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Rating Information	
Price (Rs)	58
Target Price (Rs)	77
Target Date	31st Mar' 20
Target Set On	4th Feb'2019
Implied yrs of growth (DCF)	15
Fair Value (DCF)	83
Fair Value (DDM)	27
Ind Benchmark	SPBSMIP
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	58,626
Free Float (%)	31.52 %
52 Wk H/L (Rs)	78.25/48.8
Avg Daily Volume (1yr)	18,53,439
Avg Daily Value (Rs Mn)	112
Equity Cap (Rs Mn)	1,005
Face Value (Rs)	1
Bloomberg Code	WLSI IN

Ownership	Recent	3M	12M
Promoters	68.5 %	0.0 %	-5.0 %
DII	7.7 %	1.6 %	5.8 %
FII	7.5 %	-2.0 %	-4.1 %
Public	16.4 %	0.4 %	3.3 %

Price %	1M	3M	12M
Absolute	-4.1 %	-2.2 %	-7.0 %
Vs Industry	0.0 %	0.3 %	5.4 %
Trident	-2.8 %	-3.6 %	-9.8 %
Indocount	-25.9 %	-33.5 %	-57.1 %

Consolidated Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (18A)	1.3	1.0	0.8	0.9
EPS (19E)	1.3	1.3	0.8	0.9

Welspun India Ltd.

3QFY19 Results: Estimates (↓), TP (↔), Rating (↔)

Regular Coverage

Absolute: LONG
Relative: Overweight
27% ATR in 14 Months

Growth prospects strong for FY20 - Maintain LONG

Textiles

Adjusting for forex losses of Rs 385mn, Welspun India's (WLSI) 3QFY19 adj. EBITDA grew 8% yoy to Rs 2.7bn, 3% above EE, driven by 17% yoy growth in revenues which were predominantly volume-led. Adj. EBITDA margins at 16.6% contracted ~150bps yoy and were in line with EE. While hedging of receivables at lower rates continues to impact revenues and margins, we expect the situation to reverse from FY20E with (a) exhaustion of lower currency hedges and (b) revenues aligning with the current exchange rate. While revenues are set to grow at 12% CAGR over FY18-FY21E driven by growth in key markets, EBITDA/PAT would see a 12%/22% CAGR with a ~400/ 385bps expansion in ROE/core ROIC over FY18-FY21E. Maintain LONG with a target multiple of 7.5x EV/EBITDA, translating into a Mar'20 TP of Rs 77.

Revenue growth to return with exhaustion of lower-rate hedges, strong business growth: Revenues at Rs 16.4bn grew 17% yoy (3% above EE) on last year's low base (7% decline in revenues) mainly driven by volume growth. While the exhaustion of lower rate hedges from FY20-beginning will cushion revenue growth, a 12% CAGR in revenues over FY18-21E will be driven by (a) returning of volume growth in the US market (b) strong growth in the domestic market with new launches gaining traction and (c) flooring business contributing to revenues from 2QFY20.

Debt level rises on incremental flooring capex; capex plans remain calibrated: Net-debt at 3Q-end stood at Rs 31.3bn (incl. flooring debt of Rs 2bn) as capex for the flooring plant is progressing in full swing and would come on-stream ahead of schedule in 2Q20. Capex for 9MFY19 stood at Rs 5.63bn (including flooring capex of Rs 3.72bn) and will be close to Rs 9bn for full-year FY19. The strategy of calibrating capex to cash flows will keep debt largely stable at current levels. Utilizing cash flows towards debt repayment post construction of the flooring plant will result in a 22% PAT CAGR over FY18-FY21E. We expect 53bps/180bps improvement in EBITDA/ PAT margins over FY18-FY21E.

Maintain LONG, Mar'20 TP Rs 77: WLSI currently trades at 6.5x FY20 EV/EBITDA and a P/E of 11x FY20E EPS. With uncertainties settling down, volumes picking up and debt levels likely to decline, we expect the period of strong growth to return. Maintain LONG and a Mar'20 TP of Rs 77 set at 7.5x Mar'20 EV/EBITDA. Industry growth, a domestic market pickup and cotton price fluctuations remain the key monitorables.

Estimate Revision

(Rs bn)	Forecasts		% Change	
	FY19E	FY20E	FY19E	FY20E
Revenue	65,649	74,183	0%	0%
EBITDA	10,997	14,021	-2%	0%
PAT	4,470	5,536	3%	0%

Consolidated Financials

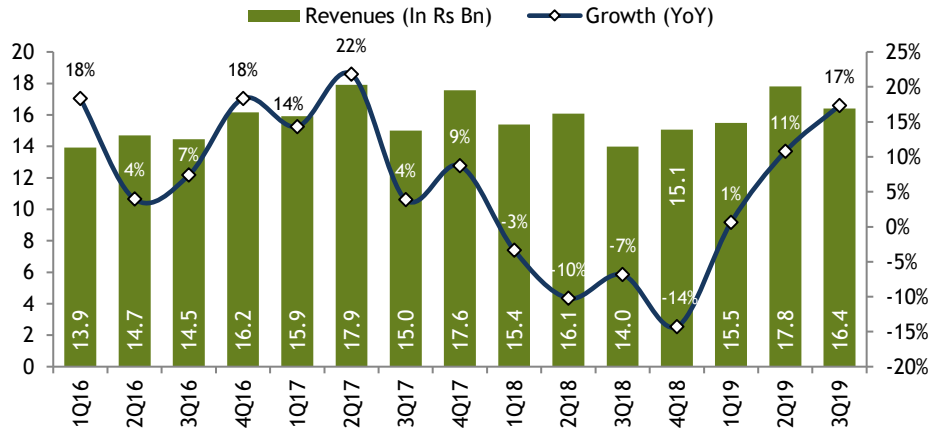
Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Sales	60,506	65,649	74,183	85,310
EBITDA	11,234	10,997	14,021	16,294
Depreciation	5,042	4,472	5,365	5,870
Interest Expense	1,408	1,463	1,637	1,404
Other Income	812	796	891	941
Reported PAT	3,850	3,797	5,536	6,973
Recurring PAT	3,850	4,354	5,536	6,973
Total Equity	26,057	28,541	32,988	38,510
Gross Debt	32,807	35,307	31,507	26,007
Cash	2,661	2,910	3,396	5,103

Rs. Mn YE Mar	FY18A	FY19E	FY20E	FY21E
Earnings	3.8	4.3	5.5	6.9
Book Value	26	28	33	38
Dividends	0.7	0.7	0.9	1.2
FCFF	3.2	0.2	6.6	10.1
P/E (x)	15.2	13.5	10.6	8.4
P/B (x)	2.2	2.1	1.8	1.5
EV/EBITDA (x)	8.3	8.6	6.5	5.1
ROE (%)	15 %	16 %	18 %	20 %
Core ROIC (%)	7 %	8 %	9 %	11 %
EBITDA Margin (%)	19 %	17 %	19 %	19 %
Net Margin (%)	6 %	7 %	7 %	8 %

Quarterly performance

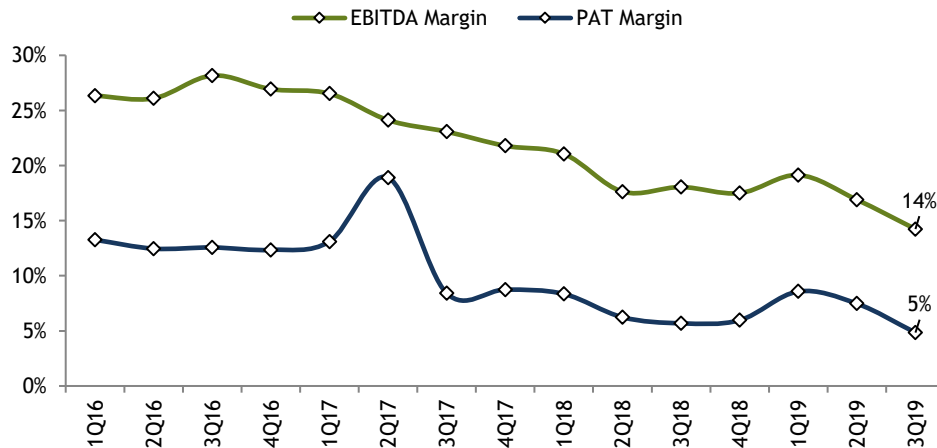
Rs Mn	3QFY19	2QFY19E	1QFY19	3QFY18	% Change			
					2QFY19E	1QFY19	3QFY18	
Net Sales	16,403	15,900	17,799	13,980	3%	-8%	17%	Largely in line
Raw Materials Consumed	8,528	7,960	9,179	6,900	7%	-7%	24%	
Employee Costs	1,823	1,729	1,799	1,687	5%	1%	8%	
Other expenses	3,718	3,570	3,813	2,869	4%	-2%	30%	Includes forex losses of Rs 384.5mn
Total Expenditures	14,068	13,260	14,792	11,456	6%	-5%	23%	
EBITDA	2,335	2,641	3,008	2,523	-12%	-22%	-7%	Adj. EBITDA up 8% yoy, 3% above EE
Depreciation	1,118	1,140	1,083	1,272	-2%	3%	-12%	
EBIT	1,218	1,500	1,925	1,252	-19%	-37%	-3%	
Interest	402	374	369	345	7%	9%	16%	Higher interest costs due to flooring debt
Other Income	170	165	179	164	3%	-5%	4%	
PBT	986	1,292	1,734	1,070	-24%	-43%	-8%	
Tax	192	388	404	275	-51%	-53%	-30%	
Recurring PAT	794	904	1,330	795	-12%	-40%	0%	
Extraordinaries	294	0	113	0				Expenses related to US class action suit
Reported PAT	501	904	1,217	795	-45%	-59%	-37%	
EPS (Rs)	0.8	0.9	1.3	0.8	-12%	-40%	0%	
Gross Margin	48.0%	49.9%	48.4%	50.6%	-192 bps	-42 bps	-263 bps	
EBITDA Margin	14.2%	16.6%	16.9%	18.1%	-237 bps	-266 bps	-382 bps	
EBIT Margin	7.4%	9.4%	10.8%	9.0%	-201 bps	-339 bps	-153 bps	
PBT Margin	6.0%	8.1%	9.7%	7.7%	-211 bps	-373 bps	-164 bps	
PAT Margin	3.1%	5.7%	6.8%	5.7%	-263 bps	-378 bps	-263 bps	
Tax Rate	19.4%	30.0%	23.3%	25.7%	-1057 bps	-386 bps	-625 bps	

Exhibit 1: Volume growth and lower base drives 17% yoy growth in revenues



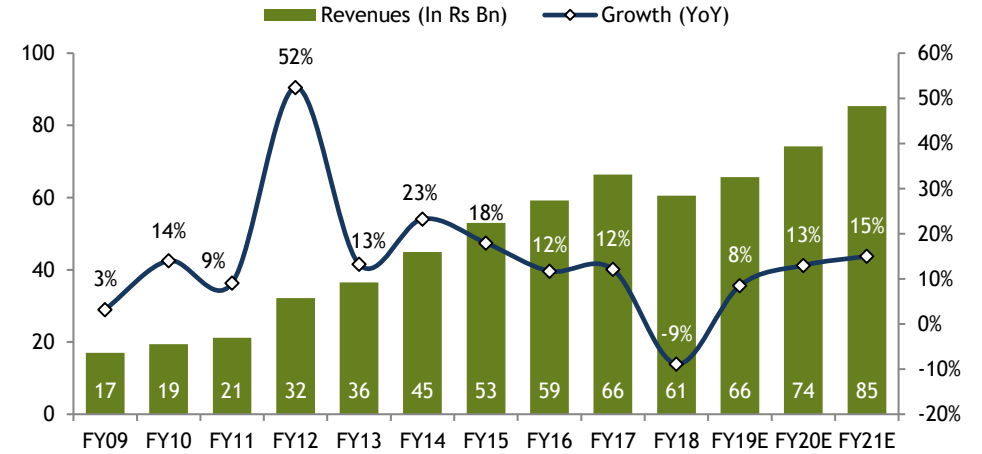
Source: Equirus Securities, Company

Exhibit 2: EBITDA margins impacted by forex losses, Adj. PAT margin declined on higher interest costs.



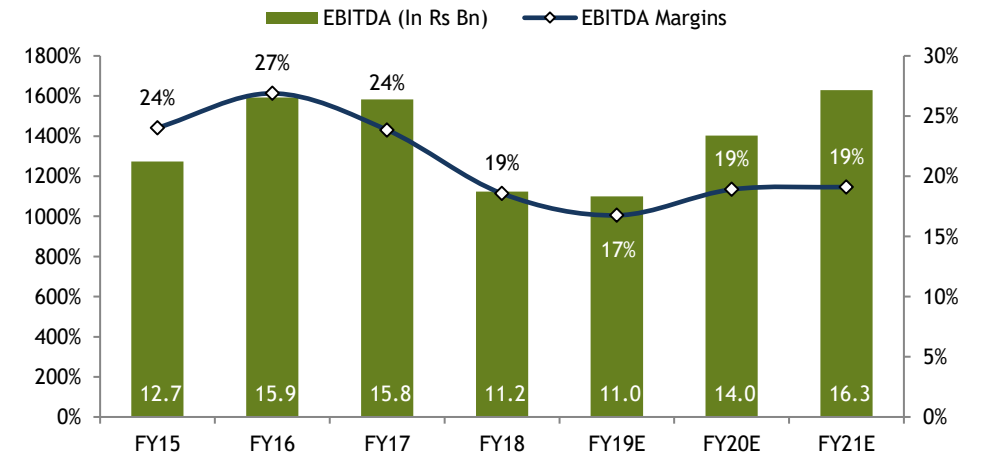
Source: Equirus Securities, Company

Exhibit 3: Revenue growth to be driven by growth in US market, and pickup in domestic market



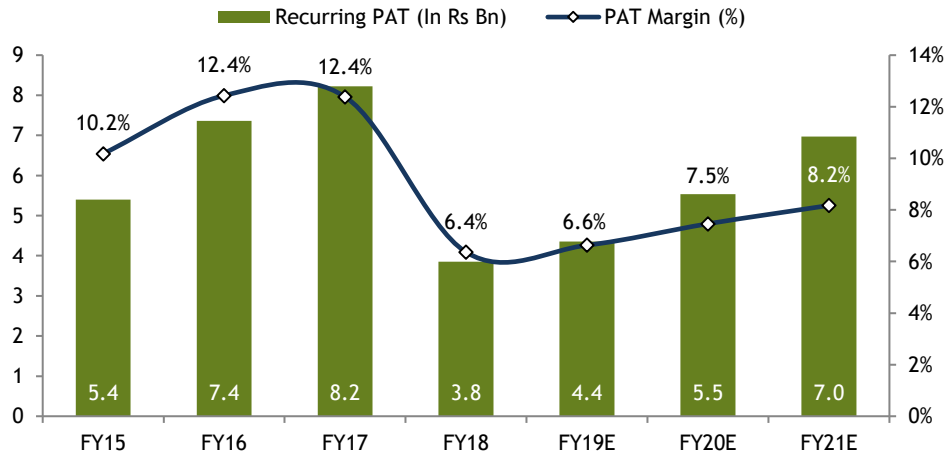
Source: Equirus Securities, Company

Exhibit 4: EBITDA margins to normalize on exhaustion of lower rate hedges.



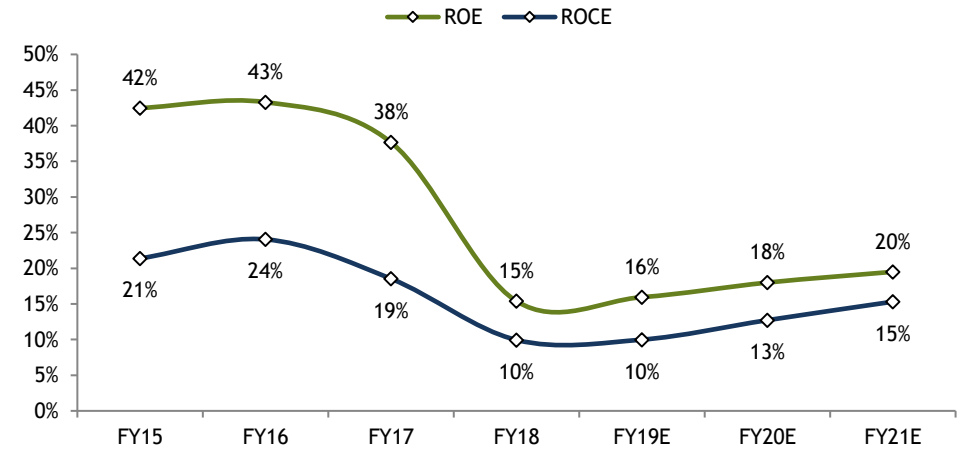
Source: Equirus Securities, Company

Exhibit 5: PAT to grow at 22% CAGR over FY18-FY21E on strong revenue growth, flattish depreciation & lower interest expenses



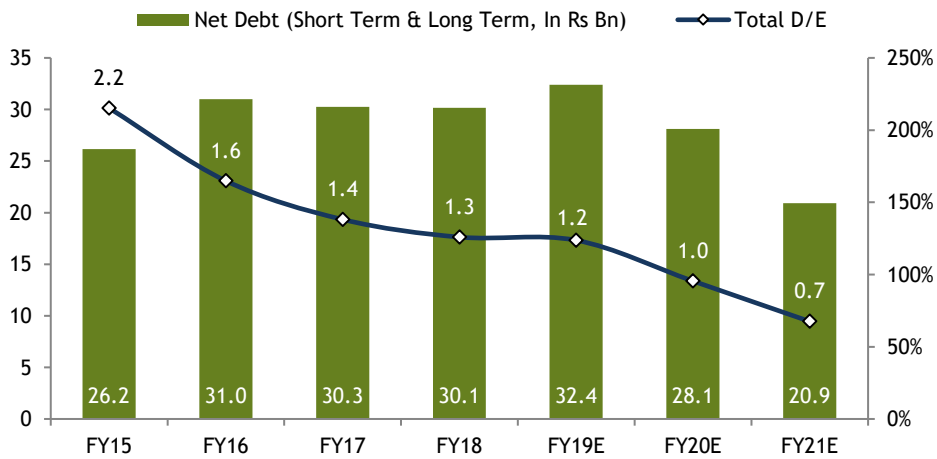
Source: Equirus Securities, Company

Exhibit 7: Return ratios to improve on rising profitability and debt reduction



Source: Equirus Securities, Company

Exhibit 6: Net Debt to fall with completion of flooring capex from FY20E



Source: Equirus Securities, Company

Earnings call takeaways

General highlights

- Revenue growth of more than 17% was achieved after a gap of two years. Adj. EBITDA (incl. other income) stood at Rs 2.89bn, with EBITDAM at 17.4%. 9MFY19 adj. EBITDAM stood at 18.2%.
- Currency at quarter-beginning was Rs 74.5 vs. Rs 69.5 at quarter-end. WLSI follows a hedging policy with 50-60% of receivables hedged for the next 12 months on rolling basis.
- As old hedges of lower rates get exhausted, forex losses will automatically reduce with realizations of higher rates.
- While the actual impact of currency has already reflected in the costs, revenues are yet to reflect the new currency rates; hence, margins were diluted. From FY20 onwards, margins are expected to normalize with both new revenues and expenses reflecting the current exchange rate.
- WLSI incurred marketing expenses of Rs 210mn towards creating brand and increasing visibility in the domestic market. Marketing expenses stood at 1.3% of overall revenues and hence EBITDA was also impacted to this extent. However, marketing investments would boost overall revenues in the long term.
- WLSI is ready with its mass brand product strategy and launched towels under the brand name of *Welspun* on a trial basis in a few cities; this product will open up a market opportunity of Rs 60bn. *SPACES* on other hand is a premium brand and has a target market of Rs 15bn.
- **Borrowings** stood at Rs 29.35bn for the textile business, coupled with additional borrowings of Rs 2.03bn for the flooring business. Net debt stood at Rs 30.31bn as on 31 Dec'18. vs. Rs 30.26bn as on 31 Mar'18.
- **Capex** for 9MFY19 was at Rs 5.63bn (incl. flooring capex of Rs 3.72bn). For full-year FY19, total capex will be close to Rs 9bn. The company continues to follow a strategy of calibrating the capex to cashflows generated.
- Europe is a slow market as Brexit has affected WLSI's UK performance. ROW continues to do well with business growing in double digits.
- Total corporate bonds held by the company are Rs 250mn, of which not all are to NBFCs. All provisions are made as required.
- E-commerce is showing good growth and now contributes 4-5% of the company's overall revenues.

- In the ongoing tariff war, none of the company's product categories have been impacted (except for bath robes). Overall, there was no benefit or loss seen from the current macro events. While some activities were undertaken in the fashion and utility bedding businesses, they did not translate into meaningful business for the company.
- **Exceptional items** of Rs 290mn were booked towards legal fees for a class action suit. This cost is expected to be in range of Rs 100-120mn per quarter, while the company's endeavor is to settle this issue as early as Mar'19.

Innovative product launches:

- WLSI started its first exponential zone in Mumbai, where all innovative products are displayed.
- Hygro cotton now contributes 11-12% of domestic revenues.
- The company also launched a new range of *Rangana* products, which is the first product range produced by Indian artisans. It received a strong response as these products were sold within no time.
- Wel-track is ~3% of revenues as huge traction is seen in the products manufactured using Wel-track traceability manufacturing process.
- An innovative product range of copper and charcoal-infused products were also launched during the quarter.
- WLSI's advanced textile division was also approved as a supplier by one of the world's largest players in wet-wipes.

Flooring business:

- Flooring plant will commence operations one quarter ahead of schedule i.e. in 2QFY20 vs. 3QFY20 planned earlier.
- WLSI is actively participating in exhibitions and other business development activities. Huge attraction is seen for the company's flooring products.
- By the time production begins, the company will have a full-fledged distribution system in place. Focus is also to export the products and hence customers are made aware of the product range to receive orders from beginning.
- Domestic market is both B2B and B2C. October quarter will see aggressive marketing communication for flooring products.

Company Snapshot

How we differ from Consensus

	-	Equirus	Consensus	% Diff	Comment
EPS	FY19E	4.3	4.4	-2 %	Debt reduction in FY20 and a pick-up in efficiencies of recently-expanded capacities to boost earnings growth
	FY20E	5.5	5.7	-3 %	
Sales	FY19E	65,649	66,332	-1 %	
	FY20E	74,183	74,747	-1 %	
PAT	FY19E	3,797	4,462	-15 %	
	FY20E	5,536	5,729	-3 %	

Our Key Investment arguments:

- Leading home textile exporter to benefit the most from changing industry dynamics.
- The vision of Welspun 2.0 will enable the company to strategize its energies towards attaining the next phase of growth.
- Capex cycle would end by FY20E, and cash flows generated thereafter would significantly bring down debt levels.
- Expect RoE/RoIC to expand ~400/ 385bps over FY18-FY21E.
- At 6.5x EV/EBITDA and 11x P/E for FY20 EPS, valuations are attractive for a market leader.

Key Assumptions:

Particulars	FY18	FY19	FY20	FY21
Capacity Utilization				
Towels	80%	87%	93%	88%
Cotton Sheets	80%	85%	90%	88%
Rugs & Carpets	65%	70%	80%	85%
Flooring	-	-	10%	30%
Gross Margin (%)	50%	49%	50%	50%
Capex (In Rs Mn)	2,873	9,000	5,000	2,000

Risk to Our View: Extended uncertainty related to customer shift towards the online platform, low acceptance of flooring products, sluggish cashflow generation & subsequent delay in debt reduction, INR appreciation & rise in cotton prices.

Comparable valuation		Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS		P/B			RoE			Div Yield	
Company	Reco.				CMP	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A
Welspun India	LONG	58	58,626	77	31st Mar' 20	3.8	4.3	5.5	15.2	13.5	10.6	25.9	2.1	15 %	16 %	18 %	1.1 %	1.2 %		
Trident	NA	65	33,047	NA	NA	5.3	7.7	8.8	12.2	8.4	7.4	57.7	1.0	9 %	13 %	13 %	0.9 %	2.1 %		
Indocount	NA	42	8,291	NA	NA	6.4	6.0	7.2	6.6	7.0	5.9	48.4	0.8	14 %	11 %	12 %	1.9 %	1.8 %		

Key Triggers

- Quick settlement of uncertainties, strong acceptance of flooring products, rise in penetration in Indian & European markets.

Sensitivity to Key Variables	% Change	% Impact on EPS
Revenue	1 %	2 %
EBITDAM	1 %	8 %
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
7.4 %	1.3	11.8 %	4.0 %	32.2 %

-	FY19E	FY20E	FY21-23E	FY24-28E	FY29-33E
Sales Growth	9 %	13 %	9 %	8 %	8 %
NOPAT Margin	7 %	8 %	9 %	9 %	9 %
IC Turnover	0.98	1.11	1.45	1.44	1.30
RoIC	7.5 %	9.1 %	13.7 %	14.4 %	12.6 %

Years of strong growth	1	2	5	10	15
Valuation as on date (Rs)	33	41	67	72	73
Valuation as of Mar'20	37	46	76	81	83

Based on DCF, assuming 15 years of 8% CAGR growth and 13% average ROIC, we derive our current fair value of Rs 73 and our 31 Mar'20 fair value of Rs 83.

Company Description:

Welspun is India's largest home textile company with a presence in cotton bedsheets, towels and rugs & carpets. It is Asia's largest and the world's 2nd largest terry towel producer. It exports more than 94% of its home textile products to >50 countries, with >68% of production to the US, 23% to Europe and the balance to Middle East, Australia & Japan. It supplies to 17 of the top-30 retail chains in the world.

Consolidated Quarterly Earnings Forecast and Key Drivers

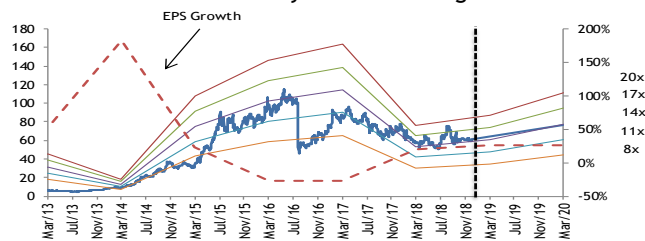
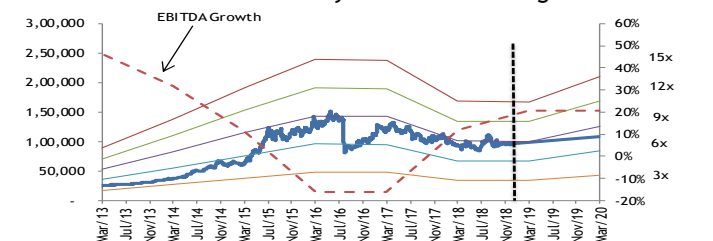
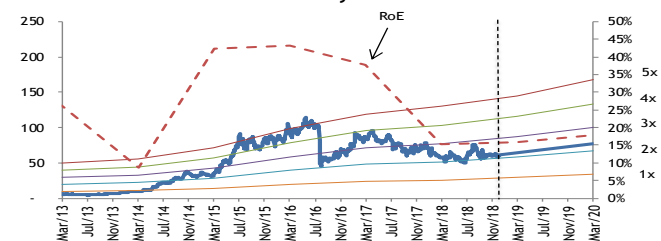
Rs in Mn	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19A	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E	FY18A	FY19E	FY20E	FY21E
Revenue	15,394	16,070	13,980	15,062	15,492	17,799	16,403	15,954	17,563	19,817	18,742	18,061	60,506	65,649	74,183	85,310
Raw Materials Consumed	7,436	8,560	6,900	7,339	7,614	9,179	8,528	8,028	8,678	10,083	9,248	9,306	30,235	33,350	37,314	42,655
Employee Costs	1,660	1,717	1,687	1,690	1,742	1,799	1,823	1,529	1,829	1,907	2,041	1,938	6,754	6,893	7,715	9,043
Other expenses	3,056	2,960	2,869	3,398	3,171	3,813	3,718	3,707	3,725	4,126	3,806	3,476	12,283	14,409	15,133	17,318
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	3,242	2,833	2,523	2,635	2,965	3,008	2,335	2,690	3,331	3,701	3,646	3,342	11,234	10,997	14,021	16,294
Depreciation	1,183	1,287	1,272	1,301	1,059	1,083	1,118	1,213	1,315	1,315	1,368	1,368	5,042	4,472	5,365	5,870
EBIT	2,059	1,547	1,252	1,335	1,906	1,925	1,218	1,476	2,017	2,387	2,278	1,974	6,192	6,525	8,655	10,424
Interest	356	325	345	381	342	369	402	349	426	418	409	385	1,408	1,463	1,637	1,404
Other Income	132	230	164	287	286	179	170	160	223	223	223	223	812	796	891	941
PBT	1,835	1,452	1,070	1,241	1,850	1,734	986	1,288	1,814	2,192	2,092	1,812	5,597	5,858	7,908	9,961
Tax	550	449	275	342	522	404	192	386	544	658	627	543	1,615	1,503	2,373	2,988
PAT bef. MI & Assoc.	1,286	1,003	795	899	1,328	1,330	794	901	1,269	1,534	1,464	1,268	3,982	4,354	5,536	6,973
Minority Interest	0	0	0	0	0	0	0	0	0	0	0	0	132	0	0	0
Profit from Assoc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recurring PAT	1,286	1,003	795	899	1,328	1,330	794	901	1,269	1,534	1,464	1,268	3,850	4,354	5,536	6,973
Extraordinaries	0	0	0	0	0	0	294	150	0	0	0	0	0	557	0	0
Reported PAT	1,286	1,003	795	899	1,328	1,330	501	751	1,269	1,534	1,464	1,268	3,850	3,797	5,536	6,973
EPS (Rs)	1.28	1.00	0.79	0.89	1.32	1.32	0.79	0.90	1.26	1.53	1.46	1.26	3.83	4.33	5.51	6.94
Key Drivers																
Sheets capacity utilization	-	-	-	-	-	-	-	-	-	-	-	-	80 %	85 %	90 %	88 %
Terry capacity utilization	-	-	-	-	-	-	-	-	-	-	-	-	80 %	87%	93 %	88 %
Rugs capacity utilization	-	-	-	-	-	-	-	-	-	-	-	-	65 %	70 %	80 %	85 %
Flooring capacity utilization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10%	30%
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sequential Growth (%)																
Revenue	-12 %	4 %	-13 %	8 %	3 %	15 %	-8 %	-3 %	10 %	13 %	-5 %	-4 %	-	-	-	-
Raw Materials Consumed	-14 %	15 %	-19 %	6 %	4 %	21 %	-7 %	-6 %	8 %	16 %	-8 %	1 %	-	-	-	-
EBITDA	-15 %	-13 %	-11 %	4 %	12 %	1 %	-22 %	15 %	24 %	11 %	-1 %	-8 %	-	-	-	-
EBIT	-16 %	-25 %	-19 %	7 %	43 %	1 %	-37 %	21 %	37 %	18 %	-5 %	-13 %	-	-	-	-
Recurring PAT	-7 %	-22 %	-21 %	13 %	48 %	0 %	-40 %	13 %	41 %	21 %	-5 %	-13 %	-	-	-	-
EPS	-16 %	-22 %	-21 %	13 %	48 %	0 %	-40 %	13 %	41 %	21 %	-5 %	-13 %	-	-	-	-
Yearly Growth (%)																
Revenue	-3 %	-10 %	-7 %	-14 %	1 %	11 %	17 %	6 %	13 %	11 %	14 %	13 %	-9 %	9 %	13 %	15 %
EBITDA	-23 %	-34 %	-27 %	-31 %	-9 %	6 %	-7 %	2 %	12 %	23 %	56 %	24 %	-29 %	-2 %	27 %	16 %
EBIT	-34 %	-49 %	-42 %	-46 %	-7 %	24 %	-3 %	11 %	6 %	24 %	87 %	34 %	-43 %	5 %	33 %	20 %
Recurring PAT	-32 %	-68 %	-25 %	-35 %	3 %	33 %	0 %	0 %	-4 %	15 %	84 %	41 %	-48 %	13 %	27 %	26 %
EPS	-38 %	-70 %	-37 %	-42 %	3 %	33 %	0 %	0 %	-4 %	15 %	84 %	41 %	-53 %	13 %	27 %	26 %
Margin (%)																
EBITDA	21 %	18 %	18 %	17 %	19 %	17 %	14 %	17 %	19 %	19 %	19 %	19 %	19 %	17 %	19 %	19 %
EBIT	13 %	10 %	9 %	9 %	12 %	11 %	7 %	9 %	11 %	12 %	12 %	11 %	10 %	10 %	12 %	12 %
PBT	12 %	9 %	8 %	8 %	12 %	10 %	6 %	8 %	10 %	11 %	11 %	10 %	9 %	9 %	11 %	12 %
PAT	8 %	6 %	6 %	6 %	9 %	7 %	5 %	6 %	7 %	8 %	8 %	7 %	6 %	7 %	7 %	8 %

Consolidated Financials

P&L (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Revenue	60,506	65,649	74,183	85,310
Op. Expenditure	49,272	54,651	60,162	69,016
EBITDA	11,234	10,997	14,021	16,294
Depreciation	5,042	4,472	5,365	5,870
EBIT	6,192	6,525	8,655	10,424
Interest Expense	1,408	1,463	1,637	1,404
Other Income	812	796	891	941
PBT	5,597	5,858	7,908	9,961
Tax	1,615	1,503	2,373	2,988
PAT bef. MI & Assoc.	3,982	4,354	5,536	6,973
Minority Interest	132	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	3,850	4,354	5,536	6,973
Extraordinaires	0	557	0	0
Reported PAT	3,850	3,797	5,536	6,973
FDEPS (Rs)	3.8	4.3	5.5	6.9
DPS (Rs)	0.7	0.7	0.9	1.2
CEPS (Rs)	8.8	8.8	10.9	12.8
FCFPS (Rs)	3.2	0.2	6.6	10.1
BVPS (Rs)	25.9	28.4	32.8	38.3
EBITDAM (%)	19%	17%	19%	19%
PATM (%)	6%	7%	7%	8%
Tax Rate (%)	29%	26%	30%	30%
Sales Growth (%)	-9%	9%	13%	15%
FDEPS Growth (%)	-53%	13%	27%	26%

Balance Sheet (Rs Mn)	FY18A	FY19E	FY20E	FY21E
Equity Capital	1,005	1,005	1,005	1,005
Reserve	25,052	27,536	31,983	37,505
Networth	26,057	28,541	32,988	38,510
Total Debt	32,807	35,307	31,507	26,007
Def Tax Liability	4,010	3,910	3,810	3,310
Minority Interest	467	467	467	467
Account Payables	6,447	7,734	8,943	9,817
Other Curr Liabi	2,461	2,854	3,372	4,266
Total Liabilities & Equity	72,249	78,813	81,087	82,376
Net Fixed Assets	34,599	39,126	38,761	34,891
Capital WIP	829	1,000	500	500
Others	1,713	1,713	1,713	1,713
Inventory	13,054	13,489	15,243	17,530
Account Receivables	9,310	10,792	11,991	13,556
Other Current Assets	10,083	9,783	9,483	9,083
Cash	2,661	2,910	3,396	5,103
Total Assets	72,249	78,813	81,087	82,376
Non-cash Working Capital	23,539	23,476	24,403	26,087
Cash Conv Cycle	142.0	130.5	120.1	111.6
WC Turnover	2.6	2.8	3.0	3.3
FA Turnover	1.7	1.6	1.9	2.4
Net D/E	1.2	1.1	0.9	0.5
Revenue/Capital Employed	1.0	1.0	1.1	1.2
Capital Employed/Equity	2.7	2.5	2.4	2.2

Cash Flow (Rs Mn)	FY18A	FY19E	FY20E	FY21E
PBT	5,597	5,858	7,908	9,961
Depreciation	5,042	4,472	5,365	5,870
Others	617	-557	0	0
Taxes Paid	1,343	1,503	2,373	2,988
Change in WC	-4,463	63	-927	-1,684
Operating C/F	5,450	8,333	9,974	11,159
Capex	-3,203	-9,171	-4,500	-2,000
Change in Invest	-64	0	0	0
Others	252	0	0	0
Investing C/F	-3,015	-9,171	-4,500	-2,000
Change in Debt	-303	2,500	-3,800	-5,500
Change in Equity	0	-467	0	0
Others	-2,197	-947	-1,188	-1,951
Financing C/F	-2,500	1,086	-4,988	-7,451
Net change in cash	-64	248	486	1,707
RoE (%)	15%	16%	18%	20%
RoIC (%)	8%	8%	10%	12%
Core RoIC (%)	7%	8%	9%	11%
Div Payout (%)	20%	22%	20%	21%
P/E	15.2	13.5	10.6	8.4
P/B	2.2	2.1	1.8	1.5
P/FCFF	18.0	235.2	8.9	5.8
EV/EBITDA	8.3	8.6	6.5	5.1
EV/Sales	1.5	1.4	1.2	1.0
Dividend Yield (%)	1.1%	1.2%	1.5%	2.1%

TTM P/E vs. 2 yr forward EPS growth

TTM EV/EBITDA vs. 2 yr forward EBITDA growth

TTM P/B vs. 2 yr forward RoE


Historical Consolidated Financials

P&L (Rs Mn)	FY15A	FY16A	FY17A	FY18A	Balance Sheet (Rs Mn)	FY15A	FY16A	FY17A	FY18A	Cash Flow (Rs Mn)	FY15A	FY16A	FY17A	FY18A
Revenue	53,025	59,238	66,405	60,506	Equity Capital	1,005	1,005	1,005	1,005	PBT	7,533	10,745	5,355	5,597
Op. Expenditure	40,283	43,312	50,571	49,272	Reserve	13,314	18,696	22,967	25,052	Depreciation	3,329	3,718	5,054	5,042
EBITDA	12,742	15,927	15,834	11,234	Networth	14,318	19,700	23,971	26,057	Others	2,548	1,740	501	617
Depreciation	3,329	3,718	5,054	5,042	Long Term Debt	30,821	32,478	33,114	32,807	Taxes Paid	1,767	2,393	1,067	1,343
EBIT	9,412	12,208	10,780	6,192	Def Tax Liability	1,661	2,529	4,521	4,010	Change in WC	-2,252	-530	-1,522	-4,463
Interest Expense	2,829	2,368	1,583	1,408	Minority Interest	378	412	355	467	Operating C/F	9,391	13,280	8,322	5,450
Other Income	949	904	806	812	Account Payables	6,910	6,652	7,517	6,447	Capex	-5,672	-10,478	-6,435	-3,203
PBT	7,533	10,745	10,003	5,597	Other Curr Liabi	2,865	2,989	3,804	2,461	Change in Invest	-619	925	-984	-64
Tax	2,090	3,253	1,731	1,615	Total Liabilities & Equity	56,953	64,761	73,283	72,249	Others	220	430	294	252
PAT bef. MI & Assoc.	5,443	7,491	8,271	3,982	Net Fixed Assets	26,270	33,484	36,890	34,599	Investing C/F	-6,071	-9,123	-7,124	-3,015
Minority Interest	45	126	48	132	Capital WIP	1,564	1,832	564	829	Change in Debt	568	-2,294	455	-303
Profit from Assoc.	0	0	0	0	Others	1,562	1,469	1,537	1,713	Change in Equity	4	0	0	0
Recurring PAT	5,398	7,365	8,223	3,850	Inventory	11,006	11,046	12,810	13,054	Others	-3,820	-5,017	-1,445	-2,197
Extraordinaires	0	0	4,648	0	Account Receivables	4,467	8,499	9,601	9,310	Financing C/F	-3,249	-7,310	-990	-2,500
Reported PAT	5,398	7,365	3,576	3,850	Other Current Assets	7,427	6,941	9,025	10,083	Net change in cash	71	-3,153	208	-64
EPS (Rs)	5.4	7.3	8.2	3.8	Cash	4,657	1,490	2,857	2,661	RoE (%)	42 %	43 %	38 %	15 %
DPS (Rs)	1.1	1.3	0.7	0.7	Total Assets	56,953	64,761	73,283	72,249	RoIC (%)	17 %	18 %	16 %	8 %
CEPS (Rs)	86.9	11.0	13.2	8.8	Non-cash Working Capital	13,125	16,845	20,114	23,539	Core RoIC (%)	16 %	17 %	15 %	7 %
FCFPS (Rs)	57.4	4.4	3.2	3.2	Cash Conv Cycle	90.3	103.8	110.6	142.0	Div Payout (%)	23 %	21 %	22 %	20 %
BVPS (Rs)	14.3	19.6	23.9	25.9	WC Turnover	4.0	3.5	3.3	2.6	P/E	10.9	8.0	7.1	0.0
EBITDAM (%)	24 %	27 %	24 %	19 %	FA Turnover	1.9	1.7	1.8	1.7	P/B	4.1	3.0	2.4	0.0
PATM (%)	10 %	12 %	12 %	6 %	Net D/E	1.8	1.6	1.3	1.2	P/FCFF	1.0	13.2	18.3	18.0
Tax Rate (%)	28 %	30 %	17 %	29 %	Revenue/Capital Employed	1.5	1.3	1.3	1.0	EV/EBITDA	6.9	5.9	6.2	0.0
Sales growth (%)	18 %	12 %	12 %	-9 %	Capital Employed/Equity	3.5	3.5	3.0	2.7	EV/Sales	1.7	1.6	1.5	0.0
FDEPS growth (%)	486 %	36 %	12 %	-53 %						Dividend Yield (%)	1.8 %	2.2 %	1.1 %	1.1 %

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