



MORNING FARSIGHT

Thursday, August 23, 2018

T&I GLOBAL

CMP:RS 72

TRGT:RS 88

TIME HORIZON: 1 YEAR

T&I Global, probably the only listed company manufacturing "Tea Processing Machinery" for withering, cutting, fermenting, rolling, milling, packaging, conveyerisation, harvesting, heat generation, weighing, and other miscellaneous applications and also supplying customized processing equipment for CTC, Orthodox & Green Tea, is looking a good buy, post robust Q1FY19 earnings and attractive valuations on standard PE metrics as well as on capital value basis. Company is having two full-fledged manufacturing facilities, one in Kolkata and one at Coimbatore, with global market share of over 40% and export presence in over 26 countries and is Government recognized export house. Company has launched the WIZARD range of Continuous Withering Machines which has revolutionized the traditional method of withering tea leaf, while with these machines consistent wither percentage can be achieved irrespective of varying ambient conditions. Company's key pioneering products include KAIZEN CTC Tea Processor, MATRIX Automatic Continuous Fermenting Machines, EVEREST — Vibratory Fluidized Bed Dryers, AXIS & Smart AXIS Automatic Milling & Chasing Machines, CONQUEST range of Dryers, ROLLOMAX Orthodox & Green Tea Rolling Tables. It is also the only Tea Machinery Manufacturing company, which has a 1,000 acre Tea Estate in North Bengal (Next to Darjeeling), and it is also the only company which produces 800,000 Kgs of Tea (Black CTC & Green Tea per annum). Also, it is the only supplier to the tea industry to be certified by the DSIR, Government of India, for its in-house R&D facilities, having executed most number of projects in the history of Tea Manufacturing industry. It enjoys esteemed clientele of KTDA, McLeod Russel, Finlays, HUL, Goodricke, Bitaco, Amalgamated Plantations, Lujeri Tea, Mufindi Tea, Consolidated Tea & Lands, Emrok, Parry Agro, Southdown etc. and enjoys a co-maker status with majority of them. Coming on to financials, company having annual turnover of over Rs 116 cr is trading at a M Cap of just Rs 37 cr with a net cash of Rs 4 cr. In FY18, it achieved PAT of Rs 4 cr with an EPS of Rs 6.04, while in Q1FY19 alone, company has achieved PAT of Rs 4.1 cr with an EPS of Rs 8.12. Segment wise, company's Tea Machinery Division has posted EBIT of Rs 5.7 cr against Rs 3.9 cr QoQ and Rs 2.3 cr YoY, while Tea Manufacturing Division has turned around with positive EBIT of Rs 4 lakhs against loss of Rs (1.8) cr QoQ and Rs (0.54) cr YoY. Promoters are holding 54% stake, FV is Rs 10 and current BV is Rs 50. On conservatively estimated EPS of Rs 12 for FY19, stock is trading at PE of just 6x, which is seen attractive and offers favorable risk reward. Share ruling at Rs 72 can move to Rs 88 in 1 year. Buy as an investor

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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.