Surya Roshni

Initiating Coverage – A Brighter Future

Surya Roshni Ltd is a 38 year old conglomerate with its core business comprising of lighting and steel tube products. The Lighting business has superior profitability than the latter and the company is among the largest players in the lighting industry with a market share in excess of 25%. The company has a pan India presence spanning a network of ~2 lakh retailers. Although the Steel business is expected to grow at a muted pace, the division will perform well owing to increased spend on Infra projects and with government initiatives like building smart cities across India.

Structural shift in the Lighting industry presents new growth opportunity: The Lighting business is primed for a good performance owing to the structural shift in the industry towards LED (Light Emitting Diodes) lights. Citing cost efficient nature of LEDs, Electric Lamp and Components Manufacturers Association (ELCOMA) projects the share of LEDs in the Lighting industry to increase substantially. Major initiatives like changing all street lights and lights in public spaces to LED lights, by the government, are expected to fuel growth of LEDs. As a result, the 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 FY2021E. This bodes well for the Lighting division of the company which is likely to contribute more significantly to the overall top-line, mainly due to its vast retail presence. We expect the Lighting business' revenues to grow at a CAGR of 13.1% over FY2015E-17E to ₹1,400cr and this will have a favourable impact on the overall margins due to better profitability of the business.

Exploring newer avenues: Thanks to its strong network of retailers, the Fan business (which was launched in January 2014) has received a good response in a relatively shorter period of time; clocking revenues of ~₹60cr in FY2015. Encouraged by the good response, the company has entered the Home Appliances business and will also be venturing into the business of providing solar based lighting systems for rural and urban use. Leveraging upon its strong network, we expect the company to successfully scale up its new ventures.

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 ₹3,216cr. Owing to better margin profile of the Lighting business, the EBITDA margins are estimated to improve from 8.1% in FY2015E to 8.6% in FY2017E. Consequently, the net profit is expected to post a CAGR of 27.7% over FY2015E-17E to ₹80cr. At the current market price, the stock is trading at 6.0x its FY2017E earnings. **We initiate coverage on the company with a Buy rating and target price of ₹149 based on SOTP valuation.**

SOTP Valuation

Particulars	Remarks	Exp. Mcap (₹ cr)	₹/Share
Steel Business	3x its FY2017E EBIT (minus ₹913cr of debt)	(749)	(171)
Lighting Business	9x its FY2017E EBIT	1,405	320
Total			149

Source: Company, Angel Research

Financials

Y/E March	Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	RoE (%)	P/E (x)	P/BV (x)	EV/BITDA (x)	EV/Sales (x)
FY2015E	2,853	8.1	49	11.2	8.0	9.8	0.8	5.9	0.5
FY2016E	2,990	8.3	63	14.3	9.4	7.6	0.7	5.4	0.5
FY2017E	3,216	8.6	80	18.3	10.9	6.0	0.6	4.8	0.4

Source: Company, Angel Research

BUY

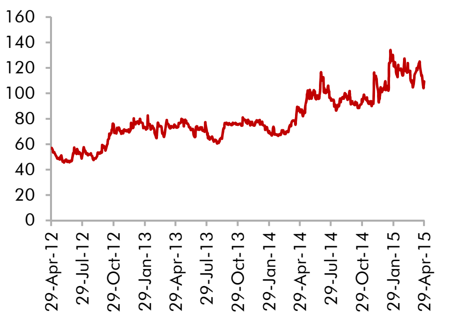
CMP	₹109
Target Price	₹149
Investment Period	12 Months

Stock Info	
Sector	Cons. Durable
Market Cap (₹ cr)	480
Beta	1.5
52 Week High / Low	81/143
Avg. Daily Volume	96,896
Face Value (₹)	10.00
BSE Sensex	27,226
Nifty	8,230
Reuters Code	SURR.BO
Bloomberg Code	SYR@IN

Shareholding Pattern (%)	
Promoters	64.0
MF / Banks / Indian FIs	0.1
FII / NRIs / OCBs	0.0
Indian Public / Others	35.9

Abs. (%)	3m	1yr	3yr
Sensex	(7.3)	21.1	59.4
Surya Roshni	(14.8)	22.1	87.9

3-year daily price chart



Source: Company, Angel Research

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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 offering. LED bulbs are a newer innovation in the lighting industry and they differ in technology from CFL and GLS bulbs. Although cost of initial purchase is far higher than CFL and GLS bulbs, LEDs prove to be most cost efficient over the life of the bulb in comparison to the latter two. Below table highlights the approximate cost savings by switching to LEDs.

Exhibit 1: Comparison (GLS-CFL-LED)

Particulars	GLS	CFL	LED
Average Life Span (Hours)	1,200	8,000	35,000
Watts (equivalent 60 watts)	**60**	**14**	**8**
Cost Per Bulb	20	150	480
Electricity cost (₹/kWh) - Residential	3.5	3.5	3.5
Daily Cost (Assuming 5 hours/day)	1.1	0.245	0.14
Bulbs needed for 50k hours	41.7	6.3	1.4
Cost for 50k hours of use	10,500	2,450	1,400
Cost of Bulbs	833	938	686
Total Spend	**11,333**	**3,388**	**2,086**

Source: Company, Angel Research

As per industry reports, there will be a structural shift in the lighting industry towards LEDs owing to several 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.

Of the potential drivers for the segment listed above, we believe that switchover to LED lighting for street and public lighting provides significant opportunity to the company in the segment. Energy Efficiency Services Ltd (EESL), in its toolkit for street light energy efficiency, has projected that retrofitting conventional streetlight with LED could result in potential savings of 4,300mn kWh of energy. As per the revisited BEE (Bureau of Energy Efficiency) supported project report, there are 269 municipal corporations having 33.65 lakh streetlights, that could be replaced at an investment of ₹2,500cr.

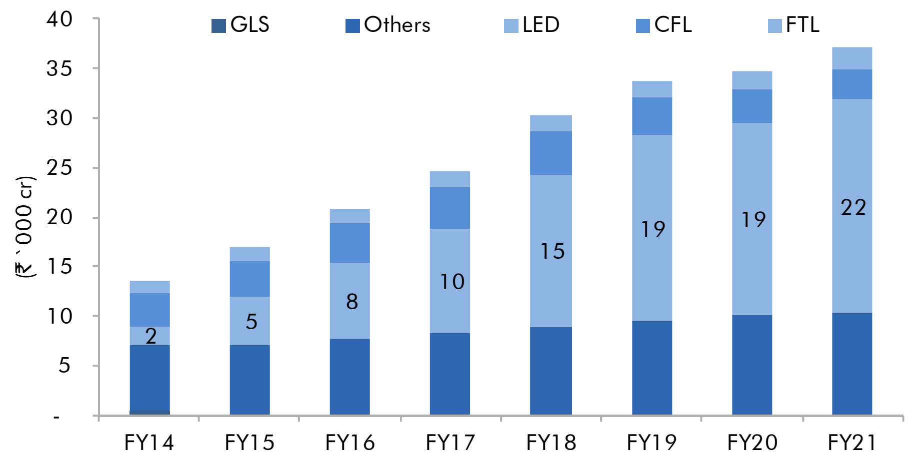
Exhibit 2: Street light segment opportunities

State and # of Municipalities	Investment (₹ cr)	No. of Lights
Andhra Pradesh (9)	360.0	3,56,162
Assam (6)	1.9	4,372
Bihar (6)	12.4	11,129
Chattisgarh (4)	32.4	54,811
Haryana (9)	45.9	54,151
Himachal Pradesh (4)	2.0	5,913
Kerala (9)	99.3	1,44,515
Maharashtra (10)	428.3	4,01,303
Madhya Pradesh (13)	120.6	4,01,303
Punjab (6)	8.3	1,16,291
Rajasthan (6)	105.9	1,82,117
Uttar Pradesh (11)	296.5	3,48,332
Uttarakhand (1)	21.2	23,367
West Bengal (17)	294.4	3,99,457
Gujarat (159)	637.9	8,62,000
Total	2,466.8	33,65,223

Source: EESL, BEE, Angel Research

Citing this structural shift, ELCOMA expects LED market size to touch ~₹10,500cr by FY2017E and reach ~₹21,630cr by FY2021E. As per the projections, LEDs are expected to account for ~58% of the total lighting industry.

Exhibit 3: LEDs' contribution to increase significantly



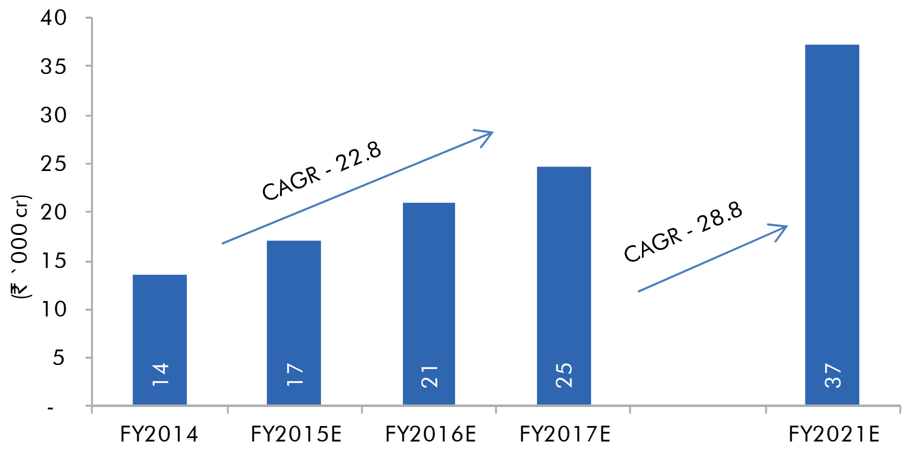
Source: ELCOMA, Angel Research

Currently, LED revenues for the company for FY2015 are estimated to be at ~₹100cr. The Management is upbeat about the prospects and 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. We believe that there is a great opportunity for Surya Roshni in the fast growing LED market owing to shift in preference towards cost efficient lighting solutions.

Strong position in the lighting industry

As per ELCOMA, 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. With the next round of growth coming from the LED segment, 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 FY2021E.

Exhibit 4: Indian lighting Industry projection



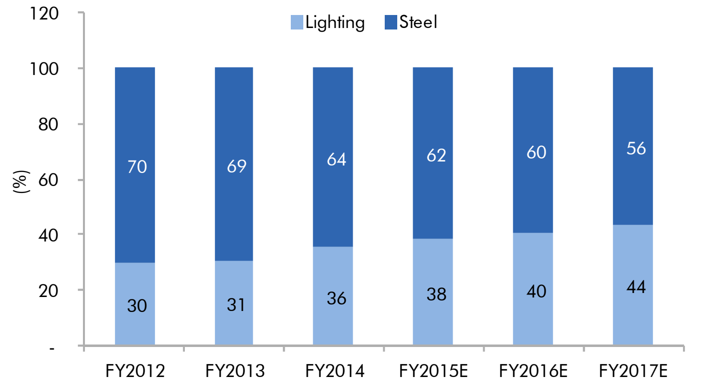
Source: ELCOMA, Angel Research

This positive outlook on the lighting industry augurs well for Surya Roshni as it is the second largest lighting company in India with nearly three decades of experience. 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 India and also has international presence in over more than 54 countries. The company has maintained its brand identity over the years and offers a wide range of world class energy efficient lighting solutions (LED, CFL, Tube Light, GLS, Luminaries and Accessories, High Mast Lighting Systems, Lighting Poles etc.) for segments that include domestic, industrial, designer, commercial, and street lights. It has a state of the art research and development centre in Noida which assists the company 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

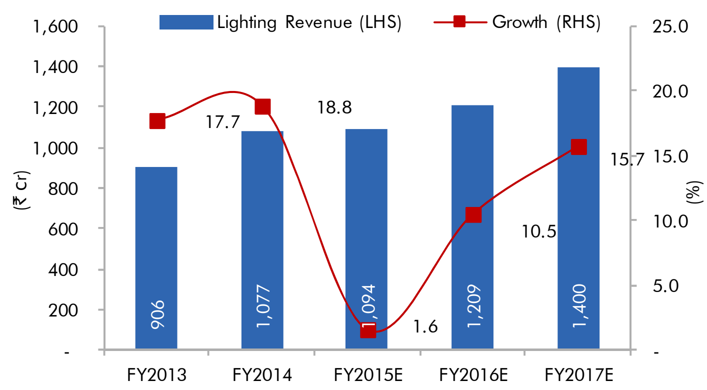
Historically, the company's Steel division has been a major contributor to the overall revenues vis-à-vis its Lighting division. In the past the contribution has been 70%-30% in favor of the Steel division. As for profitability, the Lighting business has a better margin profile than the Steel business. The Lighting division's margins are at ~11% as of 9MFY2015 as against the Steel division's margin of ~3.2%. 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 has further climbed up to ~39% in 9MFY2015 and we expect it to reach levels of 44% by FY2017E.

Exhibit 5: Lighting business contribution to improve



Source: Company, Angel Research

Exhibit 6: Lighting business Revenue Trend



Source: Company, Angel Research

Surya Roshni 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.

Fans Business receiving good response

In January 2014, the company pronounced its presence in the ₹5,000cr Indian fan industry by launching its 'Surya' brand of fans. Its nationwide reach through its strong retail network and brand pull enjoyed by the company has enabled it to post ~₹60cr of revenue in FY2015E. The Management expects to achieve ₹200cr of sales from the Fans business by FY2016E and further targets to reach the ₹500cr mark in a span of three-four years. Given the wide range of products in its portfolio along with existing network of 2 lakh retailers, we expect the contribution from the business to increase in the long run.

Foray into Appliances business

Encouraged by the impressive performance of its Fans business in a relatively shorter period of time, 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 company expects to garner revenue of ₹200cr from this segment by FY2017E. We expect the Appliances business to enjoy similar success as the company's Fans business, and add to company's revenues once the business gets ramped up.

Steel business to improve at a snail pace

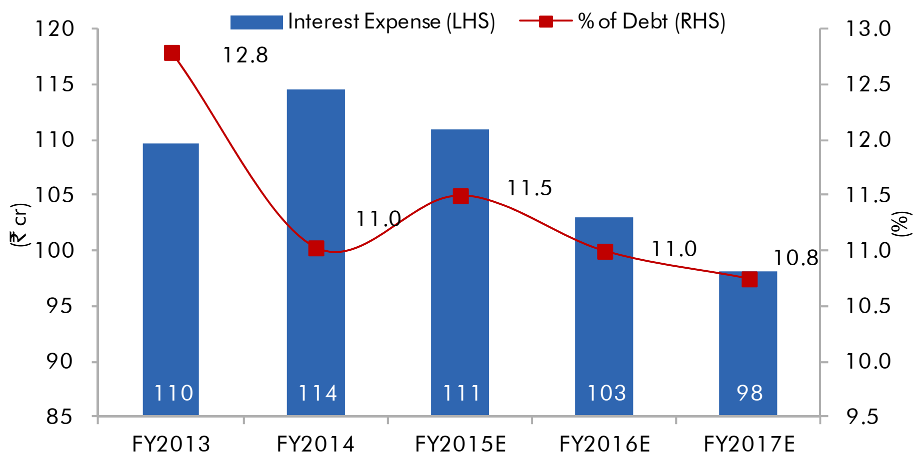
Although the Steel business' share in overall revenues of the company has been declining in recent times, it is still a major part of the company's operations. It is a leader in the steel tube industry in India with products for infra, oil & gas, and construction sectors. Apart from the stand alone business, 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%). The last reported revenue from the subsidiary was ₹610cr for September 2012.

In the near term, we expect the performance of the division to just be stable and not be impressive owing to a slew of recent events that have been unfavorable for the division. Most important of them are lower oil prices, which have dampened demand from the oil exploration side, and lower global commodity prices. Hence we have factored in negligible growth rate for the division. 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.

Lower interest cost to add to bottom-line

The recent trend of declining interest rates is likely to benefit leveraged companies like Surya Roshni. The Reserve Bank of India (RBI), since the beginning of the current calendar year, has reduced interest rates by 50bp and is expected to further cut down rates by 50-75bp. We have accounted for a 75bp reduction in interest expense for the company over FY2015E-17E. We have reduced the debt quantum for FY2015E, in-line with the number reported by the company in its half-yearly statement, and taken marginal reductions, going forward. We estimate the interest expense to decline from ₹111cr in FY2015E to ₹98cr in FY2017E. This lower interest outgo will add directly to the bottom-line.

Exhibit 7: Decline in interest cost



Source: Company, Angel Research

Financials

Exhibit 8: Segment Finance

(in ₹ cr)	FY2014	FY2015E	FY2016E	FY2017E
Revenue				
Lighting	1,077	1,094	1,209	1,400
% chg	*18.8*	*1.6*	*10.5*	*15.7*
% of total	*35.5*	*38.4*	*40.4*	*43.5*
Steel	1,954	1,758	1,781	1,816
% chg	*(4.8)*	*(10.0)*	*1.3*	*2.0*
% of total	*64.5*	*61.6*	*59.6*	*56.5*
Total Segment Revenue	3,031	2,853	2,990	3,216
EBIT				
Lighting	108	120	134	156
% yoy	*9.2*	*11.4*	*11.0*	*16.7*
% of total	*60.7*	*70.0*	*71.8*	*74.1*
Steel	70	52	53	54
% yoy	*(13.8)*	*(26.1)*	*1.6*	*3.7*
% of total	*39.3*	*30.0*	*28.2*	*25.9*
Total	178	172	186	211

Source: Company, Angel Research

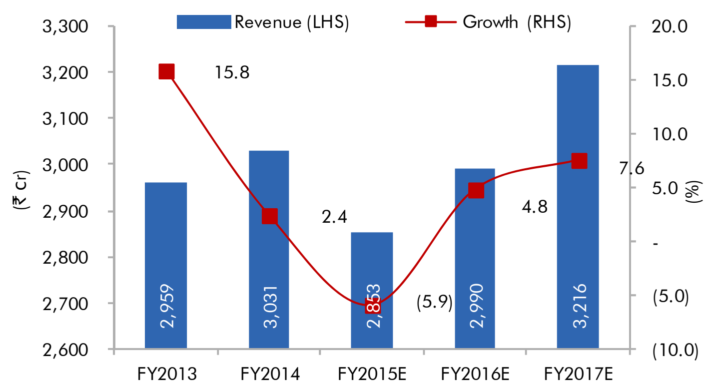
Exhibit 9: Key assumptions – Lighting Division

(in ₹ cr)	FY2015E	FY2016E	FY2017E
Net Revenue			
LED	105	168	269
% yoy	*320.0*	*60.0*	*60.0*
CFL	405	324	259
% yoy	*(10.0)*	*(20.0)*	*(20.0)*
Luminaries	205	226	259
% yoy	*36.7*	*10.0*	*15.0*
Fans	60	160	255
% yoy	-	*166.0*	*60.0*
Others	319	332	357
% yoy	*(29.4)*	*4.0*	*7.4*
Total	1,094	1,209	1,400

Source: Company, Angel Research

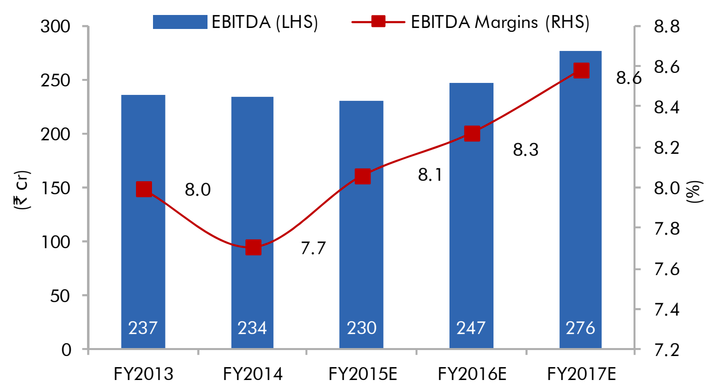
With steady performance from the Steel business and surging contribution of the Lighting business (on the back of shift from CFL to LED), we expect the company's revenue to improve from ₹2,853cr in FY2015E to ₹3,216cr in FY2017E. We also expect the Fans business' contribution to improve and expect the Appliances business to benefit from the brand pull and pan India retail network of the company, much like the Fans business.

Exhibit 10: Revenue trend



Source: Company, Angel Research

Exhibit 11: EBITDA Margins to improve

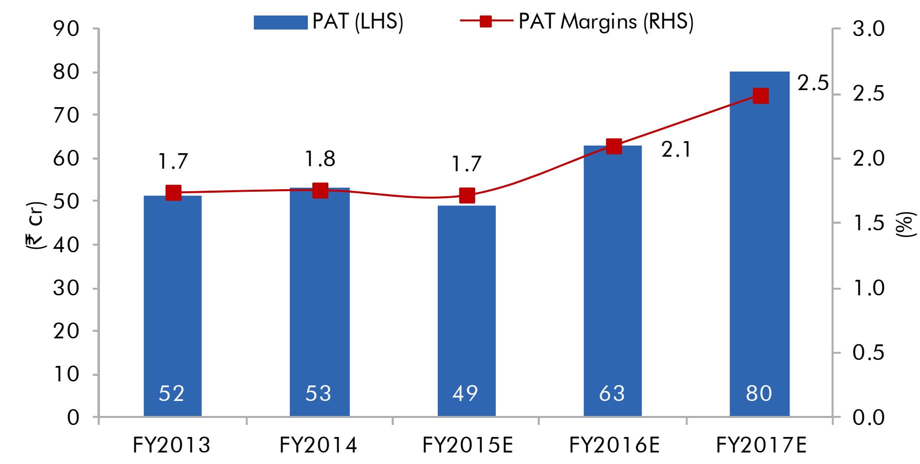


Source: Company, Angel Research

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 8.1% in FY2015E to 8.6% in FY2017E despite of declining profitability of the Steel business. The declining interest rate environment will have a positive impact on leveraged companies like Surya Roshni. We expect interest expense to decline from ₹111cr in FY2015E to ₹98cr in FY2017E. With the above estimates we believe that the company's net profit should improve from ₹49cr in FY2015E to ₹80cr in FY2017E.

Exhibit 12: PAT trajectory



Source: Company, Angel Research

Sensitivity Analysis

Currently, we are accounting for reduction in interest cost for the company with the rate of interest declining to 10.8% in FY2017E. In the event of the rate increasing by 150bp, we expect the net profit to be ₹70cr. Favorably, similar level of decline will result in a net profit in the range of ₹90cr.

Exhibit 13: IR Sensitivity analysis

FY2017E Interest Rate (%)	FY2017E Net Profit
9.3	89
9.8	86
10.3	83
10.8	**80**
11.3	77
11.8	73
12.3	70

Source: Company, Angel Research

Outlook and Valuation

We believe that given the shift in trend towards LED lighting, which is expected to bring a new wave of growth in the lighting industry, the company's Lighting business will become a significant contributor to the overall top-line of the company. Additionally, exploration of newer avenues like foray into the Fans and Appliances businesses is likely to be a long term revenue driver for the company. We expect the top-line to post a CAGR of 6.2% over FY2015E-17E to ₹3,216cr. Despite of declining profitability of the Steel business, the EBITDA margins are estimated to improve to 8.6%, mainly due to higher contribution from the Lighting business. Consequently, the net profit is expected to post a CAGR of 27.7% over FY2015E-17E to ₹80cr.

At the current market price, the stock is trading at 6.0x its FY2017E earnings. We have allocated the entire debt to the Steel business and valued the company on SOTP basis. We initiate coverage on the company with a Buy rating and target price of ₹149.

Exhibit 14: Sum of Parts Valuation

Sum of Parts	EBIT (₹)	Target Multiple (x)	Value
Lighting Business	156	9	1,405
Steel Business (net of ₹913cr of debt)	54	3	(749)
Total Market Cap			655
No. of Shares			4.4
Target Price (₹)			**149**

Source: Company, Angel Research

Exhibit 15: Steel Business Peer comparison (TTM basis)

	Sales	EBIT	EBIT Margin	Capital Employed	ROCE
	(₹ cr)	(₹ cr)	(%)	(₹ cr)	(%)
APL Apollo Consolidated	3,306	169	5.1	1,036	16.4
Surya Roshni	1,992	57	2.9	1,117	5.1

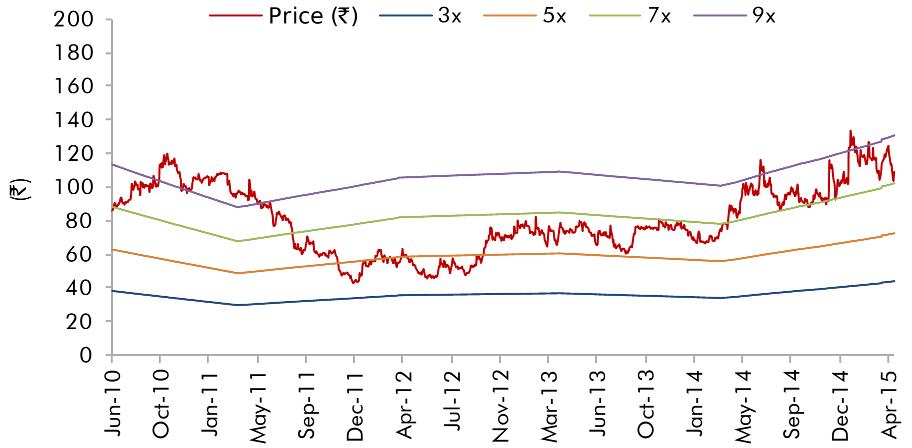
Source: Company, Angel Research

Exhibit 16: Lighting Business Peer comparison (TTM basis)

	Sales (₹ cr)	EBIT (₹ cr)	EBIT Margin (%)	Capital Employed (₹ cr)	ROCE (%)
Orient Paper & Ind Ltd	1,183	43	3.7	328	13.2
Surya Roshni	1,068	122	11.4	643	18.9

Source: Company, Angel Research

Exhibit 17: 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 company's sales.

Sharp movement in commodity prices – Metal is a major raw material in 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 Limited for the sum of ₹135cr (outstanding portion is ₹56cr as on 31st March 2014). Non repayment of the loan may result in an increase in debt, thus working against our estimates. The consolidated debt of the company is estimated to be at ₹1,400cr.

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 Limited 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 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 for 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 includes 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 BEE (Bureau of Energy Efficiency) for LED lighting system.

Plant Locations

Exhibit 18: 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	FY2015E	FY2016E	FY2017E
Total operating income	2,959	3,031	2,853	2,990	3,216
% chg	*15.8*	*2.4*	*(5.9)*	*4.8*	*7.6*
Net Raw Materials	2,251	2,266	2,064	2,169	2,323
% chg	*15.4*	*0.7*	*(8.9)*	*5.1*	*7.1*
Personnel	135	151	163	167	180
% chg	*6.5*	*12.2*	*7.6*	*3.0*	*7.6*
Other	337	380	397	406	437
% chg	*19.6*	*12.8*	*4.3*	*2.4*	*7.6*
Total Expenditure	2,722	2,797	2,623	2,743	2,940
EBITDA	237	234	230	247	276
% chg	*20.8*	*(1.3)*	*(1.6)*	*7.6*	*11.7*
(% of Net Sales)	*8.0*	*7.7*	*8.1*	*8.3*	*8.6*
Depreciation& Amortisation	57	56	58	62	65
EBIT	180	178	172	186	211
% chg	*21.2*	*(1.2)*	*(3.6)*	*8.1*	*13.8*
(% of Net Sales)	*6.1*	*5.9*	*6.0*	*6.2*	*6.6*
Interest & other Charges	110	114	111	103	98
(% of Net Sales)	*3.7*	*3.8*	*3.9*	*3.4*	*3.1*
Other Income	2	4	1	1	1
(% of Net Sales)	*0.1*	*0.1*	*0.0*	*0.0*	*0.0*
Recurring PBT	70	64	61	83	113
% chg	*28.7*	*(9.8)*	*(4.7)*	*36.2*	*37.0*
PBT (reported)	72	67	62	84	114
Tax	20	14	13	21	34
(% of PBT)	*28.4*	*20.5*	*20.5*	*25.0*	*30.0*
PAT (reported)	52	53	49	63	80
Extraordinary Expense/(Inc.)	-	-	-	-	-
ADJ. PAT	52	53	49	63	80
% chg	*20.4*	*3.5*	*(7.9)*	*27.9*	*27.4*
(% of Net Sales)	*1.7*	*1.8*	*1.7*	*2.1*	*2.5*
Basic EPS (₹)	11.8	12.2	11.2	14.3	18.3
Fully Diluted EPS (₹)	11.8	12.2	11.2	14.3	18.3
% chg	*20.4*	*3.5*	*(7.9)*	*27.9*	*27.4*

Balance Sheet

Y/E March (₹ cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
SOURCES OF FUNDS					
Equity Share Capital	44	44	44	44	44
Reserves& Surplus	502	551	595	652	727
Warrants	-	-	-	-	-
Shareholders' Funds	**546**	**595**	**639**	**696**	**771**
Revaluation of Land	186	179	179	179	179
Total Loans	857	1,038	965	936	913
Other Long Term Liabilities	5	6	6	6	6
Long Term Provisions	18	17	17	17	17
Deferred Tax Liability	42	48	48	48	48
Total Liabilities	**1,655**	**1,883**	**1,854**	**1,883**	**1,935**
APPLICATION OF FUNDS					
Gross Block	1,364	1,470	1,561	1,651	1,735
Less: Acc. Depreciation	511	558	616	678	743
Net Block	**853**	**912**	**945**	**973**	**992**
Capital Work-in-Progress	26	54	40	30	23
Investments	50	50	50	50	50
Current Assets	886	1,055	1,020	1,033	1,088
Cash	19	25	31	19	10
Loans & Advances	70	94	86	90	96
Inventory	380	433	429	443	473
Debtors	410	497	469	475	502
Other current assets	6	7	6	6	6
Current liabilities	161	188	201	203	217
Net Current Assets	**725**	**867**	**819**	**830**	**870**
Misc. Exp. not written off	-	-	-	-	-
Total Assets	**1,655**	**1,883**	**1,854**	**1,883**	**1,935**

Cash flow statement

Y/E March (₹ cr)	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Profit before tax	72	67	62	84	114
Depreciation	57	56	58	62	65
Change in Working Capital	(50)	(136)	54	(22)	(50)
Direct taxes paid	(20)	(14)	(13)	(21)	(34)
Others	117	116	(1)	(1)	(1)
Cash Flow from Operations	175	89	160	101	94
(Inc.)/Dec. in Fixed Assets	(72)	(133)	(78)	(80)	(77)
(Inc.)/Dec. in Investments	0	0	-	-	-
(Incr)/Decr In LT loans & adv.	-	-	-	-	-
Others	(4)	(13)	1	1	1
Cash Flow from Investing	(77)	(146)	(77)	(78)	(75)
Issue of Equity	(15)	(7)	-	-	-
Inc./(Dec.) in loans	25	181	(73)	(29)	(23)
Dividend Paid (Incl. Tax)	(20)	(5)	(5)	(5)	(5)
Others	(89)	(106)	-	-	-
Cash Flow from Financing	(100)	63	(78)	(34)	(29)
Inc./(Dec.) in Cash	(2)	6	6	(11)	(10)
Opening Cash balances	21	19	25	31	19
Closing Cash balances	19	25	31	19	10

Key Ratios

Y/E March	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Valuation Ratio (x)					
P/E (on FDEPS)	9.3	9.0	9.8	7.6	6.0
P/CEPS	4.4	4.4	4.5	3.8	3.3
P/BV	0.9	0.8	0.8	0.7	0.6
EV/Net sales	0.4	0.5	0.5	0.5	0.4
EV/EBITDA	5.4	6.2	5.9	5.4	4.8
EV / Total Assets	0.8	0.8	0.7	0.7	0.7
Per Share Data (₹)					
EPS (Basic)	11.8	12.2	11.2	14.3	18.3
EPS (fully diluted)	11.8	12.2	11.2	14.3	18.3
Cash EPS	24.7	24.9	24.5	28.4	33.1
DPS	4.0	1.0	1.0	1.0	1.0
Book Value	124.6	135.6	145.7	158.8	176.0
DuPont Analysis					
EBIT margin	6.1	5.9	6.0	6.2	6.6
Tax retention ratio	0.7	0.8	0.8	0.8	0.7
Asset turnover (x)	1.9	1.8	1.6	1.7	1.8
ROIC (Post-tax)	8.5	8.5	7.8	7.9	8.1
Cost of Debt (Post Tax)	9.3	9.6	8.8	8.1	7.4
Leverage (x)	1.4	1.6	1.4	1.2	1.1
Operating ROE	7.3	6.8	6.5	7.6	8.9
Returns (%)					
ROCE (Pre-tax)	11.1	10.1	9.2	9.9	11.1
Angel ROIC (Pre-tax)	11.9	10.7	9.8	10.5	11.6
ROE	9.9	9.4	8.0	9.4	10.9
Turnover ratios (x)					
Asset TO (Gross Block)	2.2	2.1	1.9	1.9	1.9
Inventory / Net sales (days)	47	49	55	53	52
Receivables (days)	46	55	60	58	57
Payables (days)	18	23	28	27	27
WC cycle (ex-cash) (days)	84	93	104	98	95
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	3.8	3.5	3.1
Int. Coverage (EBIT/ Int.)	1.6	1.6	1.5	1.8	2.2

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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*