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November 7, 2015

Surya Roshni

Performance Highlights

Y/E March (₹ cr)	2QFY16	2QFY16	% chg (yoy)	2QFY16	% chg (qoq)
Net Sales	722	692	*4.3*	731	*(1.3)*
EBITDA	57	57	*(0.3)*	56	*1.3*
EBITDA margin (%)	*7.8*	*8.2*	*(36)bp*	*7.6*	*20bp*
PAT	13	12	*3.7*	12	*8.1*

Source: Company, Angel Research

Surya Roshni (SRL) reported a decent set of numbers for 2QFY2016. Its top-line grew by 4.3% yoy to ₹722cr led by a superb performance by the Lighting division. The EBITDA margin witnessed a slight decline of 36bp yoy to 7.8% on account of higher employee and other expenses. However, the same was mostly made up by a 244bp yoy decline in raw material cost to 70.3% of sales. The interest cost declined by 16.3% yoy to ₹24cr and as a result, the net profit grew by 3.7% yoy to ₹13cr vis-à-vis our estimate of ₹17cr.

Structural shift in the Lighting industry presents new growth opportunity: We expect SRL to benefit from the structural shift in the lighting industry towards LED lighting, which is expected to grow at a CAGR of 28% over FY2015E-21E. SRL is the second largest lighting company in India with a market share of ~ 25%. With demand for LEDs expected to rise, the company would be a key beneficiary, given that the company's "Surya" brand is well recognized and has superior market reach with its 2 lakh plus retailers.

Higher contribution from Lighting division to boost margins: SRL's Steel Pipes business, entails low profitability and has higher debt, thus having resulted in high overall debt/equity for the company. The Lighting business' contribution to the overall top-line of the company has increased from 30% in FY2012 to 40% in FY2015. The Lighting business commands higher margins (10.7%) vs the steel business (2.9%) and contributes by 70% to the company's overall profitability. We expect the Lighting business' contribution to rise on account of growth coming in from LEDs, thus enhancing overall profitability. Additionally, with healthy cash flow generated from the Lighting business and lower interest rate scenario prevailing, we expect the company to slowly reduce its debt.

Outlook and Valuation: With higher contribution from the Lighting business and entry into newer businesses, we expect the company to post a top-line CAGR of 6.2% over FY2015E-17E to ₹3,223cr. The EBITDA margin is estimated to improve from 7.8% in FY2015 to 8.4% in FY2017. Consequently, the net profit is expected to post a CAGR of 21.6% over FY2015E-17 to ₹80cr. At the current market price, the stock is trading at a cheap valuation of 6.9x its FY2017E earnings. **We maintain our Buy rating on the company with a target price of ₹183, based on a target PE of 10.0x for FY2017E.**

Financials

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Net Sales	2,959	3,031	2,857	2,992	3,223
% chg	15.8	2.4	(5.7)	4.7	7.7
Adj. Net Profit	69	53	54	64	80
% chg	33.2	(22.9)	1.4	19.1	24.2
OPM (%)	8.0	7.7	7.8	8.1	8.4
EPS (Rs)	15.8	12.2	12.3	14.7	18.3
P/E (x)	8.0	10.4	10.3	8.6	6.9
P/BV (x)	1.0	0.9	0.9	0.8	0.7
RoE (%)	13.3	9.4	8.8	9.7	11.0
RoCE (%)	11.1	10.1	9.0	9.8	11.0
EV/Sales (x)	0.5	0.5	0.5	0.5	0.4
EV/EBITDA (x)	5.7	6.5	6.4	5.7	5.1

Source: Company, Angel Research

BUY

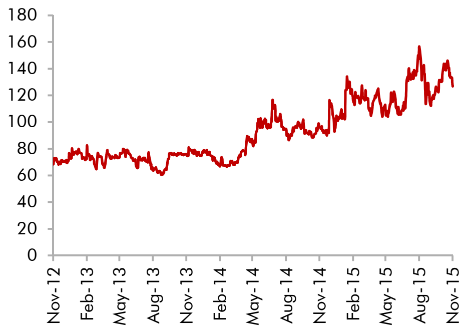
CMP	₹127
Target Price	₹183
Investment Period	12 Months

Stock Info	
Sector	Con. Durable
Market Cap (₹ cr)	556
Beta	1.8
52 Week High / Low	89 / 163
Avg. Daily Volume	1,22,534
Face Value (₹)	10.00
BSE Sensex	26,265
Nifty	7,954
Reuters Code	SURR.BO
Bloomberg Code	SYR@IN

Shareholding Pattern (%)	
Promoters	63.3
MF / Banks / Indian FIs	0.1
FII / NRIs / OCBs	0.1
Indian Public / Others	36.5

Abs. (%)	3m	1yr	3yr
Sensex	(7.2)	(5.8)	39.6
Surya Roshni	(19.0)	31.8	85.1

3 Year Price Chart



Milan Desai
022 4000 3600 ext- 6846
milan.desai@angelbroking.com

Exhibit 1: 2QFY2016 Performance highlights

Y/E March (₹ cr)	2QFY16	2QFY15	yoy chg (%)	1QFY16	qoq chg (%)	1HFY16	1HFY15	% chg
Net Sales	722	692	4.3	731	(1.3)	1,453	1,364	6.5
Net raw material	508	503	0.8	529	(4.0)	1,036	994	4.2
(% of Sales)	70.3	72.8	(244)bp	72.3	(196)bp	71.3	72.9	(160)bp
Staff Costs	45	38	19.4	44	1.7	89	76	17.3
(% of Sales)	6.2	5.5	79bp	6.1	18bp	6.2	5.6	56bp
Other Expenses	112	94	19.9	102	9.8	215	181	18.9
(% of Sales)	15.6	13.6	202bp	14.0	157bp	14.8	13.3	154bp
Total Expenditure	665	635	4.8	675	(1.5)	1,341	1,251	7.1
Operating Profit	57	57	(0.3)	56	1.3	112	112	(0.0)
OPM	7.8	8.2	(36)bp	7.6	20bp	7.7	8.2	(51)bp
Interest	24	29	(16.3)	25	(2.2)	49	58	(15.3)
Depreciation	15.37	13.97	10.0	15	3.0	30	28	9.6
Other Income	0.3	0.5	(47.2)	0.2	40.0	0	1	(34.2)
PBT	17	14	20.3	16	5.7	34	28	21.4
(% of Sales)	2.4	2.1		2.2		2.3	2.0	
Tax	5	2		5		9	4	
(% of PBT)	26	14		28		27	15	
Reported PAT	13	12	3.7	12	8.1	25	24	4.4
PATM	1.8	1.8		1.6		1.7	1.7	(3)bp

Source: Company, Angel Research

Exhibit 2: Actual vs. Angel estimate (2QFY2016)

(₹ cr)	Actual (₹ cr)	Estimate (₹ cr)	% variation
Total Income	722	734	(1.6)
EBIDTA	57	61	(6.7)
EBIDTA margin	7.8	8.3	(42)bp
Adj. PAT	13	17	(25.3)

Source: Company, Angel Research

Numbers broadly in-line with estimates

For 2QFY2016, SRL posted a decent set of numbers. The top-line grew by 4.3% yoy to ₹722cr led by a superb performance by the Lighting division. The top-line was marginally below our estimate of ₹734cr. The EBITDA margin witnessed a slight decline of 36bp yoy to 7.8% (against our estimate of 8.3%) on account of higher employee and other expenses. However, the same was mostly made up by a 244bp yoy decline in raw material cost to 70.3% of sales. The company had incurred a higher advertisement spent in 1QFY2016 as it roped in celebrities to promote its Lighting business which could have resulted in higher other expenses during 2QFY2016. The company has reduced its debt in the half year (1HFY2016) and as a result, the interest cost for the quarter declined by 16.3% yoy to ₹24cr. Aided by lower interest outgo, the net profit grew by 3.7% yoy to ₹13cr vis-à-vis our estimate of ₹17cr.

Segment-wise performance

Exhibit 3: Segment-wise performance

Y/E March (₹ cr)	2QFY16	2QFY16	% chg (yoy)	2QFY16	% chg (qoq)
Total Revenue					
A) Steel Products	414	457	(9.2)	466	(11.1)
B) Lighting Poducts	355	286	24.1	318	11.7
Total	**770**	**743**	**3.6**	**784**	**(1.8)**
Excise Duty	(48)	(51)		(53)	
Net Sales	722	692	4.3	731	(1.3)
Segmental Profit					
A) Steel Products	9	13	(30.0)	10	(9.5)
B) Lighting Poducts	32	30	7.0	31	4.4
Segmental Margin (%)					
A) Steel Products	2.2	2.9	(66)bp	2.2	4bp
B) Lighting Poducts	9.1	10.5	(145)bp	9.7	(64)bp

Source: Company, Angel Research

Steel products: The Steel business' top-line declined by 9.2% yoy to ₹414cr. The volume for the company grew by 9.0% yoy but the lower steel prices dragged down the realizations by ~17.0%. The segment's profits declined by 30.0% yoy to ₹9cr and the margin declined by 66bp yoy to 2.2% on account of inventory loss.

The company has recently started manufacturing square and rectangular section (hollow) pipes which are used for civil structures, furniture, transmission towers, etc. The response has been favorable and is expected to add to the Steel business' turnover in the future.

Lighting products: The Lighting business posted a robust growth of 24.1% yoy to ₹355cr, but the segment's margin declined by 145bp yoy to 9.1%. The segment's profitability increased by 7.0% yoy to ₹32cr. The decline in margin is owing to the company increasing its advertisement spend since 4QFY2015 to promote its newly launched products. As a result, profitability too was impacted.

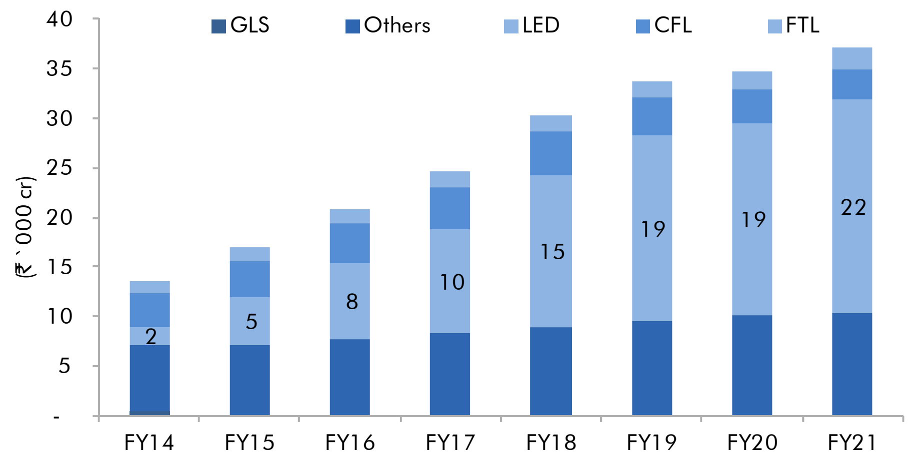
Investment Arguments

Structural shift in the industry presents growth opportunity.

In line with the industry trend, the company has added a wide range of LED products to its offerings. There is an ongoing change in preference towards LED lighting over CFL and GLS bulbs, owing to the former's cost effective nature. Industry reports suggest that LEDs will soon replace GLS and CFL and this will be due to measures taken by the government like changing all street lights and lights in public spaces to LED lights, making all LED specifications mandatory, and providing free LED lamps instead of CFL bulbs to below poverty line (BPL) families. In our opinion, switchover to LED lighting for street and public lighting provides significant opportunity to the companies in the segment.

Citing this structural shift, ELCOMA expects the market size of LED to touch ~₹10,500cr by FY2017E and reach ~₹21,630cr by FY2021. As per the projections, LEDs are expected to account for ~58% of the total lighting industry by FY2021. Currently, LED revenues of SRL for FY2015 are estimated to be at ~₹100cr. In the current financial year, the company has been awarded orders worth ₹100cr to supply LED bulbs, street lights and other lighting products from EESL and other PSUs. The Management expects LEDs to contribute ~30% to the company's Lighting business' turnover in the next two to three years, while targeting revenue of ~₹500cr from the segment.

Exhibit 4: LEDs' contribution to increase significantly



Source: ELCOMA, Angel Research

Strong position in the lighting industry

The Indian lighting industry has displayed strong growth over the years, posting a CAGR of 18.6% over FY2011-14 to reach ₹13,500cr. The growth has been largely driven by shift from GLS lamps to CFLs and the next round of growth is expected to come from the LED segment. Tracing this, the Indian lighting industry is expected to grow at a CAGR of 22.8% over FY2014-17E to ₹25,000cr and reach the ₹37,000cr mark by FY2021.

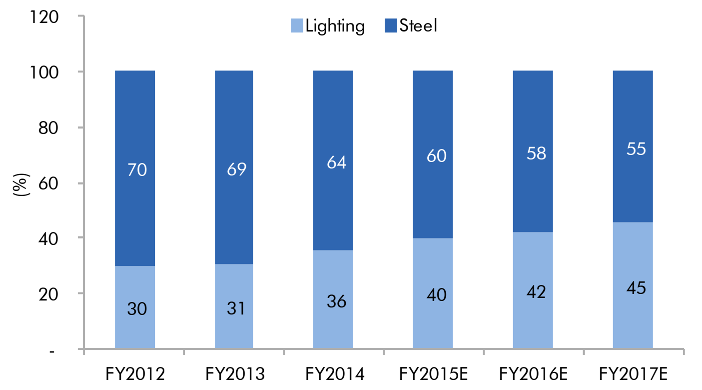
This positive outlook on the lighting industry augurs well for SRL as it is the second largest lighting company in India. In the domestic lighting segment, Surya is a prominent brand in the consumer market and it has a market share in excess of 25%. It has a network of 2 lakh retailers across the country. The company has maintained its brand identity over the years and has also doubled its advertisement spend in the past year to assist its dealer network.

It has a state-of-the-art research and development centre in Noida which assists in launching efficient products for the markets. Additionally, the company has decided to venture into the business of solar power based lighting systems for rural and urban use which will be an additional revenue source for the company.

Higher contribution from the Lighting division to boost profitability

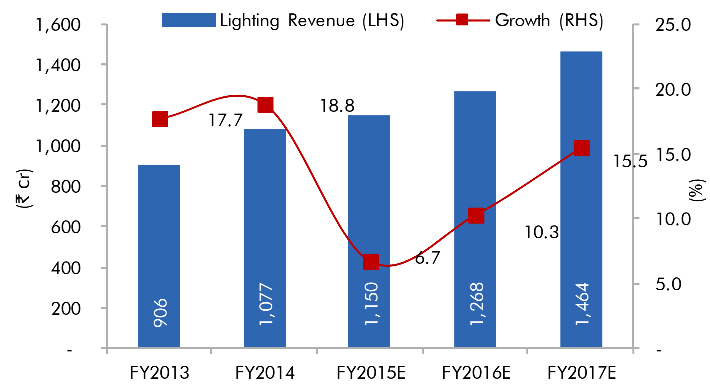
Historically, the company's Steel division has been a major contributor to the overall revenues vis-à-vis its Lighting division. In the past, the contribution has been 70%-30% in favor of the Steel division. As for profitability, the Lighting business has a better margin profile than the Steel business. A look at the recent performance suggests that the trend seems to be changing, especially since FY2014, where the Lighting business accounted for 35.5% of overall sales vs 30.6% in FY2013. This share further climbed up to 40.2% in FY2015 and we expect it to reach the level of 45% by FY2017.

Exhibit 5: Lighting business' contribution to improve



Source: Company, Angel Research

Exhibit 6: Lighting business Revenue Trend



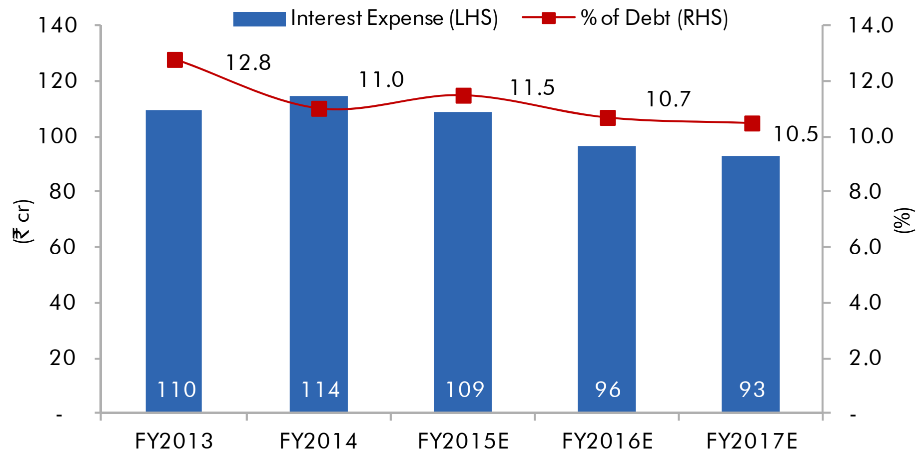
Source: Company, Angel Research

SRL is the only lighting company with 100% backward integration, which benefits the company in terms of availability of best quality raw materials at effectively lower costs. We expect increase in contribution from the Lighting division, driven by shift towards LEDs, to boost the overall profitability of the company.

Lower interest cost to add to bottom-line

The declining interest rate scenario is likely to benefit leveraged companies like SRL. The Reserve Bank of India (RBI), since the beginning of the current financial year, has reduced interest rates by 75bp. With interest rates expected to reduce further, SRL's interest expense will be lower and we expect the company to use its healthy cash flows from the Lighting business to slowly reduce its debt. The company has reduced its debt in the last year and followed on with debt reduction of ~₹65cr in 1HFY2016.

Exhibit 7: Decline in interest cost



Source: Company, Angel Research

Fans business receiving good response; Company forays into Appliances business

In January 2014, the company entered the ₹5,000cr Indian fan industry by launching its 'Surya' brand of fans which has received a favorable response. With an assist from its strong retail network, the company was able to clock revenues of ~₹60cr (FY2015) in a relatively shorter period of time. Encouraged by the impressive response to its Fans business, the company has recently forayed into the Home Appliances business in the Indian market. The range of product offerings includes water heaters/room heaters, dry irons, steam irons and mixer-grinders. The Management expects to achieve ₹200cr of sales from the Fans business by FY2016 and further targets to reach the ₹500cr mark in a span of three-four years. As for Home Appliance, the Management expects to garner revenue of ₹200cr from this segment by FY2017E.

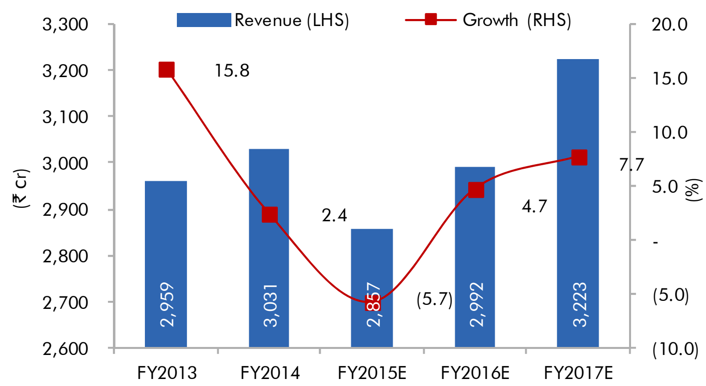
Steel business to remain under pressure

Although the Steel business' share in overall revenues of the company has been declining in recent times, it is still a major part of the company's operations. It is a leader in the steel tube industry in India with products for infra, oil & gas, and construction sectors. Apart from the standalone business, the company has investment in Surya Global Steel Tubes Ltd (SGSTL), holding 49.99% stake in it. SGSTL is into manufacturing of ERW and spiral pipes at its plant in Bhuj (Gujarat), mainly catering towards exports (75%). Owing to declining steel prices, the performance of the segment has been negatively impacted. In the near term, we expect the performance of the division to just be stable and not be impressive owing to lower steel prices (hurting realizations) and lower oil prices, which has dampened demand from the oil exploration side. However, in the long run, the division should post better results once the demand from oil and gas, infra and other sectors begins to pick up. Further, the government's vision to build 100 smart cities will have a favorable impact on the steel pipe business, in the longer term time horizon.

Financials

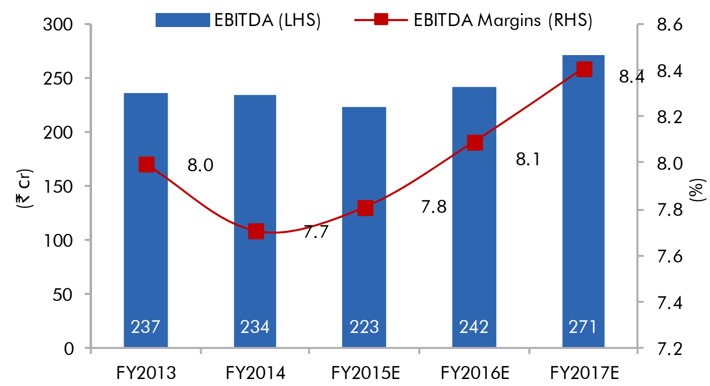
With surging contribution of the Lighting business (on the back of shift from CFL to LED), we expect the company's revenue to improve from ₹2,857cr in FY2015E to ₹3,223cr in FY2017E. We also expect the Fans business' contribution to improve and expect the Appliances business to benefit from the brand pull and pan India retail network of the company, much like the Fans business.

Exhibit 8: Revenue trend



Source: Company, Angel Research

Exhibit 9: EBITDA Margins to improve

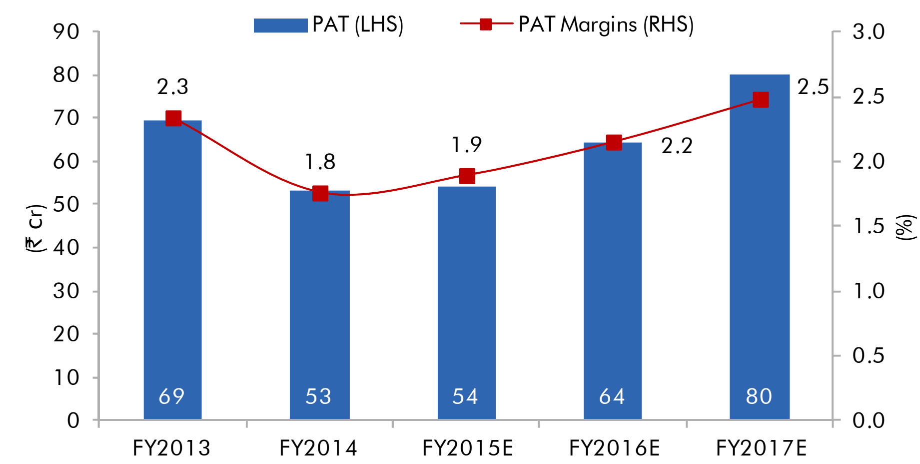


Source: Company, Angel Research

Higher contribution from Lighting to maintain EBITDA margins

Owing to higher contribution from the Lighting business, the EBITDA margins for the company are expected to improve from 7.8% in FY2015 to 8.4% in FY2017 despite of declining profitability of the Steel business. The declining interest rate environment will have a positive impact on leveraged companies like SRL. We expect interest expense to decline from ₹109cr in FY2015 to ₹93cr in FY2017. With the above estimates we believe that the company's net profit should improve from ₹54cr in FY2015 to ₹80cr in FY2017.

Exhibit 10: PAT trajectory



Source: Company, Angel Research

Outlook and Valuation

With higher contribution from the Lighting business and entry into newer businesses, we expect the company to post a CAGR of 6.2% in the top-line over FY2015E-17E to ₹3,223cr. The EBITDA margin is estimated to improve from 7.8% in FY2015 to 8.4% in FY2017. Consequently, the net profit is expected to post a CAGR of 21.6% over FY2015E-17 to ₹80cr. At the current market price, the stock is trading at a cheap valuation of 6.9x its FY2017E earnings. **We maintain our Buy rating on the company and revise our target price to ₹183, based on a target PE of 10.0x for FY2017E.**

Exhibit 11: Steel Business Peer comparison (TTM basis)

	Sales (₹ cr)	EBIT (₹ cr)	EBIT Margin (%)	Capital Employed (₹ cr)	ROCE (%)
APL Apollo Consolidated	3,265	164	5.0	928	17.7
Surya Roshni	1,843	43	2.3	1,047	4.1

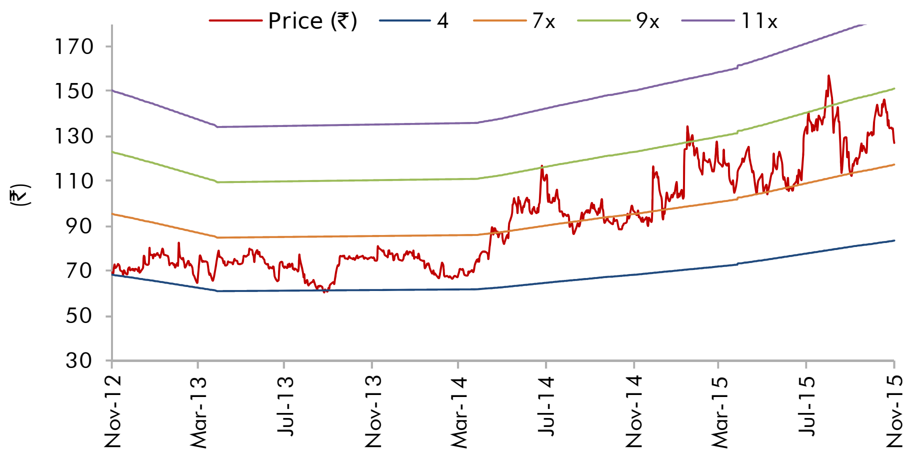
Source: Company, Angel Research

Exhibit 12: Lighting Business Peer comparison (TTM basis)

	Sales (₹ cr)	EBIT (₹ cr)	EBIT Margin (%)	Capital Employed (₹ cr)	ROCE (%)
Orient Paper & Ind Ltd	1,225	57	4.6	363	15.6
Surya Roshni	1,312	125	9.5	721	17.3

Source: Company, Angel Research

Exhibit 13: One-year forward P/E band



Source: Company, Angel Research

Key Risks

Competition from Unorganized players – Competition from the unorganized sector and cheaper imports from China could hurt the company's sales.

Sharp movement in commodity prices – Metal is a major raw material for the steel tube and pipes segment. Steep increase in raw material cost will have a negative impact on the performance of the company.

Downturn in Economy – Failure in revival of the economy or deterioration in the economic condition will have a negative impact on both the Steel and Lighting businesses.

Corporate Guarantee for Loans to Subsidiary – The company has provided corporate guarantee in favor of bank for loans to its subsidiary Surya Global Steel Tubes Ltd for a sum of ₹135cr (outstanding portion is ₹21cr as on 31st March 2015). Non repayment of the loan may result in an increase in debt, thus working against our estimates.

We have based our assumptions on the structural shift in the Lighting industry towards LED lighting. Delay in switchover to LED or any other issues that may impact the LED switchover will have a negative impact on the revenues of the company.

Company Background

Surya Roshni Ltd is a 38 year old conglomerate with its core business comprising of lighting and steel tube products. The company has nearly four decades of experience in the steel pipe industry and nearly three decades of experience in the lighting industry. The company is a reputable name in India and also has presence in over more than 54 countries. It has recently forayed into fans and appliances businesses.

Steel – The company is a leader in the steel pipe industry and is the largest G.I & Hollow section Pipe manufacturer in India. It has the largest ERW pipe and cold rolled strips mills at Bahadurgarh, Haryana. It also produces API pipes for India as well as export markets. The pipe division produces nearly 8 lakh MT per annum in various sizes and specifications. The exports from the segment account for ~17% (₹340cr) of total revenues.

Lighting – The company is the second largest lighting company in India commanding a market share in excess of 25%. The company's existing range of products includes LED lamps, CFL, tube light, GLS, luminaries and accessories, high mast lighting systems, lighting poles, etc.

Fans – The company has recently entered the fans business with product offering that include ceiling, table, pedestal, wall mounted and exhaust fans. Approximately, the fans business accounts for ~₹60cr of the overall revenues.

The company in FY2012 had set up a development (R&D) centre in Noida, which is equipped with most advanced equipments for light measurement and optical evaluation for conventional lighting as well as LED measurement. It is listed as one of the best testing laboratories in India by Bureau of Energy Efficiency (BEE) for LED lighting system.

Plant Locations

Exhibit 14: Plant Locations

Lighting Division	Steel Division
Kashipur, Uttaranchal	Malanpur, Madhya Pradesh
Malanpur, Madhya Pradesh	Bahadurgarh, Haryana

Source: Company

Profit and loss statement

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Total operating income	**2,959**	**3,031**	**2,857**	**2,992**	**3,223**
% chg	*15.8*	*2.4*	*(5.7)*	*4.7*	*7.7*
Net Raw Materials	2,251	2,266	2,063	2,136	2,293
% chg	*15.4*	*0.7*	*(8.9)*	*3.5*	*7.3*
Personnel	135	151	156	180	193
% chg	*6.5*	*12.2*	*3.5*	*14.8*	*7.7*
Other	337	380	414	434	465
% chg	*19.6*	*12.8*	*8.9*	*4.7*	*7.3*
Total Expenditure	2,722	2,797	2,634	2,750	2,952
EBITDA	**237**	**234**	**223**	**242**	**271**
% chg	*20.8*	*(1.3)*	*(4.5)*	*8.5*	*11.9*
(% of Net Sales)	*8.0*	*7.7*	*7.8*	*8.1*	*8.4*
Depreciation& Amortisation	57	56	56	61	64
EBIT	**180**	**178**	**167**	**181**	**207**
% chg	*21.2*	*(1.2)*	*(6.1)*	*8.3*	*14.5*
(% of Net Sales)	*6.1*	*5.9*	*5.8*	*6.0*	*6.4*
Interest & other Charges	**110**	**114**	**109**	**96**	**93**
(% of Net Sales)	*3.7*	*3.8*	*3.8*	*3.2*	*2.9*
Other Income	2	4	4	1	1
(% of Net Sales)	*0.1*	*0.1*	*0.1*	*0.0*	*0.0*
Recurring PBT	**70**	**64**	**58**	**85**	**115**
% chg	*28.7*	*(9.8)*	*(8.6)*	*45.7*	*35.4*
PBT (reported)	**72**	**67**	**62**	**86**	**116**
Tax	3	14	8	21	36
(% of PBT)	*3.9*	*20.5*	*12.4*	*25.0*	*31.0*
PAT (reported)	**69**	**53**	**54**	**64**	**80**
Extraordinary Expense/(Inc.)	-	-	-	-	-
ADJ. PAT	**69**	**53**	**54**	**64**	**80**
% chg	*33.2*	*(22.9)*	*1.4*	*19.1*	*24.2*
(% of Net Sales)	*2.3*	*1.8*	*1.9*	*2.2*	*2.5*
Basic EPS (₹)	**15.8**	**12.2**	**12.3**	**14.7**	**18.3**
Fully Diluted EPS (₹)	**15.8**	**12.2**	**12.3**	**14.7**	**18.3**
% chg	*33.2*	*(22.9)*	*1.4*	*19.1*	*24.2*

Balance Sheet

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
SOURCES OF FUNDS					
Equity Share Capital	44	44	44	44	44
Reserves& Surplus	502	551	588	647	722
Warrants	-	-	-	-	-
Shareholders' Funds	546	595	632	691	766
Revaluation of Land	186	179	179	179	179
Total Loans	857	1,038	948	900	882
Other Long Term Liabilities	5	6	7	7	7
Long Term Provisions	18	17	19	19	19
Deferred Tax Liability	42	48	51	51	51
Total Liabilities	1,655	1,883	1,836	1,848	1,905
APPLICATION OF FUNDS					
Gross Block	1,364	1,470	1,553	1,622	1,692
Less: Acc. Depreciation	511	558	617	678	742
Net Block	853	912	936	944	950
Capital Work-in-Progress	26	54	26	20	15
Investments	50	50	50	50	50
Current Assets	886	1,055	1,066	1,060	1,132
Cash	19	25	26	22	13
Loans & Advances	70	94	118	120	129
Inventory	380	433	390	402	435
Debtors	410	497	524	508	547
Other current assets	6	7	8	8	8
Current liabilities	161	188	243	226	243
Net Current Assets	725	867	823	834	890
Misc. Exp. not written off	-	-	-	-	-
Total Assets	1,655	1,883	1,836	1,848	1,905

Cash flow statement

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Profit before tax	72	67	62	86	116
Depreciation	57	56	56	61	64
Change in Working Capital	(50)	(136)	46	(15)	(64)
Direct taxes paid	(3)	(14)	(11)	(21)	(36)
Others	99	117	114	(1)	(1)
Cash Flow from Operations	**175**	**90**	**267**	**109**	**78**
(Inc.)/Dec. in Fixed Assets	(72)	(133)	(56)	(62)	(65)
(Inc.)/Dec. in Investments	0	0	-	-	-
(Incr)/Decr In LT loans & adv.	-	-	-	-	-
Others	(4)	(13)	(6)	1	1
Cash Flow from Investing	**(77)**	**(146)**	**(62)**	**(61)**	**(63)**
Issue of Equity	(15)	(7)	(0)	-	-
Inc./(Dec.) in loans	25	181	(87)	(47)	(18)
Dividend Paid (Incl. Tax)	(20)	(5)	(5)	(5)	(5)
Others	(89)	(107)	(111)	-	-
Cash Flow from Financing	**(100)**	**61**	**(203)**	**(53)**	**(23)**
Inc./(Dec.) in Cash	(2)	6	2	(5)	(9)
Opening Cash balances	**21**	**19**	**25**	**26**	**22**
Closing Cash balances	**19**	**25**	**26**	**22**	**13**

Key Ratios

Y/E March	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Valuation Ratio (x)					
P/E (on FDEPS)	8.0	10.4	10.3	8.6	6.9
P/CEPS	4.4	5.1	5.0	4.4	3.9
P/BV	1.0	0.9	0.9	0.8	0.7
EV/Net sales	0.5	0.5	0.5	0.5	0.4
EV/EBITDA	5.7	6.5	6.4	5.7	5.1
EV / Total Assets	0.8	0.8	0.8	0.7	0.7
Per Share Data (₹)					
EPS (Basic)	15.8	12.2	12.3	14.7	18.3
EPS (fully diluted)	15.8	12.2	12.3	14.7	18.3
Cash EPS	28.7	24.9	25.1	28.6	32.8
DPS	4.0	1.0	1.0	1.0	1.0
Book Value	124.6	135.6	144.1	157.6	174.7
DuPont Analysis					
EBIT margin	6.1	5.9	5.8	6.0	6.4
Tax retention ratio	1.0	0.8	0.9	0.8	0.7
Asset turnover (x)	1.9	1.8	1.6	1.7	1.8
ROIC (Post-tax)	11.4	8.5	8.4	7.8	8.0
Cost of Debt (Post Tax)	12.5	9.6	9.6	7.8	7.2
Leverage (x)	1.4	1.6	1.4	1.2	1.1
Operating ROE	9.8	6.8	6.7	7.7	8.8
Returns (%)					
ROCE (Pre-tax)	11.1	10.1	9.0	9.8	11.0
Angel ROIC (Pre-tax)	11.9	10.7	9.6	10.4	11.6
ROE	13.3	9.4	8.8	9.7	11.0
Turnover ratios (x)					
Asset TO (Gross Block)	2.2	2.1	1.9	1.9	1.9
Inventory / Net sales (days)	47	49	53	48	47
Receivables (days)	46	55	65	62	62
Payables (days)	18	23	30	30	30
WC cycle (ex-cash) (days)	84	93	105	98	96
Solvency ratios (x)					
Net debt to equity	1.4	1.6	1.4	1.2	1.1
Net debt to EBITDA	3.3	4.1	3.9	3.4	3.0
Int. Coverage (EBIT/ Int.)	1.6	1.6	1.5	1.9	2.2

Research Team Tel: 022 - 39357800 E-mail: research@angelbroking.com Website: www.angelbroking.com

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Disclosure of Interest Statement	**Surya Roshni**
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Based on expected returns over 12 months investment period):	*Buy (> 15%)*	*Accumulate (5% to 15%)* *Reduce (-5% to -15%)*	*Neutral (-5 to 5%)* *Sell (< -15)*