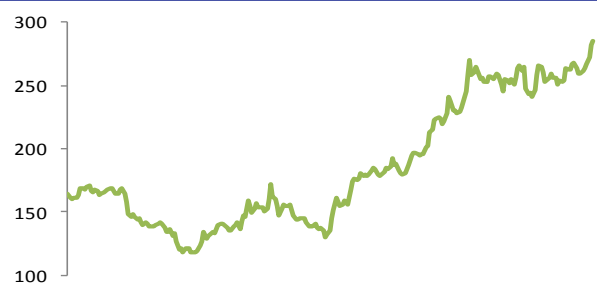


CCL Products Ltd

Recommendation	BUY
CMP	Rs. 303
Target Price	Rs. 400
Sector	Coffee

Stock Details	
BSE Code	519600
NSE Code	CCL
Bloomberg Code	CCLP IN
Market Cap (Rs crs)	379
52- wk Hi/Lo (Rs)	294/116
Avg. volume BSE (Quarterly)	3108
Face Value (Rs)	10
Dividend (FY12)	50%
Shares o/s (Crs)	1.33

Relative Performance	1Mth	3Mth	1Yr
CCL	12.6%	24.0%	73.3%
Sensex	6.4%	10.4%	12.4%



Shareholding Pattern		30 th June. 12
Promoters Holding		39.8%
Institutional (Incl. FII)		14.2%
Corporate Bodies		6.95%
Public & others		39.1%
Kavita Vempalli	(+91 22 3926 8173)	
Research Analyst	kavita.vempalli@nirmalbang.com	
Sunil Jain	(+91 22 39268196)	
Head – Retail Research	sunil.jain@nirmalbang.com	

Year	Net Sales (Rs crs)	Growth (%)	EBITDA (Rs crs)	Margin (%)	PAT (Rs crs)	Margin (%)	EPS (Rs.)	P/E (x)
FY11	365.0	-16.6%	64.7	17.7%	26.5	7.2%	19.9	12.4
FY12	504.3	38.2%	91.6	18.2%	36.5	7.2%	27.5	9.0
FY13E	638.5	26.6%	118.1	18.5%	53.6	8.4%	40.3	7.5
FY14E	894.1	40.0%	167.2	18.7%	75.8	8.5%	57.0	5.3

Good Results despite plant being shut for maintenance!

- Consolidated Revenues for the quarter were flat YoY at Rs. 126 crore. On a QoQ basis, they were down 10.4%. This was because of the Indian Plant being shut for maintenance and Technology Upgradation for ~ 40 days. The work is been completed and now the plant is again fully operational.
- Coffee prices have remained firm during the quarter.
- EBIDTA margins (excluding the forex gain of Rs.2 crore in the current quarter and loss of Rs.8.3 crore in Q1FY13) was higher by 160 bps QoQ at 21.6%.
- Adjusted PAT was higher by 64% YoY at Rs.13.7 crore on the back of better EBIDTA margins during the quarter despite higher taxes. However, there was higher forex loss in Q2FY12.
- EPS for H1FY13 stands at Rs.16.

Other Highlights

- Vietnam plant is expected to begin its production from mid of October 2012. The total capacity of this plant would be 10000 tonnes p.a. and the company has plans to add another 5000 tonnes p.a at this plant in FY14E.
- Currently, trial runs are being conducted at the Vietnam plant.

Valuation & Recommendation

Current Quarter results are good despite plant being shut for ~ 40 days. Q3 and Q4 quarters seasonally are better quarters for coffee sector due to good demand resulting in better pricing power for coffee sellers. We are marginally reducing our numbers for FY13 and increasing for FY14E since the Vietnam Plant is still to get into operational.

We had recommended the stock at Rs.223 on 15th June 2012 with a price target of Rs.300 which has been achieved. At CMP, the stock is trading at 7.5x and 5.3x its FY13E and FY14E earnings. We continue to be positive on the stock and continue to maintain BUY rating with a new target price of Rs. 400 based on FY14E earning expectations.

CCL Products Ltd

Income statement for Q2FY13

	Q2FY13	Q1FY13	QoQ %	Q2FY12	YoY %
Net Sales	126.03	140.71	-10.4%	127.45	-1.1%
Other Operating Income	1.55	0.07	1979.8%	0.00	
Total Sales	127.58	140.78	-9.4%	127.45	0.1%
Expenditure					
Raw Material	80.62	92.00	-12.4%	78.38	2.9%
Stores, Power	8.53	8.95	-4.7%	6.73	26.6%
Staff Cost	4.16	4.25	-2.1%	3.82	8.8%
Other Expenses	5.05	15.79	-68.0%	14.47	-65.1%
EBIDTA	29.23	19.80	47.6%	24.05	21.5%
margin %	23.2%	14.1%		18.9%	
Depreciation	5.39	5.45	-1.2%	6.40	-15.8%
Interest	3.98	3.37	18.1%	4.62	-14.0%
Other Income	0.00	0.00		0.53	
PBT	10.98	10.98	0.0%	13.55	19.0%
Taxes	6.20	3.38	83.6%	3.48	78.1%
PAT	13.67	7.60	79.8%	10.08	35.7%
EPS Rs	10.28	5.72	79.8%	6.26	64.2%

Valuation & Recommendation

Current Quarter results are good despite plant being shut for ~ 40 days. Q3 and Q4 quarters seasonally are better quarters for coffee sector due to good demand resulting in better pricing power for coffee sellers. We are marginally reducing our numbers for FY13 and increasing for FY14E since the Vietnam Plant is still to get into operational.

We had recommended the stock at Rs.223 on 15th June 2012 with a price target of Rs.300 which has been achieved. At CMP, the stock is trading at 7.5x and 5.3x its FY13E and FY14E earnings. We continue to be positive on the stock and continue to maintain BUY rating with a new target price of Rs. 400 based on FY14E earning expectations.

CCL Products Ltd

Financials

P&L (Rs. Cr)	FY11A	FY12A	FY13E	FY14E	Balance Sheet (Rs Cr)	FY11A	FY12A	FY13E	FY14E
Net Sales	365.0	504.3	638.5	894.1	Share Capital	13.3	13.3	13.3	13.3
% change	-16.6%	38.2%	26.6%	40.0%	Reserves & Surplus	203.9	226.4	255.6	322.1
EBITDA	64.7	91.6	118.1	167.2	Net Worth	217.2	239.7	268.9	335.4
EBITDA margin (%)	17.7%	18.2%	18.5%	18.7%	Non Current Liabilities				
Depn & Amort	19.3	20.6	25.5	37.7	Long Term Borrowings	96.4	106.2	289.9	324.9
Operating income	45.5	71.0	92.6	129.5	Deffered Tax Liabilities	19.9	21.7	22.1	21.7
Interest	15.9	15.3	21.4	34.5	Current Liabilities				
Other Income	9.8	0.5	1.6	1.6	Short term Borrowings	124.0	143.7	185.0	135.0
PBT	39.3	56.2	72.8	96.6	Trade Payables	11.3	24.3	35.1	49.0
Tax	12.9	18.0	19.8	20.2	Other Current Liabilities	36.7	27.2	27.2	27.2
EO	0.0	1.8	0.0	0.0	Short Term Provisions	4.4	8.0	8.0	8.0
Reported PAT	26.5	38.3	53.6	75.8	Total	509.9	570.8	836.2	901.2
Adj PAT	26.5	36.5	53.6	75.8	Assets				
Sh o/s - Diluted	1.3	1.3	1.3	1.3	Tangible Assets	273.3	257.4	331.9	515.6
Adj EPS	19.9	27.5	40.3	57.0	Capital Work in Progress	42.0	93.7	243.7	42.4
EPS growth (%)	-5.5%	38.1%	46.7%	41.5%	Other Assets	2.9	4.9	3.5	3.5
Cash EPS	34.4	42.9	59.4	85.3	Inventories	89.4	117.2	146.3	196.1
					Trade Receivables	50.1	70.4	88.7	124.2
					Cash & Cash equivalents	41.0	5.6	6.6	4.0
					Short Term Loans & advar	10.9	21.1	15.0	15.0
					Other Current Assets	0.2	0.5	0.5	0.5
					Total	509.9	570.8	836.2	901.2
					Cash Flow (Rs. Cr)	FY11A	FY12A	FY13E	FY14E
					Operating Cash Flow				
					Op CF before tax & WC	64.7	91.6	118.1	167.2
					Change in WC	44.3	-50.7	-32.6	-71.4
					Tax	-10.4	-18.0	-19.8	-20.2
					CF from Operation	98.6	22.9	65.7	75.6
					Investing Activities				
					Capex	-40.9	-55.3	-250.0	-20.0
					Inv & Oth Income	8.4	0.5	1.6	1.6
					CF from Investing	-32.4	-54.8	-248.4	-18.4
					Financing				
					Dividend Paid	-3.1	-4.6	-7.7	-9.3
					Interest Paid	-15.9	-15.3	-21.4	-34.5
					Loans & Others	-12.3	16.4	212.9	-16.1
					CF from Financing	-31.4	-3.5	183.8	-59.8
					Net Chg. in Cash	34.8	-35.3	1.0	-2.6
					Cash at beginning	6.2	41.0	5.6	6.6
					Cash at end	41.0	5.6	6.6	4.0
					Per Share Data	FY11A	FY12A	FY13E	FY14E
					Adj EPS	19.9	27.5	40.3	57.0
					BV per share	163.2	180.2	202.2	252.1
					Cash per share	31.9	77.9	62.6	110.3
					Dividend per share	2.0	3.0	5.0	6.0

Quarterly (Rs Cr)	Dec.11	Mar.12	June.12	Sep.12
Net Sales	137.4	143.8	140.7	126.0
EBITDA	21.1	31.6	19.8	29.2
Dep & Amorz	5.0	5.4	5.5	5.4
Operating Income	16.1	26.2	14.3	23.8
Interest	4.1	4.0	3.4	4.0
Other Inc.	0.3	1.9	0.0	0.0
PBT	12.2	24.1	11.0	19.9
Tax	3.5	7.5	3.4	6.2
EO	0.0	0.0	0.0	0.0
Adjusted PAT	8.8	14.6	7.6	13.7
Adj EPS (Rs.)	6.6	11.0	5.7	10.3

Ratios	FY11A	FY12A	FY13E	FY14E
EBITDA margin (%)	17.7%	18.2%	18.5%	18.7%
Adj PAT margin (%)	7.2%	7.2%	8.4%	8.5%
PAT Growth (%)	-5.5%	44.7%	39.9%	41.5%
Price Earnings (x)	12.4	9.0	7.5	5.3
ROE (%)	12.2%	15.2%	19.9%	22.6%
ROCE (%)	8.1%	9.2%	9.0%	12.6%
Debt/Equity Ratio (x)	1.2	1.5	2.1	2.1
Price/BV (x)	1.5	1.4	1.5	1.2
EV / Sales	1.7	1.2	1.4	1.0
EV / EBITDA	9.7	6.7	7.7	5.3

source: Nirmal Bang Research

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