NA
<b>Profit After Tax</b>	<b>-250</b>	<b>-3,872</b>	<b>NA</b>
<b>Cost Structure (as a % of sales)</b>			
Raw Material cost	29%	40%	21%
Employee expense	15%	15%	4%
Other expenses	38%	71%	51%
Interest	7%	9%	NA
Depreciation	16%	17%	NA

Source: Company, MOFSL

**Current valuations suggest good potential of value unlocking for TATACONS**

- With the growing coffee consumption in India and flourishing coffee chain market, Specialty coffee chains are attracting greater interest from venture capital fund, driven by better unit economics.
- For coffee chains, 2023 was a landmark year, with at least two specialty coffee retail ventures (Third Wave and Blue Tokai) securing significant fund infusions in the specialty coffee startup ecosystem.
- Accordingly to Tracxn, Indian specialty coffee café chains have raised close to USD100m from venture capital in the last two years, compared with a cumulative USD22m in the preceding four years, i.e., prior to CY22.

**Exhibit 14: Coffee chains have raised over USD100m over last two years**

Source: Livemint, Tracxn, Company, MOFSL

- **Third wave coffee:** A six-year old coffee house Third wave coffee is a coffee chain from Bengaluru which offers curated food menu and handpicked coffee. It has 109 cafes across different Indian cities, namely, Bengaluru (accounts for ~50% of third wave café), Hyderabad, Coonoor, Delhi (NCR), Mumbai, Chandigarh, and Pune, and looks to add ~50-60 new outlets in CY24.
- The last reported financials of the company for FY23 reflects a revenue of INR1.44b (up 4.5x YoY) with losses of ~INR543m (up 3.7x YoY).
- In FY24, the company received a funding of USD35m in its Series C round, which was led by domestic private equity firms. This values the company at ~USD155m (INR13b) post allotment, i.e., Price to Sales of ~9x of FY23 sales (Source: TheKredible, entrackr).
- **Blue Tokai** is another coffee chain that runs over 100 outlets across Delhi-NCR, Mumbai, Bengaluru, Hyderabad, Kolkata, Chandigarh, Mohali, and Pune. For FY23, the company reported a revenue of INR1.3b with a loss of INR420m
- As per recent news articles, **the company is in talks to raise fund at a valuation of USD180-200m, i.e., INR15-17b** (more than double the amount raised in Jan'23 at a valuation of INR6.5b), **valuing the company at 11.5x Price to Sales on FY23 sales.**
- Similarly, various other smaller and upcoming coffee chains have been raising fund and is on an expansion spree. E.g., AbCoffee raised USD3.4m at USD15m valuation.
- Within the listed space, Coffee Day Enterprise Ltd (operates Café Coffee Day) currently has a market cap of INR13.6b (Price to sales of 1.5x on FY23 sales). However, the business has been experiencing a consistent decline in its revenue and has been incurring losses, leading to its significantly lower valuations.
- Devyani International Ltd (operates Costa Coffee; but has a much diversified business, which includes operations of Pizza Hut and KFC) has a market cap of INR193b with price to sales of ~6.5x of its FY23 sales.

#### Exhibit 15: Price to Sales ratio for coffee chain companies in India

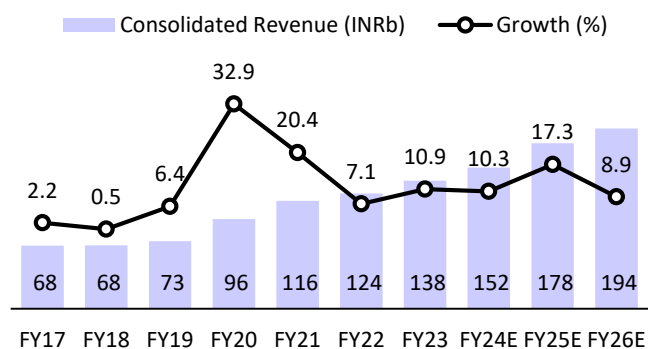
	Coffee Day Enterprise	Devyani International	Blue Tokai	Third wave coffee
Valuation/Market Capitalization (INR b)	13.5	196	14.9	12.9
FY23 Sales (INR b)	9.2	30	1.3	1.44
Prices to sales ratio	1.5	6.5	11.5	8.9

Source: Livemint, Tracxn, Company, MOFSL

- Currently, we are valuing Tata Starbucks by DCF method, arriving at an Enterprise value of ~INR182b (~9x of FY26E Revenue). This valuation (~17x FY23 revenue) is higher than the valuations of other unlisted companies in this space (~9 to 11.5x of FY23 revenue).
- However, Tata Starbucks is placed at a much better position among the key coffee chain players in India (market leader within the space) with ~421 outlets as on FY24 with a revenue of ~INR12.2b. Factoring the same, we believe Tata Starbucks demand premium valuations.

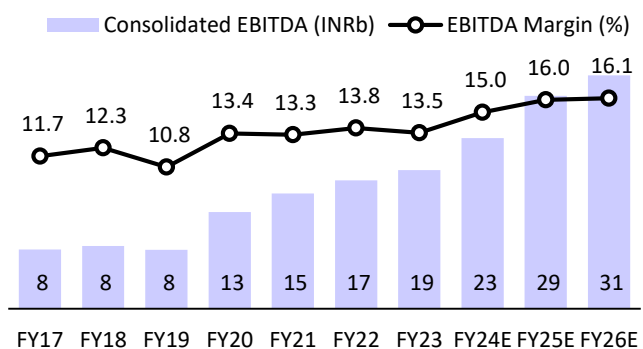
## Story in Chart

**Exhibit 1: Strong revenue trajectory...**



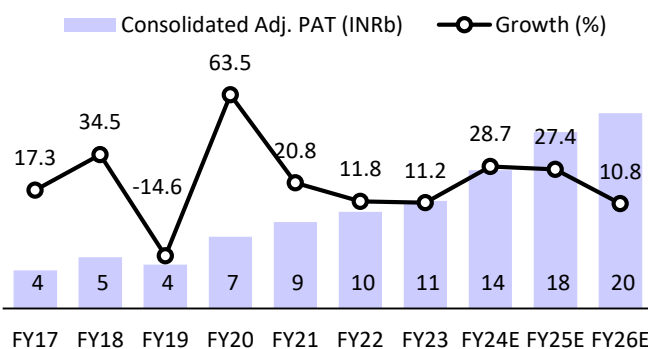
Source: Company, MOSL

**Exhibit 2: ...with margin expansion...**



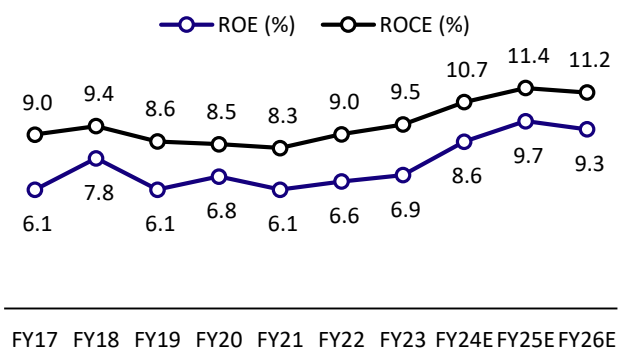
Source: Company, MOSL

**Exhibit 3: Robust earnings trajectory**



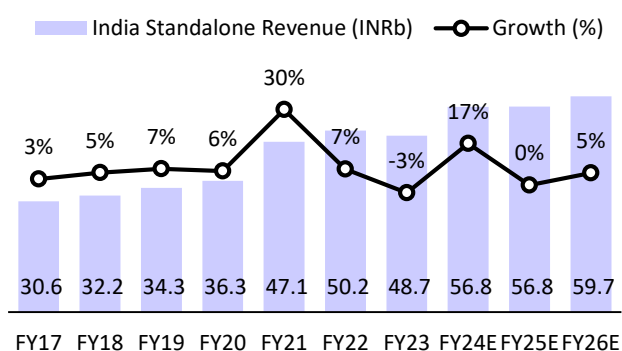
Source: Company, MOSL

**Exhibit 4: Healthy return ratios**



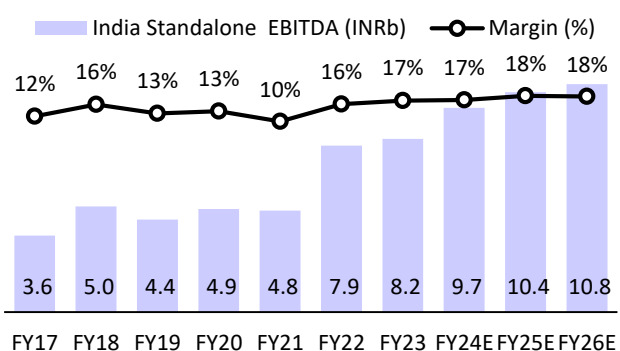
Source: Company, MOSL

**Exhibit 5: Standalone revenue trend**



Source: Company, MOSL

**Exhibit 6: Standalone EBITDA trend**



Source: Company, MOSL

## Financials and valuations

Consolidated Income Statement									(INRb)
Y/E March	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
<b>Net Sales</b>	<b>68.2</b>	<b>72.5</b>	<b>96.4</b>	<b>116.0</b>	<b>124.3</b>	<b>137.8</b>	<b>152.1</b>	<b>178.3</b>	<b>194.2</b>
Change (%)	0.5	6.4	32.9	20.4	7.1	10.9	10.3	17.3	8.9
<b>Gross Profit</b>	<b>31.2</b>	<b>32.4</b>	<b>42.3</b>	<b>47.0</b>	<b>53.4</b>	<b>57.8</b>	<b>66.4</b>	<b>77.1</b>	<b>83.5</b>
Margin (%)	45.7	44.7	43.9	40.5	43.0	41.9	43.7	43.3	43.0
Other operating exp.	22.8	24.6	29.3	31.6	36.2	39.2	43.6	48.6	52.3
<b>EBITDA</b>	<b>8.4</b>	<b>7.9</b>	<b>12.9</b>	<b>15.4</b>	<b>17.2</b>	<b>18.6</b>	<b>22.8</b>	<b>28.5</b>	<b>31.3</b>
Margin (%)	12.3	10.8	13.4	13.3	13.8	13.5	15.0	16.0	16.1
Depreciation	1.2	1.2	2.4	2.5	2.8	3.0	3.8	4.2	4.4
Net Interest	0.4	0.5	0.8	0.7	0.7	0.9	1.3	2.2	2.2
Other income	0.9	1.6	1.1	1.2	1.4	1.7	2.5	2.2	2.3
<b>PBT before EO</b>	<b>7.7</b>	<b>7.7</b>	<b>10.8</b>	<b>13.4</b>	<b>15.1</b>	<b>16.3</b>	<b>20.2</b>	<b>24.4</b>	<b>27.0</b>
EO income/(exp.)	-0.2	-0.3	-2.7	-0.3	-0.5	1.6	-3.3	0.0	0.0
PBT after EO	7.5	7.3	8.1	13.1	14.6	17.9	17.0	24.4	27.0
Tax	1.9	2.6	2.7	3.2	3.8	4.5	3.9	6.6	7.3
Rate (%)	24.7	35.5	33.9	24.2	25.9	24.9	23.3	27.0	27.0
Minority and Associates	0.7	0.7	0.8	1.4	1.4	1.4	1.5	1.0	0.9
<b>Reported PAT</b>	<b>5.0</b>	<b>4.1</b>	<b>4.6</b>	<b>8.6</b>	<b>9.4</b>	<b>12.0</b>	<b>11.5</b>	<b>17.8</b>	<b>19.7</b>
<b>Adjusted PAT</b>	<b>5.2</b>	<b>4.4</b>	<b>7.2</b>	<b>8.7</b>	<b>9.7</b>	<b>10.8</b>	<b>14.0</b>	<b>17.8</b>	<b>19.7</b>
Change (%)	34.5	-14.6	63.5	20.8	11.8	11.2	28.7	27.4	10.8

Balance Sheet									(INRb)
Y/E March	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Share Capital	0.6	0.6	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Reserves	69.7	72.7	137.2	144.4	150.5	161.8	159.6	205.1	217.7
<b>Net Worth</b>	<b>70.3</b>	<b>73.3</b>	<b>138.1</b>	<b>145.3</b>	<b>151.4</b>	<b>162.8</b>	<b>160.6</b>	<b>206.1</b>	<b>218.7</b>
Minority Interest	10.1	10.3	10.9	10.9	11.5	8.5	13.8	14.1	14.5
Loans	10.7	11.3	11.8	7.2	10.1	11.8	29.5	29.5	29.5
<b>Capital Employed</b>	<b>91.1</b>	<b>94.9</b>	<b>160.9</b>	<b>163.5</b>	<b>173.0</b>	<b>183.1</b>	<b>203.9</b>	<b>249.8</b>	<b>262.7</b>
Gross Block	25.4	27.7	59.1	61.8	66.7	71.7	114.0	127.5	131.5
Less: Accum. Deprn.	15.2	16.4	18.8	21.4	24.2	27.2	31.0	35.1	39.5
<b>Net Fixed Assets</b>	<b>10.2</b>	<b>11.3</b>	<b>40.3</b>	<b>40.4</b>	<b>42.5</b>	<b>44.5</b>	<b>83.0</b>	<b>92.4</b>	<b>92.0</b>
Capital WIP	1.4	4.2	1.0	1.1	4.6	5.1	4.0	4.0	4.0
Goodwill & Intangibles	37.2	37.9	73.3	76.0	77.5	80.3	103.3	112.8	112.8
Investments	6.4	6.0	4.9	4.8	6.0	6.8	6.3	5.6	5.1
<b>Curr. Assets</b>	<b>49.3</b>	<b>49.4</b>	<b>65.3</b>	<b>79.9</b>	<b>80.1</b>	<b>91.0</b>	<b>82.1</b>	<b>109.6</b>	<b>125.8</b>
Inventories	14.5	16.1	17.1	22.5	22.7	27.0	27.7	35.2	38.3
Account Receivables	6.5	6.8	9.2	7.6	8.4	8.0	9.0	13.7	14.9
Cash and Bank Balance	18.1	16.2	24.6	34.0	28.0	35.5	26.9	42.1	53.8
Others	10.3	10.3	14.4	15.8	21.1	20.5	18.5	18.6	18.8
<b>Curr. Liability &amp; Prov.</b>	<b>13.5</b>	<b>12.9</b>	<b>20.8</b>	<b>33.2</b>	<b>30.2</b>	<b>36.4</b>	<b>58.4</b>	<b>58.2</b>	<b>60.5</b>
Account Payables	7.1	6.6	9.4	16.3	19.2	23.5	27.1	26.9	29.3
Other liabilities	3.6	4.2	8.6	14.0	8.6	10.5	27.4	27.4	27.4
Provisions	2.9	2.0	2.8	2.9	2.5	2.4	3.9	3.9	3.9
<b>Net Curr. Assets</b>	<b>35.8</b>	<b>36.5</b>	<b>44.5</b>	<b>46.6</b>	<b>49.8</b>	<b>54.6</b>	<b>23.7</b>	<b>51.4</b>	<b>65.2</b>
Def. tax liability	0.0	1.0	3.0	5.5	7.5	8.1	16.5	16.5	16.5
<b>Appl. of Funds</b>	<b>91.1</b>	<b>94.9</b>	<b>160.9</b>	<b>163.5</b>	<b>173.0</b>	<b>183.1</b>	<b>203.9</b>	<b>249.8</b>	<b>262.7</b>

## Financials and valuations

Cash flow statement								(INRb)	
Y/E March	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
<b>EBITDA</b>	<b>8.4</b>	<b>7.9</b>	<b>12.9</b>	<b>15.4</b>	<b>17.2</b>	<b>18.6</b>	<b>22.8</b>	<b>28.5</b>	<b>31.3</b>
Prov. & FX	0.0	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.0
WC	-1.4	-2.3	-0.6	3.1	2.0	0.3	1.9	-10.2	-1.9
Others	-0.4	-0.8	1.4	1.2	-0.3	0.2	-1.6	13.8	0.0
Direct taxes (net)	-3.0	-2.6	-2.7	-3.2	-3.8	-4.5	-3.9	-6.6	-7.3
<b>CF from Op. Activity</b>	<b>3.6</b>	<b>2.1</b>	<b>10.8</b>	<b>16.6</b>	<b>15.2</b>	<b>14.6</b>	<b>19.4</b>	<b>25.6</b>	<b>22.1</b>
Capex	-3.6	-2.8	-1.6	-2.1	-2.7	-3.1	-3.3	-4.0	-4.0
<b>FCFF</b>	<b>0.0</b>	<b>-0.7</b>	<b>9.2</b>	<b>14.5</b>	<b>12.4</b>	<b>11.5</b>	<b>16.0</b>	<b>21.6</b>	<b>18.1</b>
Interest/dividend	0.5	0.5	0.6	0.7	0.9	1.2	1.9	2.2	2.3
Investments in subs/assoc.	-0.1	-0.4	-0.2	-2.2	-7.4	-2.0	-38.8	0.0	0.0
Others	10.2	3.4	-5.5	-0.5	-4.0	-4.4	21.0	-35.0	0.0
<b>CF from Inv. Activity</b>	<b>7.0</b>	<b>0.7</b>	<b>-6.7</b>	<b>-4.1</b>	<b>-13.2</b>	<b>-8.3</b>	<b>-19.3</b>	<b>-36.8</b>	<b>-1.7</b>
Share capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Borrowings	2.2	0.4	0.3	-0.6	-4.9	0.0	12.5	0.0	0.0
Finance cost	-0.3	-0.4	-0.7	-0.7	-0.6	-0.8	-1.2	-2.2	-2.2
Dividend	-2.1	-2.2	-2.2	-2.7	-4.0	-5.7	-8.1	-6.4	-6.4
Others	0.4	-2.5	6.9	0.9	1.6	7.8	-11.9	35.0	0.0
<b>CF from Fin. Activity</b>	<b>0.1</b>	<b>-4.7</b>	<b>4.3</b>	<b>-3.0</b>	<b>-7.9</b>	<b>1.2</b>	<b>-8.6</b>	<b>26.3</b>	<b>-8.7</b>
<b>(Inc)/Dec in Cash</b>	<b>10.7</b>	<b>-1.9</b>	<b>8.4</b>	<b>9.4</b>	<b>-6.0</b>	<b>7.5</b>	<b>-8.6</b>	<b>15.1</b>	<b>11.7</b>
Opening balance	7.4	18.1	16.2	24.6	34.0	28.0	35.5	26.9	42.1
<b>Closing balance (as per B/S)</b>	<b>18.1</b>	<b>16.2</b>	<b>24.6</b>	<b>34.0</b>	<b>28.0</b>	<b>35.5</b>	<b>26.9</b>	<b>42.1</b>	<b>53.8</b>
	0	0	0	0	0	0	0	0	0
<b>Ratios</b>									
Y/E March	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>5.4</b>	<b>4.6</b>	<b>7.6</b>	<b>9.1</b>	<b>10.2</b>	<b>11.4</b>	<b>14.6</b>	<b>17.9</b>	<b>19.9</b>
Cash EPS	6.9	6.1	10.5	12.2	13.6	14.9	18.6	23.8	26.1
BV/Share	76.3	79.6	149.9	157.7	164.3	175.2	168.5	223.6	237.3
DPS	2.4	2.5	2.7	4.1	6.1	6.1	6.5	6.5	6.5
Payout (%)	29.9	38.7	54.1	43.6	59.6	46.7	53.8	36.2	32.7
Dividend yield (%)	0.2	0.2	0.2	0.4	0.6	0.6	0.6	0.6	0.6
<b>Valuation (x)</b>									
P/E	201.4	235.7	144.2	119.4	106.7	96.0	74.6	60.9	55.0
Cash P/E	159.1	178.4	104.5	89.4	80.3	73.1	58.7	45.9	41.9
P/BV	14.3	13.7	7.3	6.9	6.6	6.2	6.5	4.9	4.6
EV/Sales	14.7	13.8	10.3	8.4	8.0	7.1	6.6	5.6	5.1
EV/EBITDA	119.1	127.4	76.9	63.5	57.5	52.9	44.2	34.9	31.4
Dividend Yield (%)	0.2	0.2	0.2	0.4	0.6	0.6	0.6	0.6	0.6
FCF per share	-0.1	-1.1	10.0	15.7	13.5	12.4	16.8	21.7	18.2
<b>Return Ratios (%)</b>									
RoE	7.8	6.1	6.8	6.1	6.6	6.9	8.6	9.7	9.3
RoCE	9.4	8.6	8.5	8.3	9.0	9.5	10.7	11.4	11.2
RoIC	11.7	9.8	11.5	11.1	10.7	11.3	12.3	13.9	14.0
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	6.7	6.4	2.4	2.9	2.9	3.1	1.8	1.9	2.1
Asset Turnover (x)	0.7	0.8	0.6	0.7	0.7	0.8	0.7	0.7	0.7
Debtor (Days)	35	34	35	24	25	21	22	28	28
Creditor (Days)	38	33	36	51	56	62	65	55	55
Inventory (Days)	78	81	65	71	67	72	66	72	72
<b>Leverage Ratio (x)</b>									
Net Debt/Equity	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1	0.0	-0.1	-0.1

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NOTES

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