

# Trident Ltd

Bloomberg Code: TRID IN

India Research - Stock Broking

**BUY**

## Strengthening its global leadership in the Home Textile Segment

Trident is amongst world's largest fully integrated home-textile manufacturers of terry towel with the capacity of Rs. 360 Mn pieces of towel per annum with high-end manufacturing technology. Trident has 3 Terry Towel Units (388 looms) in Dhaura, Punjab, with the utilization rates were close to 80% and with further expansion in FY14 Budni, Madhya Pradesh Terry Towel Unit - 4 (300 loomes), with the utilization rate recorded 35% and expecting to reach 40-50% in FY16E. With this huge capacity in Q1FY16E, textile segment reported healthy performance with a revenue growth of 5% QoQ and we expect the home textile revenue will ramp up 20% growth in FY17E.

### Paper segment with steady growth - Higher margin contribution from value-added Copier Paper:

Trident is the world's largest wheat straw-based paper producer with a paper and pulp capacity of 175,000 tonnes per annum and 125,000 tonnes per annum respectively. The paper segment contributing 22% of consolidated revenue. In FY15, EBITDA margin improved by 273 bps to 28.3% as compared to 25.6% in Q4FY14. However, to enhance the revenue contribution, they have increased production of value-added higher margin copier segment to more than 50% of total paper production.

### Stepping into Bed Linen Project with higher capacity in pipeline:

Trident has plans to expand its offering in the home textile segment. The company is implementing a composite textile project in the home textiles segment consisting of bed linen unit at Budni, Madhya Pradesh, with a capacity of 500 looms. The capex is estimated at Rs. 16,669 mn and the units are expected to be commenced by second half of FY16E.

## Valuation and Outlook

At CMP of Rs. 45, Trident is currently trading at 9.0x P/E of FY17E earnings, we initiate coverage on Trident with a "BUY" rating with a target price of Rs. 55, based on a 11.0x P/E FY17E, representing an upside potential of 22%. We have given a premium to the valuation considering factors like capacity expansions in Home textiles, stable material prices, revenue from Bed Linen project, favorable product mix, improving cost efficiency and economies of scale.

### Exhibit 1: Valuation Summary (Rs. Mn)

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	33352	38690	37860	45243	56328
EBITDA	5778	7439	6952	8508	10869
EBITDA Margin (%)	16.7	18.8	18.3	18.7	19.2
Adj. Net Profit	493	1940	1179	1658	2539
EPS (Rs.)	1.6	6.2	2.5	3.3	5.0
RoE (%)	7.3	24.4	10.1	10.8	14.5
PE (x)	4.7	2.4	9.3	13.8	9.0

Source: Company, Karvy Research, \*Represents multiples for FY13, FY14 & FY15 are based on historic market price

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### Recommendation (Rs.)

CMP (as on Aug 06, 2015)	45
Target Price	55
Upside (%)	22

### Stock Information

Mkt Cap (Rs.mn/US\$ mn)	22974 / 360
52-wk High/Low (Rs.)	50 / 19
3M Avg. daily volume (mn)	0.9
Beta (x)	1.1
Sensex/Nifty	28298 / 8589
O/S Shares(mn)	508.8
Face Value (Rs.)	10.0

### Shareholding Pattern (%)

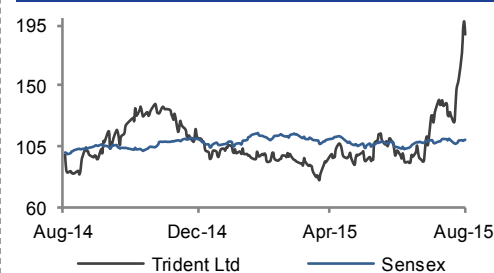
Promoters	66.6
FII's	0.6
DII's	1.6
Others	31.2

### Stock Performance (%)

	1M	3M	6M	12M
Absolute	45	95	80	76
Relative to Sensex	45	84	97	63

Source: Bloomberg

### Relative Performance\*



Source: Bloomberg; \*Index 100

### Analyst Contact

**Prasanth Victor**

040 - 3321 6271

v.prasanth@karvy.com

**Company Financial Snapshot (Y/E Mar)**
**Profit & Loss (Rs. Mn)**

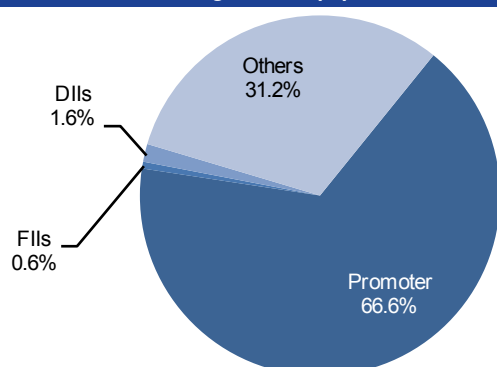
	FY15	FY16E	FY17E
Net sales	37860	45243	56328
Optg. Exp (Adj for OI)	30945	36787	45537
EBITDA	6952	8508	10869
Depreciation	3213	3866	4522
Interest	2060	2609	2845
Other Income	37	52	79
PBT	1680	2034	3503
Tax	501	376	963
Adj. PAT	1179	1658	2539
<b>Profit &amp; Loss Ratios</b>			
EBITDA margin (%)	18.3	18.7	19.2
Net margin (%)	3.1	3.7	4.5
P/E (x)	9.3	13.8	9.0
EV/EBITDA (x)	5.4	6.8	5.0
Dividend yield (%)	2.6	1.3	1.3

Source: Company, Karvy Research

**Balance sheet (Rs. Mn)**

	FY15	FY16E	FY17E
<b>Total Assets</b>	<b>45070</b>	<b>56889</b>	<b>57134</b>
Net Fixed assets	30858	39740	36098
Current assets	12372	15295	18834
Other assets	1840	1854	2202
<b>Total Liabilities</b>	<b>45070</b>	<b>56889</b>	<b>57134</b>
Networth	14554	16211	18751
Debt	25731	35405	32299
Current Liabilities	3139	3888	4676
Deferred Tax	1242	1242	1242
Other Liabilities	405	142	166
<b>Balance Sheet Ratios</b>			
RoE (%)	10.1	10.8	14.5
RoCE (%)	10.7	9.8	12.1
Net Debt/Equity	1.8	2.2	1.7
Equity/Total Assets	0.5	0.4	0.5
P/BV (x)	0.8	1.4	1.2

Source: Company, Karvy Research

**Exhibit 2: Shareholding Pattern (%)**


Source: Company, Karvy Research

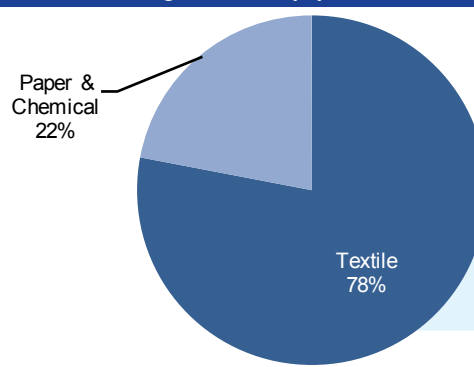
**Company Background**

Trident Limited is the flagship company of Trident Group, a US\$ 1 Bn Indian business conglomerate and a global player. Headquartered in Ludhiana (Punjab), The company operates in two major business segments textiles and paper with manufacturing facilities located in Punjab and Madhya Pradesh. Keeping in view the increasing requirements of continuously expanding operations, Trident generating captive power to meet the demands of the industry with the production capacity of 50 MW. The company has a customer presence in more than 75 countries spread across six continents. The company's prominent international customers include nine of ten largest American retailers, six leading European retailers and five of the seven largest Australia and New Zealand-based retailers.

**Cash Flow (Rs. Mn)**

	FY15	FY16E	FY17E
PBT	1680	2034	3503
Depreciation	3213	3866	4522
Interest (net)	2060	2609	2845
Tax	(426)	(443)	(963)
Changes in WC	(79)	(1951)	(2158)
Others	(42)	17	(103)
<b>CF from Operations</b>	<b>6406</b>	<b>6132</b>	<b>7645</b>
Capex	(15752)	(12748)	(380)
Others	8589	49	53
<b>CF from Investing</b>	<b>(14864)</b>	<b>(12699)</b>	<b>(327)</b>
Change in Equity	4454	0	0
Change in Debt	6302	8500	(3900)
Others	0	816	(179)
Dividends & interest paid	(2217)	(2609)	(2845)
<b>CF from Financing</b>	<b>(8458)</b>	<b>6707</b>	<b>(6924)</b>
Change in Cash	81	140	394

Source: Company, Karvy Research

**Exhibit 3: Revenue Segmentation (%)**


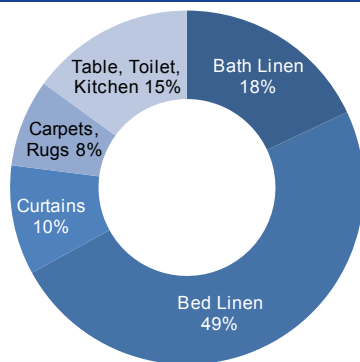
Source: Company, Karvy Research

### Implementing Bed linen project boost up the home textile revenue:

The company plans to set up a composite bed sheeting unit in Budni, Madhya Pradesh, comprising 500 looms and 1.76 lac spindles for cotton yarn directed at captive consumption. This strategic investment will cater to two-thirds of the home textiles market occupied by bed and bath linen. As per domestic home textiles market bed linen contributes 49% of value and the home textile market is expected to grow at a CAGR of ~8.3% for the period 2011-2021. The capex is estimated at Rs. 16,669 mn and the units are expected to be commenced by second half of FY16E. As there is a great demand in international market, Trident is expecting to accelerate the revenue from bed linens through exports by 80 to 90% in future. This project will be under surveillance in FY16E. In FY17E, we are expecting an aggregate utilization of around 50% on Bed Linen.

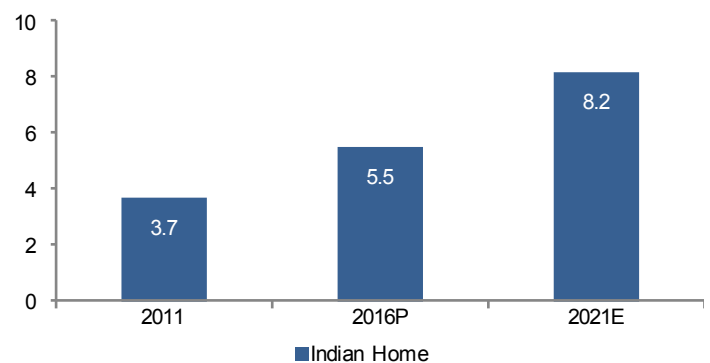
The objective will be to ramp up the capacity to 40 mn meters per annum. Assuming with a capacity utilization of 70-80%, demand in international market, stable raw material price going forward, in FY17E, the revenue contribution shoot up Rs. 10,000 mn from bed linen segment. Focussing on branding initiative, Trident has a brand strategy of having the existing brands in terry towel so the same brands will continue in Bed Linen with the same marketing and distribution channels. Going forward, we are expecting that the company will catch up much more good set of client base in international market.

**Exhibit 4: Indian Home Textiles Industry (Value)**



Source: Company, Karvy Research

**Exhibit 5: Indian Home Textiles Industry (\$ Bn)**

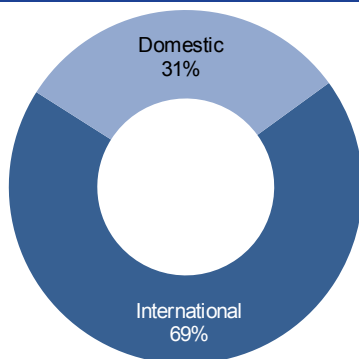


Source: Company, Karvy Research

### Robust operating performance in Terry Towels with new expansion:

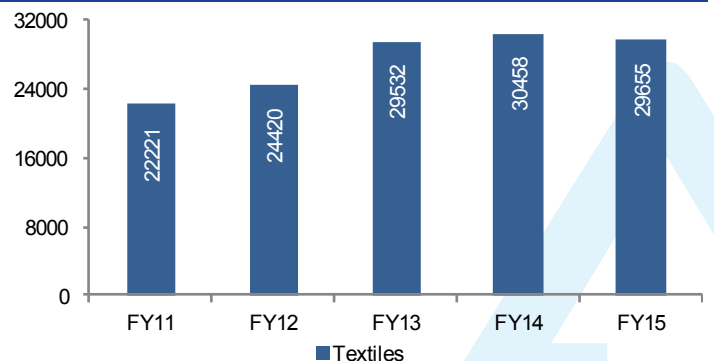
Trident has increased its towel manufacturing capacity to 688 looms post-merger with the erstwhile Trident Corporation Limited, an associate company. This combined capacity has made Trident Limited the largest manufacturer of terry towels in the world. The company is capable of producing 88,775 metric tonnes of towels per annum at optimum utilisation with a balanced product mix with net realization of Rs. 470 per kg. In terms of Towel Unit in Dhaula, Punjab, the utilization rates were close to 80% and in largest terry towel project at a single facility in Budni (Madhya Pradesh) the average utilization around at 40%. The company exports to 70 countries, contributing almost 80% to the segment revenue of 14,469 Mn. Out of that, 65% is to US and the remaining is to the rest of world, mainly Europe, Australia, New Zealand and very small quantity to Japan. Trident offers a variety of brands of terry towels in the domestic market, catering to everyday as well as indulgent use. These home textiles products are sold under various established brands like Home Essentials, Classic, Kids & Mom, Floral, Colors and Indulgence.

**Exhibit 6: Export - Domestic Mix % (Textile Segment)**



Source: Company, Karvy Research

**Exhibit 7: Textiles Revenue (Rs. Mn)**



Source: Company, Karvy Research

In FY15, net sales declined to Rs. 29655 mn with FY14 at Rs. 30458 mn due to lower yarn realizations and higher captive consumption of yarn. De-growth from yarn mitigated by increased off-take in the Terry Towel business which has witnessed 25% increase in volumes as compared to last year. Over FY10-15, revenues from this segment grew at a CAGR of 16%, we expect with the capacity increase in Budni project by 55-60% in FY17E, around 70% of our revenues will be coming from Home Textiles which is Towels and Bed Linen, about 20% to 25% from Yarn.



Source: Company

**Product-mix towards high margin Copier Paper – Steady growth in paper segment:**

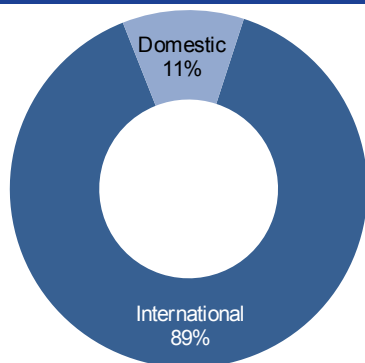
Demand for agro-based paper is on the rise largely due to shortage of key raw material – wood. Besides, paper manufactured using agro residue is considered environment friendly together with fair pricing. Trident is the company which manufactures paper from wheat straw is a waste which comes out of the production of wheat. Trident is the world’s largest wheat straw-based paper producer with a paper and pulp capacity of 175,000 tonnes per annum and 125,000 tonnes per annum respectively with a capacity utilization of 94-95%. The paper segment contributing 20% of consolidated revenue. Trident Paper has a customer presence across 52 countries including South Africa, USA, Canada, Australia and Europe which are highly quality conscious & competitive markets.

Trident has a product portfolio of Branded copier paper, Maplitho paper & Bible and offset printing paper. The company has five well established brands (Trident Spectra, Trident My Choice, Trident Natural, Trident Eco Green and Trident Royal Touch) in the copier paper segment, which drive around half the segment revenue. In FY15 the revenue recorded Rs. 8,191 Mn which is 22% of consolidated revenue and CAGR of 11% over FY10-15 with a stable growth. The average realization is around Rs. 54 - 55 per kg in the copier paper and it is around Rs. 48 - 50 per kg for the regular paper. The focus going ahead is to further improve value addition from expanding national market share, focusing on institutional/government orders for longer runs, thereby improving productivity, product availability in all major hypermarkets and supermarkets, increasing letter size copier paper to American market, targeting North, NCR, Central and West markets in India.



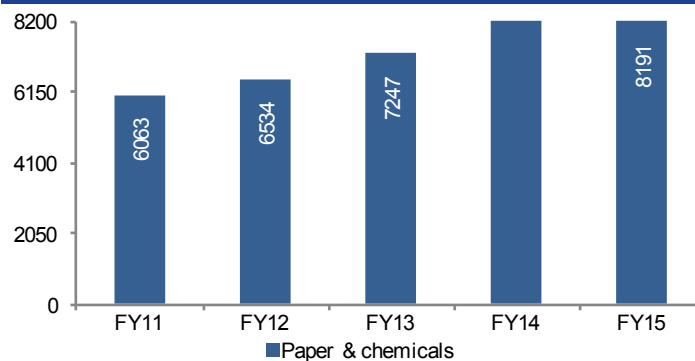
Source: Company

**Exhibit 8: Export - Domestic Mix % (Paper Segment)**



Source: Company, Karvy Research

**Exhibit 9: Paper & Chemicals Revenue (Rs. Mn)**



Source: Company, Karvy Research

### Sharp correction in Yarn realization, higher captive consumption leads to healthy revenue:

FY15 was a challenging year for the Indian Textile industry owing to sharp correction in cotton and yarn prices which led to significant inventory losses since Cotton was procured at a higher cost last year. Falling exports to China further impacted Yarn profitability. In line with this, performance in Yarn was also impacted. The Indian cotton yarn industry has been facing pricing and demand pressures over the past few quarters in FY15 on the back of multiple factors. Yarn prices declined by over 22% in past one year while the Cotton prices fell by around 27%. Following a dull phase last year, things have started returning to normalcy with stable Cotton and Yarn prices and improvement in demand of Yarn witnessed during Q4FY15. With a normalized scenario, we expect margin profile to improve in FY16E.

However in Q4FY15, close to 38% of Yarn was consumed captively, as compared to 26% in Q4FY14, so the captive consumption is increasing with the total capacity of 3.66 lac spindles capable of producing 8400 MT/month of cotton and Blended yarn. As the capacity of Terry Towel is increased to 688 looms and since the Bed Linen project is a composite project, 1.76 lac spindles for cotton yarn exclusively using for captive consumption, we expect the captive consumption may increase further to 50-60% which offset the increase in volumes of Terry towel and Bed linens.

### Chemical & Captive power segment an additional advantage:

Trident has a capacity of 100,000 TPA production of Sulphuric Acid, manufactured using state-of-the-art machinery from DE Dietrich, Germany. The company's sulphuric acid products categories comprise 'commercial grade', 'battery grade' and 'AR and LR' grade cater to diverse battery needs, Zinc Sulphate, alum, detergent, dye and fertiliser industries. The company is producing 91,000 metric tonnes of Sulphuric Acid, each year.

The company has a captive power producing capacity of 50MW, produced through three mega-turbines and two power boilers. The captive power makes Trident self-sufficient in all its other businesses at its Punjab facility. The power plant is equipped with the latest multi-fuel Atmospheric Fluidised Bed Combustion (AFBC) boilers with complete automated Distributed control System (DCS) operation and intelligent load management system. The plant can consume agro-wastes (rice husk), Effluent Treatment Plant (ETP) sludge, methane (from ETP), pet coke and imported coke. Trident plans to set up a 60 MW of power plant for captive consumption at its Madhya Pradesh plant to keep the business independent from external power availability.

**Exhibit 10: Business Assumptions**

Y/E Mar (Rs. Mn)	FY14	FY15	FY16E	FY17E	Comments
<b>Consolidated</b>					
Revenue	38690	37860	45243	56328	With a normalized scenario with stable Cotton and Yarn prices and improvement in demand of Yarn and with capacity expansion in both terry towel and Bed linen, we expect revenue to improve at 20-25% in FY17E with a CAGR of 17%.
Revenue Growth (%)	16.0	(2.1)	19.5	24.5	
EBITDA	7439	6952	8508	10869	We expect 18 to 19% EBITDA margin on a sustainable basis in the years FY16E & FY17E.
EBITDA Margins (%)	18.8	18.3	18.7	19.2	
PAT (normalized)	1940	1179	1658	2539	Growth and profitability in FY16E would be driven by improved utilization levels at the new plant driven by sustained focus on expanding customer base in Home Textile segment.
Fully Diluted EPS (Rs.)	6.2	2.5	3.3	5.0	
Capex (ex. Acquisition) - cash capex	(1489)	(15752)	(12748)	(380)	Capex regarding expansion is only in FY16E and in FY17E there will be maintenance capex of Rs. 380 Mn relating to debottlenecking of paper segment which will mostly funded from free cash flow.
Net CFO	8053	6831	6575	8609	
Net Debt	18623	25561	35095	31594	High debt is mainly due to increase in capex of Rs. 16000 Mn. As there is no further expansion and in FY17E there will be maintenance capex of Rs. 380 mn annually and the debt repayment will be at Rs. 4500 mn per year.
Free Cash Flow	2919	5980	(9347)	(6616)	

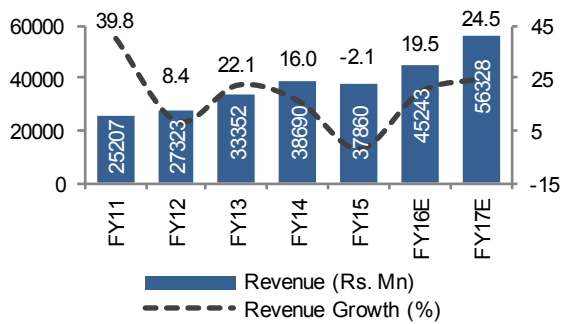
Source: Company, Karvy Research

**Exhibit 11: Company Snapshot (Ratings)**

	Low				High
	1	2	3	4	5
Quality of Earnings				✓	
Domestic Sales			✓		
Exports			✓		
Net Debt/Equity			✓		
Working Capital Requirement				✓	
Quality of Management				✓	
Depth of Management				✓	
Promoter				✓	
Corporate Governance				✓	

Source: Company, Karvy Research

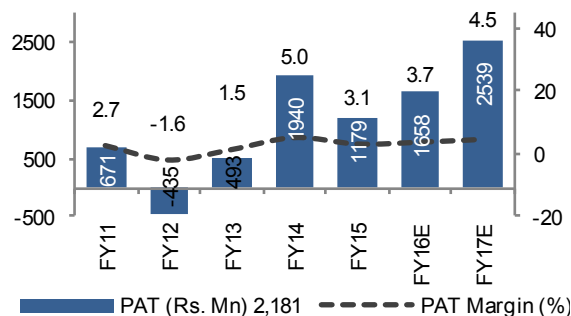
**Exhibit 12: Revenue (Rs. Mn) & Revenue Growth (%)**



Source: Company, Karvy Research

Revenue has grown at a CAGR of 16% between FY10-FY15. As it has been observed that in FY15, the company faced little decline in the consolidated revenue figures with a reduction of 2.1% compare with FY14 due to sharp correction in Cotton and Yarn prices. Going forward, we anticipate things have started returning to normalising with stable Cotton and Yarn prices and improvement in demand of Yarn witnessed during Q4FY15. With a normalized scenario, and with capacity expansion in both terry towel and Bed linen we expect revenue to improve at 20-25% in FY17E with a CAGR of 22%.

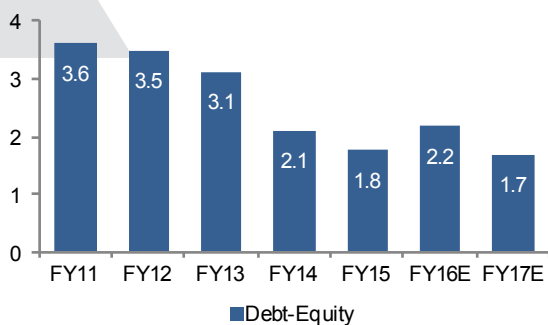
**Exhibit 13: Pat (Rs. Mn) & PAT Margin (%)**



Source: Company, Karvy Research

The consolidated profit after tax of the year is at Rs. 1176 Mn compared to Rs. 1940 Mn in the previous year with a 39% reduction. As discussed earlier, FY15 was a challenging year for the Indian Textile industry owing to sharp correction in Cotton and Yarn prices which led to significant inventory losses since Cotton was procured at a higher cost last year. As the Cotton and Yarn prices getting normal and the company may witness PAT to reach Rs. 2000 mn by FY17E with a PAT margin of 4%.

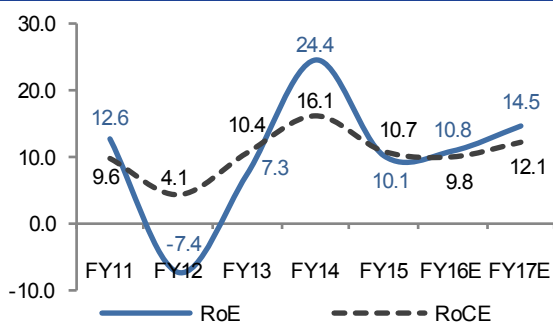
**Exhibit 14: Debt-Equity (%)**



Source: Company, Karvy Research

As the expansions are largely through debt funding, currently Trident has Debt-Equity at 1.8x in FY15. Also the company is undergoing with major expansions which lead to increase in debt and we expect in FY16E debt-equity ratio will be at 2.3x and the total debt could be around Rs. 36000 Mn. We expect the debt will be reduced through repayment of around Rs. 4500 Mn in FY16E. The high ratio is mainly due to increase in capex of Rs. 16000 Mn. As there is no further expansion and in FY17E there will be maintenance capex of Rs. 300 mn annually.

**Exhibit 15: RoE & RoCE (%)**



Source: Company, Karvy Research

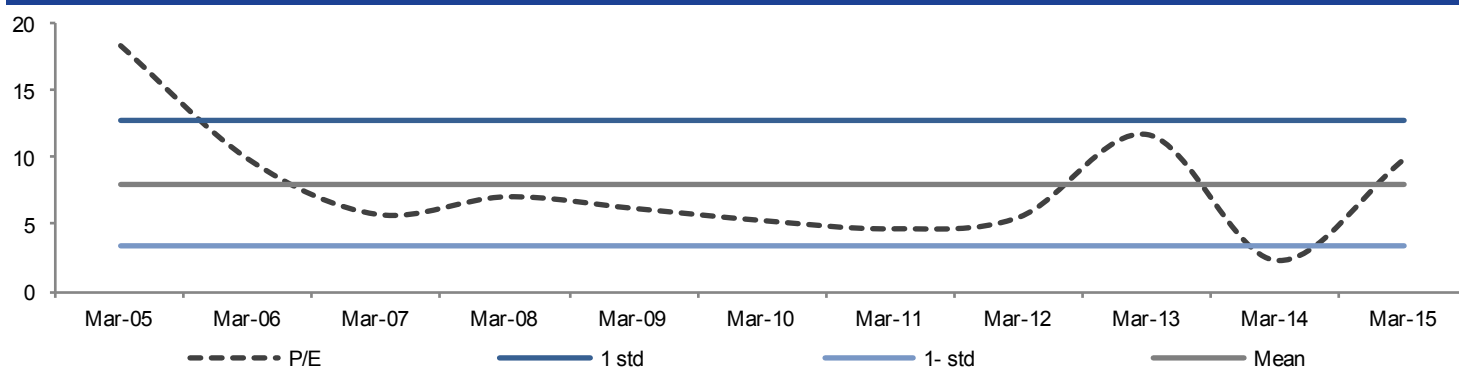
The company's RoCE and RoE have improved due to increased EBIT margins moving forward, RoCE & RoE will improve to 11% & 12% by FY17E as management expecting to focus on debt repayment, thereby the company is expected to witness improvement in RoE & RoCE.

## Valuation & Outlook

At CMP of Rs. 45, Trident is currently trading at 9.0x P/E of FY17E earnings, we initiate coverage on Trident with a **“BUY”** rating with a target price of Rs. 55, based on a 11.0x P/E of FY17E EPS, representing an upside potential of 22%.

We have given a premium to the valuation on account of the change in revenue mix towards high-margin businesses of terry towels & bed linen, stable revenue from paper segment, normalized scenario in cotton and Yarn price.

We believe Trident is entering a phase of high growth trajectory along with improvement in its profitability. We expect revenues and PAT to grow at 22% & 47% CAGR during FY15-17E on back of higher RoE and RoCE of 14.5% & 9.0% by FY17E. The management plans to focus majorly on debt repayment over the next two years. Capacity expansion during the period will be high however there will be no further expansions, most of which would be maintenance capex.

**Exhibit 16: PE Band**


Source: Prowess, Karvy Research

**Exhibit 17 (a): Comparative Valuation Summary**

	CMP (Rs.)	Mcap (Rs. Mn)	EV/EBITDA (x)				P/E (x)				EPS (Rs.)			
			FY14	FY15	FY16E	FY17E	FY14	FY15	FY16E	FY17E	FY14	FY15	FY16E	FY17E
Trident Ltd	45	22898	3.1	5.4	6.8	5.0	2.4	9.3	13.8	9.0	6.2	2.5	3.3	5.0
Welspun India	879	88315	3.6	4.5	6.4	5.7	11.0	6.6	12.1	10.3	9.2	53.8	61.4	71.9

Source: Bloomberg, Karvy Research

**Exhibit 17 (b): Comparative Operational Metrics Summary**

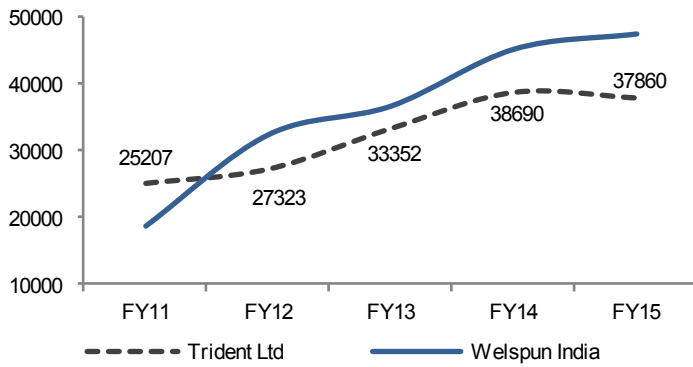
	CAGR % (FY15-17E)			RoE (%)				Price Perf (%)			Net Sales (Rs. Mn)			
	Sales	EBITDA	EPS	FY14	FY15	FY16E	FY17E	3m	6m	12m	FY14	FY15	FY16E	FY17E
Trident Ltd	22.0	25.0	42.1	24.4	10.1	10.8	14.5	94.6	80.2	75.7	38690	37860	45243	56328
Welspun India	22.0	14.9	15.6	8.8	42.5	35.8	32.6	72.0	123.0	255.0	44954	47229	61832	70310

Source: Bloomberg, Karvy Research



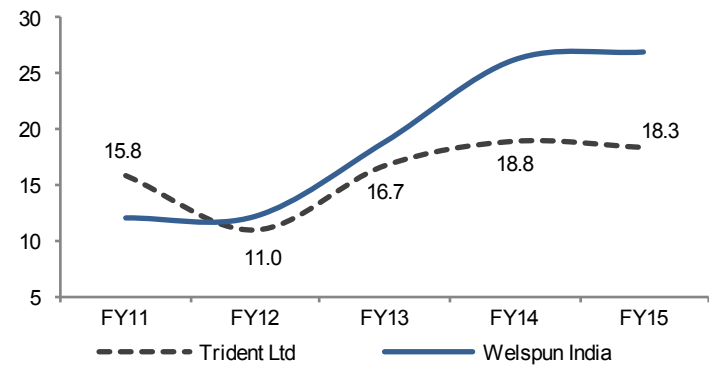
## Peer Comparison

**Exhibit 18: Revenue (Rs. Mn)**



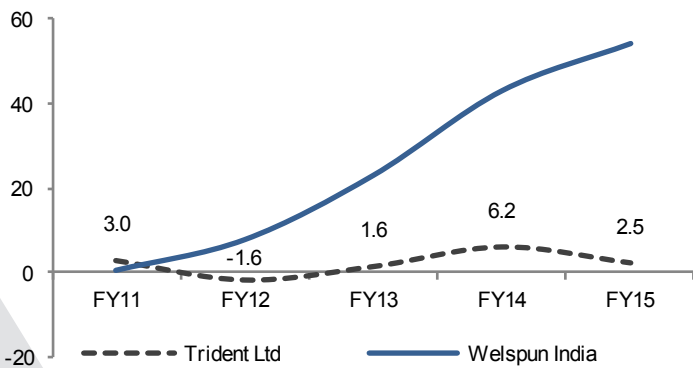
Source: Bloomberg, Karvy Research

**Exhibit 19: EBITDA Margin (%)**



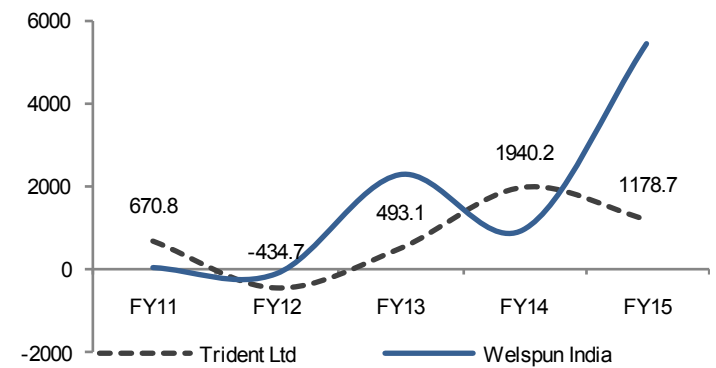
Source: Bloomberg, Karvy Research

**Exhibit 20: EPS (Rs. Mn)**



Source: Bloomberg, Karvy Research

**Exhibit 21: Net Profit (Rs. Mn)**



Source: Bloomberg, Karvy Research

## Key Risks

- The majority of risks faced by the company are inherent to business activities of the company and the global network, ranging from agricultural crops in monsoon, economic cycles across the globe and foreign exchange fluctuations.
- Since the company caters to 75 countries globally in home textiles, wheat straw-based/eco-friendly paper and some varieties of yarn, it is always subject to the risk of foreign currency fluctuations.
- The company has to source cotton in every season, to enable it to manufacture cotton yarn and cotton spinning in different blends at both its manufacturing hubs in Punjab and Madhya Pradesh. The same is primarily dependent on the cotton harvest in every season and subsequently the prices of same. At times, the cotton yield may be lower than expected due to agricultural yield, because of rain and other factors, and the prices of cotton may show volatility.
- The company faces a regular competition from China and ASEAN countries in the cotton yarn and home textiles segments while catering to multi-brand retail chain stores and overseas producers.

## Financials

### Exhibit 22: Income Statement

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Revenues	33352	38690	37860	45243	56328
Growth (%)	22.1	16.0	(2.1)	19.5	24.5
Operating Expenses	27799	31414	30945	36787	45537
EBITDA	5778	7439	6952	8508	10869
Growth (%)	80.4	28.8	(6.5)	22.4	27.7
Depreciation & Amortization	2614	2684	3213	3866	4522
Other Income	224	163	37	52	79
EBIT	3163	4755	3739	4643	6347
Interest Expenses	2353	2103	2060	2609	2845
PBT	810	2652	1680	2034	3503
Tax	318	681	501	376	963
Adjusted PAT	493	1971	1179	1658	2539
Growth (%)	(213.4)	299.8	(40.2)	40.6	53.2

Source: Company, Karvy Research

### Exhibit 23: Balance Sheet

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Cash & Equivalents	336	250	170	310	705
Sundry Debtors	2322	2641	2033	2952	3675
Inventory	6911	6429	7508	8596	11266
Loans & Advances	1225	1514	1728	1742	2090
Investments	639	1152	308	308	308
Gross Block	33323	34056	34858	50973	64221
Net Block	19682	18042	30622	39528	35907
CWIP	281	277	235	212	191
Other Assets	1473	1510	2465	3241	2992
<b>Total Assets</b>	<b>32868</b>	<b>31815</b>	<b>45070</b>	<b>56889</b>	<b>57134</b>
Current Liabilities & Provisions	2338	2832	3544	4031	4842
Debt	22398	18623	25731	35405	32299
Other Liabilities	1070	1082	1242	1242	1242
Total Liabilities	25806	22537	30517	40678	38383
Shareholders Equity	3108	3111	5086	5086	5086
Reserves & Surplus	3953	6167	9467	11125	13664
<b>Total Networth</b>	<b>7061</b>	<b>9278</b>	<b>14554</b>	<b>16211</b>	<b>18751</b>
<b>Total Networth &amp; Liabilities</b>	<b>32868</b>	<b>31815</b>	<b>45070</b>	<b>56889</b>	<b>57134</b>

Source: Company, Karvy Research

**Exhibit 24: Cash Flow Statement**

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
PBT	811	2652	1680	2034	3503
Depreciation	2614	2684	3213	3866	4522
Interest	2353	2103	2060	2609	2845
Tax Paid	(113)	(584)	(426)	(443)	(963)
Inc/dec in Net WC	(1767)	435	(79)	(1951)	(2158)
Others	(96)	179	(42)	17	(103)
<b>Cash flow from operating activities</b>	<b>3803</b>	<b>7469</b>	<b>6406</b>	<b>6132</b>	<b>7645</b>
Inc/dec in capital expenditure	(884)	(1489)	(15752)	(12748)	(380)
Inc/dec in investments	(83)	(541)	844	0	0
Others	(33)	299	45	49	53
<b>Cash flow from investing activities</b>	<b>(999)</b>	<b>(1731)</b>	<b>(14864)</b>	<b>(12699)</b>	<b>(327)</b>
Inc/dec in borrowings	(555)	(4062)	6302	9316	(4079)
Issuance of equity	64	433	4454	0	0
Dividend paid	0	(5)	(157)	0	0
Interest paid	(2362)	(2106)	(2060)	(2609)	(2845)
Others	4634	(3274)	(157)	1631	(359)
<b>Cash flow from financing activities</b>	<b>(2853)</b>	<b>(5740)</b>	<b>8540</b>	<b>6707</b>	<b>(6924)</b>
<b>Net change in cash</b>	<b>(50)</b>	<b>(2)</b>	<b>81</b>	<b>140</b>	<b>394</b>

Source: Company, Karvy Research

**Exhibit 25: Key Ratios**

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EBITDA Margin (%)	16.7	18.8	18.3	18.7	19.2
EBIT Margin (%)	9.5	12.3	9.9	10.3	11.3
Net Profit Margin (%)	1.5	5.0	3.1	3.7	4.5
Dividend Payout ratio	0	6.4	16.2	12.3	8.0
Net Debt/Equity	3.1	2.1	1.8	2.2	1.7
RoE (%)	7.3	24.4	10.1	10.8	14.5
RoCE (%)	10.4	16.1	10.7	9.8	12.1

Source: Company, Karvy Research

**Exhibit 26: Valuation Parameters**

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EPS (Rs.)	1.6	6.2	2.5	3.3	5.0
DPS (Rs.)	-	0.4	0.6	0.6	0.6
BV (Rs.)	22.7	28.4	28.6	31.9	36.8
PE (x)	1.6	6.2	2.5	3.3	5.0
P/BV (x)	0.3	0.5	0.8	1.4	1.2
EV/EBITDA (x)	4.2	3.1	5.4	6.8	5.0
EV/Sales (x)	0.7	0.6	1.0	1.3	1.0

Source: Company, Karvy Research; \*Represents multiples for FY13, FY14 & FY15 are based on historic market price

Stock Ratings	Absolute Returns
Buy	: > 15%
Hold	: 5-15%
Sell	: <5%

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