sbicap securities
A Tradition of Trust

24 December 2015

Initiating Coverage | Sector: Chemical- Soda Ash

Retail Research I BUY

GHCL Ltd.

Current Price	**RS.**	**134**
Target Price	**RS.**	**170**
Upside	**%**	**27**

STOCK DATA

BSE Code	500171
NSE Code	GHCL
Bloomberg Code	GHCL IN
52 Week High / Low (Rs.)	152 / 55
Face Value (Rs.)	10.0
Diluted Number of Shares (Crore.)	10
Market Cap. (Rs Crore.)	1339
Avg. Yearly Volume (NSE)	487115

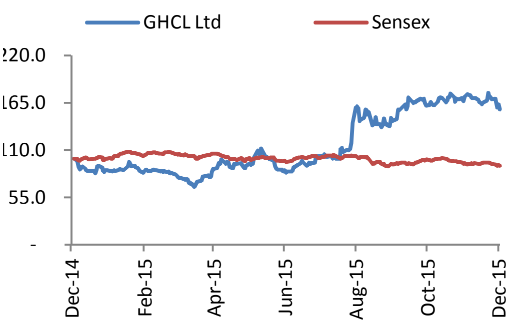
SHAREHOLDING PATTERN (%)

Particulers	Sep-15	Jun-15	Mar-15	Dec-14
Promoters	18.4	18.4	18.4	18.3
FII	13.9	13.3	15.1	15.1
Other Institution	6.6	5.7	4.6	6.2
Public & Others	61.1	62.6	61.9	60.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

RETURNS STATISTICS (%)

Particulers	1M	3M	6M	12M
GHCL Ltd	(2.7)	0.6	72.9	89.3
Sensex	0.1	0.1	(7.0)	(6.0)

Stock Performance (1-year)



__GHCL Ltd. is India's__ third largest manufacturer of soda ash after Nirma and TATA Chemicals with market share of nearly 23%. The company supplies soda in two grades viz light and dense soda ash used in detergent and glass manufacturing respectively. The soda ash forms nearly 54-55% of total revenue. The company also has presence textile with vertically integrated manufacturing facilities contributing nearly 43-44% of total sales and rest from sale of branded salt.

The company has its captive lime stone and slat pan which are the key raw materials resulting into attractive EBITDA margin of +35% in soda ash. The current utilization rate is 86% and it has set a new benchmark by achieving 91% in Q2FY15; GHCL is further looking to add another 1 lakh MT in Soda Ash segment in next two years to meet the growing demand. We are expecting the consolidated EBITDA to expand given focus of GHCL towards textile processing by extending the overall value chain. We expect the sales to grow at 9% CAGR in next three years but better EBITDA margin to enable GHCL to growth its profit at 34% CAGR for the same period.

We believe, GHCL is attractively available at current price and we like stock as 1) it generate positive free cash flow since last many years 2) has ROE of +26% 3) consistent dividend paying track record 4) decreasing debt and improving debt rating 5) high margin +22% at blended EBIDTA level 6) robust earnings growth outlooks and 7) attractive valuation at 4.3x of FY17e earnings. We initiate coverage on stock with BUY rating.

Investment Rationale

Third largest soda ash manufacturer in domestic market:

The Company supplies its products to leading detergent and glass manufacturers in around Gujarat and has domestic market share of 23%. The other players are TAT A Chemicals and Nirma (mainly for captive purposes). The Soda ash is high margin business with gross margin of +55% as company has its own captive lime stone and salt pan. The operating margin is +35% as power and fuel forms bulk of the operating expenses.

Textile business to further add wings: GHCL is vertically integrated textile player with spinning, wide-width weaving, continuous fabric processing, and manufacturing of premium fabrics. The company supplies its premium fabrics to leading brands globally around the world. GHCL is further plan to expand its processing capacity to 45 million sq meters in next two years from current 36 million meters. The margin is expected to increase as company would look to brand its own products and concentrate on processing which is a high margin business.

KEY FINANCIALS

Year	2014A	2015A	2016E	2017E	2018E
Net Sales	2,247.6	2,373.6	2,491.4	2,763.8	3,101.6
Growth (%)	(1.2)	5.6	5.0	10.9	12.2
EBITDA Margin (%)	*19.3*	*22.3*	*24.4*	*24.8*	*26.7*
Net Profit	*108.5*	*181.9*	*249.4*	*325.6*	*438.0*
EPS (Rs)	10.8	18.2	24.9	32.6	43.8
Growth (%)	52.1	67.6	37.1	30.5	34.5
PE (x)	12.4	7.4	5.4	4.1	3.1
EV/EBITDA (x)	*6.4*	*5.0*	*4.2*	*3.5*	*2.6*
Dividend Yield (%)	1.5	1.6	1.9	2.2	3.0
ROE (%)	18.8	26.8	28.4	28.7	29.7
ROCE (%)	11.1	14.6	16.7	18.2	20.8

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Debt repayment and improvement in debt rating would translate into better profit growth:

The Company has repaid Rs600 crore debt since last 4 years and debt to equity ratio improved to 1.7x in FY15 versus 3.5x in FY11. The long term debt rating of the company has improved from –BBB to +BBB and is further due for rating upgraded given the robust cash flow generation. Interest payment form nearly 7-8% of its sales. The recent Repo rate cut coupled with rating upgrades going ahead would translate into higher profit growth as 1% point reduction in rate would save Rs18-20 crore.

Out of woods- written off losses on its overseas subsidiaries:

The Company in the past has entered into textile related businesses by acquiring retail chains in UK, US and Romania resulting into huge losses. GHCL has now written off nearly all the losses and would now focus more on business going ahead. The company has one strategic subsidiary in US market Grace Home Fashion working as US market arm of GHCL.

High entry barriers for new players:

Soda ash business is a) highly capital intensive with capex to output ratio is 2.5x, b) has high gestation period 4-5 years, c) requires raw material security (lime stone and salt), d) has low input-output ratio (5x raw material to finish goods) and e) high logistic cost. Gujarat account for nearly 95% of India's soda ash production and all big players have plant in this region.

GHCL scores full marks in all above these barriers and set serve the growing needs of market.

To leverage on iFLOW and SAPAN brands for other consumer products:

The company in addition to Textile and Soda ash, has two retail brands viz iFlow and SAPAN for marketing and sales of edible salt. The vertical currently contributes around Rs50 crore and management is looking to enter other consumer products like Honey, Spices and other fast moving consumer products.

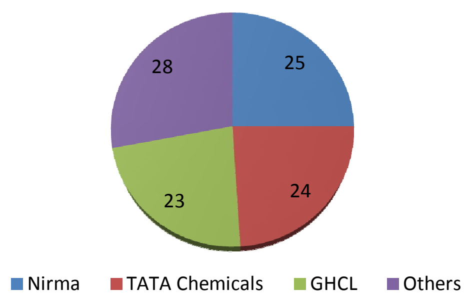
Attractive financials and valuations:

The Company on TTM basis is available at less than 7x on TTM sept.2015 consolidated earnings. We are expecting net profit to grow 34% CAGR between FY15 and FY18 and EBITDA margin to improve +100 bps every year for next 2-3 years. The margin improvement would be led by 1) decrease in power and fuel cost 2) extending textile value chain by focusing on processing 3) decrease in debt and interest cost 4) de-bottlenecking.

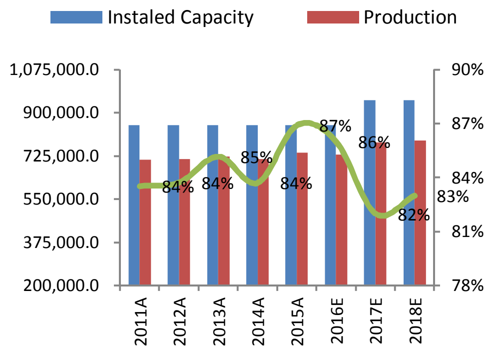
The company is committed to install 4 wind mills of 2 MW each to take total capacity at 25 MW. Most of the power generated through wind mill would be used for captive purpose.

At current price of Rs134, the stock is trading at 5.4x and 4.1x of its FY16E and FY17E consolidated earnings whereas on P/Bv, the same is available at 1.4x and 1.1x respectively for the same period. Looking at the above rationale and relatively attractive valuation, we initiate coverage on the stock with BUY rating with Price target of Rs170 valuing 5.2x of its FY17 earnings.

Domstic Market Share (%)

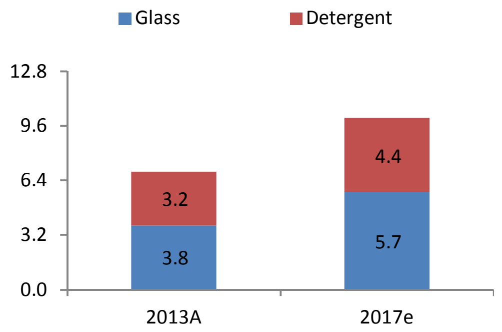


Source: Company, SSL Research



Source: Company, SSL Research

Domestic Glass and Detergent Market (US $ Bn.)



Source: Company, SSL Research

Third largest soda ash manufacturer in domestic market:

Soda ash is a raw material used in manufacturing of glass, detergent, bangles, silicate and chemicals etc. The company supplies soda ash in two form viz dense soda ash and light soda ash used in glass and detergent respectively. The company's 32-35% of revenue comes from large clients viz Hindustan Glass, Piramal Glass, Saint Gobain, Phillips, and Gujarat Guardian in glass segment whereas HUL, RSPL Ltd (Ghari), P&G in light soda ash segment and rests are sold in the spot market.

GHCL is the third largest player with market share of 23% amongst the major players. Others are Nirma (25%) and TATA Chemicals (24%).

Soda Ash is a high margin business with gross margin stands at +55% whereas at the EBITDA level it is at +35%. The company has its own captive salt pan and lime stone mine which enables it to source nearly 35% of its raw material requirement and rests are sources from mix open market and import.

The company also has it own captive lignite mine and is used as substitute of coal depending upon the cost advantage. The companies have patented technology to make Briquettes from coke dust and are used as fuel during processing which enables GHCL to save on fuel cost front as power and fuel account for nearly 16-17% of total consolidated sales.

The higher capacity utilization would further help GHCL to expand its margin as fuel cost proportionately would decline with higher production.

The company presently has 8.5 lakh MT installed capacity with utilization rate of 86-87%. It has further plans to add another 2.5 lakh MT capacity in phased manner through Brownfield expansion to serve the growing demand. The management would add 1 Lakh MT Brownfield capacity in next two years and later it would add another 1.5 Lakh MT post 2018 onwards.

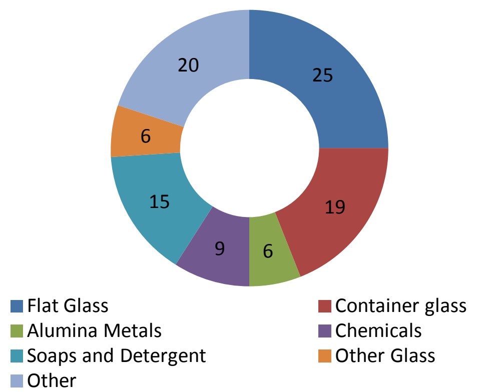
The company is also applying for lime stone mine right and salt pan in order to feed the raw material requirements. Historically soda ash volume has grown between 4-5% and management is confident of growing in similar range.

MAJOR SODA ASH PRODUCING COUNTRIES:

Countries	Unit	Capacity	Production	Demand
USA	Mn. MT	12.5	12.0	5.3
South America	Mn. MT	0.2	0.2	2.7
Europe	Mn. MT	12.0	10.0	10.5
Middle East	Mn. MT	0.7	0.5	1.7
Africa	Mn. MT	1.2	0.8	1.2
Russia and Ukraine	Mn. MT	4.7	4.0	3.5
China	Mn. MT	32.0	26.0	24.0
India	Mn. MT	3.0	2.5	2.8
Australia	Mn. MT	0.4	-	0.5

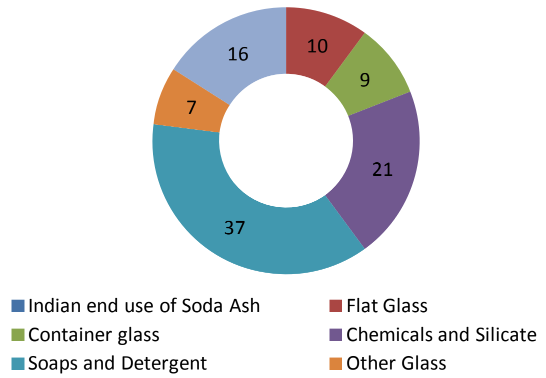
Source: Company, Industry

Global end use of Soda Ash (%)



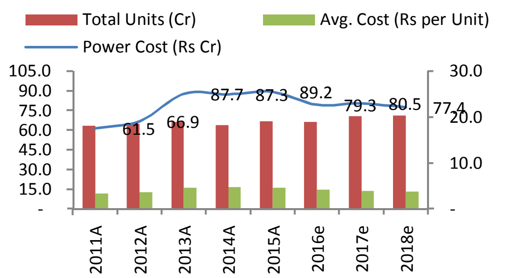
Source: Company, SSL Research

Indian end use of Soda Ash (%)



Source: Company, SSL Research

Soda Ash Power Consumption



Source:SSL Research

The capex for Brownfield expansion is estimated to Rs375 crores (Rs37,500 per MT) against the Greenfield cost of Rs50,000 per MT. Theses capex would be spread for next two years.

The company strong operating cash flow of Rs400 crore plus which would be used to meet the capex funding. We are expecting the debt level to further go down despite the capex plans.

China is the largest producer and exporter of Soda Ash followed by USA and Europe. India presently imports nearly 2.5-3.0 Lakh MT mainly from China and USA. The Indian end use of soda ash is very different from global pattern and slowly it is catching up to the global pattern especially on glass segment which would help in enhancing the dense soda ash demand.

Textile business to further add wings:

GHCL is vertically integrated textile player with spinning, wide-width weaving, continuous fabric processing, and manufacturing of premium fabrics. The company supplies its premium fabrics to leading brands globally around the world.

The company's textile revenue comes through two ways viz yarn and processing segment. The company derives nearly 43-44% of its revenue combining spinning and processing segment. Yarn sales comprises of nearly 34% of sales which is slated to decrease with more focus on processing segment which is also high margin business than spinning.

The company supplies its fabrics 100% towards private label brands and currently has EBITDA margin of 10-11% which is set to improve given the captive power plant and better utilization of capacity. The company currently utilizing its spinning capacity to the extent of 96-98% whereas the processing capacity utilization is pegged at 70% and management is confident to take it to 85% for the current year 2016.

The company is one of the preferred suppliers of its products key global giants viz Bed Bath & Beyond, `Target, Sears, JC Penny, Kohls and Wal-Mart.

Textile Clients

Source:SSL Research

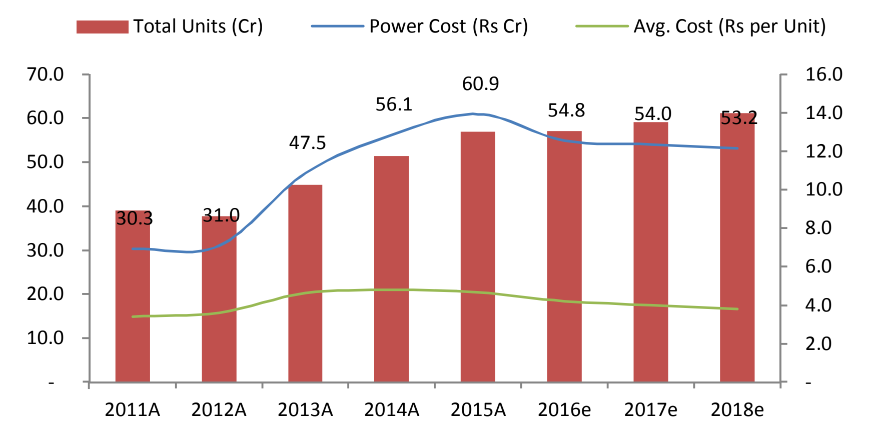
Capacity expansion in textile:

GHCL is further planning to expand its processing capacity to 45 million sq meters from current 36 million sq meters in next two years. The margin is expected to increase as company would look to brand its own products and concentrate on processing which is a high margin business.

The company to spend Rs150 crores towards capex on expansion mostly to be funded through inter accruals given the robust free cash flow generation. GHCL derives 40-45% of its revenue through replenishment program of big retailers which is set to reach 50-53% in near term whereas 70% in medium term and that would further drive the overall volume.

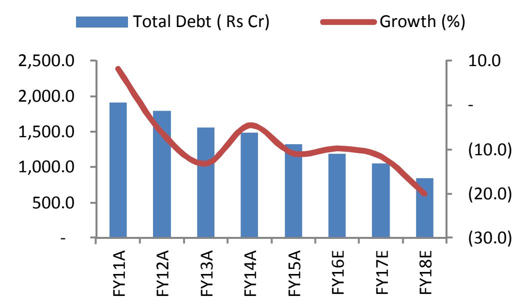
We believe the recovery in US economy and stable currency would keep textile revenue vertical strong. We are expecting the textile sales to grow at 12% CAGR over next three years to +Rs1300 crores by 2018 from current Rs957 crores in FY15. The margin however is expected to improve substantially leading to higher profit growth.

Textile Power Consumption



Source: Company, SSL Research

Debt Reduction



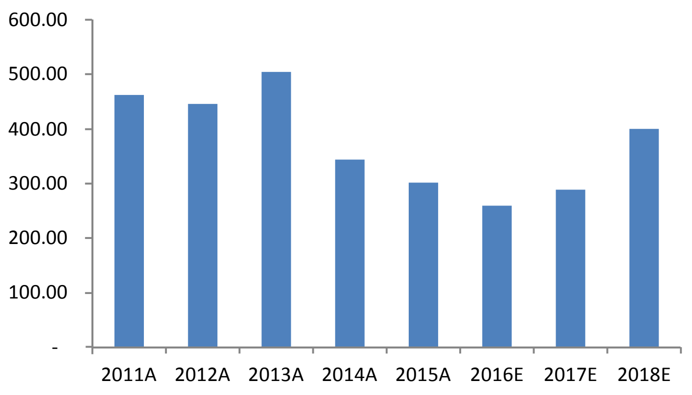
Source: Company, SSL Research

Debt repayment and improvement in debt rating would translate into better profit growth:

The Company has repaid Rs600 crore debt since last 4 years and debt to equity ratio improved to 1.7x in FY15 versus 3.5x in FY11. The long term debt rating of the company has improved from –BBB to +BBB and is further due to rating upgraded given the robust cash flow generation. Interest payment form nearly 7-8% of its sales. The recent Repo rate cut coupled with rating upgrades going ahead would translate into higher profit growth as 1% point reduction in rate would save Rs18-20 crore annually.

The free cash flow generation has been robust and GHCL is generating positive free cash flows since last many years. We continue to believe that GHCL would maintain the positive free cash flow generation to meet its future funding needs.

Free Cash Flow (Rs Crore)



Source: SSL Research

Year / Month	Rating (Long Term Loans)
Jun-11	-BBB
Nov-12	BBB
Oct-13	BBB
Oct-14	BBB+
Oct-15	BBB+

Source: Company

Out of woods- written off losses on its overseas subsidiaries:

The Company in the past has entered into textile related businesses by acquiring retail chains in UK, US and Romania resulting into huge losses.

Some of the acquisitions were Best Textiles International (USA for USD 35 million), H W Baker Lenin Co. (USA for USD 6.75 million), Rosebys (UK for USD 40 million), Dan River Inc (USA for USD 17.50 million) etc. The management was intended to roll out 1000+ retail outlets through inorganic route to penetrate in the newer market.

The company has incurred nearly Rs1,000 crore losses and company later created business development reserve and has now written off nearly all the losses and would now focus more on business going ahead. The company has recently closed down its Netherland subsidiary Indian Wales NV in January 2015.

GHCL has one strategic subsidiary in US market Grace Home Fashion working as US marketing arm of GHCL. This fully owned subsidiary is strategic in nature where business dynamics require the billing to be done through US registered companies.

High entry barriers for new players in Soda ash:

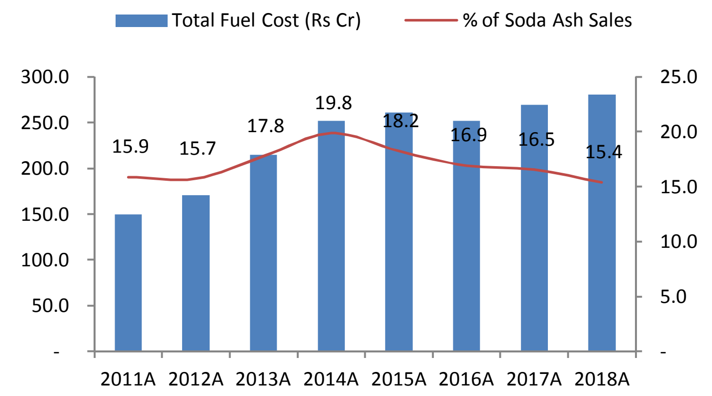
Soda ash business is a highly capital intensive with capex to output ratio is 2.5x which means it requires good of amount of time to breakeven. The lower capex to turnover ratio also lead to lower return ratios for new players.

The Soda Ash projects has high gestation period 4-5 years in which setting up of a Greenfield plant installation of imported machines where there is substantial lead time of 2-3 years.

The raw material security is the key to sustainability of Soda Ash business. The two key raw material is high grade lime stones and salt which forms 13-14% of Soda Ash sales. GHCL has its own captive salt pan and lime stone mine which enables it to procure up to 35% of its raw material requirements and are rests sourced from domestic and imported route.

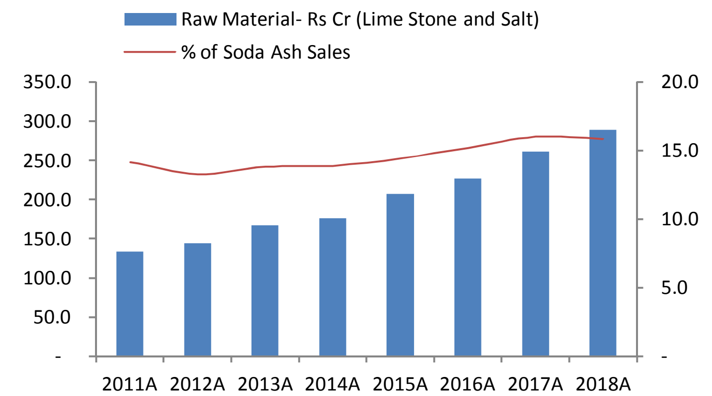
The fuel constitutes 18-19% of Soda Ash sales and the company has it own captive lignite mine and is used as substitute of coal depending upon the cost advantage. The companies have patented technology to make Briquettes from coke dust and are used as fuel during processing which enables GHCL to save on fuel cost front as power and fuel account for nearly 16-17% of total sales.

Soda Ash Fuel Cost



Source: Company, SSL Research

Soda Ash Raw Material Cost



Source: Company, SSL Research

Soda Ash business requires substantial logistic cost and hence most of the end use clients are based near the proximity of manufacturing units. Gujarat account for nearly 95% of India's soda ash production and all big players have plant in this region.

GHCL scores full marks in all above these barriers and set serve the growing need of markets.

To leverage on iFLOW and SAPAN brands for other consumer products:

The company in addition to Textile and Soda ash, has two retail brands viz iFlow and SAPAN for marketing and sales of edible salt. The vertical currently contributes around Rs50 crore and management is looking to enter other consumer products like Honey, Spices and other fast moving consumer products. The of management is expecting to double the revenue over next two years from this segment.

Attractive financials and valuations:

We expect the company's consolidated sales to grow at 9% CAGR over next three years between 2015 and 2018. The expansion in processing capacity to drive the textile sales at a CAGR of 12% (including yarn) whereas the bed-sheet sales to grow at 16.5% CAGR for the same period.

The operating margin both in Soda ash and Textile segment to improve on account of a) better capacity utilization, b) lower power and fuel cost c) better product mix (textile) d) changing customer profile (new and existing in textile), e) higher sourcing of material from captive source (Soda ash), f) extending textile value chain by focusing on processing, and g) de-bottlenecking.

We expect the blended EBITDA margin for next two years to increase 200-300 bps largely led by Textile division. The lower power and fuel cost in Chemical segment to would also contribute to margin.

The net profit to grow at 34% CAGR over next three years and net margin is expected to get double at 14% by 2018 from current 8%. The margin improvement would mainly led by decrease in interest expenses due to fall debt as well as interest rate on account of Repo rate cuts and expected upward rating revision.

The Company on TTM basis is available at less than 7x on TTM Sept.2015 consolidated earnings. The company is planning to install 4 wind mills of 2 MW each to take total capacity at 25 MW. Most of the power generated through wind mill would be used for captive purpose.

At current price of Rs134, the stock is trading at 5.4x and 4.1x of its FY16E and FY17E consolidated earnings whereas on P/Bv, the same is available at 1.4x and 1.1x respectively for the same period. Looking at the above rationale and relatively attractive valuation, we initiate coverage on the stock with BUY rating with Price target of Rs170 valuing 5.2x of its FY17 earnings.

Key Risks:

- Decline in Soda ash prices would hamper the sales realization. China is the largest producer and exporter of Soda ash and any move to dump product in domestic market would affect the company directly.
- The slowdown in US and European market would affect the volume growth of textile business.
- The promoter's group holding is just 18.18% as per the Sept.2015 result. The promoter's group has pledged 47.18% of their holdings.
- The promoters of company were barred by SEBI from dealing in security market in 2009 due to discrepancies between the promoter holdings as per the records of registrar and the disclosure made to stock exchanges.

Disclosure in annual report 2014-15 of GHCL Ltd. related to above matter with SEBI.:

- As reported in the previous annual report, Company and its officials had challenged the order of SEBI's Adjudication Officer (AO) dated October 25, 2013. Hon'ble SAT had granted partial relief to the promoter entities by reducing the penalty but did not accept the appeal of the company and its officials, in its order dated July 31, 2014. Following the direction of SAT, company, its officials and promoters have made the payment to SEBI. ii) In other matter also, which were earlier reported in the previous annual report, related to AO order.
- In other matter also, which were earlier reported in the previous annual report, related to AO order dated August 6, 2013 in which AO had imposed a penalty of Rs1.25 crore against Company. The Company was not in agreement with AO's order, hence aforesaid order was challenged before Hon'ble Securities Appellate Tribunal (SAT). Hon'ble SAT vide its order dated October 30, 2014 set aside the penalty of Rs1.25 crore imposed on the Company and accordingly appeal were allowed

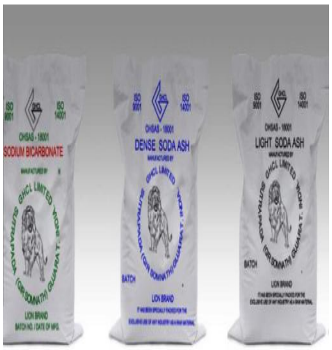
About Company:

Incorporated in 1983, GHCL is the third largest producer of Soda ash (inorganic chemical) with 23% market share in India. The current capacity is 8.5 lakh MT and the company is further looking to add another 1 lakh in next two years through Brownfield expansion and 1.5 lakh through Greenfield facility post 2018.

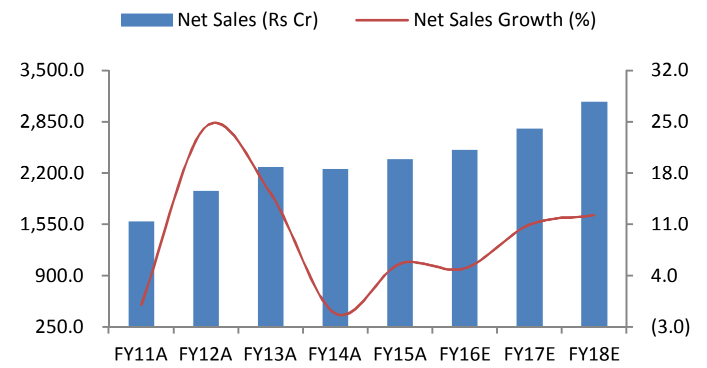
In addition to Soda ash, GHCL is also a vertically integrated manufacturer of textile products with spinning, wide-width weaving, continuous fabric processing, and manufacturing of premium fabrics having installed capacity of 36 million meters. The company supplies its premium fabrics to leading brands globally around the world in USA and Europe mainly under private label brands. The company would further looks to expand its processing capacity to 45 million meters from current 36 million meters by extending the overall value chain with an investment target if Rs150 crores.

GHCL is the first company of its kind to manufacture Soda Ash through Solvay's dry liming method technique from Netherland.

Business Segments

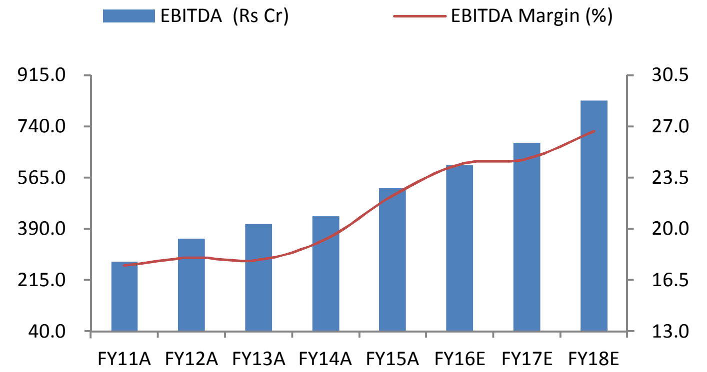


Return Ratios



Source: Company, SSL Research

Cost to Income Ratio (%)



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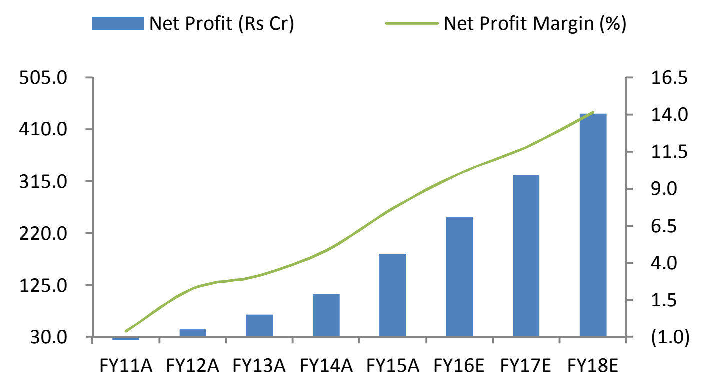

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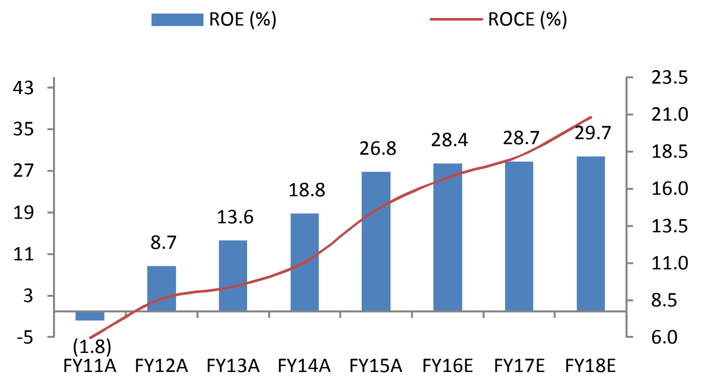

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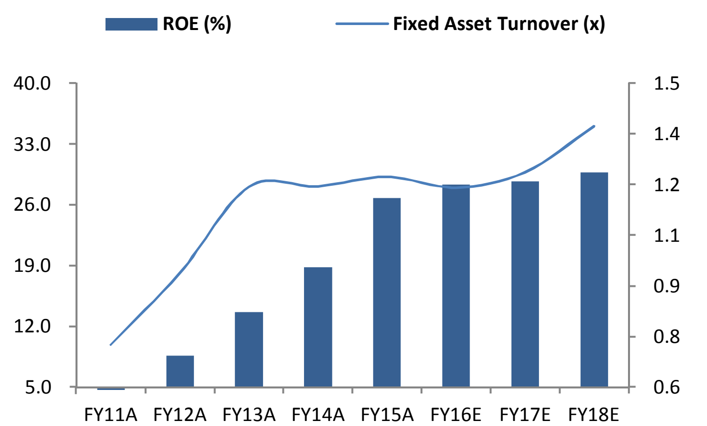

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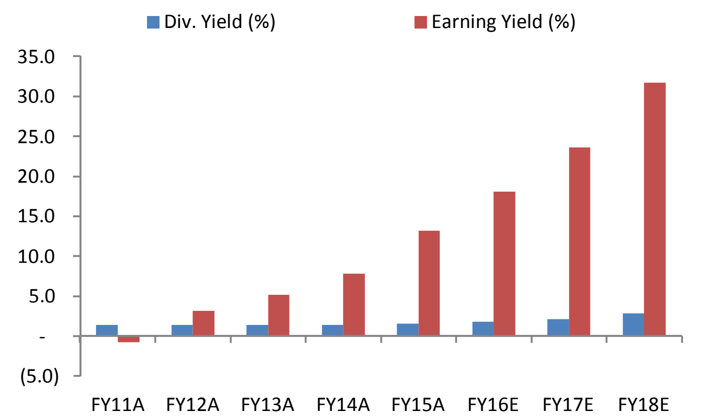

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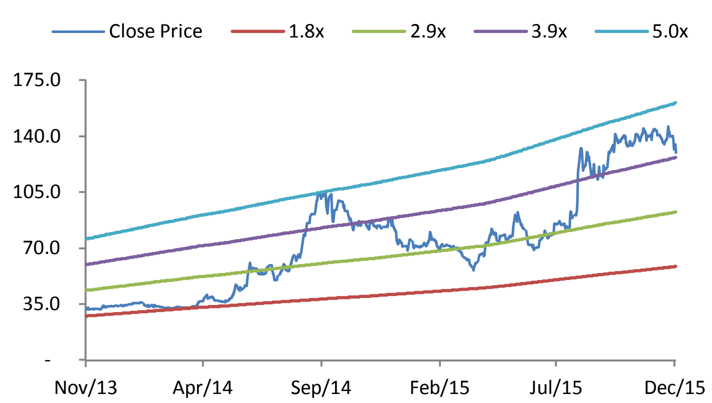

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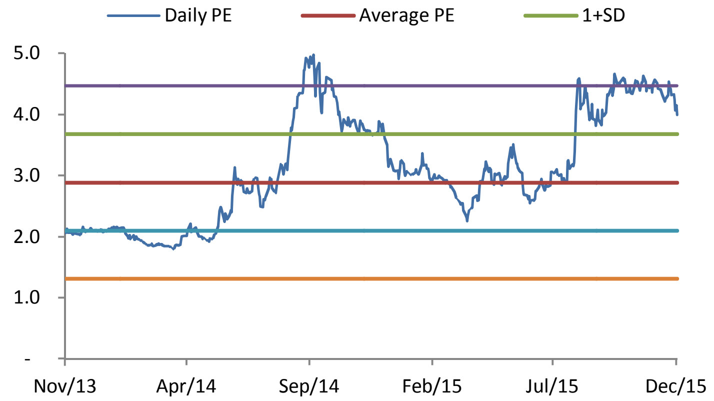

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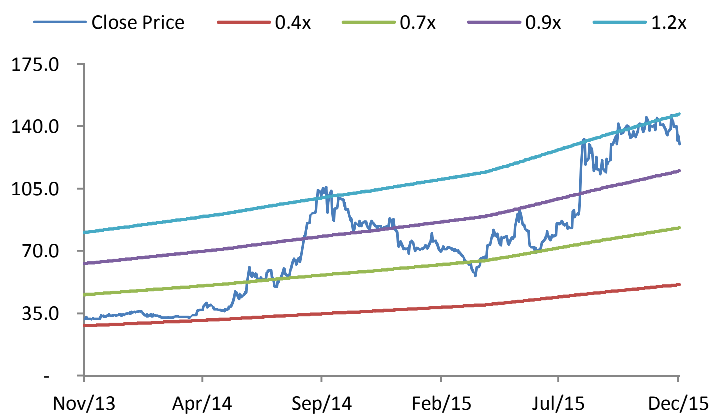

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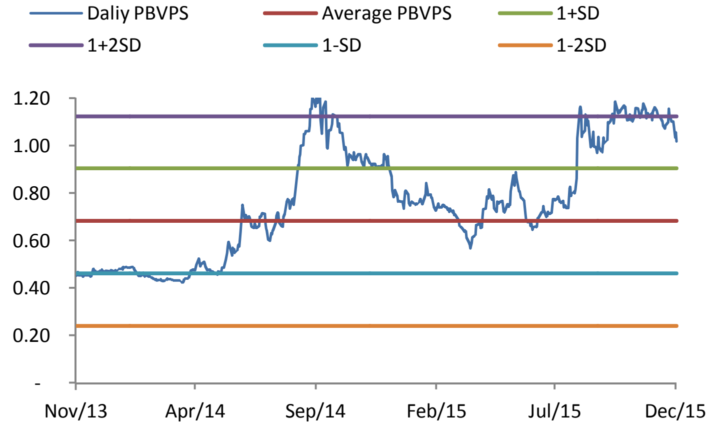

Source: Company, SSL Research

Financial Statements

Income Statement

Figures in Cr.

Particulars	FY14	FY15	FY16E	FY17E	FY18E
Gross Sales	**2,393.0**	**2,538.6**	**2,664.6**	**2,955.9**	**3,317.2**
Excise Duty	**145.4**	**165.0**	**173.2**	**192.1**	**215.6**
Net Sales	**2,247.6**	**2,373.6**	**2,491.4**	**2,763.8**	**3,101.6**
Other Income	5.0	11.3	12.5	13.8	15.5
Total Income	**2,252.6**	**2,384.9**	**2,503.8**	**2,777.6**	**3,117.1**
Total Expenditure	**1,814.2**	**1,845.3**	**1,883.2**	**2,078.9**	**2,274.6**
Raw Material Consumed	873.0	921.4	954.8	1,059.7	1,181.8
As % of Sales	38.8%	38.8%	38.3%	38.3%	38.1%
Other Operating Cost	941.2	923.9	928.5	1,019.2	1,092.9
As % of Sales	41.9%	38.9%	37.3%	36.9%	35.2%
EBDITA (Excl OI)	**433.4**	**528.3**	**608.1**	**684.9**	**827.0**
EBDITA (Incl. OI)	**438.4**	**539.6**	**620.6**	**698.7**	**842.5**
Interest	183.2	170.4	143.5	121.2	99.2
PBDT	**255.2**	**369.2**	**477.1**	**577.5**	**743.3**
Depreciation	81.7	84.9	112.3	118.9	126.4
Exceptional Items	31.0	27.4	13.5	-	-
PBT	**142.5**	**256.8**	**351.3**	**458.6**	**616.9**
Tax	34.0	74.9	101.9	133.0	178.9
Net Profit	**108.5**	**181.9**	**249.4**	**325.6**	**438.0**

Cash Flow Statement

Figures in Cr.

Particulars	FY14	FY15	FY16E	FY17E	FY18E
PBT	142.5	256.8	351.3	458.6	616.9
Depreciation	81.7	84.9	112.3	118.9	126.4
Interest (Net)	183.2	170.4	143.5	121.2	99.2
Direct Taxes Paid	(34.0)	(74.9)	(101.9)	(133.0)	(178.9)
Change in WC	37.7	3.2	18.1	(13.0)	(112.8)
CF from operating activities	**411.2**	**440.5**	**523.3**	**552.8**	**550.8**
(Inc) / Dec. Capex	(66.9)	(139.0)	(263.5)	(263.5)	(151.0)
Free Cash Flow	**344.3**	**301.4**	**259.8**	**289.3**	**399.8**
(Inc) / Dec. in Investment	(2.0)	5.9	-	-	-
CF from investing activities	**(68.9)**	**(133.1)**	**(263.5)**	**(263.5)**	**(151.0)**
Issue of Shares	-	-	-	-	-
Change in Debt	(71.9)	(162.3)	(130.4)	(138.9)	(211.3)
Interest Paid	(183.2)	(170.4)	(143.5)	(121.2)	(99.2)
Dividend	(23.4)	(26.5)	(30.1)	(36.1)	(48.2)
Other Adjustment (Net)	(51.2)	44.1	28.3	14.4	14.5
CF from financing activities	**(329.7)**	**(315.1)**	**(275.7)**	**(281.8)**	**(344.1)**
Net Change in cash	**12.6**	**(7.8)**	**(15.9)**	**7.5**	**55.7**
Opening Balance	**29.1**	**41.7**	**33.9**	**18.0**	**25.5**
Closing Balance	**41.7**	**33.9**	**18.0**	**25.5**	**81.2**

Balance Sheet:

Figures in Cr.

Particulars	FY14	FY15	FY16E	FY17E	FY18E
Equities & Liabilities					
Share capital	100.0	100.0	100.0	100.0	100.0
Reserves and surplus	487.3	670.1	889.5	1,179.0	1,568.8
Total Shareholder's Fund	***587.3***	***770.2***	***989.5***	***1,279.0***	***1,668.9***
Non-current liabilities					
Long Term Provision	**885.1**	**783.7**	**733.7**	**633.7**	**483.7**
Deferred tax liabilities (net)	162.0	172.7	176.2	177.7	170.8
Other Non-Current Liabilities	7.8	8.5	13.5	20.3	28.6
Current liabilities	1,371.9	1,116.3	1,143.9	1,211.8	1,214.5
Total Liabilities	**3,014.1**	**2,851.4**	**3,056.8**	**3,322.6**	**3,566.5**
Assets					
Net Fixed Assets	***1,881.8***	***1,940.9***	***2,091.6***	***2,235.7***	***2,259.8***
Non-current investments	5.5	1.5	1.5	1.5	1.5
Long-term loans and adv.	23.8	13.1	17.2	18.3	22.0
Other non-current assets	0.5	0.5	0.5	0.5	0.5
Current Assets					
Current Investment	2.0	-	-	-	-
Inventories	543.9	487.4	473.8	537.9	606.2
Trade receivables	381.2	244.3	335.4	371.7	435.5
Cash and bank balances	41.7	33.9	18.0	25.5	81.2
ST Loans and Advances	133.6	129.8	118.6	131.4	159.8
Other Current Assets	-	-	-	-	-
Total Current Assets	***1,102.4***	***895.4***	***945.9***	***1,066.5***	***1,282.7***
Total Assets	**3,014.0**	**2,851.4**	**3,056.8**	**3,322.5**	**3,566.5**

Key Ratios:

Figures in Cr.

A Growth (%)	FY14	FY15	FY16E	FY17E	FY18E
Net Sales	(1.2)	5.6	5.0	10.9	12.2
EBITDA	6.6	21.9	15.1	12.6	20.7
PBT	47.7	80.2	36.8	30.5	34.5
PAT	52.1	67.6	37.1	30.5	34.5
Cash Profit	24.0	40.2	35.6	22.9	27.0
(B) Measures of Performance					
Operating Profit Margin (%)	19.3	22.3	24.4	24.8	26.7
PBDT (%)	11.4	15.6	19.2	20.9	24.0
Total Tax Rate (%)	23.9	29.2	29.0	29.0	29.0
Net Profit Margin (%)	4.8	7.7	10.0	11.8	14.1
(C) Measures of Financial Status					
Debt / Equity (x)	2.5	1.7	1.2	0.8	0.5
Net Debt / Equity (x)	2.5	1.7	1.2	0.8	0.5
Debtors Period (days)	54.2	48.1	49.1	49.1	51.2
Creditors Period (days)	103.7	93.9	80.9	84.3	84.5
Inventory Period (days)	79.4	79.3	70.4	66.8	67.3
Cash Coversion Cycle (Days)	29.9	33.5	38.7	31.6	34.0
(D) Measures of Investment					
EPS (Rs)	10.8	18.2	24.9	32.6	43.8
Book Value (Rs)	58.7	77.0	98.9	127.9	166.9
Earning Yield	7.9	13.2	18.1	23.6	31.7
ROA (%)	3.6	6.4	8.2	9.8	12.3
Return on Net Worth (%)	18.8	26.8	28.4	28.7	29.7
Return on Cap. Employed (%)	11.1	14.6	16.7	18.2	20.8
Interest Coverage (x)	1.8	2.5	3.4	4.8	7.2
(E) Measures of Valuation					
P/E (x)	12.7	7.6	5.5	4.2	3.2
M. Cap to Sales (x)	0.6	0.6	0.6	0.5	0.4
EV/Sales (x)	1.3	1.1	1.0	0.9	0.7
EV/EBDITA (x)	6.5	5.1	4.2	3.6	2.7

Source: SSL Research

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