

FROM THE RESEARCH DESK

QUARTERLY RESULTS REVIEW

Century Plyboards (I) Limited
Strong growth in plywood segment; Laminates surprise negatively

ANALYST MEET UPDATE

Blue Star Limited
Key beneficiary of the market shift towards inverters and gaining prominence of E-commerce

COMPANY UPDATE

Kwality Limited
Evolving rapidly to become leading consumer dairy brand

Global News

- U.S. stocks relinquished modest gains to end mostly flat on Thursday as investors awaited the closely watched jobs report due Friday. An earlier bounce for equities, following the Bank of England's decision to cut its key interest rate for the first time in seven years faded as Wall Street wrestled with mixed economic reports.
- Japan's Nikkei share average gained on Thursday as bargain hunting prevailed during a see-sawing session, while refiner Idemitsu Kosan slid as its takeover bid for a Showa Shell hit an obstacle. The Nikkei closed up 1.1% at 16,255 to rise for the first time in three days.

Sector & Corporate News

- Dr. Reddy's Laboratories** has successfully completed the previously announced acquisition of eight Abbreviated New Drug Applications (ANDAs) in the US from Teva Pharmaceutical Industries (TEVA) and an affiliate of Allergan plc. The acquired portfolio consists of products that are being divested by TEVA as a precondition to its closing of the acquisition of Allergan's generics business.
- Tata Power** has raised Rs 3,500 crore through an issuance of unsecured, taxable, redeemable, non-cumulative, listed, rated and non-convertible debentures worth Rs 3,500 crore on a private placement basis. The tenor of these securities is three years and these debentures will mature on August 3, 2019.
- Infosys** has made an investment of USD 4 million in Cloudyn, a company that provides SaaS solutions for the management and optimization of hybrid, multi-cloud deployments. The investment will be completed by August 15, 2016. Infosys investment will give them a minority stake. Cloudyn supports multiple infrastructure services including Amazon Web Services, Microsoft Azure, Google Cloud and OpenStack, and has 80 percent of its customers in the US.

Market Snapshot

Global Indices	Closing	% Chg	% YTD
Dow Jones	18,352	(0.0)	5.3
NASDAQ	5,166	0.1	3.2
FTSE	6,740	1.6	8.0
CAC	4,346	0.6	(6.3)
DAX	10,228	0.6	(4.8)
Russia	928	1.9	22.5
Bovespa	57,594	0.9	32.9
Nikkei	16,255	1.1	(14.4)
Hang Seng	21,832	0.4	(0.4)
Shanghai Composite	2,982	0.1	(15.7)

Indian Indices	Closing	% Chg	% YTD
Sensex	27,714	0.1	6.1
Nifty	8,551	0.1	7.6
MSCI India	482	0.3	4.8
CNX Midcap	14,595	0.5	8.9
BSE Smallcap	12,128	0.4	2.5

Flows (USDm)	Prev. Day	MTD
FII	94	229
MF	(4)	(3)

Provisional flows	(USDm)
FII	84
Locals	(79)

Volumes	USDbn	% Chg
Cash (NSE + BSE)	3.3	(8.8)
F&O (net)	68.8	48.0

FII F&O	Stock Fut	Index Fut
Net (\$ mn)	(29)	106
Open Int (%)	1.1	1.3

ADR/GDR Gainers	Last	% Chg
Tata Motors	38.1	3.3
Dr Reddy	44.6	1.7
HDFC	69.2	0.2
Wipro	11.4	0.1

ADR/GDR Losers	Last	% Chg
Infosys	16.1	(1.6)
SBI	33.4	(0.7)
ICICI Bank	7.3	(0.4)

Sectoral indices

	Closing	% Chg	% MTD	% YTD
BSE Auto	21,009	1.4	(0.4)	13.4
BSE Bank	21,208	(0.2)	(2.2)	9.7
BSE Cap Goods	14,809	0.1	(4.3)	4.8
BSE Cons dur	12,072	(0.8)	(2.7)	0.6
BSE FMCG	8,635	(0.1)	(1.0)	9.7
BSE IT	10,931	(0.5)	1.1	(1.2)
BSE Health	16,187	0.4	(0.7)	(4.3)
BSE Metal	9,509	1.5	1.1	28.5
BSE Oil	10,440	(0.1)	(1.5)	9.3
BSE Power	2,036	0.7	(2.0)	4.0
BSE PSU	7,128	0.3	(0.8)	4.6
BSE Realty	1,586	2.2	(1.3)	17.9
BSE TECK	6,002	(0.3)	0.9	(0.8)

Nifty Outperformers

	Price	% Chg	% MTD	% YTD
Bank Of Baroda	156	4.6	2.7	(0.6)
Tata Motors Ltd	500	4.5	(0.6)	27.8
Tata Steel Ltd	374	4.4	5.3	43.9
Tata Motors Ltd-A:Dvr	322	2.7	(0.4)	11.3
Adani Ports And Special Econ	228	2.3	(1.9)	(12.6)
Bharti Airtel Ltd	366	2.1	1.2	7.6
Hero Motocorp Ltd	3,276	1.4	2.3	21.6

Nifty Underperformers

	Price	% Chg	% MTD	% YTD
Asian Paints Ltd	1,127	(1.4)	1.2	27.6
Lupin Ltd	1,658	(1.3)	(4.7)	(9.8)
Infosys Ltd	1,072	(1.2)	(0.2)	(3.0)
Indusind Bank Ltd	1,166	(1.0)	(0.8)	20.4
Bharti Infratel Ltd	393	(0.8)	(0.7)	(8.3)
Coal India Ltd	324	(0.8)	(1.4)	(1.9)
Mahindra & Mahindra Ltd	1,436	(0.7)	(2.1)	12.8

Bulk Deals

Date	Security Name	Client Name	Buy/Sell	Qty	Price
4-Aug-16	EMAMIPAP	Placid Limited	SELL	400000	69.66
4-Aug-16	Aptech Limited	Het Enterprise	BUY	346000	74.58
4-Aug-16	NIPPOBATRY	Sunidhi Securities & Finance Limited	BUY	29492	840.00
4-Aug-16	Vikas EcoTech Limited	Athena Multitrade Private Limited	SELL	1345000	14.67
4-Aug-16	Pincon Spirit Ltd	Suresham Dealers Private Limited	SELL	250073	75.24
4-Aug-16	Cantabil Retail Ltd	Punjab National Bank	SELL	196000	72.32
4-Aug-16	ARSS Infra Proj. Ltd	Lydia Construction Private Limited	SELL	94957	88.03
4-Aug-16	CANTABIL	State Bank Of Patiala	SELL	100500	72.06
4-Aug-16	Cantabil Retail Ltd	Decent Financial Services Pvt Ltd	BUY	83895	72.60
4-Aug-16	ARYAMAN	Yogdarshan Commercial Trading Private Limited	BUY	150000	22.00

Delivery Spike

Company	Volume	Spike (%)	Chg (%)
Cadila Healthcare Ltd	1,876,812	280%	6.05%
Bharti Infratel Ltd	2,381,391	259%	-0.82%
Grasim Industries Ltd	106,022	203%	0.55%
Tata Motors Ltd	2,017,281	146%	2.74%
Cummins India Ltd	347,859	137%	1.56%
Divi's Laboratories Ltd	141,191	115%	-1.87%
Motherson Sumi Systems Ltd	3,493,487	114%	5.77%
Tata Steel Ltd	2,970,323	109%	4.40%
LIC Housing Finance Ltd	1,344,243	95%	2.26%
Titan Co Ltd	848,858	88%	-1.58%

Derivatives Update

Long Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
TATASTEEL	376	4.7	12.7	23,688
ALBK	79	3.5	14.0	13,160
ORIENTBANK	119	3.4	6.9	13,356
HAVELLS	407	3.7	8.1	4,746

Short Build Up

Company	Last	% Chg	% Chg OI	OI (in 000)
MCDOWELL-N	2,212	(5.1)	13.6	2,997
BATAINDIA	531	(4.6)	14.7	3,188
DISHTV	98	(4.0)	8.7	39,844
JUBLFOOD	1,174	(2.7)	9.5	1,404

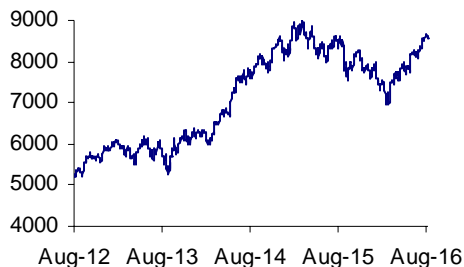
Short Covering

Company	Last	% Chg	% Chg OI	OI (in 000)
CADILAHC	371	6.8	(5.3)	3,912
CROMPGREAV	79	5.2	(1.8)	16,956
CAIRN	190	2.8	(3.1)	11,690
ADANIENIT	77	2.1	(2.8)	14,456

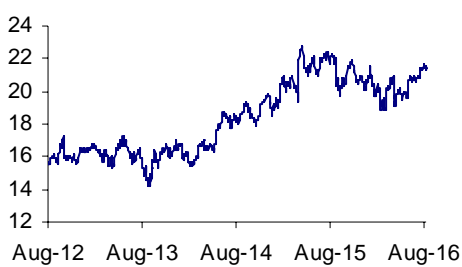
Profit Booking

Company	Last	% Chg	% Chg OI	OI (in 000)
TITAN	409	(1.5)	(4.6)	10,844
ASIANPAINT	1,133	(1.2)	(1.6)	3,298
SBIN	227	(0.2)	(1.3)	78,279
YESBANK	1,235	(0.1)	(1.4)	7,772

Nifty



Nifty P/E

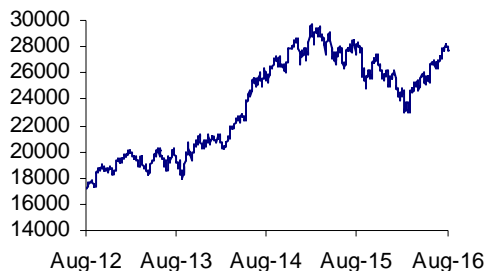


Nifty P/B

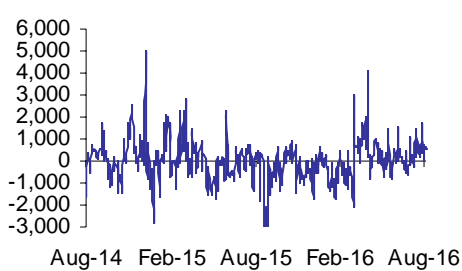


Source: Bloomberg

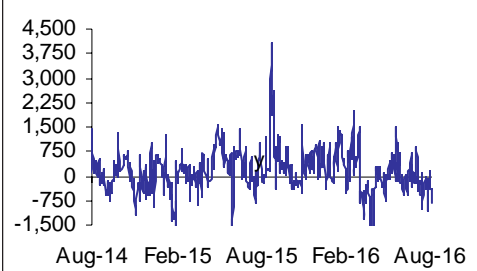
Sensex



FII Provisional Flows (INRcr)



DII Provisional Flows (INRcr)



Source: Bloomberg

Economy, Money & Banking

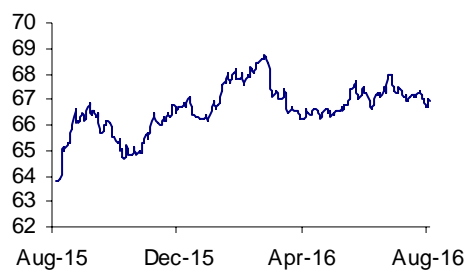
Forex Rate	Last	% Chg	% MTD	% YTD
INR~USD	66.9	0.1	0.1	(1.1)
INR~EUR	74.5	0.7	(0.1)	(3.2)
INR~GBP	88.1	1.5	0.2	11.2

Bond Market	Last	Chg (bps)	MTD (bps)	YTD (bps)
10 Year Bond	7.2	(0)	0	(59)
Interbank call	6.5	-	40	(50)

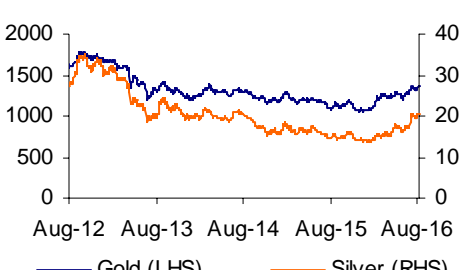
Commodities Update

Commodities	Last	% Chg	% MTD	% YTD
Gold (\$/Ounce)	1,361	0.0	0.8	28.2
Crude Oil (\$/Bl)	42	(0.5)	0.3	(1.6)
Aluminium (\$/t)	1,612	(1.1)	(1.5)	7.4
Copper (\$/t)	4,815	(0.9)	(2.0)	2.3
Zinc (\$/t)	2,253	(0.8)	0.5	41.5
Lead (\$/t)	1,783	(0.6)	(1.6)	(0.8)
Nickel (\$/t)	10,566	(1.2)	(0.2)	20.3

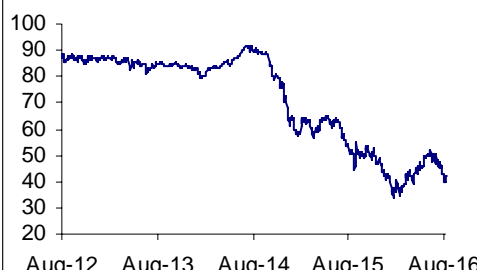
INR/USD



Gold and silver prices

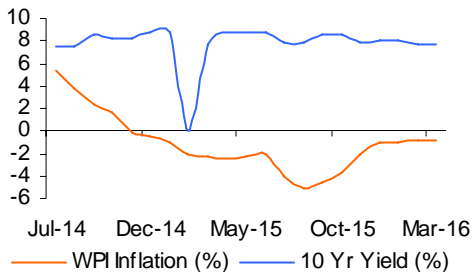


Crude prices

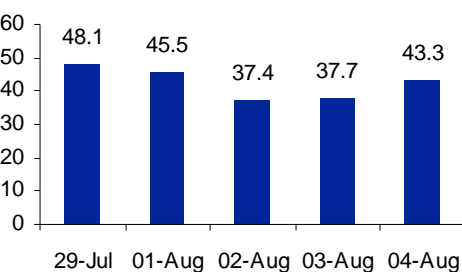


Source: Bloomberg

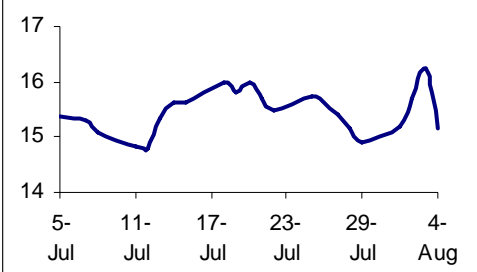
Inflation vs 10 year yield



Nifty premium/discount



NSE volatility index (%)



Source: Bloomberg

Current Reco	: HOLD
Previous Reco	: BUY
CMP	: INR213
Target Price	: INR204
Potential Return	: -4%

1QFY17 RESULT REVIEW

Century Plyboards (I) Limited

Strong growth in plywood segment; Laminates surprise negatively

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Market data

Sensex	:	27,714
Sector	:	Mid Cap
Market Cap (INRbn)	:	47.4
Market Cap (USDbn)	:	0.707
O/S Shares (m)	:	222.2
52-wk HI/LO (INR)	:	244/135
Avg Daily Vol ('000)	:	961
Bloomberg	:	CPBI IN

Source: Bloomberg

Valuation

	FY16	FY17e	FY18e
EPS (INR)	7.5	8.2	10.2
P/E (x)	28.3	26.0	20.9
P/BV (x)	8.8	6.8	5.3
EV/EBITDA (x)	17.4	16.4	13.0
Dividend yield (%)	0.5	0.5	0.5

Source: Bloomberg

Returns (%)

	1m	3m	6m	12m
Absolute	-	14	51	3
Relative	(2)	3	32	4

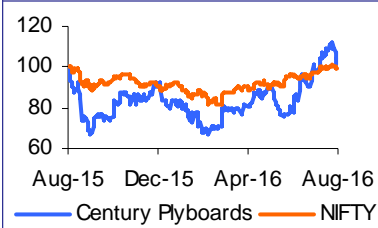
Source: Bloomberg

Shareholding pattern

Promoters	:	73%
Public	:	27%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg, Indexed to 100

Century Plyboards (CPBI) reported revenue growth of 10% YoY to INR 4.05bn, lower than our expectation of INR4.25bn as subdued revenue growth in the laminate business of 3.4% YoY restricted the overall revenue growth. EBITDA Margin declined by 132bps YoY to 16.8% (in line with our estimate of 16.9%) which led to EBITDA growth of only 1.8% YoY to INR683m. Adjusted for Forex gains EBITDA margin declined by 150bps YoY to 16.3%. Lower than expected revenue, increase in employee costs by 25% YoY & higher distribution and advertisement expenses led to subdued operational performance. However, lower interest & depreciation cost resulted in Adj.PAT growth of 7.3% YoY to INR431m (our estimate: INR380m). Plywood volume growth (excluding commercial veneer) was decent at 12.1% YoY. We maintain our FY18 revenue and PAT estimates factoring incremental revenue from MDF segment and accordingly expect CPBI to deliver revenue/PAT CAGR of 17/16%, respectively, over FY16-18e. However, the recent run in the stock price factors in all the positives and does not provide any upside from current levels. Accordingly, we revise our rating to Hold from Buy on the stock with our target price of INR204 per share (at 20x FY18e earnings) remaining unchanged.

Decent plywood volume growth led to 11.7% YoY revenue growth for the plywood segment

CPBI reported a decent plywood volume growth (excluding commercial veneer) of 12.1% YoY with premium plywood growing 13.7% YoY while Sainik reported a growth of only 8.6% YoY. Volume growth of commercial veneer at 43.7% YoY was better than expected but realisation fell 15.4% YoY on account of higher sale of low grade commercial veneer. The plywood segment reported a revenue growth of 11.3% YoY to INR2.86bn on the back of 17.6% overall volume growth but blended realisation fell 5.3% YoY on account of product mix & ~2% downward price revision undertaken by CPBI. As a result, EBIT Margin declined by 209bps YoY to 15.2% in 1QFY17. Ban on sale of commercial veneer from Laos may lead to revision in plywood revenue estimate and impact near term revenue.

Change in product mix & lower sale of Prelam particle board impacted revenue growth of the laminate division

The laminate division reported a revenue growth of 3.4% YoY to INR795m on account of change in product mix which led to lower realisation and lower import of particle boards during the quarter as the company's new PLPB unit in Chennai got operational. Decline in exports by 9.3% YoY & Prelam revenue by 3.7% YoY (contributes ~10% to the laminate segment) restricted the overall revenue growth of the laminate division. Change in product mix and lower prelam revenue resulted in EBIT margin expansion by only 140bps YoY to 14.8% despite benign raw material costs. However, impressive performance of the CFS division which recorded a revenue growth of 34.5% YoY to INR234m and EBIT margin expansion by 254 bps YoY to 33.6% cushioned the overall EBITDA

Valuation

At the current market price of INR 213 per share, the stock trades at 21x FY18e earnings which leaves little room for an upside. Accordingly, we revise our rating on the stock from Buy to Hold with our target price of INR 204 per share (valuing it at 20x FY18e earnings) remaining unchanged.

Quarterly table with segment reporting

Particulars	1QFY17	1QFY16	YoY (%)	4QFY16	QoQ (%)	FY16	FY15	YoY (%)
Net Sales	4,036	3,666	10.1	4,512	(10.6)	16,469	15,525	6.1
Other Op. Income	21	29	(27.4)	35	(38.8)	116	123	(6.0)
Total Op. Income	4,058	3,695	9.8	4,547	(10.8)	16,585	15,648	6.0
Expenditure	3,374	3,024	11.6	3,774	(10.6)	13,710	13,006	5.4
Raw Materials	1,439	1,526	(5.7)	1,605	(10.3)	6,256	6,584	(5.0)
Cost of traded goods	606.4	429.9	41.1	689.8	(12.1)	2,175.9	1,926.6	12.9
Staff Cost	638	510	25.1	626	1.9	2,306	1,933	19.3
Other Expenditure	691	558	23.8	853	(19.0)	2,971	2,562	16.0
Operating Profit	683	671	1.8	773	(11.6)	2,875	2,642	8.8
OPM (%)	16.8	18.2	(132)bps	17.0	(16)bps	17.3	16.9	45bps
Other Income	8.0	4.1	97.4	0.9	823.4	16.3	36.5	(55.3)
Interest	88.7	122.2	(27.4)	103.1	(13.9)	467.3	432.9	7.9
Depreciation	93	99	(6.6)	122	(24.2)	446	448	(0.4)
Exceptional income	(6)	(5)		0		0	0	
PBT	505	449	12.3	549	(8.1)	1,978	1,798	10.0
Tax	80	53	50.9	144	(44.5)	297	290	2.4
PAT	425	396	7.2	405	4.8	1,681	1,508	11.4
Adjusted PAT	431	401	7.3	405	6.3	1,681	1,508	11.4
NPM (%)	10.7	10.9	(28)bps	9.0	169bps	10.2	9.7	49bps

Source: Company, Antique

Segmental revenue

Particulars (INRm)	1QFY17	1QFY16	YoY (%)	4QFY16	QoQ (%)	FY16	FY15	YoY (%)
Plywood & allied products	2,865.5	2,565.9	11.7	3,206.9	(10.6)	11,735.1	11,470.8	2.3
Laminate & allied products	794.9	768.4	3.4	922.6	(13.8)	3,353.0	2,935.4	14.2
CFS	234.3	174.2	34.5	238.2	(1.6)	848.5	708.0	19.8
Others	147.7	164.5	(10.2)	149.9	(1.4)	562.8	440.2	27.9
Net Sales	4,042.4	3,673.0	10.1	4,517.5	(10.5)	16,499.3	15,554.3	6.1
Less: Inter segment revenue	6.2	7.0	(11.5)	5.0	22.2	30.7	29.7	
Total	4,036.2	3,666.0	10.1	4,512.5	(10.6)	16,468.6	15,524.7	6.1

Source: Company, Antique

EBIT

Particulars (INRm)	1QFY17	1QFY16	YoY (%)	4QFY16	QoQ (%)	FY16	FY15	YoY (%)
Plywood & allied products	436.1	444.2	(1.8)	482.3	(9.6)	1,835.2	1,866.9	(1.7)
Laminate & allied products	117.6	102.9	14.2	135.9	(13.5)	447.3	229.6	94.8
CFS	78.6	54.0	45.5	87.1	(9.8)	281.8	217.7	29.4
Others	(3.7)	(1.5)	149.0	(10.5)	(65.3)	(16.8)	(27.7)	(39.1)
Total	628.7	599.7	4.8	694.9	(9.5)	2,547.4	2,286.5	11.4

Source: Company, Antique

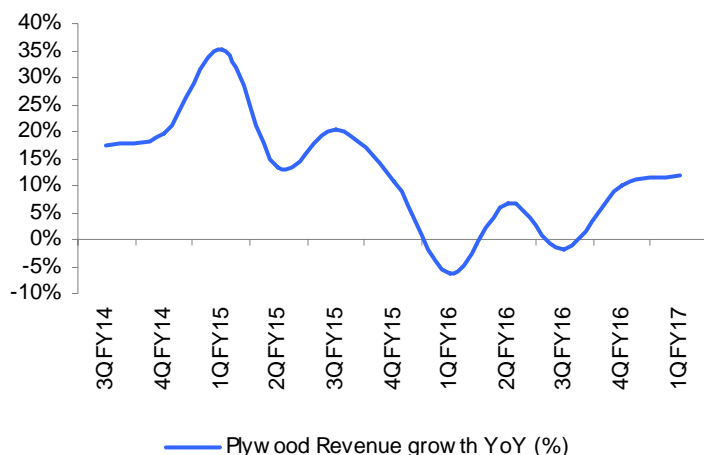
EBIT Margin (%)

Particulars (INRm)	1QFY17	1QFY16	YoY (%)	4QFY16	QoQ (%)	FY16	FY15	YoY (%)
Plywood & allied products	15.2%	17.3%	-209 bps	15.0%	18 bps	15.6%	16.3%	-64 bps
Laminate & allied products	14.8%	13.4%	140 bps	14.7%	6 bps	13.3%	7.8%	552 bps
CFS	33.6%	31.0%	254 bps	36.6%	-303 bps	33.2%	30.8%	246 bps
Others	-2.5%	-0.9%	-158 bps	-7.0%	455 bps	-3.0%	-6.3%	329 bps
Total	15.6%	16.4%	-78 bps	15.4%	18 bps	15.5%	14.7%	74 bps

Source: Company, Antique

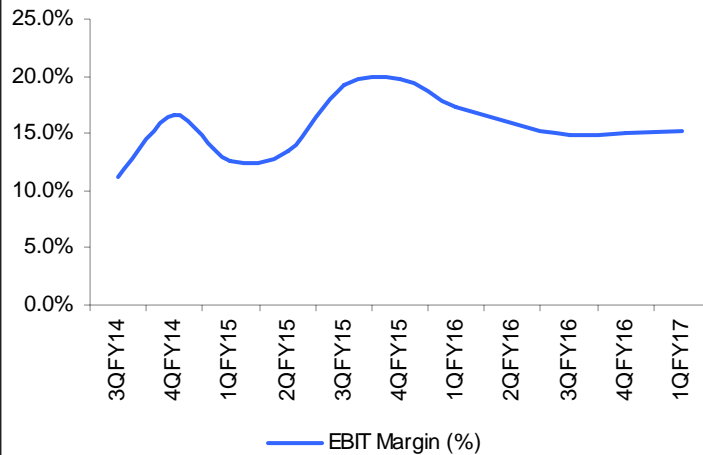
Plywood division performance

Plywood revenue growth YoY (%)



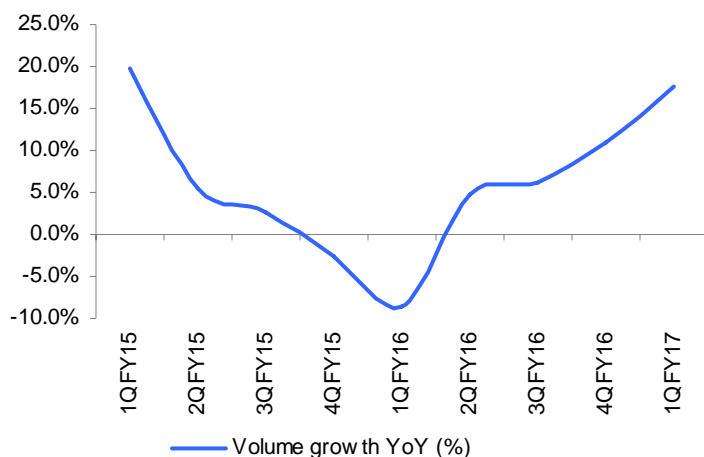
Source: Company, Antique

EBIT margin (%)



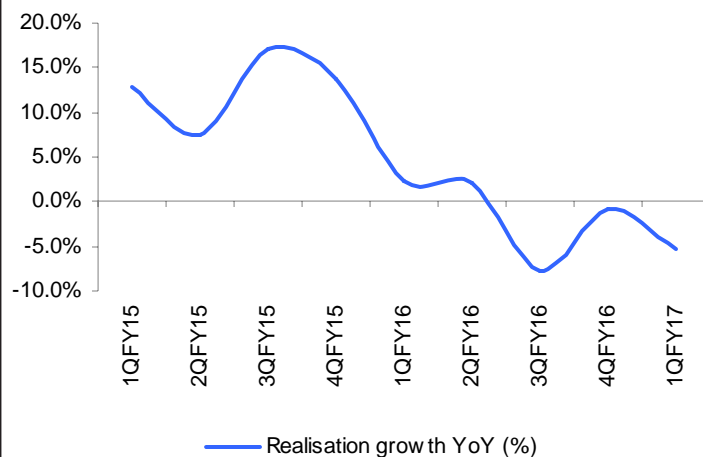
Source: Company, Antique

Volume growth YoY (%)



Source: Company, Antique

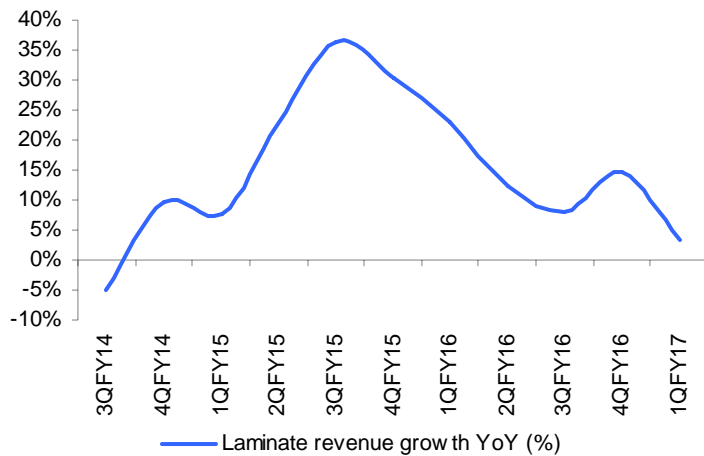
Realisation growth YoY (%)



Source: Company, Antique

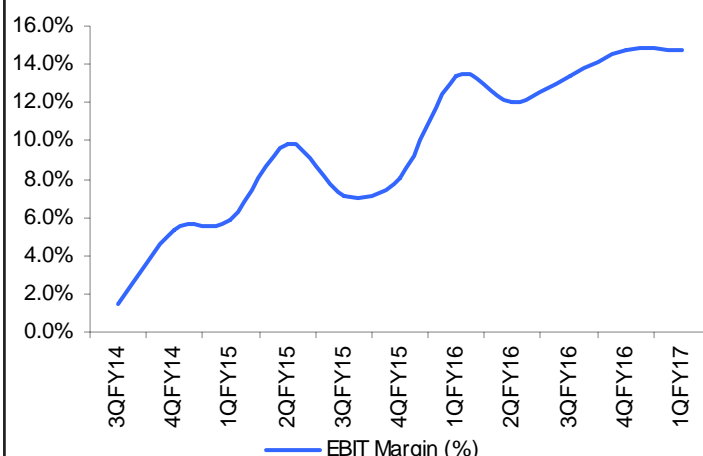
Laminate division performance

Laminate revenue growth YoY (%)



Source: Company, Antique

EBIT margin (%)



Source: Company, Antique

Financials

Profit and loss account (INRm)

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
Revenues	13,477	15,884	16,637	18,706	23,050
Expenses	11,894	13,181	13,702	15,434	18,987
Operating Profit	1,582	2,703	2,935	3,272	4,063
Other income	37	33	11	40	42
EBIDT	1,619	2,736	2,946	3,312	4,105
Depreciation	387	485	484	607	815
Interest expense	603	456	481	523	573
Profit before tax	629	1,796	1,981	2,182	2,717
Taxes incl deferred taxation	(5)	296	301	349	435
PAT before MI & EO Items	633	1,500	1,680	1,832	2,283
Minority Interest	31	9	8	12	14
Share in P/L of associates	1	(1)	-	-	-
Profit after tax	603	1,490	1,672	1,820	2,269
Reported EPS (INR)	2.7	6.7	7.5	8.2	10.2

Balance sheet (INRm)

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
Share Capital	223	223	223	223	223
Reserves & Surplus	2,708	3,671	5,104	6,664	8,673
Networth	2,931	3,894	5,327	6,887	8,895
Minority Interest	114	55	90	102	116
Debt	5,801	5,138	4,194	6,824	5,900
Deferred Tax Liability	(7)	8	7	7	7
Capital Employed	8,839	9,095	9,618	13,819	14,918
Gross Fixed Assets	4,895	4,607	5,887	6,887	10,277
Accumulated Depreciation	1,731	2,151	2,635	3,242	4,057
Net Assets	3,164	2,456	3,252	3,645	6,220
Capital work in progress	240	326	400	3,000	150
Goodwill	0	0	0	0	0
Investments	31	4	2	2	2
Deferred Tax Assets		70	137	137	137
Current Assets					
Inventory	3,029	3,322	2,975	3,485	4,294
Debtors	2,089	2,683	2,873	3,229	3,915
Cash & Bank balance	387	374	389	482	525
Loans & advances and others	1,289	1,439	1,765	1,880	2,005
Current Liabilities & Prov					
Creditors	753	622	869	820	1,010
Other liabilities & provisions	636	959	1,306	1,220	1,320
Net Current Assets	5,404	6,239	5,827	7,035	8,409
Application of Funds	8,839	9,095	9,618	13,819	14,918

Per share data

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
No. of shares (m)	223	223	223	223	223
BVPS (INR)	13.2	17.5	23.9	30.9	40.0
CEPS (INR)	4.4	8.9	9.7	10.9	13.9
DPS (INR)	0.3	1.8	1.0	1.0	1.0

Source: Company, Antique

Cash flow statement (INRm)

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
EBT	629	1,796	1,973	2,170	2,703
Depreciation & amortisation	387	485	484	607	815
Interest expense	603	456	481	523	573
Interest / Dividend received	(24)	(16)	-	-	-
Other Adjustments	27	(19)	21	-	-
(Inc)/Dec in working capital	(1,168)	(877)	359	(1,115)	(1,331)
Tax paid	(117)	(337)	(301)	(349)	(435)
CF from operating activities	338	1,488	3,017	1,835	2,326
Capital expenditure	(1,388)	(751)	(1,354)	(3,600)	(540)
Net Investments	663	43	2	-	-
Income from investments	19	836	-	-	-
CF from investing activities	(706)	128	(1,352)	(3,600)	(540)
Inc/(Dec) in debt	372	(649)	(944)	2,629	(924)
Dividends & Interest paid	(653)	(927)	(742)	(784)	(833)
Other Adjustments	16	(52)	35	12	14
CF from financing activities	(265)	(1,629)	(1,651)	1,858	(1,742)
Net cash flow	(633)	(13)	14	93	44
Opening balance	1,020	387	374	389	482
Closing balance	387	374	389	482	525

Growth indicators (%)

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
Revenue	13.7	17.7	4.9	13.3	23.2
EBITDA	28.3	70.8	8.6	11.5	24.2
PAT	9.2	147.2	12.2	8.9	24.6
EPS	9.2	147.2	12.2	8.9	24.6

Valuation (x)

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
PE	78.7	31.8	28.3	26.0	20.9
P/BV	16.6	12.6	8.8	6.8	5.3
EV/EBITDA	33.4	19.3	17.4	16.4	13.0
EV/Sales	4.0	3.3	3.1	2.9	2.3
Dividend Yield (%)	0.1	0.8	0.5	0.5	0.5

Financial ratios

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
RoE (%)	21.2	42.6	35.7	29.3	28.4
RoCE (%)	14.5	25.0	26.2	23.0	22.8
Debt/Equity (x)	1.9	1.3	0.8	1.0	0.7
EBIT/Interest (x)	2.0	4.9	5.1	5.2	5.7

Margins (%)

Year ended 31 Mar	FY14	FY15	FY16	FY17e	FY18e
EBITDA	11.8	17.2	17.8	17.5	17.6
EBIT	9.2	14.3	14.9	14.5	14.3
PAT	4.5	9.5	10.1	9.7	9.8

Source: Company Antique

Current Reco	: BUY
Previous Reco	: BUY
CMP	: INR484
Target Price	: INR547
Potential Return	: 13%

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Market data

Sensex	:	27,714
Sector	:	Industrials
Market Cap (INRbn)	:	45.1
Market Cap (USDbn)	:	0.676
O/S Shares (m)	:	95.4
52-wk HI/LO (INR)	:	507/306
Avg Daily Vol ('000)	:	187
Bloomberg	:	BLSTR IN

Source: Bloomberg

Valuation

	FY16	FY17e	FY18e
EPS (INR)	13.2	19.3	27.3
P/E(x)	36.8	25.1	17.7
P/BV(x)	6.6	6.0	4.9
EV/EBITDA(x)	21.0	15.2	11.2
Dividend yield (%)	1.3	1.4	1.7

Source: Bloomberg

Returns (%)

	1m	3m	6m	12m
Absolute	8	12	33	26
Relative	5	2	17	27

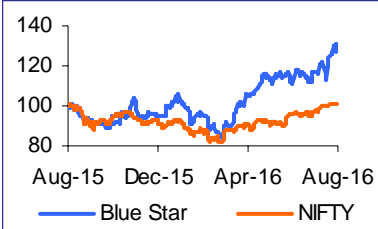
Source: Bloomberg

Shareholding pattern

Promoters	:	39%
Public	:	61%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty



Source: Bloomberg Indexed to 100

ANALYST MEET UPDATE

Blue Star Limited

Key beneficiary of the market shift towards inverters and gaining prominence of E-commerce

We attended the analyst meet of Bluestar and following are the key takeaways:

Inverter AC growth is poised to witness exponential growth along with strong growth in the room AC segment. Improvement in the disposable income, increased availability of quality of power in tierII/III markets and low penetration are the structural drivers for domestic room AC market. E-commerce will provide the scale for growth and energy efficiency and smart solutions like wifi emerge as new trends. Room AC market which is at 4.5 mn units per annum as on FY16 is expected to witness 15-20% CAGR growth in the next five years. Inverter share in room AC is expected to grow from current 10% to 80% by FY20 in addition to Wifi enabled technologies. FDI in food processing is a positive step and will improve demand in the commercial refrigeration market. Given lack of subsidy support and no close monitoring by the PMO, the EESL scheme by power ministry is unlikely to be a game changer as which happened under LED lighting. E-commerce will emerge as an alternate channel and is expected to grow in prominence in the next 2-3 years and Bluestar is well prepared to exploit the same. We currently have a Buy rating on Bluestar with a target price of INR 547 (20x FY18e earnings), factoring in FY16-18e earnings CAGR of 44%. We also prefer hitachi home solutions and have a Buy rating on the stock with a target price of INR 1,692 (30x FY18e earnings). We believe, Voltas is overvalued at the current valuation and prefer a switch towards Bluestar or Hitachi, both being a better beneficiary of the structural play on inverters, smart solutions, E-commerce and GST.

Room AC secular growth to continue driven by inverters:

Room AC market which is at 4.5 mn units per annum as on FY16 is expected to witness 15-20% CAGR growth in the next five years. This will be driven by inverters, Inverter contribution is expected to be 15% of the total room AC during FY17e and is expected to grow to 30% of room AC market in FY18e and will be 70-80% of the room AC market by FY20.

This will benefit technology players like Bluestar & Hitachi, we somehow believe Voltas will not be as big a beneficiary due to this change in market dynamics due to:

- (1) ~25-30% of room AC revenue of Voltas is from price sensitive window AC market in North which is in a secularly declining trend
- (2) Voltas is more of price player and follows the model of outsource and brand model. With GST bill clearance, the logistic advantage of near market outsourcing OEM will diminish and Bluestar/Hitachi will be able to improve their all India presence.
- (3) The percentage of revenue from inverters of Bluestar is 16% and the overall market volume share of inverters is 12.5% in 1Q, while, for Voltas inverters is at ~7-8% of its room AC sales. Additionally the revenue mix of lower star rating and window AC of Voltas is high and its perceived as a mass market brand. Hence it will be incrementally more difficult for Voltas to move towards a technology play.

The new government scheme of EESL not to be a game changer like LED lighting

Power ministry has recently invited tenders for EESL scheme in Delhi for 50,000 units of 5 star ACs. Voltas, Hitachi and Videocon got selected and Bluestar didn't participate in the same. Unlike LED lighting, the EESL scheme doesn't have any subsidy support nor funding support from the government. The prices will be lower compared to the market price as its driven by L1. The payment will accrue as per the sales and inventory gets stuck till the sales happen. There is one more tender for 1,00,000 nos expected to be awarded by end of FY17e.

However, Bluestar have plans to selectively participate in some of these tenders to test the waters, the lower pricing creating a branding miss perception is the major issue. However, the company insisted that the models sold under this scheme will different from the normal SKUs available in the normal shops. Additionally, they will be able to protect margins by improving the utilization during winter months and hence can work the same margins with marginal cost concept.

Given lack of subsidy support and no close monitoring by the PMO, Bluestar doesn't believe that the scheme can be a game changer as witnessed in LED lights.

E-commerce to be a paradigm shift in distribution strategy

As per bluestar, the room AC sales via E-commerce was 5% of sales in FY16 and is expected to grow to 10% of sales in FY17e and is expected to grow to 30% of room AC sales in FY18e and continue to grow. The company is preparing itself to address the same and will treat this as an additional channel. Given the lower pricing of E-commerce, the margins are not higher via E-commerce compared to normal dealer sales. However, the channel offers good scales and even the company will put up warehouses in future when this channel becomes substantially large.

Commercial refrigeration to benefit from FDI in food processing

FDI in food processing is a positive step and will improve demand in the commercial refrigeration market and retail space is getting modernized. Given the gaps in infrastructure, the management expects massive investment to happen in this space.

Other key highlights

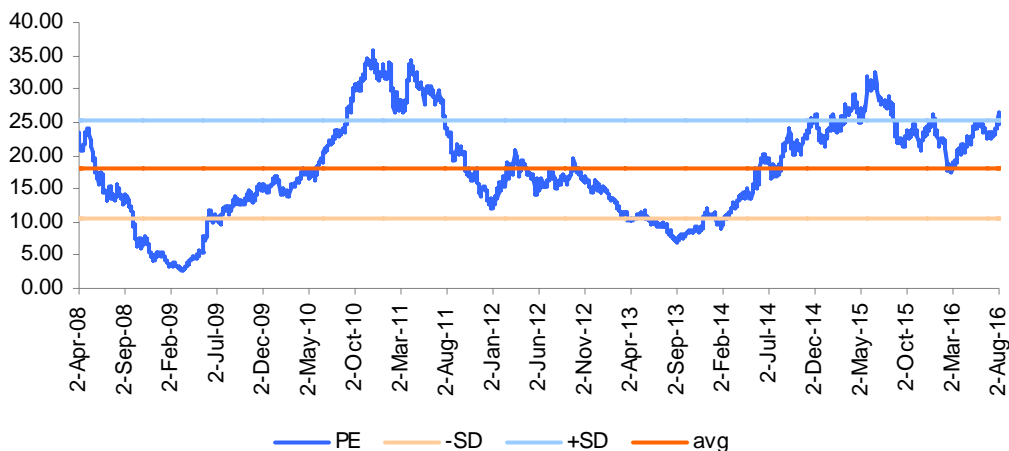
- VRF market is expected to double in the next 2-3 years to INR 20 bn and Bluestar plans to capture 15-20% market share in this. Their new product has been accepted well and the segment grew 25% YoY in 1QFY17 versus the market growth of 12-15%.
- During FY17e, the room AC market is expected to grow by 20% and Bluestar's room AC business to grow by 30%.
- With increase in volume of Inverter AC the prices is expected to come down.
- The next change in room AC table is expected at 1st Jan 2018, post this, the current 5 star AC will become 3 star AC.
- WIFI room AC is a new trend which is expected to catch up as these are smart AC which helps in remote monitory for service and after sales related issues. Bluestar has implemented WIFI successfully in chillers and able to remote monitor their chiller installation. The same thing they plan to replicate with wifi AC which will reduce the service and aftersales downtime.

Relative Valuation

Company	CMP INR	M-cap INR bn	Rating	Revenue(INRm)		EBIDTA (INRm)		EPS (INR)		P/E (x)		ROE (%)	
				FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
Voltas	347	114.9	Hold	67,663	80,537	5,392	6,859	12.4	15.8	28.0	22.0	15.9	17.7
Bluestar	484	43.6	Buy	45,389	55,278	2,863	3,809	19.3	27.3	25.1	17.7	25.6	30.3
Hitachi	1,347	36.6	Buy	20,267	24,809	2,011	2,628	40.7	56.4	33.1	23.9	27.0	28.8

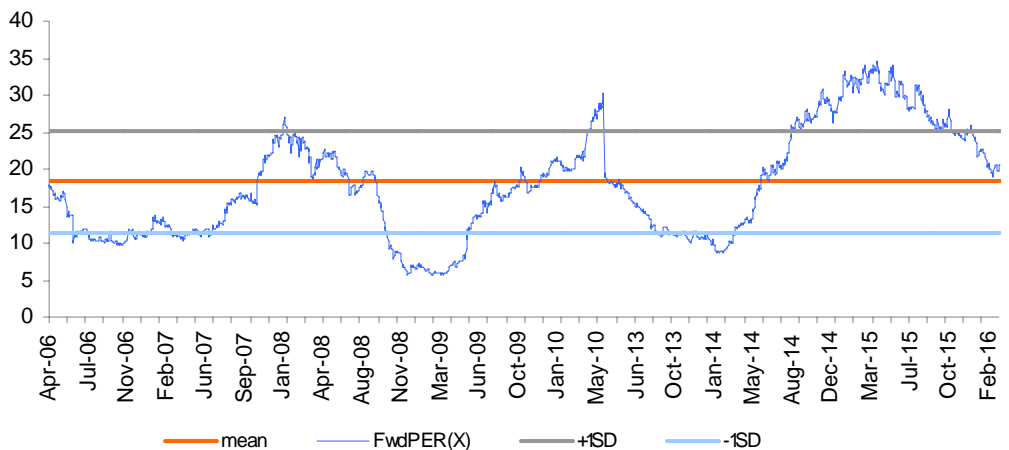
Source: Company, Antique

One yr fwd PER Band of Voltas (Consolidated)



Source: Bloomberg, Antique

One yr fwd PER Band of Bluestar



Source: Bloomberg, Antique

Assumptions - Bluestar

Sales - break up										
Rs mn	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17e	FY18e
CAC	17,331	17,960	18,617	15,561	16,196	15,887	17,036	18,760	22,825	29,025
YoY (%)	11%	4%	4%	-16%	4%	-2%	7%	10%	22%	27%
Cooling prod	5,975	5,810	7,884	9,326	9,652	10,768	13,317	15,797	20,536	23,616
YoY (%)	12%	-3%	36%	18%	3%	12%	24%	19%	30%	15%
Prof electr	1,721	1,480	2,068	2,121	1,823	1,240	1,467	1,690	2,028	2,636
YoY (%)	19%	-14%	40%	3%	-14%	-32%	18%	15%	20%	30%
TOTAL	25,194	25,372	28,886	27,246	28,034	27,895	31,819	38,298	45,389	55,278
EBIT margin (%)										
CAC	12.6	11.8	9.5	-5.5	4.5	5.8	3.2	4.3	5.5	6.0
Cooling prod	12.6	14.4	11.4	9.4	8.3	8.8	10.9	10.5	11.5	11.2
Prof electr	22.3	30.9	26.4	24.7	16.4	17.5	20.9	15.8	16.0	20.0
Total	13.2	13.5	11.1	2.0	6.5	7.5	7.2	7.8	8.7	8.9

Source: Company, Antique Note: Consolidated from FY15 onwards

Financials - Consolidated

Profit and loss account (INRm)

Year ended 31 Mar	2014	2015	2016	2017e	2018e
Net Revenue	27,895	31,819	38,298	45,389	55,278
Op. Expenses	(26,389)	(30,147)	(36,148)	(42,526)	(51,468)
EBITDA	1,507	1,673	2,150	2,863	3,809
Depreciation	347	431	571	600	650
EBIT	1,424	1,326	1,875	2,635	3,524
Other income	264	85	296	373	365
Interest Exp.	496	485	431	320	240
Extra Ordinary Items-gain/(loss)	(169)	(414)	(119)	-	-
Reported PBT	759	426	1,325	2,315	3,284
Tax	-	(79)	277	509	722
Reported PAT	759	505	1,048	1,806	2,561
Minority Int./Profit (loss) From Asso.		36	18	35	45
Net Profit	759	542	1,066	1,841	2,606
Adjusted PAT	927	956	1,185	1,841	2,606
Adjusted EPS (INR)	10.3	10.6	13.2	19.3	27.3

Balance sheet (INRm)

Year ended 31 Mar	2014	2015	2016	2017e	2018e
Share Capital	180	180	180	191	191
Reserves & Surplus	5,116	4,376	6,447	7,560	9,284
Networth	5,296	4,556	6,627	7,750	9,474
Debt	4,466	3,967	3,630	2,936	2,060
Minority Interest			10	15	20
Net deferred Tax liabilities	-	(165)	(222)	(222)	(222)
Capital Employed	9,761	8,358	10,044	10,479	11,332
Gross Fixed Assets	4,831	5,694	6,223	7,387	9,027
Accumulated Depreciation	2,678	3,128	3,541	4,141	4,791
Capital work in progress	155	224	164	241	335
Net Fixed Assets	2,308	2,790	2,845	3,487	4,571
Investments	1,214	364	2,229	2,230	2,230
Non Current Investments	1,214	364	648	649	649
Current Investments	-	-	1,581	1,581	1,581
Current Assets, Loans & Adv.	18,986	18,431	20,600	23,960	28,385
Inventory	4,656	4,785	5,401	6,539	7,934
Debtors	7,329	7,948	8,884	9,780	11,911
Cash & Bank balance	629	443	538	1,452	1,204
Loans & advances and others	6,372	5,254	5,775	6,189	7,335
Current Liabilities & Provisions	12,746	13,227	15,629	19,198	23,854
Liabilities	12,053	12,348	15,168	17,927	22,357
Provisions	694	879	461	1,271	1,497
Net Current Assets	6,240	5,204	4,971	4,762	4,531
Application of Funds	9,761	8,358	10,045	10,479	11,332

Per share data

Year ended 31 Mar	2014	2015	2016	2017e	2018e
No. of shares (m)	90	90	90	95	95
Diluted no. of shares (m)	90	90	90	95	95
BVPS (INR)	58.9	50.6	73.6	81.3	99.4
CEPS (INR)	12.3	10.4	18.0	25.2	33.7
DPS (INR)	4.0	5.0	6.5	6.6	8.0

Source: Company, Antique

Note: The consolidated financials is from FY15

Cash flow statement (INRm)

Year ended 31 Mar	2014	2015	2016	2017e	2018e
PBT	759	426	1,325	2,315	3,284
Depreciation & amortisation	347	431	571	600	650
Interest expense	496	485	431	320	240
(Inc)/Dec in working capital	(661)	1,236	345	392	(172)
Tax paid	-	(86)	(335)	(509)	(722)
Less: Interest/Div. Income Received	(139)	(45)	(66)	(268)	(253)
Other operating Cash Flow	(11)	-	(5)	-	-
CF from operating activities	791	2,448	2,267	2,851	3,027
Capital expenditure	(338)	(914)	(621)	(1,241)	(1,735)
Inc/(Dec) in investments	(0)	850	(1,865)	(1)	-
Add: Interest/Div. Income Received	139	45	66	268	253
CF from investing activities	(199)	(18)	(2,420)	(975)	(1,482)
Inc/(Dec) in share capital	-	-	-	11	-
Inc/(Dec) in debt	739	(499)	(337)	(694)	(876)
Dividend Paid	(316)	(948)	(681)	(734)	(733)
Others	(495)	(1,169)	1,267	455	(184)
CF from financing activities	(72)	(2,615)	249	(962)	(1,794)
Net cash flow	520	(186)	95	914	(248)
Opening balance	110	629	443	538	1,452
Closing balance	630	444	538	1,452	1,204

Growth indicators (%)

Year ended 31 Mar	2014	2015	2016	2017e	2018e
Revenue(%)	0.8	14.1	20.4	18.5	21.8
EBITDA(%)	52.5	11.0	28.5	33.2	33.1
Adj PAT(%)	79.2	3.1	24.0	55.3	41.6
Adj EPS(%)	79.2	3.0	24.0	46.7	41.6

Valuation (x)

Year ended 31 Mar	2014	2015	2016	2017e	2018e
P/E	47.0	45.6	36.8	25.1	17.7
P/BV	8.2	9.6	6.6	6.0	4.9
EV/EBITDA	31.5	28.1	21.0	15.2	11.2
EV/Sales	1.7	1.5	1.2	1.0	0.8
Dividend Yield (%)	0.8	1.0	1.3	1.4	1.7

Financial ratios

Year ended 31 Mar	2014	2015	2016	2017e	2018e
RoE (%)	18.1	19.4	21.2	25.6	30.3
RoCE (%)	18.3	15.6	23.6	29.3	35.7
Asset/T.O (x)	3.5	3.8	4.8	5.7	6.4
Net Debt/Equity (x)	0.7	0.8	0.2	0.0	-0.1
EBIT/Interest (x)	3.4	2.9	5.0	9.4	16.2

Margins (%)

Year ended 31 Mar	2014	2015	2016	2017e	2018e
EBITDA Margin(%)	5.4	5.3	5.6	6.3	6.9
EBIT Margin(%)	5.1	4.2	4.9	5.8	6.4
PAT Margin(%)	3.3	3.0	3.1	4.0	4.7

Source: Company Antique

Note: The consolidated financials is from FY15

NOT RATED
CMP : INR107

COMPANY UPDATE

Kwality Limited

Evolving rapidly to become leading consumer dairy brand

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Market data		
Sensex	:	27,714
Sector	:	FMCG
Market Cap (INRbn)	:	25.1
Market Cap (USDm)	:	376
O/S Shares (m)	:	234.3
52-wk HI/LO (INR)	:	154/61
Avg Daily Vol ('000)	:	527
Bloomberg	:	KWALITY IN

Source: Bloomberg

Valuation			
	FY14	FY15	FY16
EPS (INR)	7.1	7.6	7.9
P/E (x)	15.1	14.2	13.6
P/BV (x)	5.1	3.7	2.8
EV/EBITDA (x)	12.9	10.8	9.8
DPS (INR)	0.1	0.1	0.1

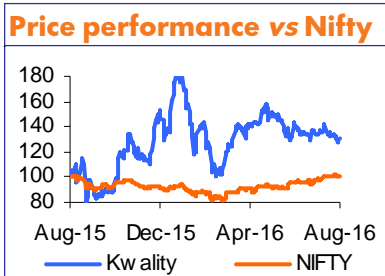
Source: Bloomberg

Returns (%)				
	1m	3m	6m	12m
Absolute	(2)	(12)	3	32
Relative	(4)	(19)	(10)	34

Source: Bloomberg

Shareholding pattern		
Promoters	:	65%
Public	:	35%
Others	:	0%

Source: Bloomberg



Source: Bloomberg, Indexed to 100

We visited Kwality's plant in Softa, Haryana which is one of the largest facilities in North India with milk handling capacity of over 2.8 Mn liters per day (LPD). This state-of-the-art facility is spread over 10 acres, consists of two units, Unit - I (capacity of 2.8MLPD) which has installed capacities/lines for fresh milk, ghee, curd, milk powders/dairy creamers. The new unit (capacity of 0.8MLPD) is fully automated, equipped with ultra-modern machinery, world-class labs and quality control systems, and sophisticated R&D infrastructure. It is dedicated for manufacturing value-added products like UHT, flavoured milk, table butter, cheese, paneer, low-cholesterol ghee, yoghurts, amongst others to be rolled out in phases over next 12-18 months; first phase of commercial production to begin next month. The company currently derives INR 18-19bn of sales from its retail segment, catering to North markets. Kwality sells fresh milk, ghee, milk powders/dairy creamers (retail, CSD and institutional buyers like HUL, ITC, Britannia), curd for HORECA segment, butter milk, and dahi in retail segment as of today. The majority of revenue (c.70%) is derived from its institutional business, products sold include bulk milk, dahi, milk powders/dairy creamers, and ghee with relatively lower margins compared to retail, thereby, on consolidated level, it fetches lower gross margin (~9-10%) compared to other peers like Heritage, Hatsun, Prabhat or Parag which are over 20% as derive majority of sales through retail segment. We believe that the company is now venturing into value added segments like paneer, flavoured milk, UHT, cheese, yoghurts, table butter, amongst others which fetch gross margin varying from 25-60%. Hence, widening of product portfolio, enhanced focus on retail, and its strong position in key consumption markets, the company can definitely see an uptick in its margin profile, thereby accelerating the earnings growth trajectory in future.

B2C sales traction to increase with concentrated efforts on marketing and distribution

One of the key focus areas for the company currently is to further strengthen its distribution network covering North with 40,000+ touch points/PoS. The company is currently running commercial trials for a couple of variants ready for immediate launch. Kwality has signed bollywood actor Mr. Akshay Kumar as its brand ambassador.

The company will sell its products through both general trade (general stores, retail shops, day-to-day convenience stores etc.) and modern trade channels (Supermarkets, Hypermarkets, large-format departmental stores, Online etc.). Kwality has applied SBU (Strategic Business Unit) based approach and has formed three divisions:

- Fresh Products Division (for pouched milk, dahi/curd, chaach etc.)
- Consumer Products Division (for flavoured milk, ghee, cheese, paneer, table butter, yoghurts etc.), and
- Institutional/B2B Division (for dairy whiteners, skimmed milk powders, whole-milk powders, bulk milk etc.)

Each division is headed by Profit Managers responsible for its performance. The company has key management personnel from reputed co-operatives/organizations including Amul, Mother Dairy, ITC, Nestle, and Hindustan Unilever to guide them on product development side in order to cater to the growing traction of organized dairy products in India. Also, the company is automating and integrating its sales processes to track performance (product, market, sales team etc.) on real-time basis. Also, it would enable faster decision making backed by extensive data analytics.

Retail sales currently fetched from pouched milk, curd, buttermilk, ghee, and milk powders/dairy creamers for retail

Kwality dairy currently fetches around INR18-19bn from selling milk powders/dairy creamers/pouch milk/curd/buttermilk from retail segment in North markets. With launch of its value-added products for the retail consumers coupled with its strong presence in key consumption markets of India, we believe that the margin profile for the company can start inching upwards over the short to medium term.

Current product portfolio in B2C



Source: Company

Company focusing on increasing direct procurement from milk rich states

As per our interaction, Kwaliti is currently procuring 20% of its daily milk requirement directly from farmers through its strategically located 22 milk collection centres (MCCs). The company has plans to increase direct procurement to 50% over the next 3-4 years, in line with its aggressive product portfolio expansion plans with value-added products. To achieve this, the company has been making continuous efforts over the last few years which include conducting surveys to identify target locations for MCCs, organizing health camps for cattle, artificial insemination, farmer education to increase productivity, providing cattle feed, insurance, and financial assistance. Today, the company has developed strong network/relationships with over 300,000 farmer families spread across 4500 villages in largest milk producing states of India i.e. UP, Haryana and Rajasthan. We believe that Kwaliti is well positioned to tap opportunities arising from favourable demographics and strong growth in demand for fresh milk and value-added products in key consumption markets of India like UP, Punjab, Haryana and Delhi and Rajasthan.

Valuation: Kwaliti Ltd trades at much lower valuations compared to its other peers like Prabhat, Heritage, Hatsun or Parag as it derives majority of its sales (c.70%) from B2B segment resulting in high working capital requirements as against its peers which are largely into B2C. However, in terms of scale, Kwaliti Ltd. is the largest private dairy as against aforementioned peers (6x larger than Prabhat, 4x than Parag). We believe that with higher traction from its value added and retail sales in future, the margin profile and also the working capital cycle of the business will improve significantly. At CMP INR107, the stock is currently trading at 13.6x FY16 EPS of INR7.9, which is trading at a discount compared to its peers.

Kwaliti Limited

Financial Summary

Year to Mar	2011	2012	2013	2014	2015	2016
Net Revenue (Rs mn)	16,080	24,162	39,297	50,110	58,783	64,141
Net Profit (Rs mn)	459	923	1,056	1,449	1,665	1,736
Dil. EPS (Rs)	2.3	4.5	5.2	7.1	7.6	7.9
% Chg YoY	-	101%	14%	37%	15%	4%
P/E (x)	47.8	23.8	20.8	15.1	14.2	13.6
CEPS (Rs)	2.4	4.9	5.7	7.8	8.6	8.8
EV/EBITDA (x)	37.6	22.8	17.0	12.9	10.8	9.8
RoCE (%)	20%	24%	21%	21%	19%	17%
RoE (%)	50%	68%	45%	41%	30%	23%

Source: Company, Antique

Peer valuation

	Asset Turn (x)					ROCE (%)					ROE (%)				
	FY14	FY15	FY16	FY17e	FY18e	FY14	FY15	FY16	FY17e	FY18e	FY14	FY15	FY16	FY17e	FY18e
Prabhat	2.1	2.2	2.6	3.3	4.1	10.7	10.4	10.2	11.4	13.1	7.5	7.8	4.9	8.1	9.5
Parag	3.9	4.5	4.8			9.0	11.9	16.0			17.9	23.6	23.3		
Heritage	6.1	7.2	7.4			28.8	22.2	32.1			25.3	14.6	23.1		
Hatsun	4.1	4.5	5.1			20.4	14.7	25.5			52.9	19.5	26.8		
Kwaliti	32.5	46.5	41.4			20.6	19.2	17.3			40.7	30.5	22.7		

	P/E (x)					EV/EBITDA (X)					P/BV				
	FY14	FY15	FY16	FY17e	FY18e	FY14	FY15	FY16	FY17e	FY18e	FY14	FY15	FY16	FY17e	FY18e
Prabhat	42.6	34.0	36.1	16.0	12.5	12.5	12.0	8.6	7.1	6.0	2.8	2.5	1.4	1.2	1.1
Parag	167.1	102.5	57.1			39.1	30.1	21.1			27.5	21.7	9.6		
Heritage	31.8	50.8	26.0			15.9	18.6	11.6			8.1	7.5	6.0		
Hatsun	59.1	123.2	79.7			29.9	27.3	17.4			26.9	21.8	20.9		
Kwaliti	15.1	14.2	13.6			12.9	10.8	9.8			5.1	3.7	2.8		

Source: Company, Antique

Financials

Profit and loss account (INRm)

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
Net Sales		24,162	39,297	50,110	58,783	64,141
COGS		21,870	35,980	45,869	53,658	58,094
Gross Profit		2,292	3,317	4,240	5,125	6,046
Total Operating Expenses		22,496	37,059	47,166	55,261	60,253
EBITDA		1,666	2,238	2,943	3,522	3,887
EBITDA Margin		6.9%	5.7%	5.9%	6.0%	6.1%
Depreciation		75	103	130	253	234
EBIT		1,591	2,135	2,813	3,269	3,654
EBIT Margin		6.6%	5.4%	5.6%	5.6%	5.7%
Less: Financial expenses		652	937	1,167	1,426	1,574
Other income		1	7	42	117	298
Exceptional item		-	(30)	-	-	-
PBT		940	1,176	1,688	1,961	2,377
Less: Taxation		17	119	239	295	641
Reported PAT		923	1,056	1,449	1,665	1,736
PAT Margin		4%	3%	3%	3%	3%
Extraordinary Items		-	(30)	-	-	-
Adjusted PAT		923	1,086	1,449	1,665	1,736
Adjusted EPS (INR)		4.5	5.2	7	7.6	7.9

Balance sheet (INRm)

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
Share Capital		203	203	203	406	349
Reserves & Surplus		1,607	2,642	4,081	6,243	8,293
Networth		1,810	2,845	4,284	6,649	8,642
Total Debt		6,525	9,441	10,773	12,366	14,706
Other Long-term Liabilities and Provisions		3	6	7	14	18
Deferred tax liabilities (net)		5	(12)	(8)	(15)	(118)
Capital Employed		8,342	12,280	15,056	19,015	23,248
Gross Block		892	1,085	1,541	1,263	1,548
Accumulated Depreciation		251	354	484	590	824
Net Block		640	731	1,058	673	724
Capital work in progress		1	86	220	1,184	1,950
Other non-current assets		-	18	7	17	25
Current Assets, Loans & Adv.						
Inventory		1,001	1,033	1,874	2,910	1,706
Debtors		6,602	10,091	13,312	13,246	16,554
Cash & Bank balance		131	863	315	517	862
Loans & advances		646	883	719	2,084	3,564
Others current Assets		5	21	24	13	22
Current Liabilities & Prov.						
Creditors		254	918	1,663	520	521
Other current liabilities		204	279	465	406	1,139
Provisions		224	250	343	704	498
Net Current Assets		7,701	11,444	13,771	17,141	20,549
Miscellaneous Expenses not written off		-	0	0	-	-
Application of Funds		8,342	12,280	15,056	19,015	23,248

Per share data

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
EPS		4.5	5.2	7.1	7.6	7.9
Adj EPS		4.5	5.2	7.1	7.6	7.9
Cash EPS		4.9	5.7	7.8	8.6	8.8
Dividend per share (DPS)		0.1	0.1	0.1	0.1	0.1
Book Value per share (BV)		8.9	14.0	21.1	29.5	38.6

Source: Company, Antique

Cash flow statement (INRm)

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
Profit Before Tax		940	1,206	1,688	1,961	2,377
Adjustment		726	1,061	1,272	1,687	1,510
Changes In working Capital		(2,804)	(3,194)	(2,842)	(3,478)	(3,054)
CF after changes in WCap.		(1,138)	(928)	119	170	833
CF From Operating Activities		(1,345)	(1,097)	(136)	170	192
CF from Investing Activities		(309)	(281)	(586)	(1,085)	(519)
CF Financing Activities		1,778	2,127	313	1,270	672
Net Cash Inflow / Outflow		124	749	(409)	355	345
Opening Cash & Cash Equivalents		7	114	724	162	517
Closing Cash & Cash Equivalent		131	863	314	517	862

Growth indicators (%)

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
Net Sales		50%	63%	28%	17%	9%
EBITDA		65%	34%	32%	20%	10%
PAT		101%	14%	37%	15%	4%
Cash EPS		102%	16%	36%	13%	3%

Valuation (x)

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
P/E		23.8	20.8	15.1	14.2	13.6
P/BV		12.1	7.7	5.1	3.7	2.8
EV / EBITDA		22.8	17.0	12.9	10.8	9.8
EV / Sales		1.3	0.8	0.7	0.6	0.6

Operating Ratio

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
Raw Material / Sales (%)		91%	92%	92%	91%	91%
Effective Tax Rate (%)		2%	10%	14%	15%	27%
Working Capital (days)		112	95	99	99	102
Inventory Turnover (days)		17	10	15	20	11
Receivables (days)		100	94	97	82	94
Payables (days)		4	9	13	4	3
D/E Ratio (x)		3.6	3.3	2.5	1.9	1.7
Interest rate (%)		12.4	11.7	11.5	12.3	11.6

Return/Profitability Ratio (%)

Year-ended	March 31	FY12	FY13	FY14	FY15	FY16
Net Income Margins (Reported)		4%	3%	3%	3%	3%
Net Income Margins (Adjusted)		4%	3%	3%	3%	3%
RoACE		24%	21%	21%	19%	17%
RoAE		68%	45%	41%	30%	23%
Dividend Payout		2%	2%	1%	1%	1%
EBITDA Margins		7%	6%	6%	6%	6%

Source: Company Antique

Events Calendar

Aug 2016

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sun
1 Aug	2 Aug	3 Aug	4 Aug	5 Aug	6 Aug	7 Aug
				Tech Electric & Engg Bharat Forge Gateway Distriparks Marico	Union Bank of India Repc Home Finance	
8 Aug	9 Aug	10 Aug	11 Aug	12 Aug	13 Aug	14Aug
Colgate Palmolive Hero Motocorp	Manappuram Finance Apollo Tyres JK Tyre Atul Auto PFC Container Corp	Thermax M&M Motherson Sumi Honeywell Automation City Union Bank	Jyothy Labs REC JK Lakshmi Cement	Hindalco Ind NCC Shree Cement Bosch State Bank of India PTC India Financial	Sangam India	
15 Aug	16 Aug	17 Aug	18 Aug	19 Aug	20 Aug	21Aug
22 Aug	23 Aug	24 Aug	25 Aug	26 Aug	27 Aug	28Aug
29 Aug	30 Aug	31 Aug				

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