

Tasty Bite Eatables Ltd. ₹8500

Good Taste & Fair value...!!! Buy



Aug 03, 2018

Company Background

Tasty Bite Eatables Ltd (TBEL) is an Indian company, which was incorporated in the year 1985. It manufactures and markets a range of shelf stable, all-natural & ready-to-serve ethnic food products. TBEL operates in a single segment, the Prepared Foods. Tasty Bite factory 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 hotels, quick-service restaurants and other retail and corporates. Company's manufacturing facility located about 50 Km away from Pune, on Solapur Road. It's products are packed in uniquely designed multi-layer retort pouch, products remain fresh for 18 months. Tasty Bite also has a farm that it uses to grow a variety of vegetables that are used in its products. Farm-fresh, hand-picked and expertly prepared by it's fine chefs, each meal represents the delightful flavors and variety of Indian & Thai cuisines. It uses renewable sources of energy such as wind and solar. During the last year it installed one Bio-Gas facility, now it converts all organic waste into electricity. It is using sugarcane briquettes to generate steam for boilers. During the year it purchase approx 14% of total consumption from wind generation company. By end of 2018, it will install rooftop solar panels with the capacity of 640 KWp. Both, wind & solar energy sources will account for 24% of the it's power needs.

Key Highlights

- ➔ For FY 2018 Net sales were improved by 17.35% to ₹ 2,960.7 mn, operating profit rose by 18.7% to ₹ 543.6 mn and net profit spiked by 20.3% to ₹ 264.6 mn on yearly basis.
- ➔ Company has two business segments such as Consumer and Food Service business. Both the business activities are contributing 71% and 29% respectively of total revenue for FY 2018. Consumer Business includes Read to Eat Food & Food Service is a combination of Frozen food and Sauces.
- ➔ By end of this calender year, Company intends to install rooftop solar panels with a total capacity of 640 KWp. This will fullfil 10% of the current power consumption.

Key Financials

Year Ended 31 st	Mar 16	Mar 17	Mar 18
Revenue (INR mn)	2,100.9	2,568.4	3,031.1
Rev. growth (%)	17.09	22.25	18.02
EBITDA (INR mn)	343.5	457.9	543.6
Net profit (INR mn)	161.2	219.9	264.6
Shares outstanding (mn)	3.2	2.6	2.6
EPS (INR)	62.4	85.3	102.7
EPS growth (%)	49.12	36.74	0.00
P/E (x)	27.10	0.00	72.67
RONW (%)	30.86	32.65	30.46
ROCE (%)	27.93	30.08	29.14

Nishant Chopra

nishantc@indiratrade.com

Info Codes

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

Market Data

52 Wk Range (₹)	: 4800/11090
Shares in Issue (mn)	: 2.6
Market. Cap (bn)	: 5.67
BSE 2 Wk Avg Vol	: 273

Share Holding Pattern (%)

Promoters Holding	: 74.22
Public & Others	: 23.97
Corporate Holding	: 00.00
Foreign Institution	: 01.54
Institutions	: 00.27

Investment Theme

There has been a major shift in food habits in metropolitan cities. About 79% of households prefer to have instant food due to steep rise in double incomes. More working women and smaller families will drive consumption of packaged food in India. The most profitable opportunities lie in baby food, chocolates, biscuits, baked products and juices, according to Credit Suisse. Consumption of packaged food is much higher in the urban areas especially metros, attracting a lot more companies to launch new types of products and variants. Urban areas account for 80% of the demand for all packaged food. Company recently concluded its three year plan to accelerate its growth and profitability. It will involve significant capital expenditure for capacity expansion of its both Consumer and Food Service business segments. This plan will enhance its growth.

We cares your Health & Wealth...!!!

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 16	Mar 17	% Chg	Mar 18	% Chg
Net Sales	1,958.9	2,522.7	28.8	2,960.7	17.4
Other Income	128.7	30.7	(76.1)	67.9	121.2
Change in Stocks	13.0	5.6	(56.9)	16.8	200.0
Raw Material Con.	1,247.6	1,472.5	18.0	1,728.8	17.4
Employee Exp.	212.1	178.9	(15.7)	212.1	18.6
Indirect Taxes	13.3	15.0	12.8	2.5	(83.3)
Other Exp.	284.1	434.6	53.0	558.4	28.5
Operating Exp.	1,757.1	2,101.0	19.6	2,501.8	19.1
Operating Profit	343.5	458.0	33.3	543.6	18.7
Total Interest	24.0	25.3	0.0	23.3	0.0
Gross Profit	319.5	432.7	35.4	520.3	20.2
Net Dep.	73.8	90.8	23.0	109.8	20.9
Total Taxation	84.5	122.0	44.4	145.9	0.0
Net Profit/Loss	161.2	219.9	36.4	264.6	20.3

4 Years Balance Sheet

(₹ mn)

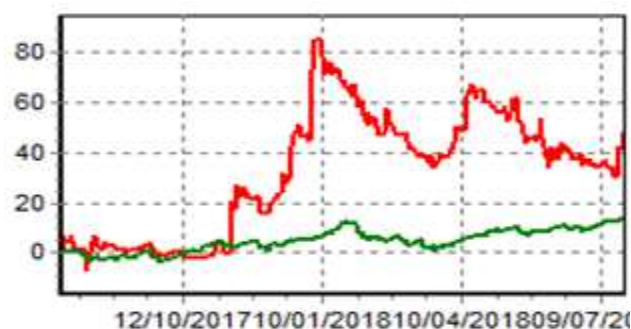
Balance Sheet as on 31 st	Mar 15	Mar 16	Mar 17	Mar 18
SOURCES OF FUNDS	893.8	1,037.7	1,403.3	1,574.2
Equity Share capital	31.6	31.6	25.7	25.7
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	415.9	576.8	718.7	967.1
Secured Loans	383.8	155.2	0.0	0.0
Unsecured Loans	62.5	274.1	658.9	581.4
USES OF FUNDS	893.8	1,037.7	1,403.3	1,574.2
Gross Block	863.3	938.4	744.4	963.7
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	254.4	325.6	90.8	200.5
Net Block	608.9	612.8	653.6	763.2
Capital Work in Progress	0.8	1.7	86.0	22.2
Investments	8.5	19.0	0.0	0.0
Current Assets	502.7	659.4	888.0	1,056.3
Less : Current Liabilities	192.4	231.8	247.2	293.6
Total Net Current Assets	310.3	427.6	640.8	762.7
Misc. Expenses not writtenoff	(34.7)	(23.4)	22.9	26.1
NOTE				
Book Value of Unquoted Investments	8.5	19.0	0.0	0.0
Market Value of Quoted Investments	0.0	0.0	0.0	0.0
Contingent Liabilities	91.9	119.9	111.3	142.1
Dividend (%)	10.0	20.0	20.0	20.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Jun 17	Sep 17	Dec 17	Mar 18
Net Sales	553.0	796.7	693.3	740.1
Cost Of Sales	516.6	693.4	631.6	643.3
Operating Profit	36.4	103.3	61.7	96.8
Other Income	52.7	74.4	49.6	69.0
Adjusted PBDIT	89.1	177.7	111.3	165.8
Financial Expenses	7.4	9.0	1.3	5.7
Depreciation	22.8	26.6	30.7	29.9
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	58.9	142.1	79.3	130.2
Tax Charges	23.8	57.8	11.8	52.6
Reported Profit	35.1	84.3	67.5	77.6
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	35.1	84.3	67.5	77.6

52 Week Index Relative Percentage Appreciation



Tasty Bite vs SENSEX

Risks Associated

- ➔ Food industry is a large and highly competitive industry that is subject to ever changing consumer taste & preferences and consumption habits.

Scope of Growth

- ➔ Company using renewable sources of energy such as wind and solar. As part of this by end of 2018 company will install rooftop solar panels with a total capacity of 640 KWp. This will provide 10% of the current demand. Ultimately it will boost bottom line.
- ➔ TBEL manufactures organic ready-to-serve foods, frozen formed products as well as sauces. The organic ready-to-serve food products are exported to countries like USA, Australia, Japan and UK among others. This segment accounted for 71% of the company's FY18 revenue and rest was contributed by frozen & sauce products.
- ➔ Revenue contributions by location wise, company has three locations like India, USA and Rest of the World. For FY18 revenue growth 11.8%, 13.6% and 61.5% respectively as compare to the previous year. Overall the business growth is 16.8% on YoY basis.
- ➔ Recently Mars Food has acquired entire stake in Preferred Brands International(PBI). Tasty Bite is the subsidiary for PBI. After the acquisition PBI is looking for scaling up its capacity and geographical reach to Europe, Australia and New Zealand. It is also looking to increasing its presence in Australia & New Zealand where Mars Food has a strong presence.
- ➔ Food Service industry, after a few years of stagnancy rebounded during the year help to grow by 16%, accounting for 29% of revenues. Export revenue crossed ₹ 2 billion for the first time growing 18% over last year.

Tasty Bite

In a Nutshell

Tasty Bite was incorporated in the year 1985. It manufactures and markets all-natural & ready-to-serve ethnic food products. 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. Company's manufacturing facility located 50 Km away from Pune. With the use of a uniquely designed multi-layer retort pouch, its products remain fresh for 18 months. Mars Food has acquired entire stake in Preferred Brands International (PBI). After the acquisition Mars is looking to scaling up its operations. By increasing capacity and expand new geographical areas. PBI has three facilities at Pune, making ready-to-serve, sauce and frozen products with a capacity of 40,000 tonnes per annum. Tasty Bite generating the revenues from three geographical areas such as India, USA and Rest of the World. Out of all this three areas USA is a major revenue generating area. Rest of the World has drastic revenue growth at 61.5 % for FY 18. Tasty Bite is a subsidiary of PBI, which is a subsidiary of Mars Food. FY 18 was a good year with revenue growth of 18.6%, export business grew 18.2% on account of increasing demand by consumers for the products, growth in distribution as well as the success of its new categories such as ready-to-eat rices. RTS (Ready-to-Service) segment touched revenues of ₹ 189.3 cr. Frozen products and Sauces are touched revenue of ₹ 89.3 cr. Company is looking for own power generation with 640 KWp of Solar power by end of 2018. It's future is bright, because of going to increasing capacity and expand new geographical areas, success of its new categories, growth in distribution, own power generation and growing export business.

Indira Group Offices

Registered Office : 5, Indira House, 3rd Floor, Topiwala Lane, Lamington Road, Mumbai – 400007

Tel : 022-66224202 **Fax** : 022-66224201 **Email** : ie@indiratrade.com

Administrative Office : 204-205 "Amardarshan" 28/2 Old Palasia, Indore (MP) 452018

Tel : 0731-4097170 **Fax** : 0731-4215999 **Email** : customercare@indiratrade.com

Institutional Dealing Unit : 5, Indira House, 3rd Floor, Topiwala Lane, Lamington Road, Mumbai – 400007

Tel : 022-66224209 **Fax** : 022-66224201 **Email** : ie@indiratrade.com

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

Disclaimer

This document has been prepared by Indira Group of Companies (Indira). Indira and its associate companies are a full fledged retail and institutional broking group. Our research analysts and sales persons provide important input into our investment broking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Indira or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Indira and affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Indira reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Indira is under no obligation to update or keep the information current. Nevertheless, Indira is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Indira nor any of its affiliates, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. The Analyst does not have any holding in this stock.

