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Rating Information	
Price (Rs)	58
Target Price (Rs)	83
Target Date	30th Jun'14
Target Set On	6th Aug'13
Implied yrs of growth (DCF)	5
Fair Value (DCF)	83
Fair Value (DDM)	45
Ind Benchmark	BSE METL
Model Portfolio Position	

Stock Information	
Market Cap (Rs Mn)	11,342
Free Float (%)	36.77 %
52 Wk H/L (Rs)	96.9/57.5
Avg Daily Volume (1yr)	72,135
Avg Daily Value (Rs Mn)	6
Equity Cap (Rs Mn)	391
Face Value (Rs)	2
Bloomberg Code	GRIL IN

Ownership	Recent	3M	12M
Promoters	63.2 %	0.5 %	1.0 %
DII	5.0 %	0.1 %	0.2 %
FII	15.4 %	-0.5 %	-0.6 %
Public	16.3 %	0.0 %	-0.6 %

Price %	1M	3M	12M
Absolute	-23.0 %	-26.4 %	-30.6 %
Vs Industry	-10.4 %	-2.4 %	3.9 %
HEG	-11.7 %	-17.6 %	-30.1 %
-	-	-	-

Standalone Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (13A)	2.1	2.4	1.8	2.1
EPS (14E)	2.0	1.7	2.2	2.5

Graphite India Ltd.

1Q14 Result : Estimate (↔), TP (↓), Rating (↑)

Regular Coverage

Strong cash flow generation & debt repayment in 1Q

GRIL 1Q results came ahead of expectations with EBITDA/PAT outperformance of 19%/50% driven by 1) better ASPs due to rupee depreciation, 2) lower power cost due to higher hydel power generation, 3) better utilization of new & more efficient Durgapur plant, & 4) lower interest cost & higher other income due to large WC release leading to -Rs 1,900 mn debt reduction. As we had highlighted in our last note, FY14 will be a year of large cash flow generation due to inventory reduction rather than good earnings due to tough economic conditions and company has made a great beginning in 1Q. We have cut our FY14E electrode sales volume estimates by 6% but increased margin & rupee realization estimates due to currency depreciation. Post recent correction, we upgrade the stock to LONG with Jun'14 PT of Rs 83.

Electrode Sales declined ~11% y/y due to tough economic environment, but ASPs improve 9%: Production was similar to last year, but due to tough demand scenario, electrode sales volumes declined in both domestic & export markets. Capacity utilization was 67% of expanded 80k tpa capacity vs 89% of 60k tpa capacity last year. Q/Q, while electrode prices in USD declined by ~2%, due to rupee depreciation, rupee ASPs went up ~1.4%. Going ahead USD realizations are expected to further fall in 2Q as full impact of price cuts come. Exports constituted ~65% of sales.

EBITDAM decline 120bps y/y due to 310bps RM cost increase, but improve 421bps q/q, 370bps ahead of our exp: Due to needle coke cost increase of last year, gross margins declined but with better monsoons this year, hydel power generation increased. Also with lower demand & more efficient Durgapur expansion in place, company utilized less of high power cost Nasik capacity & old Bangalore capacity. Effect of which is visible in 11% y/y decline in power & fuel cost despite similar production. EBITDA declined 10% y/y, but improved 7% q/q & 19% ahead of our exp.

Standalone net debt declined ~Rs 1,980 mn q/q due to reduction in inventory & debtors: Company liquidated about Rs 650 mn of needle coke inventories during 1Q & even debtors reduced, which had increased in 4QFY13 due to higher Sales. Overall there was Rs 1,980 mn free cash flow generation, Rs 1,900 of which went into debt repayment, which led to 19% y/y & 38% q/q reduction in interest cost. Other income also went up 92% y/y as company booked profit on some of the MF holdings. PAT declined 3% y/y, 6% q/q, but came 50% ahead of our estimates.

Key takeaways from GRIL, HEG & Graftech Annual Reports are there on Page 2.

Absolute : LONG

Relative : OVERWEIGHT

43% upside in 11 months

Metals & Mining

Consolidated Financials

Rs. Mn YE Mar	FY13A	FY14E	FY15E	FY16E
Sales	19,488	19,182	21,179	22,125
EBITDA	2,709	3,123	3,713	3,863
Depreciation	620	635	657	675
Interest Expense	307	261	278	278
Other Income	390	232	298	350
Reported PAT	1,344	1,659	2,062	2,184
Recurring PAT	1,344	1,659	2,062	2,184
Total Equity	17,119	17,749	18,668	19,709
Gross Debt	7,028	5,084	5,084	5,084
Cash	2,532	2,678	3,324	3,898
Rs Per Share	FY13A	FY14E	FY15E	FY16E
Earnings	6.9	8.5	10.6	11.2
Book Value	88	91	96	101
Dividends	3.5	4.5	5.0	5.0
FCFF	5.6	17.1	10.1	9.7
P/E (x)	8.4	6.8	5.5	5.2
P/B (x)	0.7	0.6	0.6	0.6
EV/EBITDA (x)	6.2	4.7	3.8	3.5
ROE (%)	8 %	10 %	11 %	11 %
Core ROIC (%)	6 %	8 %	10 %	10 %
EBITDA Margin (%)	14 %	16 %	18 %	17 %
Net Margin (%)	7 %	9 %	10 %	10 %

Estimate Revision:

Rs Mn	Current		Change from previous (%)	
	FY14E	FY15E	FY14E	FY15E
Sales	19,182	21,179	-8%	-4%
EBITDA	3,123	3,713	1%	0%
PAT	1,659	2,062	2%	0%
EPS	8.5	10.6	2%	0%

We read FY13 annual reports of GRIL and competitor HEG to understand the current state of industry and outlook going ahead. Following are the key takeaways:

FY13 was a challenging year with lower demand and price cuts throughout the year by players: While world steel production improved 1.2% y/y in CY12, major part of growth came through blast furnace route, EAF was under pressure due to 4.6% fall in EU. Industry leader Graftech volumes declined 17% y/y, vs which volumes of both domestic companies GRIL and HEG were flat y/y. Major players reduced prices to gain volumes, even Japanese producers reduced prices, benefitting for weak yen. Long term contracts in graphite electrode business gave way to need based spot purchases. GRIL domestic sales declined 15% y/y despite increased demand of electrodes due to aggressively priced imports; however its exports improved 22% & constituted 63% of Sales.

Long term growth drivers intact with EAF capacity expansions & its contribution to global steel production but FY14 to be challenging: Graftech mentioned in its recent presentation that over 2012-17, ~100 mn tonnes of EAF capacity is expected to come (of which 65 mn t in Asia), having potential to generate 170k tpa of electrode demand. During FY13 ~100k tpa of electrode capacity came on stream, of which 65k in China, creating oversupply in a tough environment. Additional 130k (100k in China) is expected to come in FY14 (from HEG AR).

Graphite electrode segment contributed 93% of Sales with 10.6% y/y growth, all other segments declined y/y: Due to poor monsoons, hydel power generation went down 46% from 52.7 to 29.5 mn units. High speed steel & glass reinforced pipes division sales declined due to increased imports & entry of smaller players.

WC days have gone up by 45 days over past 3 years due to higher inventories, but that's where improvement will come from in FY14: Consolidated Non-cash WC days have gone up from 235 in FY10 to 281 days in FY13. During FY11, inventory levels increased as company intentionally built up for their upcoming 20k tpa expansion; in FY13 whole industry expected higher demand but disappointments came & volumes remained flat (needle coke contracts yearly). With demand scenario sluggish, management indicated that they have contracted less quantity for FY14, which should lead to better cash flow generation and debt reduction as well. Debtors went up in FY13 due to higher sales in 4Q and tough state of consumer industry.

Other Key Takeaways from MDA of GRIL's FY13 Annual Report:

- Major players in their aggressive drive to pick up volumes, continued to drop the selling price throughout the year. Japanese producers also reduced prices riding on the back of a weak Yen.
- Graphite & Carbon segment contributes 93% of revenue
- The Company's total export sales increased by 22% but domestic sales declined due to unabated imports in spite of increase in demand
- Glass Reinforced Plastic Pipes and Steel segment did not perform to expectation due to weak demand and unsustainable prices
- EAF route of steel production has increased over past 2 decades to 30% of global steel production
- EAF is expected to grow further due to eco friendly process, low capital cost and faster project commissioning.
- Graphite Electrodes from India are subject to levies in some countries making imports dearer for overseas consumers. Going forward, the Customs Union of Belarus, Kazakhstan and Russia have imposed an anti dumping duty of 32.85% on import of Graphite Electrodes from GIL effective from 26 January, 2013. The Company is in the process of filing appeal in the appropriate Court
- Impervious Graphite Equipment (IGE) Division, engaged in manufacturing and marketing of heat exchangers, ejectors, pumps and turnkey plants, posted 56% y/y growth in sales. These have a wide range of applications in corrosive chemicals industries such as pharmaceutical, agro-chemical, chloro alkali and fertilizer industries.
- Hydel power generation declined to 29.5 mn units in FY13 vs 52.7 mn units in FY12 due to poor monsoon
- Lower GDP growth leading to slower demand for steel, high power cost & soaring prices of scrap might limit EAF growth in India
- Powmex Steel Division (PSD) which is into manufacturing of high steel & alloy steel cutting tools saw subdued demand in domestic market along with aggressive import pricing. Market is expected to remain challenging.
- Glass reinforced pipes division performance was impacted by price led competition from smaller players entering the market, which is expected to continue.
- Production of graphite electrode & other carbon products was 67,583 tonnes vs 68,549 tonnes last year
- CPC production at 6303 vs 8308 tonnes y/y
- Carbon paste production at 6303 vs 8308 last year

- Impervious Graphite Equipment production at 1013 vs 850 tonnes last year
- Graphite Segment revenue increased from Rs 15,361 mn to Rs 17,008 mn
- Production of HSS & Alloy steel at 1620 vs 1883 tonnes y/y
- GRP division production at 4298 tonnes vs 11,198 tonnes last yr
- Sale of power from 1.5MW link canal facility at 2.05 mn units vs 4.11 mn units y/y
- Overseas subsidiaries' Sales at Euro 49.7 mn vs 61.2 mn y/y. PAT loss at Euro 3.6 mn vs profit of 1.02 mn y/y
- Exports constituted 63% of total sales of the company
- Forex earnings: Rs 7342 mn, outgo Rs 5775 mn
- Electricity purchased rate/unit was Rs 7.34 vs Rs 6.51 last yr

Outlook

- It is projected that EAF will contribute to over 50% of global steel production by 2020, due to its various advantages, mainly low emission of carbon dioxide. This despite reducing specific consumption of electrodes per tonne of steel produced due to improvement in technology, augurs well for industry
- Faced with unfavourable business conditions, the global players have turned to the Asian markets and are following an aggressive pricing policy to capture volumes. This is likely to affect the Company's domestic volumes as also the profit margins

Quarterly Results Table (Standalone)

Rs Mn	Q1FY14	Q1FY14E	Q4FY13	Q1FY13	% Change			Comments
					Q1FY14E	Q4FY13	Q1FY13	
Net Sales	4,038	4,405	5,112	4,175	-8%	-21%	-3%	
Consumption of Raw Materials	1,719	1,927	2,451	1,649	-11%	-30%	4%	
Consumption of Stores & Spare Parts	284	331	423	311	-14%	-33%	-9%	
Employess Cost	309	284	318	261	9%	-3%	19%	
Electricity Charges	659	792	785	742	-17%	-16%	-11%	
Other Expenditure	409	514	518	482	-21%	-21%	-15%	
Total Expenditures	3,380	3,849	4,494	3,445	-12%	-25%	-1.9%	
EBITDA	658	555	618	731	19%	7%	-10%	
Depreciation	131	135	134	115	-3%	-2%	14%	
EBIT	527	420	484	616	25%	9%	-14%	
Interest	44	85	71	53	-49%	-38%	-19%	
Other Income	87	56	98	45	55%	-11%	92%	
PBT	571	391	512	608	46%	12%	-6%	
Tax	178	129	93	203	38%	91%	-12%	
Recurring PAT	393	262	419	406	50%	-6%	-3%	
Extraordinaries	0	0	0	0				
Reported PAT	393	262	419	406	50%	-6%	-3%	
EPS (Rs)	2.0	1.3	2.1	2.1	50%	-6%	-3%	
EBITDA Margin	16.3%	12.6%	12.1%	17.5%	370 bps	421 bps	-120 bps	
EBIT Margin	13.1%	9.5%	9.5%	14.8%	351 bps	358 bps	-170 bps	
PBT Margin	14.1%	8.9%	10.0%	14.6%	525 bps	412 bps	-43 bps	
PAT Margin	9.7%	5.9%	8.2%	9.7%	379 bps	154 bps	2 bps	
Tax Rate	31.1%	33.0%	18.2%	33.3%	-189 bps	1293 bps	-220 bps	

Company Snapshot

How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY14E	8.5	8.4	1 %	We are broadly in line with consensus
	FY15E	10.6	10.3	3 %	
Sales	FY14E	19,182	19,803	-3 %	
	FY15E	21,179	21,305	-1 %	
PAT	FY14E	1,659	1,649	1 %	
	FY15E	2,062	2,006	3 %	

Our Key Investment arguments:

- **Technology is the biggest barrier to entry: 6 large players dominate global graphite electrode industry.**
- **Asia is comparatively doing well and that's the reason why both the Indian players are ahead in terms of capacity utilization than global leaders; which is expected to remain the case going ahead also.**
- **Two of the largest players have notified price increases, which will most likely come into effect in CY13.**
- **EPS expected to grow at a CAGR of 16% over FY12-14E driven by volume and pricing growth**
- **With 20k TPA capacity expansion expected to get completed in 3QFY13, free cash flows will be very strong over FY13-14E.**

Key Drivers:

	FY13E	FY14E	FY15E	FY16E
Capacity (tpa)	60,000	80,000	80,000	80,000
Capacity Utilization	95%	72%	82%	85%
Electrode price (\$/t)	5,099	4,736	4,599	4,599

Risk to Our View

Fall in global steel capacity utilization and sharp rise in crude prices key risk.

Comparable valuation		Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS			P/B			RoE			Div Yield	
Company	Reco.				CMP	FY13A	FY14E	FY15E	FY13A	FY14E	FY15E	FY13A	FY14E	FY15E	FY13A	FY14E	FY15E	FY13A	FY14E	FY15E	FY13A
Graphite India	LONG	58	11,342	83	Jun'14	6.9	8.5	10.6	8.4	6.8	5.5	87.6	0.6	8 %	10 %	11 %	6.0 %	7.8 %			
HEG	NR	180	7,182	NR	NR	41.7	31.4	41.6	4.4	5.9	4.4	172	0.9	26%	18%	10%	4%	5%			
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Key Triggers

- Graphite electrode price increase

Sensitivity to Key Variables	% Change	% Impact on EPS
Capacity Utilization	2 %	2 %
GE Price increase	2 %	6 %
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
8.0 %	1.2	15.0 %	2.5 %	23.6 %

	FY14E	FY15E	FY16-18E	FY19-23E	FY24-28E
Sales Growth	-2 %	10 %	2 %	0 %	0 %
NOPAT Margin	9 %	10 %	10 %	10 %	10 %
IC Turnover	0.90	0.98	1.01	1.01	1.01
RoIC	7.7 %	9.6 %	9.7 %	9.7 %	9.7 %

Years of strong growth	1	2	5	10	15
Valuation as on date (Rs)	59	72	73	74	74
Valuation as of 30th Jun'14	67	81	83	84	84

DCF based Jun'14 PT of Rs 83.

Company Description:

Graphite India Ltd (GRIL) is India's largest producer of Graphite Electrodes and fifth largest in the world (along with its German subsidiary, Cova) accounting for ~6.5% of global electrode capacity. Graphite electrodes are used in manufacturing of steel through EAF route. GRIL is part of Kolkata, India based K K Bangur group. Current total installed graphite electrode capacity of the company stands at 78k TPA out of which 60k TPA is located in India (34k TPA in Durgapur, West Bengal, 13k TPA in Bangalore, Karnataka and 13k TPA in Nasik, Maharashtra) where as 18k TPA in Nurnberg, Germany

Standalone Quarterly Earnings Forecast and Key Drivers

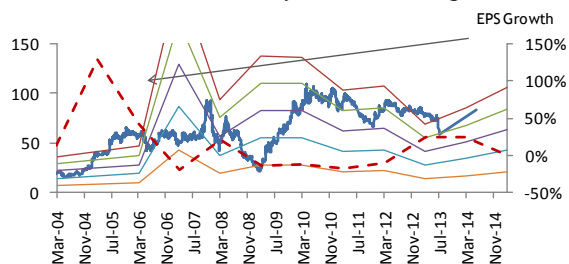
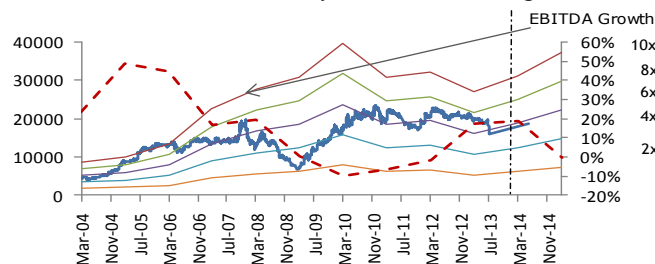
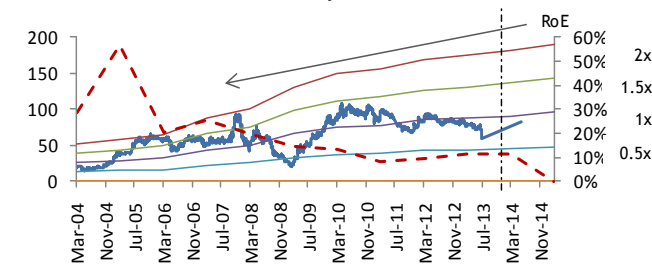
Rs in Mn	1Q13A	2Q13A	3Q13A	4Q13A	1Q14A	2Q14E	3Q14E	4Q14E	1Q15E	2Q15E	3Q15E	4Q15E	FY13A	FY14E	FY15E	FY16E
Revenue	4,175	4,071	4,291	5,112	4,038	3,937	4,152	4,505	4,611	4,611	4,611	4,611	17,649	16,632	18,443	19,252
EBITDA	731	774	667	618	658	648	785	878	888	888	888	888	2,789	2,970	3,551	3,707
Depreciation	115	120	129	134	131	136	137	138	139	140	141	143	500	542	564	582
EBIT	616	654	538	484	527	513	648	740	749	748	746	745	2,289	2,428	2,988	3,124
Interest	53	45	52	71	44	62	55	47	56	56	56	56	221	207	225	225
Other Income	45	87	33	98	87	43	52	49	62	68	78	89	264	232	298	350
PBT	608	696	518	512	571	494	646	742	755	759	769	778	2,331	2,452	3,060	3,249
Tax	203	232	173	93	178	163	213	245	249	250	254	257	700	798	1,010	1,072
Recurring PAT	406	465	345	419	393	331	433	497	506	508	515	522	1,631	1,654	2,050	2,177
Extraordinary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	406	465	345	419	393	331	433	497	506	508	515	522	1,631	1,654	2,050	2,177
EPS (Rs)	2.08	2.38	1.77	2.14	2.01	1.69	2.21	2.54	2.59	2.60	2.64	2.67	8.35	8.46	10.49	11.14
Key Drivers																
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Capacity Utilization	89%	91%	96%	103%	71%	75%	76%	79%	82%	82%	82%	82%	95%	75%	82%	85%
Sequential Growth (%)																
Revenue	-8 %	-3 %	5 %	19 %	-21 %	-3 %	5 %	8 %	2 %	0 %	0 %	0 %	-	-	-	-
Consumption of Raw Materials	-18 %	-9 %	9 %	49 %	-30 %	-9 %	-16 %	12 %	3 %	0 %	-4 %	1 %	-	-	-	-
EBITDA	-12 %	6 %	-14 %	-7 %	7 %	-1 %	21 %	12 %	1 %	0 %	0 %	0 %	-	-	-	-
EBIT	-14 %	6 %	-18 %	-10 %	9 %	-3 %	26 %	14 %	1 %	0 %	0 %	0 %	-	-	-	-
Recurring PAT	-45 %	15 %	-26 %	21 %	-6 %	-16 %	31 %	15 %	2 %	1 %	1 %	1 %	-	-	-	-
EPS	-45 %	15 %	-26 %	21 %	-6 %	-16 %	31 %	15 %	2 %	1 %	1 %	1 %	-	-	-	-
Yearly Growth (%)																
Revenue	31 %	-12 %	-2 %	13 %	-3 %	-3 %	-3 %	-12 %	14 %	17 %	11 %	2 %	6 %	-6 %	11 %	4 %
EBITDA	19 %	-10 %	-14 %	-25 %	-10 %	-16 %	18 %	42 %	35 %	37 %	13 %	1 %	-10 %	6 %	20 %	4 %
EBIT	19 %	-14 %	-21 %	-33 %	-14 %	-22 %	21 %	53 %	42 %	46 %	15 %	1 %	-15 %	6 %	23 %	5 %
Recurring PAT	10 %	-12 %	-24 %	-43 %	-3 %	-29 %	25 %	19 %	29 %	54 %	19 %	5 %	-22 %	1 %	24 %	6 %
EPS	10 %	-12 %	-24 %	-43 %	-3 %	-29 %	25 %	19 %	29 %	54 %	19 %	5 %	-22 %	1 %	24 %	6 %
Margin (%)																
EBITDA	18 %	19 %	16 %	12 %	16 %	16 %	19 %	19 %	19 %	19 %	19 %	19 %	16 %	18 %	19 %	19 %
EBIT	15 %	16 %	13 %	9 %	13 %	13 %	16 %	16 %	16 %	16 %	16 %	16 %	13 %	15 %	16 %	16 %
PBT	15 %	17 %	12 %	10 %	14 %	13 %	16 %	16 %	16 %	16 %	17 %	17 %	13 %	15 %	17 %	17 %
PAT	10 %	11 %	8 %	8 %	10 %	8 %	10 %	11 %	11 %	11 %	11 %	11 %	9 %	10 %	11 %	11 %

Consolidated Financials

P&L (Rs Mn)	FY13A	FY14E	FY15E	FY16E
Revenue	19,488	19,182	21,179	22,125
Op. Expenditure	16,779	16,058	17,466	18,261
EBITDA	2,709	3,123	3,713	3,863
Depreciation	620	635	657	675
EBIT	2,089	2,488	3,057	3,188
Interest Expense	307	261	278	278
Other Income	390	232	298	350
PBT	2,172	2,459	3,076	3,259
Tax	828	800	1,014	1,075
PAT bef. MI & Assoc.	1,344	1,659	2,062	2,184
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	1,344	1,659	2,062	2,184
Extraordinaires	0	0	0	0
Reported PAT	1,344	1,659	2,062	2,184
FDEPS (Rs)	6.9	8.5	10.6	11.2
DPS (Rs)	3.5	4.5	5.0	5.0
CEPS (Rs)	10.1	11.7	13.9	14.6
FCFPS (Rs)	5.6	17.1	10.1	9.7
BVPS (Rs)	87.6	90.8	95.5	100.9
EBITDAM (%)	14 %	16 %	18 %	17 %
PATM (%)	7 %	9 %	10 %	10 %
Tax Rate (%)	38 %	33 %	33 %	33 %
Sales Growth (%)	2 %	-2 %	10 %	4 %
FDEPS Growth (%)	-36 %	23 %	24 %	6 %

Balance Sheet (Rs Mn)	FY13A	FY14E	FY15E	FY16E
Equity Capital	391	391	391	391
Reserve	16,728	17,358	18,277	19,319
Networth	17,119	17,749	18,668	19,709
Total Debt	7,028	5,084	5,084	5,084
Def Tax Liability	992	950	950	950
Minority Interest	0	0	0	0
Account Payables	3,008	2,798	2,883	3,013
Other Curr Liabi	1,372	1,274	1,313	1,372
Total Liabilities & Equity	29,518	27,856	28,899	30,129
Net Fixed Assets	7,128	7,122	6,962	6,798
Capital WIP	25	0	0	0
Others	464	341	341	341
Inventory	12,207	11,241	11,639	12,167
Account Receivables	5,156	4,683	4,797	5,008
Other Current Assets	2,006	1,791	1,836	1,917
Cash	2,532	2,678	3,324	3,898
Total Assets	29,518	27,856	28,899	30,129
Non-cash Working Capital	14,989	13,643	14,075	14,707
Cash Conv Cycle	280.7	259.6	242.6	242.6
WC Turnover	1.3	1.4	1.5	1.5
FA Turnover	2.7	2.7	3.0	3.3
Net D/E	0.3	0.1	0.1	0.1
Revenue/Capital Employed	0.8	0.8	0.9	0.9
Capital Employed/Equity	1.4	1.4	1.3	1.3

Cash Flow (Rs Mn)	FY13A	FY14E	FY15E	FY16E
PBT	2,172	2,459	3,076	3,259
Depreciation	620	635	657	675
Others	192	0	0	0
Taxes Paid	488	800	1,014	1,075
Change in WC	-2,192	1,347	-433	-632
Operating C/F	303	3,641	2,286	2,228
Capex	-521	-558	-497	-511
Change in Invest	1,075	77	0	0
Others	46	0	0	0
Investing C/F	600	-481	-497	-511
Change in Debt	1,253	-1,944	0	0
Change in Equity	0	0	0	0
Others	-1,098	-1,070	-1,143	-1,143
Financing C/F	155	-3,014	-1,143	-1,143
Net change in cash	1,058	146	646	574
RoE (%)	8 %	10 %	11 %	11 %
RoIC (%)	6 %	8 %	9 %	9 %
Core RoIC (%)	6 %	8 %	10 %	10 %
Div Payout (%)	52 %	62 %	55 %	52 %
P/E	8.4	6.8	5.5	5.2
P/B	0.7	0.6	0.6	0.6
P/FCFF	10.4	3.4	5.7	6.0
EV/EBITDA	6.2	4.7	3.8	3.5
EV/Sales	0.9	0.8	0.7	0.6
Dividend Yield (%)	6.0 %	7.8 %	8.6 %	8.6 %

TTM P/E vs. 2 yr forward EPS growth

TTM EV/EBITDA vs. 2 yr forward EBITDA growth

TTM P/B vs. 2 yr forward RoE


Historical Consolidated Financials

P&L (Rs Mn)	FY10A	FY11A	FY12A	FY13A	Balance Sheet (Rs Mn)	FY10A	FY11A	FY12A	FY13A	Cash Flow (Rs Mn)	FY10A	FY11A	FY12A	FY13A
Revenue	13,470	14,439	19,125	19,488	Equity Capital	343	391	391	391	PBT	3,639	2,864	2,938	2,172
Op. Expenditure	9,510	11,347	15,894	16,779	Reserve	12,485	14,828	16,166	16,728	Depreciation	499	486	487	620
EBITDA	3,960	3,092	3,230	2,709	Networth	12,829	15,219	16,557	17,119	Others	-148	-227	-63	192
Depreciation	499	486	487	620	Total Debt	3,243	3,411	5,967	7,028	Taxes Paid	968	769	792	488
EBIT	3,461	2,606	2,743	2,089	Def Tax Liability	738	630	708	992	Change in WC	-479	-2,152	-2,842	-2,192
Interest Expense	145	86	186	307	Minority Interest	0	0	0	0	Operating C/F	2,542	202	-272	303
Other Income	322	345	381	390	Account Payables	1,935	2,471	2,673	3,008	Capex	-264	-975	-1,349	-521
PBT	3,639	2,864	2,938	2,172	Other Curr Liabi	879	1,170	1,264	1,372	Change in Invest	-854	-288	-12	1,075
Tax	1,290	846	847	828	Total Liabilities & Equity	19,623	22,901	27,169	29,518	Others	131	64	1,319	46
PAT bef. MI & Assoc.	2,348	2,018	2,091	1,344	Net Fixed Assets	5,251	4,458	6,031	7,128	Investing C/F	-986	-1,199	-41	600
Minority Interest	0	0	0	0	Capital WIP	195	1,695	1,267	25	Change in Debt	-1,741	1,505	2,274	1,253
Profit from Assoc.	0	0	0	0	Others	1,876	2,267	1,360	464	Change in Equity	0	0	0	0
Recurring PAT	2,348	2,018	2,091	1,344	Inventory	7,286	9,058	10,375	12,207	Others	-784	-828	-969	-1,098
Extraordinaires	0	127	-34	0	Account Receivables	2,912	3,391	4,574	5,156	Financing C/F	-2,525	677	1,306	155
Reported PAT	2,348	1,891	2,125	1,344	Other Current Assets	1,300	1,552	2,090	2,006	Net change in cash	-969	-320	992	1,058
EPS (Rs)	12.0	10.3	10.7	6.9	Cash	802	482	1,474	2,532	RoE (%)	20 %	14 %	13 %	8 %
DPS (Rs)	3.5	3.5	3.5	3.5	Total Assets	19,623	22,901	27,169	29,518	RoIC (%)	14 %	12 %	10 %	6 %
CEPS (Rs)	16.6	12.8	13.2	10.1	Non-cash Working Capital	8,685	10,358	13,101	14,989	Core RoIC (%)	15 %	12 %	10 %	6 %
FCFPS (Rs)	9.6	-4.8	-0.9	5.6	Cash Conv Cycle	235.3	261.8	250.0	280.7	Div Payout (%)	30 %	37 %	33 %	52 %
BVPS (Rs)	74.8	77.9	84.7	87.6	WC Turnover	1.6	1.4	1.5	1.3	P/E	4.8	5.6	5.4	8.4
EBITDAM (%)	29 %	21 %	17 %	14 %	FA Turnover	2.5	2.3	2.6	2.7	P/B	0.8	0.7	0.7	0.7
PATM (%)	17 %	14 %	11 %	7 %	Net D/E	0.2	0.2	0.3	0.3	P/FCFF	6.0	-12.1	-62.7	10.4
Tax Rate (%)	35 %	30 %	29 %	38 %	Revenue/Capital Employed	0.9	0.9	1.1	0.9	EV/EBITDA	3.8	5.0	5.3	8.4
Sales growth (%)	-10 %	7 %	32 %	2 %	Capital Employed/Equity	1.7	1.4	1.3	1.3	EV/Sales	1.1	1.1	0.9	1.2
FDEPS growth (%)	0 %	-14 %	4 %	-36 %						Dividend Yield (%)	6.0 %	6.0 %	6.0 %	6.0 %



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