

Tasty Bite Eatables

₹5670

Time to take a Tasty Bite...!!!

Buy



July 28, 2017

Company Background

Tasty Bite Eatables Limited is an India-based company. It was incorporated in the year 1985. It operates in a single segment, the Prepared Foods and it has a capacity to manufacture over 60,000 meals per day on a two shift basis in addition to manufacturing prepared frozen formed products. In India, it develops and manufactures a range of products for institutional users, such as hotels, quick-service restaurants and other retail and corporate customers. Tasty Bite's manufacturing capabilities cover a range of convenient, shelf-stable and frozen foods. It is a pioneer in introducing retort technology for Indian food in the world. It manufactures the products in a world-class, versatile manufacturing facility, products remain fresh for 18 months. The Tasty Bite brand was launched in the US in 1995 with 5 all-natural, ready-to-eat Indian entrees. 20 years later, it is America's largest brand of prepared Indian food, its products are available in US, Canada, Australia, New Zealand, Japan and UK. Products include Indian meals, Asian meals & noodles and a line of organic ready-to-eat rices and whole grains. In India they have launched the Tasty Bite Food Service business in 2006. It makes a range of sauces and formed frozen products to leaders in the Food service industry.

Key Highlights

- ➔ For the FY 2015-16 company earned a income from 3 products namely, Food-Ready to Serve contributues 66.31%, Frozen Formed products 17.04%, Sauces 15.88% for the total turnover.
- ➔ For the company FY 2015-16 is good and healthy with revenue growth 17.48% over the YoY, and crossed 2 bn mark. It had reported quarterly results for March 2017. The company's sales grew by 11.5% on a quarter on quarter (QoQ) basis and the interest expenses were dipped.
- ➔ Industry P/E ratio 112.35%, as compare with company P/E ratio 27.10% is much lower than the industry ratio so we can say the stock is undervalue and compapny P/BV ratio 7.20% is moderately higher against industry ratio 6.86%.
- ➔ New products developed at Tasty Bite Research Centre in the last 2 years contributed 21% of the company's revenues.

Key Financials

Year Ended 31 st	Mar 14	Mar 15	Mar 16
Revenue (INR mn)	1,470.7	1,794.3	2,100.9
Rev. growth (%)	30.54	22.00	17.09
EBITDA (INR mn)	130.6	119.4	261.5
Net profit (INR mn)	43.3	107.9	161.2
Shares outstanding (mn)	3.2	3.2	3.2
EPS (INR)	16.7	41.8	62.4
EPS growth (%)	(31.82)	150.99	49.12
P/E (x)	14.33	14.46	27.10
RONW (%)	13.55	27.62	30.86
ROCE (%)	10.31	22.86	27.93

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Info Codes

Reuters	: TABE.BO
Bloomberg	: TSTY IN
NSE	: TASTYBITE
BSE	: 519091

Market Data

52 Wk Range (₹)	: 2703/5800
Shares in Issue (mn)	: 3.2
Market. Cap (bn)	: 14.55
BSE 2 Wk Avg Vol	: 1328

Share Holding Pattern (%)

Promoters Holding	: 74.23
Public & Others	: 25.55
Corporate Holding	: 00.00
Foreign Institution	: 00.00
Institutions	: 00.22

Investment Theme

Tasty Bite Eatables Limited is an India-based company. It was incorporated in the year 1985. Company manufactures and markets Tasty Bite, a range of shelf stable, all-natural and ready-to-serve ethnic food products. Tasty Bite is one of the leading brands in the North American market amongst Indian and Asian prepared foods. The Company's senior management have significant experience in the food industry. Moreover, the Company's products meet the stringent quality standards of national food agencies of countries like the US, UK, Australia, Japan, Canada and New Zealand. Company having 3 products, Ready to Serve has growth rate 21%, Frozen Formed products booked 7% decline, and finally Sauces record a growth rate 39%, and other income also booked 12% growth rate on year on year (YoY) basis.

Tasty Bite Tastes Better than you know...!!!

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 14	Mar 15	% Chg	Mar 16	% Chg
Net Sales	1,453.9	1,667.5	14.7	1,958.9	17.5
Other Income	5.4	114.1	2,013.0	128.7	12.8
Change in Stocks	18.2	1.2	(93.4)	13.0	983.3
Raw Material Con.	940.8	1,067.4	13.5	1,247.6	16.9
Employee Exp.	169.5	177.1	4.5	212.1	19.8
Indirect Taxes	11.4	12.7	11.4	13.3	4.7
Other Exp.	236.4	264.1	11.7	284.1	7.6
Operating Exp.	1,358.1	1,521.3	12.0	1,757.1	15.5
Operating Profit	119.4	261.5	119.0	343.5	31.4
Total Interest	16.7	27.8	66.5	24.0	(13.7)
Gross Profit	102.7	233.7	127.6	319.5	36.7
Net Dep.	40.1	68.7	71.3	73.8	7.4
Total Taxation	19.3	57.1	195.9	84.5	48.0
Net Profit/Loss	43.3	107.9	149.2	161.2	49.4

4 Years Balance Sheet

(₹ mn)

Balance Sheet as on 31 st	Mar 13	Mar 14	Mar 15	Mar 16
SOURCES OF FUNDS	745.2	793.1	893.8	1,037.7
Equity Share capital	31.6	31.5	31.6	31.6
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	273.1	313.3	415.9	576.8
Secured Loans	433.0	440.0	383.8	155.2
Unsecured Loans	7.5	8.3	62.5	274.1
USES OF FUNDS	745.2	793.1	893.8	1,037.7
Gross Block	489.9	819.1	863.3	938.4
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	165.6	183.4	254.4	325.6
Net Block	324.3	635.7	608.9	612.8
Capital Work in Progress	117.1	5.8	0.8	1.8
Investments	0.0	0.0	8.5	19.0
Current Assets	440.1	434.5	502.7	659.4
Less : Current Liabilities	169.0	256.0	192.4	231.8
Total Net Current Assets	271.1	178.5	310.3	427.6
Misc. Expenses not writtenoff	32.7	(26.9)	(34.7)	(23.5)
NOTE				
Book Value of Unquoted Investments	0.0	0.0	8.5	19.0
Market Value of Quoted Investments	0.0	0.0	0.0	0.0
Contingent Liabilities	43.8	47.7	91.9	119.9
Dividend (%)	10.0	10.0	10.0	20.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Jun 16	Sep 16	Dec 16	Mar 17
Net Sales	556.9	554.6	607.1	653.4
Cost Of Sales	485.6	508.4	543.5	562.1
Operating Profit	71.3	46.2	63.6	91.3
Other Income	34.2	39.1	45.4	62.5
Adjusted PBDIT	105.5	85.3	109.0	153.8
Financial Expenses	2.9	2.9	5.3	4.9
Depreciation	21.4	22.1	24.0	23.3
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	81.2	60.3	79.7	125.6
Tax Charges	25.5	18.6	30.7	44.3
Reported Profit	55.7	41.7	49.0	81.3
Extra Ordinary Items	0.0	0.0	0.0	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Adjusted Net Profit	55.6	41.7	49.0	81.2

52 Week Index Relative Percentage Appreciation



Tasty Bite vs SENSEX

Risks Associated

- ➔ Food business requires the Company to develop high quality products that meet stringent quality standards of various national food agencies to enable the marketing in those countries. Moreover, getting product approvals may be time consuming leading to potential delay in product launch.
- ➔ The Company uses numerous kinds of vegetables, lentils and grains, oils, spices and condiments and dairy ingredients in the preparation of its products. Some of these commodities are vulnerable to rapid price fluctuations and inconsistency in availability throughout the year.
- ➔ Almost 70% of the Company's business is export oriented making it susceptible to foreign exchange risks. Competition from existing players and entry of new players can impact the market share.

Scope of Growth

- ➔ Quick service restaurants currently India has 120 brands with 4,000 outlets in the QSR segment. The QSR industry is growing at a compounded rate of 25% and is likely to grow from the current levels of Rs. 8,500 cr to Rs. 25,000 cr by 2020. In India about 50% of the population eat out once in three months and on average eight times every month in metro cities.
- ➔ Tasty Bite operates at the intersection of three major trends, natural, convenient and ethnic or specialty foods. The sales of natural, healthy and organic products are expected to grow at compounded rate of 8.6% during 2013- 19 to grow from USD 153 bn to USD 250 bn.

Tasty Bite

In a Nutshell

Tasty Bite Eatables Limited is an India-based company and incorporated in the year 1985. The Company manufactures and markets Tasty Bite, a range of shelf stable, all-natural and ready-to-serve ethnic food products. Tasty Bite factory has a capacity to manufacture over 60,000 meals per day on a two shift basis. In many ways, the Tasty Bite factory is not much different from your kitchen, except larger. Company sealed and sterilized in a retort oven to maintain freshness for over 18 months. Tasty Bite operates at the intersection of three major trends, natural, convenient and ethnic or specialty foods. New products developed at Tasty Bite Research Centre in the last 2 years contributed 21% of the company's revenues. Market studies show that 36% of consumers in the U.S. have had Asian/Indian food at their homes, company is well positioned to benefit from this trend. Consumers increasingly seek foods that are free from artificial ingredients, preservatives and additives. This has led to sustained growth of the natural and organic food industry over the past two decades. The per capita income in India increased from Rs. 49,492 in FY 2010 to Rs. 93,231 in FY 2015 and is expected to increase to Rs. 1,00,000 by FY 2017. Growing disposable income is expected to drive demand for food consumption in India. Excellent product quality, taste and range of products have enabled Tasty Bite to be the leading brand in the North American and Australian markets. The Company has the ability to scale up business and undertake the same business model to enhance business in other regions.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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