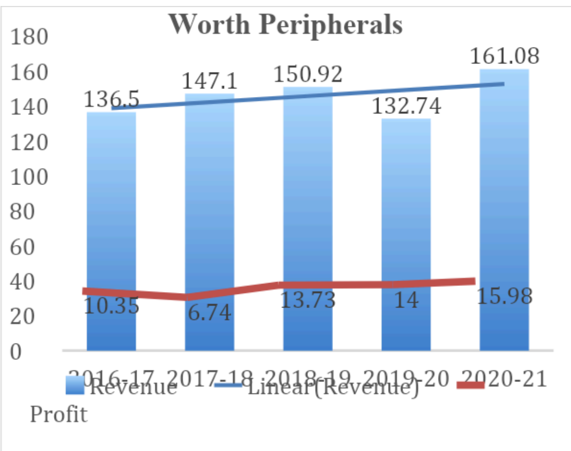
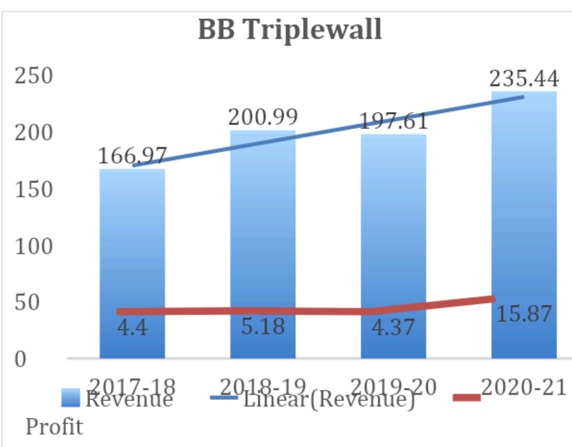
Comparative study of BBTCL and Worth Peripherals

BBTCL and worth peripherals are engaged in the business of ----. The industry is poised to grow at a high rate, as a result this study is a comparision of two strong companies leading the competition

Financial Standpoint –

1. **Revenue-** Both the companies have steadily increasing revenues and profits. 5 yr Revenue CAGR of BBTCL stands at 20 % in contrast to 5% of Worth peripherals.

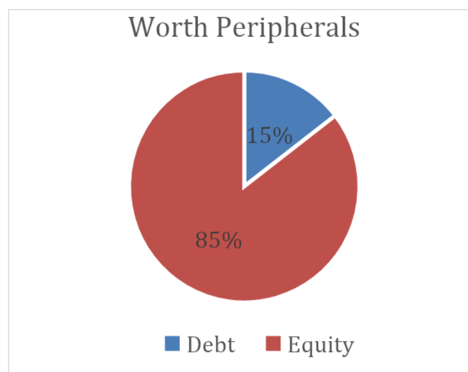


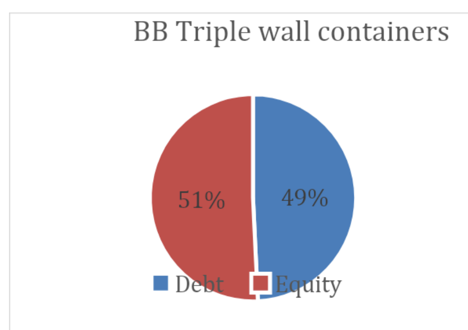


2. **Profit Margins–** BBTCL has posted attractive 5 yr profit growth numbers at 52%. Increasing revenue and cost efficiencies have supported the profit growth. While 5 yr proit growth of WP lags at 20%

3. **Return on Capital –** ROCE and ROE of BBTCl is 29% and 31 % respectively. This signifies that the company is well positioned to fund significant amount of its expansion requirements from its profits. ROCE and ROE of worth peripherals is 19.4% and 16.2% respectively indicating inefficient deployment and use of capital.

4. **Leverage-** BBTCL has a higher risk profile because of high debt in its capital mix. Debt-equity ratio of BBTCL stands at 0.97 : 1. Worth peripherals has a lower financial break even point due to low debt. Debt equity ratio stands at 0.17:1 which places the company in a position to withstand downturns and adverse situations. Both companies have reduced net debt significantly over the past few years. WORTH's debt to equity ratio has reduced from 84.8% to 17.1% over the past 5 years. BBTCL's debt to equity ratio has reduced from 180.6% to 78.5% over the past 5 years





5. **Interest Coverage-** Both companies are able to generate sufficient profit to cover their interst obligations

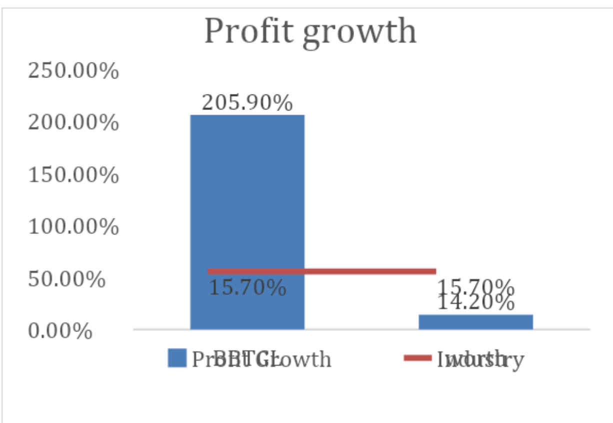
Valuation Standpoint

1. **P/E ratio-** BBTCL is currently trading at a PE Multiple of 10.2 whereas Worth peripherals is trading at a PE multiple of 11.4. This makes BBTCL an undervalued share as compared to Worth peripherals

2. **Price to book ratio-** BBTCL has a PB ratio of 2.48 whereas WP has a PB ratio of 1.34

Industry Comparisions

1. **Earnings v/s Industry** - BBTCL earnings growth over the past year (205.9%) exceeded the Packaging industry 15.7%. Worth's earning growth underperformed the industry at 14.2%



Other key factors

1. **B&B Triplewall containers Ltd-**
    - Efficient and effective management.
    - Massive production capacity of 78000 mega tonnes.
    - By creating an unparalleled facility with high investment, entry barrier has been created by B&B.
    - Huge clientele of major players.
    - Technically advanced and large manufacturing plant with one of the highest production capacities in the country.
    - B&B deals in flexibles, rigid and paper packaging that comprises more than 75% of the packaging business.
2. **Peripheral Worth Ltd-**
    - Worth Peripherals produces recycled Kraft paper.
    - Company with zero promoter pledge.
    - Growth in net profit with increasing profit margin
    - Worth Peripherals have a fleet of GPS enabled vehicles for supplying boxes, enabling on time delivery.

- Worth Peripherals has a conservative balance sheet, and could probably eliminate its debt without much difficulty
- Worth Peripherals grew its EBIT by 17% last year, making its debt load easier to handle.

My Analysis