

KEI Industries Ltd

BSE SENSEX
34,503
S&P CNX
10,651
CMP: INR 373 TP: INR 537 (+44%)
Buy

Stock Info

Bloomberg	KEII IN
Equity Shares (m)	77.8
52-Week Range (INR)	423 / 125
1, 6, 12 Rel. Per (%)	-12 / 51 / 133
M.Cap. (INR b)	29.2
M.Cap. (USD b)	0.46
Avg Turnover, INR m	164
Free float (%)	51

Financials Snapshot (INR b)

Y/E Mar	2018E	2019E	2020E
Net Sales	32.2	38.0	44.6
EBITDA	3.4	4.0	4.9
PAT	1.3	1.7	2.3
EPS (INR)	17.0	22.3	29.8
Gr. (%)	34.1	30.9	33.9
BV/Sh (INR)	77.0	98.2	126.5
P/E (x)	21.9	16.8	12.5
P/BV (x)	4.8	3.8	2.9
EV/E (x)	10.5	8.9	7.3
Div. PO (%)	5.0	4.9	5.0
RoE (%)	24.7	25.4	26.5
RoCE (%)	18.7	19.7	20.5

Shareholding pattern (%)

As On	Sept-17	Jun-17	Mar-17
Promoter	46.3	46.6	46.6
MFs	13.5	18.4	18.6
FPIs	5.5	4.0	4.3
Others	34.7	31.0	30.5

Investors are advised to refer through disclosures made at the end of the Research Report.

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We recommend BUY on KEI Industries Ltd. for target price of INR537 (18x FY20E EPS).

KEI Industries Ltd. (KEI) is ranked amongst the top 3 power cable companies in India and is also engaged in the EPC business. It manufactures high and low tension cables (HT, LT, EHV), control & instrumentation cables, house wires (HW), power cables, stainless steel wires (SSW) and electrical cables. The institutional segment is the largest revenue generator for the company (56% in FY17), followed by retail segment (30%) and exports segment (14%).

KEI has been focusing on expanding its cable capacity to address growth prospects in various segments. It has been concentrating on improving its B2C (Retail Segment) share and growing institutional segment. KEI is looking at entering newer markets in South and East India, apart from existing North and West. The institutional segment along with EPC services has immense growth potential given the government emphasis on power and infra.

Expanding retail segment to be a key growth driver: We expect retail segment revenue CAGR of 25% over FY17-20E to INR 16bn. Contribution from the segment is expected to go up from 30% in FY17 to ~36% by FY20 (management guidance is 40%). We expect HW revenue CAGR of 20% over FY17-20E to INR 7.4bn. KEI plans to increase its dealer network by 10-15% every year (from 1,274 dealers in 2QFY18 to 1,500 by end of FY18).

EHV cables and EPC to drive institutional segment growth: KEI aims to strengthen its high-margin EHV segment (15% margins), with the installation of 400kV production line in FY17 (Segments revenue generating capacity increased to INR4bn). We expect EHV cables revenue to grow at a CAGR of 53% over FY17-20E to INR ~3.6bn. Its EPC order book has grown significantly from INR ~4bn in FY14 to INR ~20bn in FY17. We expect EPC revenue CAGR of 28% over FY17-20E, due to management's focus on order execution.

Robust revenue/EBITDA/PAT growth with improving return ratios: Over FY12-17, KEI's Revenue/ EBITDA/ PAT grew at a CAGR of 9.2%/ 12.8%/ 32.3% to INR 26.7bn/ 2.7bn/ 0.9bn, respectively, with EBITDA margin expansion of ~155bps to 10.3%. We expect margins to improve further by ~75bps to 11% over FY17-20E on the back of increasing contribution from Retail & EHV segment and better execution in the EPC business. Going ahead, we expect Revenue/ EBITDA/ PAT CAGR of 18.7%/ 21.6%/ 33% to INR 44.6bn/ 4.9bn/ 2.3bn, respectively, over FY17-20E. RoE/ ROCE are expected to improve to 26.5%/ 20.5% by FY20 from 23.5%/ 18.5% in FY17.

Valuation: KEI is likely to be a major beneficiary of key government initiatives in power, infrastructure and real estate sector. It has high return ratios, free cash flows and low debt to equity (0.7x FY20). Currently, KEI trades at 12.5x FY20 EPS. Given the high growth expectation along with healthy financials, we believe that the stock deserves higher valuations. We value KEI at 18x FY20EPS to arrive at a fair value of INR 537/share (44% upside) and initiate coverage with a BUY recommendation.

About the Company

KEI was established in 1968 as a partnership firm under the name Krishna Electrical Industries, with prime business activity of manufacturing house wiring rubber cables. The firm was converted into public limited with the corporate name KEI Industries Limited in December 1992. In 1996, it acquired 'Matchless', a company under same management, which was engaged in manufacturing of SSW. In 2010, it set foot into the manufacturing of EHV cables up to 220kV in collaboration with BRUGG Kables, AG a century old Swiss company (currently expanded to 400kV).

KEI has a diversified business model with a significant presence in domestic and international markets. It services retail and institutional segments and caters to both private and public sector clients. Currently, it is engaged in manufacturing and marketing of Power Cables and addresses the cabling requirements of a wide spectrum of sectors such as Power, Oil Refineries, Railways, Automobiles, Cement, Steel, Real Estate etc. It has built its manufacturing facilities at Bhiwadi and Chopanki (both in Rajasthan) and Silvassa (Dadra and Nagar Haveli). It is well-poised to garner opportunities from the power utilities, core infrastructure and construction projects across the country. Its prudent foray into the EHV cable and EPC Services for Power Sector Projects has further expanded the opportunity horizon.

Exhibit 1: KEI's key business divisions

Business Model	
Product Division	EPC Division
Low Tension Cables (LT)	Execution of power transmission projects of 66kV to 400kV sub-stations on a turnkey basis EPC of EHV and HV cable systems Electrical balance of plant systems for power plants Electrical balance of plant systems for industrial electrical projects
High Tension Cables (HT)	
Extra High Voltage Cables (EHV)	
Flexible and House Wires (HW)	
Stainless Steel Wires (SSW)	
Control and Instrumentation Cables	
Specialty Cables	
Rubber Cables	
Submersible Cables	
PVC/Poly Wrapped Winding Wires (WW)	

Source: Company, MOSL

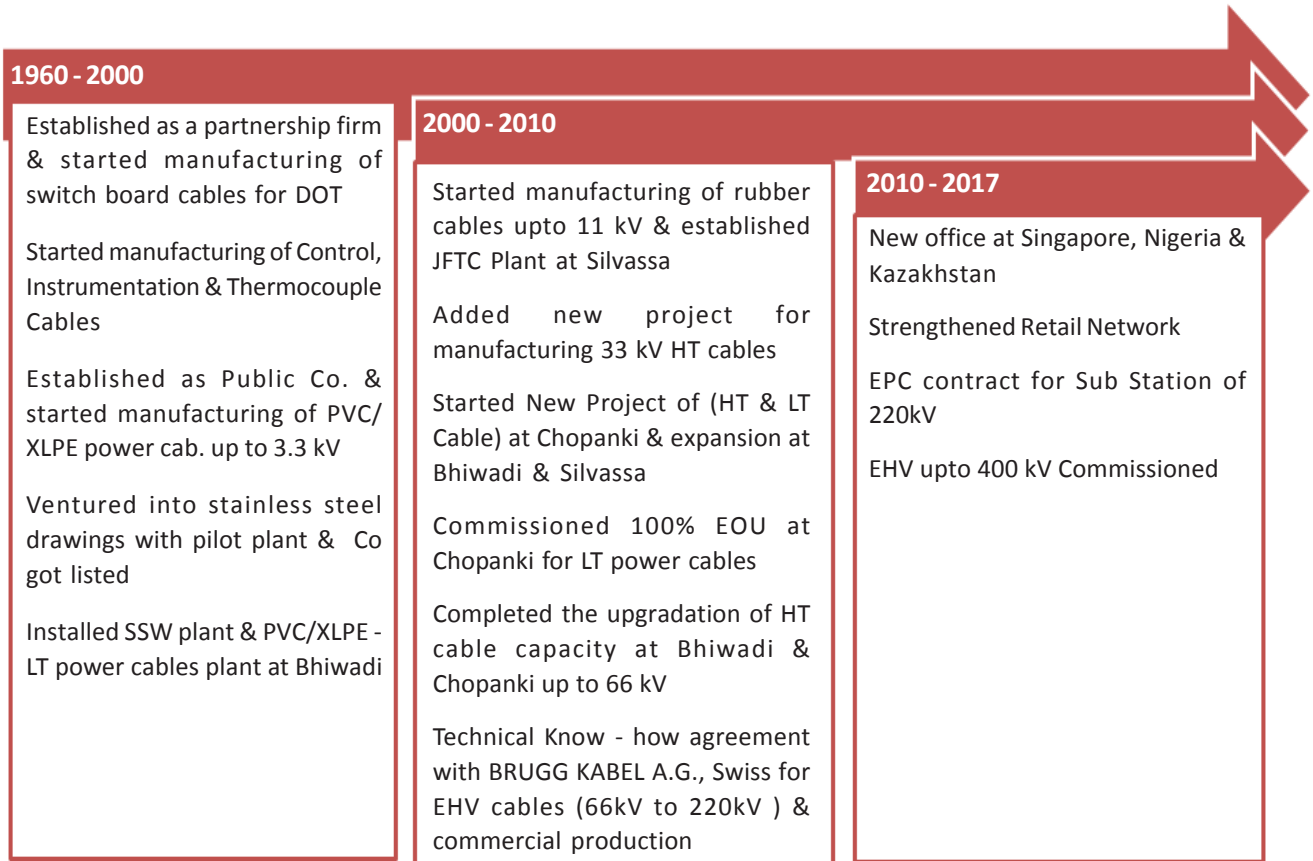
Exhibit 2: Plant-wise capacities (FY17)

Product	Bhiwadi	Chopanki	Silvassa	Total
LT Cables				84,000
HT Cables	3,000	4,500	N.A.	7,500
EHV Cables	N.A.	900	N.A.	900
Winding, Flexible and House Wires	40,000	397,000	240,000	677,000
Stainless Steel Wires*	4,800	1,200	N.A.	6,000
Capacity Utilization (1QFY18)	93%	70%	90%	

All Values in kms, *in Metric Tonne

Source: Company, MOSL

Exhibit 3: Journey since Inception



Source: Company, MOSL

Exhibit 4: Product-wise revenue mix in FY17

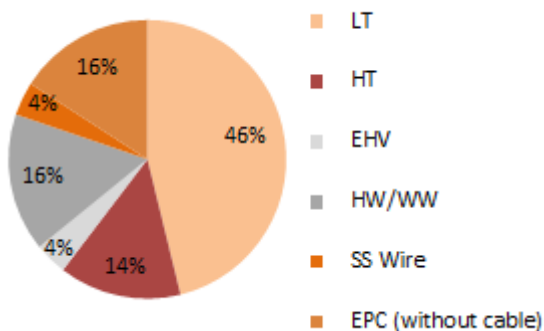
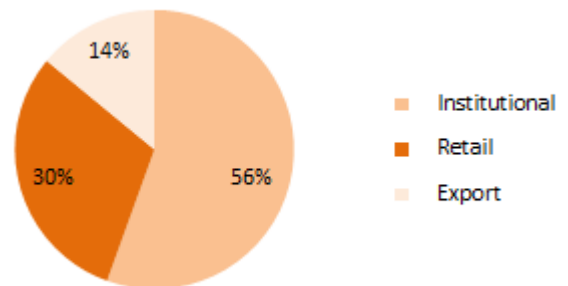


Exhibit 5: Segment-wise revenue mix in FY17

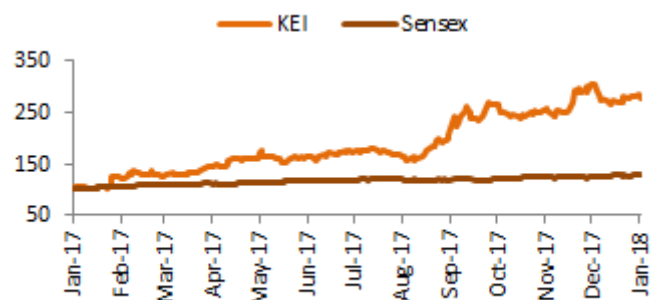


Source: Company, MOSL

Exhibit 6: Auditors

Name	Type
M/s. Pawan Shubham & Co	Statutory
Mr. Baldev Singh Kashtwal	Secretarial Auditor
M/s. S Chander & Associates	Cost Auditor

Exhibit 7: 1-year stock performance rebased to 100



Source: Company, MOSL

Investment Argument

Focus on improving retail segment contribution to drive growth

KEI's retail segment (~30% of overall revenue of INR 26.7bn in FY17) comprises of house wires (HW) and a portion of Low Tension cables (LT) sold through dealer network. Its total retail revenue has grown at a CAGR of 27% to INR 8.1bn over FY15-17.

We expect retail segment revenue CAGR of 25% to INR 16bn over FY17-20E and contribution to increase to 36% by FY20 (managements guidance is ~40% by FY20). Management has been focusing on 1) growing its dealer network by 10-15% every year (from 1,274 in 1HFY18 to 1,500 by FY18), 2) embarking on brand building initiatives (advertising, sponsoring IPL team - Kings XI Punjab), 3) performance linked schemes and 4) dealer electrician meets etc.

Key government initiatives such as 'Housing for All by 2022', Higher allocations for affordable housing under 'Pradhan Mantri Awas Yojana') etc., would boost growth in HW and LT cables. Better margins (11% in retail vs. 9% in institutional) and low working capital requirements will improve the ROCE's of the business and make retail segment an important pillar of KEI's growth model.

Exhibit 8: Focus on growing dealer network

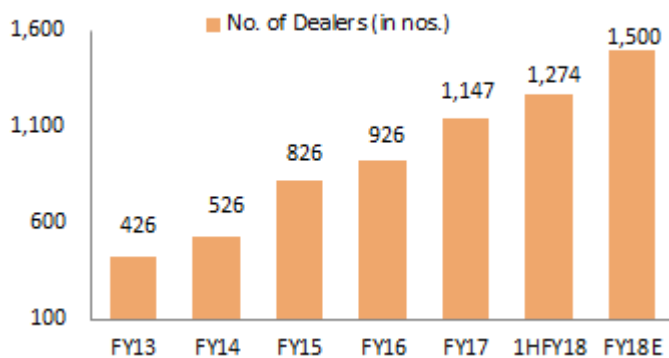
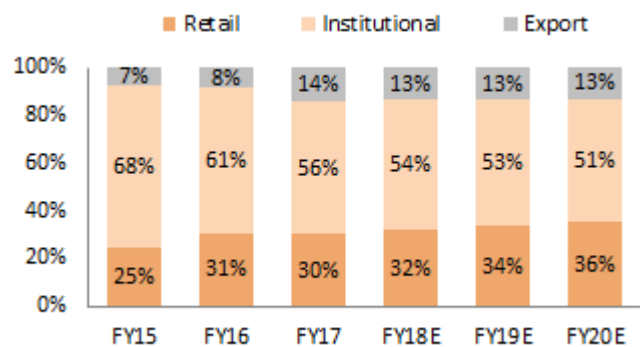


Exhibit 9: Increasing retail segment contribution



Source: Company, MOSL

Increasing focus on EHV and EPC to drive institutional segment growth

KEI's institutional business (~56% of the overall revenue of INR 26.7bn in FY17) comprises of 2 broad divisions i.e. 1) Wires and Cables (except HW) and 2) Engineering, Procurement and Construction (EPC). From a CAGR of 4% over FY15-17, we expect institutional segment revenue CAGR of 16% over FY17-20E to INR 22.9bn (driven by strong growth in EHV and EPC).

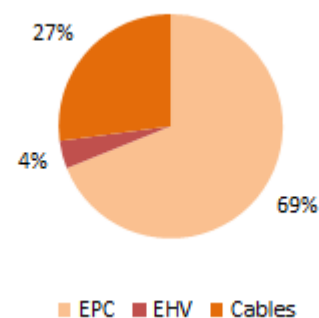
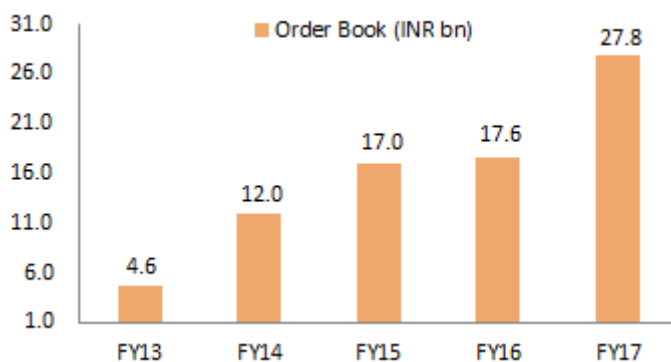
Expanding capacity to address growth in EHV cables: As per the industry data, the estimated market for EHV cable in India is worth INR ~20bn of which 25% is met through imports. In FY10, KEI forayed into manufacturing of EHV cables (15% margins) up to 220kV, in collaboration with Brugg Kabel, AG in order to meet demand from mega power plants, transmission companies, IT Parks, metro rail projects etc. In FY17, it further installed a new 400kV EHV cables production line at its Chopanki unit (total installed capacity of 900kms) with overall revenue generating capacity of INR 4bn (certification approval to come by 4QFY18).

KEI is expected to benefit from backward integration through in-house PVC compound manufacturing and higher demand from transmission companies. Also, with more than 92% of the power consumption states adopting Ujwal Discom Assurance Yojana (UDAY), state Distribution companies are expected to improve their T&D infrastructure through renewed capex, which would benefit KEI. We expect its EHV revenue to report a CAGR of 53% to INR 3.6bn over FY17-20E from INR 1bn in FY17 (impacted due to shut-down for 4-5 months for expansion).

Building competencies in EPC division (Forward Integration): Through EPC (12% margins), KEI offers extensive turnkey solutions including design, engineering, procurement, project management services etc. Its EPC order book has grown significantly from INR ~4bn in FY14 to INR ~16.2bn in 2QFY18 (execution timeline of ~24 months) and revenue has grown at a CAGR of 36% over FY15-17. We expect its EPC revenue (including cables) to grow at a CAGR 28% over FY17-20E to INR 13.7bn due to 1) strong order book visibility, 2) focus on execution rather than mounting its order book and 3) orders from Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) (aims towards goals like '24x7 Power for all' and strengthening of T&D networks). On the other hand, from being an EBIT negative division (INR -31mn in FY12), EPC recorded an EBIT gain of INR 665mn in FY17 with margins of 10%. We expect margins to be in the range of ~11-12% in the long term.

Exhibit 10: Total order book CAGR of 32% over FY14-17

Exhibit 11: EPC order book break-up (2QFY18)



Source: Company, MOSL

Exports to report decent growth due to strong geographical presence

KEI has presence in over 45 countries across the globe with strong focus on oil and gas and utilities segment. It exports wide range of cables (LT, HT, EHV, Medium Voltage (11kV to 33kV) and Low Voltage (< 11kV)) to its overseas customers. It opened new offices in Singapore, Nigeria, Korea and Australia apart from the existing office in Dubai/Abu Dhabi. In FY17, KEI bagged approvals for large projects in Middle East & Africa. With key geographical expansions, export revenues jumped to INR 3.7bn in FY17 from INR 0.9bn in FY13. We expect it to grow at a CAGR of 15% over FY17-20E to INR 5.7bn.

Financial Analysis

Robust revenue/EBITDA/PAT growth to continue

In the past 5 years, KEI's revenue/ EBITDA/ PAT CAGR stood at 9.2%/ 12.8%/ 32.3% to INR 26.7bn/ 2.7bn/ 0.9bn. We expect revenues/ EBITDA/ PAT to grow at a CAGR of 18.7%/ 21.6%/ 33% to INR 44.6bn/ 4.9bn/ 2.3bn over FY17-20E. Revenue CAGR is likely to be driven by LT (12% CAGR over 17-20E), HT (12%), EHV cables (53%), HW (20%), SS (10%) and EPC ex-cables (31%). Additionally, PAT is expected to grow at a higher rate due to increase in EBITDA margins and lower interest burden.

Exhibit 12: Segment wise revenue mix (INR mn)

Segment	2015	2016	2017	2018E	2019E	2020E
Institutional	11,627	10,909	10,577	10,987	11,994	13,316
LT Cables	8,125	6,190	8,474	8,279	8,500	8,655
HT Cables	3,281	4,350	3,800	4,256	4,767	5,339
EHV Cables	595	1,338	1,010	1,616	2,424	3,636
SS Wire	1,048	940	1,040	1,144	1,259	1,385
EPC (without cables)	2,184	3,230	4,240	6,417	8,226	9,597
Retail	5,078	7,208	8,127	10,442	12,861	16,038
LT Cables	1,799	3,438	3,847	5,519	6,955	8,655
House Wires	3,279	3,770	4,280	4,922	5,907	7,384
Exports	1,422	1,909	3,747	4,309	4,955	5,699
Total Net Revenue	20,310	23,256	26,691	32,155	38,037	44,649

Exhibit 13: Product wise Revenue Mix (INR mn)

Segment	2015	2016	2017	2018E	2019E	2020E
LT	9,923	9,628	12,320	13,799	15,455	17,309
HT	3,281	4,350	3,800	4,256	4,767	5,339
EHV	595	1,338	1,010	1,616	2,424	3,636
HW/WW	3,279	3,770	4,280	4,922	5,907	7,384
SS Wire	1,048	940	1,040	1,144	1,259	1,385
EPC (without cable)	2,184	3,230	4,240	6,417	8,226	9,597
Total	20,310	23,256	26,691	32,155	38,037	44,649

Source: Company, MOSL

Low net debt to equity in-spite of increasing capex

KEI incurred a significant capex of INR 1.6bn over the last 2 years in order to add an incremental capacity in EHV cables at its Chopanki unit. Currently, it is undergoing a greenfield capex of INR 500mn to add capacity in LT cables which is likely to be operational from April 2018. It further plans to incur a greenfield capex of INR 2.5bn over FY19 & FY20 for all segments except EHV. In spite of significant amount of capex, KEI has been generating free cash flow (FCF) due to increase in revenue and earnings. Hence, we expect net debt to equity to improve from 1.4x in FY17 to 0.7x by FY20E.

Expanding margins due to improving business mix

KEI's EBITDA margin has expanded by ~155bps to 10.3% in FY17 from 8.7% in FY12. We expect it to improve by another ~75bps to 11% in FY20E due to, 1) Increase in contribution from retail segment, 2) Improved contribution from EHV cables 3) Better order execution in the EPC business and 4) Pick-up in government and private capex cycle (likely to boost margins from 9% to 11% in the institutional segment).

Exhibit 14: Rising EBITDA margins

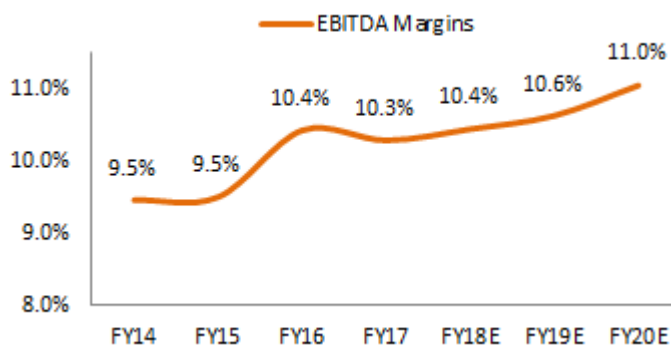
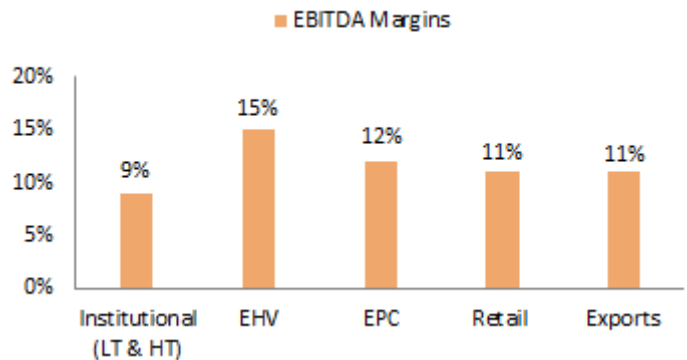


Exhibit 15: Product-wise EBITDA margins



Source: Company, MOSL

Working capital cycle to improve along with positive FCF in future

KEI has been generating positive FCF over the years in spite of significant amount of capex. However, in FY17 there was a significant amount of year end sale and high retention money due to growth in EPC business. This led to high trade receivables and thereby affected FCF. However, management has now been focusing on execution of existing orders and getting the retention money before building its order book. We thus expect receivable days and working capital to improve going ahead along with a positive trend of free cash flow.

Exhibit 16: Net working capital cycle

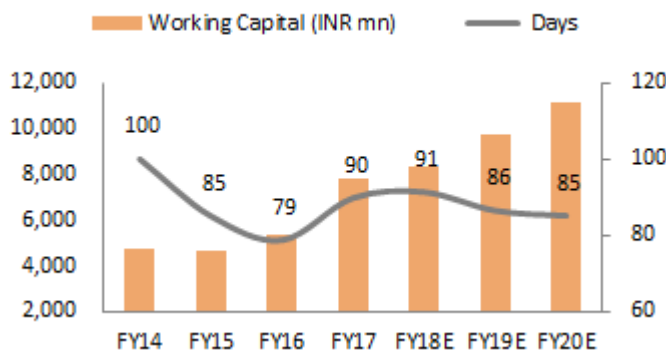
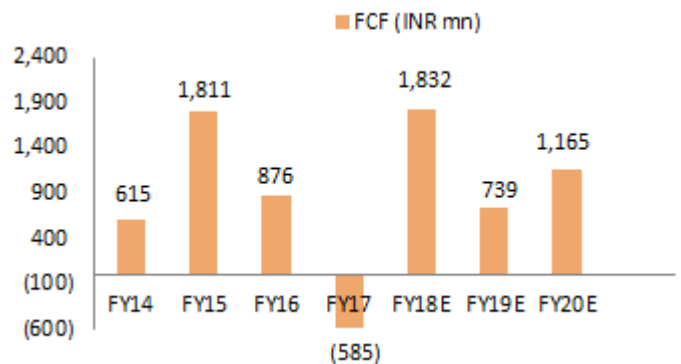


Exhibit 17: Free cash flow to continue



Source: Company, MOSL

Valuation

Key government initiatives in infrastructure and real estate sector such as Housing for All by 2022, IPDS, DDUGJY, UDAY etc. would benefit KEI in a big way. HW, EHV and EPC segment is likely to drive revenue growth and expand EBITDA margins going ahead. We expect Revenues/ EBITDA/ PAT CAGR of 18.7%/ 21.6%/ 33% to INR 44.6bn/ 4.9bn/ 2.3bn over FY17-20E. KEI has maintained high ROE and ROCE profile historically and we expect ROE/ROCE to improve to 26.5%/ 20.5% by FY20. Even with continuous capex, KEI will be able to maintain net debt to equity below 1.0x. Currently, KEI trades at 12.5x FY20 EPS. Given the high growth expectation along with healthy financials, we believe that the stock deserves higher valuations. We value KEI at 18x FY20EPS to arrive at a fair value of INR 537/share (44% upside) and initiate coverage with a BUY recommendation.

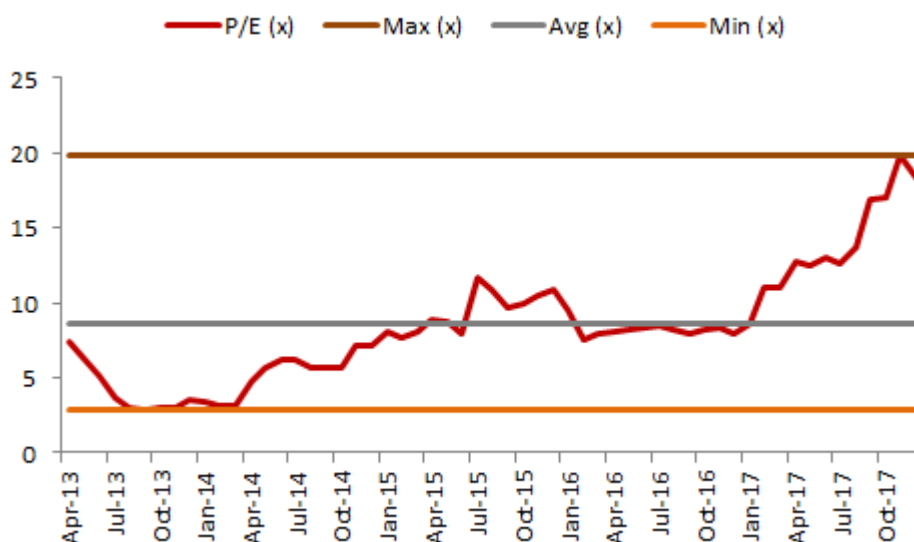
Exhibit 18: Peer comparison

Company	Market Cap** (INR bn)	Rev Growth (FY18-20E)	EBITDA Growth (FY18-20E)	PAT Growth (FY18-20E)	ROE (FY20E)	P/E (FY20E)
Havells India Ltd.*	343	18%	25%	24%	23%	31
Finolex Cables^	111	21%	20%	14%	19%	18
VGuard Industries^	100	15%	20%	24%	26%	37
KEI Industries	29	18%	21%	32%	27%	13

*MOSL Estimates, ^Bloomberg Estimates, **as on 11th Jan, 2018

Source: Company, MOSL

Exhibit 19: KEI Industries 1-year forward P/E (x)



Source: Company, MOSL

Story in Charts

Exhibit 20: Revenue CAGR of 18.7% over FY17-20E

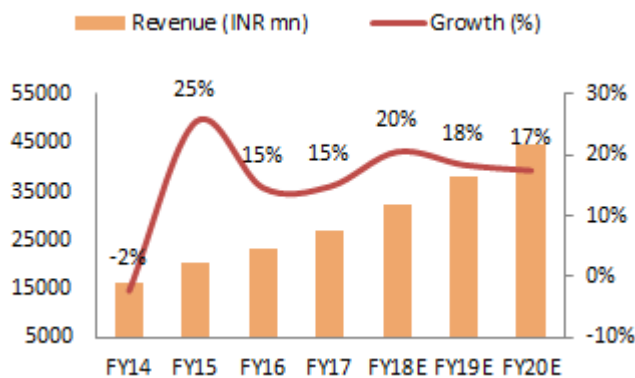
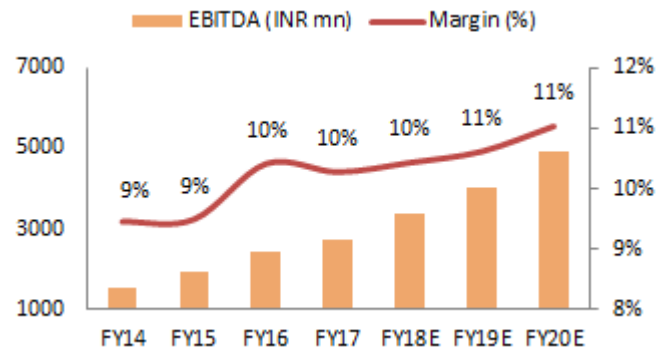


Exhibit 21: EBITDA margin improvement to continue



Source: Company, MOSL

Exhibit 22: Expect 33% PAT CAGR over FY17-20E

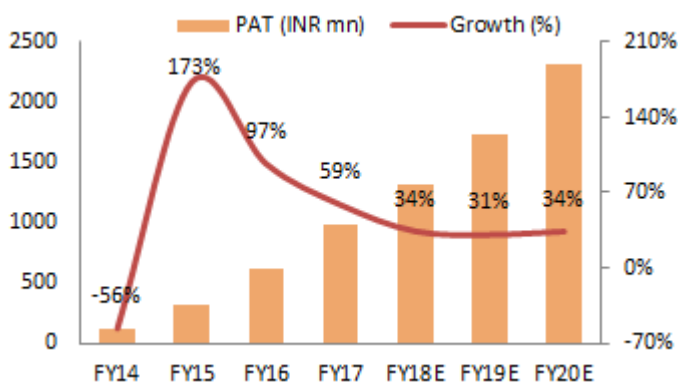
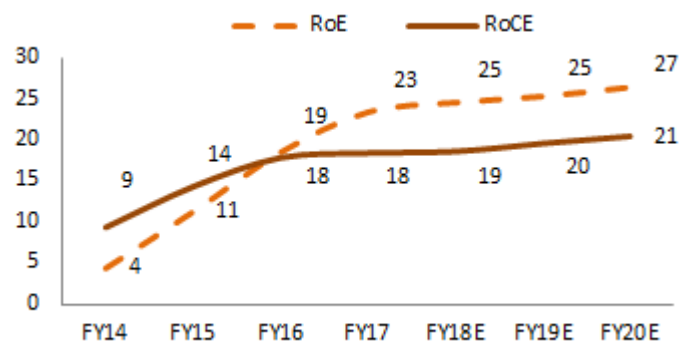


Exhibit 23: Improving ROE and ROCE (%)



Source: Company, MOSL

Exhibit 24: Improving net debt to equity

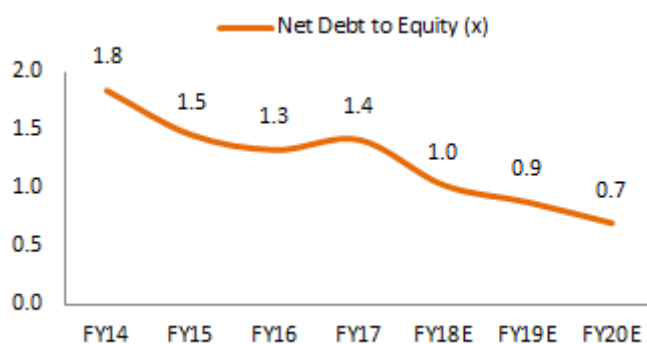
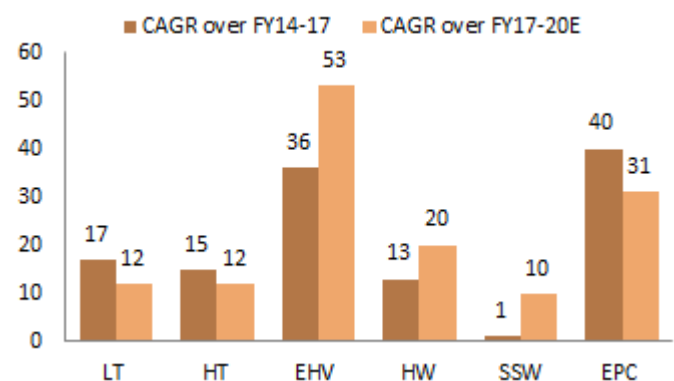


Exhibit 25: Segment wise revenue CAGR (%)



Source: Company, MOSL

Key Risks

- Inability to pass on any increase in raw material prices (copper or aluminum) to the customers could adversely impact margins and profitability
- Inability to scale up capacity could decelerate growth in cables segment
- Any slowdown in government infrastructure spending could impact the cable volumes (EPC and EHV) especially when private investments doesn't revive
- Inability to win new EPC contracts or execute existing contracts could be a major risk factor
- Underground cabling has RoW issue which can delay the project execution and thereby impact earnings

Management Overview



Mr. Anil Gupta, Chairman & Managing Director

Mr. Gupta is a recognized expert in the Indian cable and wire Industry. He became a part of the KEI group in 1979 as a partner in the erstwhile Krishna Electrical Industries. He soon rose to become its Chairman cum Managing Director. With almost 40 years of experience at the helm of KEI Group of Companies, Mr. Gupta has initiated various marketing, production, quality control and product development policies.

Mr. Akshit Diviaj Gupta, Whole Time Director

Mr. Akshit is a young professional with a strong entrepreneurial background. He has a BBA degree in Management and Honorary Graduate Fellowship.

Mr. Rajeev Gupta, Executive Director (Finance) & CFO

Mr. Rajeev Gupta is B.Com (Hons.) and Chartered Accountant. He has about 20 year experience in Finance Department. He is heading the Finance & Accounts Department.

Financials and Valuations

Income Statement

(INR Million)

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Net Sales	17,223	16,584	16,189	20,310	23,256	26,691	32,155	38,037	44,649
Change (%)		-3.7	-2.4	25.5	14.5	14.8	20.5	18.3	17.4
Total Expenditure	15,722	14,878	14,659	18,381	20,833	23,948	28,800	33,998	39,722
% of Sales	91.3	89.7	90.5	90.5	89.6	89.7	89.6	89.4	89.0
EBITDA	1,501	1,705	1,530	1,929	2,423	2,743	3,355	4,039	4,928
Margin (%)	8.7	10.3	9.5	9.5	10.4	10.3	10.4	10.6	11.0
Depreciation	195	204	210	246	253	280	324	341	387
EBIT	1,305	1,501	1,321	1,683	2,170	2,463	3,031	3,698	4,541
Int. and Fin. Charges	962	1,094	1,115	1,204	1,270	1,229	1,269	1,274	1,278
Other Income	16	24	13	24	53	104	50	50	50
PBT	360	431	218	529	953	1,338	1,812	2,474	3,313
Tax	117	167	102	186	331	351	489	742	994
Tax Rate (%)	32.4	38.9	46.8	35.2	34.8	26.3	27.0	30.0	30.0
Reported PAT	243	263	116	342	622	986	1,323	1,732	2,319
Adjusted PAT	243	263	116	326	622	986	1,323	1,732	2,319
Change (%)	NA	8.3	-56.0	180.7	91.0	58.6	34.1	30.9	33.9
Margin (%)	1.4	1.6	0.7	1.6	2.7	3.7	4.1	4.6	5.2

Balance Sheet

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Share Capital	134	140	147	154	154	156	156	156	156
Reserves	2,137	2,415	2,539	2,884	3,512	4,579	5,836	7,484	9,686
Net Worth	2,271	2,556	2,731	3,039	3,666	4,735	5,992	7,639	9,841
Debt	4,872	4,732	5,104	4,520	4,972	7,118	6,240	6,832	6,982
Deferred Tax (Net)	23	106	160	235	362	427	511	511	511
Total Capital Employed	7,166	7,394	7,995	7,794	9,001	12,280	12,743	14,983	17,335
Gross Fixed Assets	4,022	4,124	4,357	4,451	4,995	6,044	6,049	6,664	7,779
Less: Accum. Depri.	841	1,036	1,216	1,470	1,716	1,990	2,314	2,655	3,042
Net Fixed Assets	3,181	3,089	3,141	2,981	3,279	4,054	3,735	4,009	4,737
Capital WIP	2	26	2	44	293	32	600	1,100	1,400
Investments	31	31	31	31	31	31	31	31	31
Current Assets	8,735	8,626	9,261	10,361	11,266	13,993	15,015	17,569	20,216
Inventory	2,922	3,582	4,031	4,403	4,225	4,989	5,374	6,357	7,340
Debtors	4,826	4,212	4,286	4,798	5,674	7,392	8,105	9,379	10,765
Cash and Bank Bal	44	156	46	47	59	370	39	62	32
Loans and Adv & OCA	943	676	898	1,113	1,309	1,242	1,498	1,772	2,080
Curr. Liability & Prov.	4,783	4,378	4,440	5,623	5,869	5,830	6,638	7,726	9,049
Account Payables	4,093	3,948	3,872	4,810	4,323	4,805	5,462	6,461	7,584
Current Liabilities	629	363	498	692	1,395	921	1,057	1,146	1,346
Other LT Liab. & Prov.	62	67	70	122	151	103	119	119	119
Net Current Assets	3,952	4,248	4,821	4,738	5,397	8,163	8,377	9,843	11,167
Appl. of Funds	7,166	7,394	7,995	7,794	9,001	12,280	12,743	14,983	17,335

Financials and Valuations

Ratios

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Basic (INR)									
EPS	3.1	3.4	1.5	4.2	8.0	12.7	17.0	22.3	29.8
Cash EPS	5.6	6.0	4.2	7.3	11.2	16.3	21.2	26.6	34.8
BV/Share	29.2	32.9	35.1	39.1	47.1	60.9	77.0	98.2	126.5
DPS	0.2	0.2	0.2	0.4	0.5	0.6	0.7	0.9	1.3
Payout (%)	6.4	6.2	14.7	10.9	7.5	5.7	5.0	4.9	5.0
Valuation (x)									
P/E	119.3	110.2	250.1	89.1	46.7	29.4	21.9	16.8	12.5
Cash P/E	66.1	62.0	89.1	50.8	33.2	22.9	17.6	14.0	10.7
P/BV	12.8	11.4	10.6	9.5	7.9	6.1	4.8	3.8	2.9
EV/Sales	2.0	2.0	2.1	1.6	1.5	1.3	1.1	0.9	0.8
EV/EBITDA	22.6	19.7	22.3	17.4	14.0	13.0	10.5	8.9	7.3
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.3
FCF per share	2.3	17.2	7.9	23.3	11.3	-7.5	23.6	9.5	15.0
Return Ratios (%)									
RoE	21.4	10.9	4.4	11.3	18.6	23.5	24.7	25.4	26.5
RoCE	25.0	12.9	9.4	14.4	17.9	18.5	18.7	19.7	20.5
Working Capital Ratios									
Asset Turnover (x)	2.4	2.2	2.0	2.6	2.6	2.2	2.5	2.5	2.6
Inventory (Days)	62	79	91	79	66	68	61	61	60
Debtor (Days)	102	93	97	86	89	101	92	90	88
Creditor (Days)	87	87	87	86	68	66	62	62	62
Leverage Ratio (x)									
Net Debt/Equity	2.1	1.8	1.8	1.5	1.3	1.4	1.0	0.9	0.7

Cash Flow Statement

(INR Million)

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
OP/(Loss) before Tax	360	431	218	529	953	1,338	1,812	2,474	3,313
Depreciation	195	204	210	246	253	280	324	341	387
Interest & Finance Charges	962	1,094	1,115	1,204	1,270	1,229	1,219	1,224	1,228
Direct Taxes Paid	-51	-90	-55	-92	-196	-304	-489	-742	-994
(Inc)/Dec in WC	-1,181	-181	-711	47	-508	-2,588	-545	-1,443	-1,354
CF from Operations	285	1,458	777	1,933	1,772	-45	2,321	1,854	2,580
Others	37	35	57	46	81	83	84	0	0
CF from Operating incl EO	322	1,493	835	1,979	1,853	38	2,406	1,854	2,580
(Inc)/Dec in FA	-146	-151	-220	-168	-977	-624	-573	-1,115	-1,415
Free Cash Flow	176	1,341	615	1,811	876	-585	1,832	739	1,165
(Pur)/Sale of Investments	0	0	0	0	0	0	0	0	0
Others	2	1	1	1	1	5	50	50	50
CF from Investments	-145	-150	-219	-166	-975	-618	-523	-1,065	-1,365
Issue of Shares	0	59	49	5	0	20	0	0	0
Inc/(Dec) in Debt	484	-122	-111	148	448	-538	-879	593	150
Interest Paid	-962	-1,094	-1,115	-1,204	-1,270	-1,229	-1,269	-1,274	-1,278
Dividend Paid	-16	-16	-16	-18	-37	-46	-66	-84	-117
Others	235	-58	467	-742	-7	2,685	0	0	0
CF from Fin. Activity	-258	-1,230	-727	-1,811	-866	891	-2,213	-766	-1,245
Inc/Dec of Cash	-81	113	-111	1	12	311	-331	23	-30
Opening Balance	124	44	156	46	47	59	370	39	62
Closing Balance	44	156	46	47	59	370	39	62	32

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