

Symphony Ltd

Bloomberg Code: SYML IN

India Research - Stock Broking

BUY

King of Coolers, Backed by Focus and Strong Business Model

Focus on Single Product Business: The USP of Symphony is its focus on single product business. Unlike Symphony, other players have air cooler as one of its products amongst many others. And perhaps this USP of Symphony makes it stand apart from its competitors in the market, enjoying 50% of the total organized market share.

Riding on Innovation and Strong Business Model: A successful business model has turned Symphony into an asset-light, zero-debt company; which has enabled the business to generate very high RoE (38.4%) and RoCE (51.7%). Under this model, the company has been outsourcing its component and product manufacturing to Original Equipment Manufacturers (OEMs) with an established track record. This has left the company with adequate resources - people, time and cash - to concentrate on product design, development, value engineering, innovation, marketing, branding and distribution.

Goods and Services Tax (GST) - A Boon for the Organized Sector: The organized sector is facing tough competition from unorganized sector in terms of low pricing by the unorganized sector. Once the GST Bill is implemented, the unorganized sector will also fall into tax bracket. This will force the unorganized sector to increase their products price in line with the organized sector.

Valuation and Outlook

At CMP of Rs.1950, the stock is trading at P/E of 35.2x FY17E EPS. With strong growth business model and the strategic decision of acquiring the MKE - Chinese company which will enable it to mark strong footprint in the international market in near future, apart from having its presence in 60 countries currently. Based on the 3 years average TTM of 41x P/E, we initiate the coverage with a "BUY" rating for a target price of Rs.2271 representing an upside of 16%.

Key Risks

- Weather conditions.
- Quality control.
- Limited expansion of product range.

Exhibit 1: Valuation Summary (Rs. Mn)

YE (Rs. Mn)	FY13	FY14	FY15	FY16E**	FY17E
Net Sales	3778	5327	5789	5827	9656
EBITDA	789	1261	1323	1140	2408
EBITDA Margin (%)	20.9	23.7	22.8	19.6	24.9
Adj. Net Profit	601	1057	1159	906	1938
EPS (Rs.)	17.2	30.2	33.1	25.9	55.4
RoE (%)	29.2	42.5	38.4	26.1	45.3
PE (x)	20.8	24.3	63.9	75.3	35.2

Source: Company, Karvy Research. *Represents multiples for FY13, FY14 & FY15 are based on historic market price. **9 Months period for FY16E, ***For FY13, FY14 & FY15, financial year is June Ending. FY16E onwards, financial year is Mar Ending

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Recommendation (Rs.)

CMP (as on Oct 16, 2015)	1950
Target Price	2271
Upside (%)	16

Stock Information

Mkt Cap (Rs.mn/US\$ mn)	68203 / 1052
52-wk High/Low (Rs.)	3275 / 1425
3M Avg. daily volume (mn)	0.0
Beta (x)	0.9
Sensex/Nifty	27215 / 8238
O/S Shares(mn)	35.0
Face Value (Rs.)	2.0

Shareholding Pattern (%)

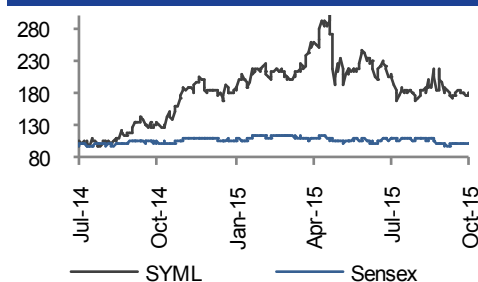
Promoters	75.0
FII	8.1
DII	3.0
Others	13.9

Stock Performance (%)

	1M	3M	6M	12M
Absolute	4	4	(34)	33
Relative to Sensex	(0)	9	(31)	27

Source: Bloomberg

Relative Performance*



Source: Bloomberg; *Index 100

Analyst Contact

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

	FY15	FY16E*	FY17E
Net sales	5789	5827	9656
Optg. Exp (Adj for OI)	4466	4687	7248
EBITDA	1323	1140	2408
Depreciation	41	76	102
Interest	6	0	0
Other Income	320	256	378
PBT	1596	1320	2634
Tax	437	414	697
Adj. PAT	1159	906	1938
Profit & Loss Ratios			
EBITDA margin (%)	22.8	19.6	24.9
Net margin (%)	20.0	15.5	20.1
P/E (x)	63.9	75.3	35.2
EV/EBITDA (x)	54.5	59.7	28.2
Dividend yield (%)	0.7	0.8	0.9

Source: Company, Karvy Research, *9 Months period for FY16E

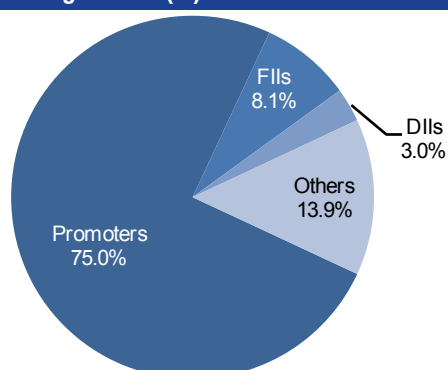
Balance sheet (Rs. Mn)

	FY15	FY16E*	FY17E
Total Assets	4433	4894	6671
Net Fixed assets	905	926	901
Current assets	2197	2313	4505
Other assets	1330	1655	1265
Total Liabilities	4433	4894	6671
Networth	3284	3658	4900
Debt	0	0	0
Current Liabilities	1075	1117	1628
Other Liabilities	74	118	143

Balance Sheet Ratios

RoE (%)	38.4	26.1	45.3
RoCE (%)	51.7	37.0	60.9
Debt/Equity (x)	0.0	0.0	0.0
Equity/Total Assets (%)	74.1	74.7	73.5
P/BV (x)	4.5	3.7	2.8

Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 2: Shareholding Pattern (%)


Source: BSE, Karvy Research

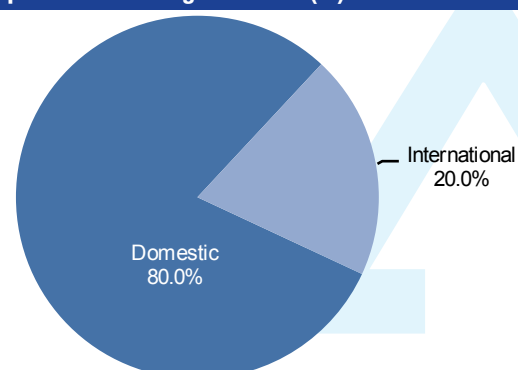
Company Background

Established in 1988, Symphony leverages a unique and successful asset-light business model for its residential coolers in India and in-house lean manufacturing for its industrial coolers in Mexico to achieve sustainable and profitable growth. Headquartered in Ahmedabad, Gujarat, India, leading the air-cooling industry's efforts to develop breakthrough green technologies to combat climate change. The company offers products in over 60 countries and a market leader in evaporative air coolers with focus on innovative design to create better and eco-friendly products with key retailers like Wal-Mart, Lowes, Carrefour, Singer, Sears, Costco, Home Depot etc. in India, US and Mexico. Symphony's intellectual property comprises of 8 patents, 49 designs, 108 trademarks and 7 copyrights. In 2014, the company has bagged "Best Presented Annual Report" from South Asian Federation of Accountants (SAFA) recommended by 'The Institute of Chartered Accountants of India (ICAI)'; the company also won the Quality mark award in 2014. In 2015, the company was awarded with 'Best Innovative Company Award'.

Cash Flow (Rs. Mn)

	FY15	FY16E*	FY17E
PBT	1596	1320	2634
Depreciation	41	76	102
Interest (net)	6	0	0
Tax	491	414	697
Changes in WC	176	105	(650)
Others	(145)	(190)	(228)
CF from Operations	1183	897	1161
Capex	(208)	(86)	(101)
Investment	(439)	(424)	(323)
Others	131	234	275
CF from Investing	(516)	(276)	(149)
Change in Equity	(40)	0	0
Change in Debt	(6)	0	0
Dividends	(610)	(614)	(696)
CF from Financing	(656)	(614)	(696)
Change in Cash	11	7	316

Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 3: Geographic Revenue Segmentation (%)


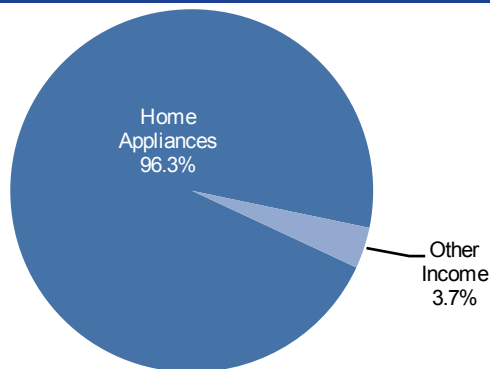
Source: Company, Karvy Research

Focus on Single Product Business:

The Unique Selling Proposition (USP) of Symphony which makes it the market leader in the air cooler industry is its focus on single product business, air coolers. Many players entered and exited in last few years and many more are entering into the air cooler industry, but unlike Symphony these players have air cooler as one of their products amongst many others. And this USP of Symphony is helping it to stand apart from its competitors in the market, enjoying 50% of the total organized market share.

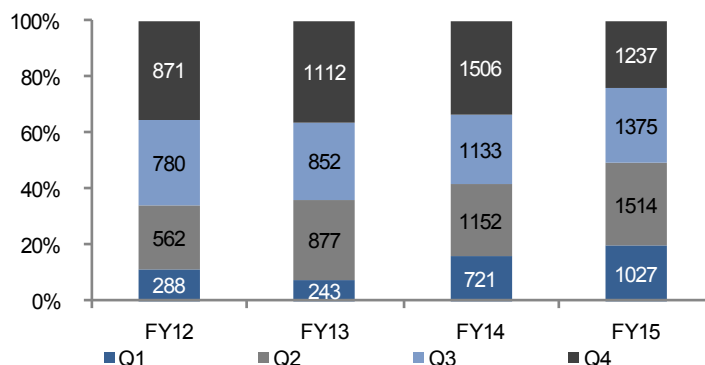
Having proven not-so-successful in diversification into multiple products in 2002, the company had revamped its strategy from multi-products-one-market business into single-product-many-market business concentrating all its expertise on air coolers. Currently, the company has 40 different types of air cooling products. With focus on only single product, the company has been able to increase its revenue from Rs.1900 Mn in 2010 to Rs.5800 Mn (excluding other income) in 2015; recorded growth of 25% CAGR over last 5 years and it is expected to grow at same level in next 3 to 5 years.

Exhibit 4: Revenue Segmentation (%)



Source: Company, Karvy Research

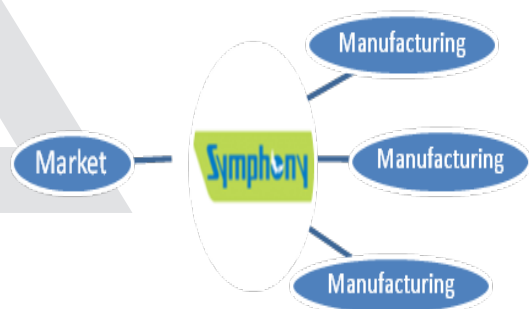
Exhibit 5: Quarter-wise Revenue Distribution



Source: Company, Karvy Research, *Q1: Jul-Sep, Q2: Oct-Dec, Q3: Jan-Mar, Q4: Apr-Jun

Riding on Innovation and Strong Business Model

Exhibit 6: Business Model



Source: Company, Karvy Research

A successful business model adopted by Symphony, has worked wonders for the air cooler-maker, turning it into an asset-light, capital-light, zero-debt company; which has enabled the business to generate very high RoE (38.4%) and RoCE (51.7%) in FY15. Under this model, the company has been outsourcing its component and product manufacturing to OEMs with an established track record. This has left the company with adequate resources - people, time and cash - to concentrate on product design, development, value engineering, innovation, marketing, branding and distribution.

Symphony's intellectual property comprises of 8 patents, 49 designs, 108 trademarks and 7 copyrights. After acquiring MKE – Chinese company, Symphony will now additionally enjoy more than 80 Intellectual Property Rights (IPRs including 51 patents) with a large 3 year innovation pipeline. It has been the company's strategy to keep on innovating new features and designs so frequently, that the oldest product of the company has the maximum age of 4 years.

Revenue Growth

Historically, the company has recorded the revenue growth in terms of value of around 25% CAGR and in terms of volume of around 22% CAGR in last 5 years and it is expected to grow at same level in FY16E-17E. Particularly in FY14-15, Indian economy grew by 7.3%, Air-conditioner industry grew by 9% and Symphony grew by 12%. Apart from residential segment which accounts for 97% of the total revenue; Symphony's next target segment is commercial and industrial sector of India. After entering into central air cooling solution business by acquiring Mexican company IMPCO in FY09, Symphony has already started gaining the market share in North America.

The market for industrial coolers in India is estimated at around Rs.30 Bn annually and estimated to grow at 25-30% in every year. Till recently industrial cooling market was dominated by unorganised players. Plants and factories of many companies were earlier being air cooled by some local fabricators but there were problems regarding after sale service and repairing cost. Hence, many companies are now looking for organised players in this sector for better working environment and after sale service. But due to lack of awareness and non-availability of air cooling solutions for industrial undertaking, the penetration of

industrial coolers was low but it is improving rapidly. Looking at the size of Indian market and growth potential this segment has immense opportunity in years to come. The basic idea behind implementing central air cooling solutions at the factories or shop floors is to reduce the temperature of the work place which will result into increased productivity and the Indian GDP at large. Plants, factories, warehouses, shop floors etc are areas where implementing air-conditioners would not be possible practically as well as economically. In such situation, air cooler comes out as best solution. In FY14-15, Symphony has bagged and executed orders of central air cooling solutions at numerous sites including prestigious orders from Decathlon, Bharat Forge, Tata Motors, Phoenix Healthcare, Patanjali etc. and targeting different segments like auto industry, packaging, place of worship, FMCG, paint industry, logistics, warehouses, hospitals and railways.

The acquisition of 100% equity in Munters Keruilai Air Treatment Equipment (MKE) Co. Ltd. China

In August 2015, Symphony has acquired 100% equity shares of MKE Co. Ltd. – a market leader in China, producing energy-saving and environmental friendly evaporative air coolers under brand Keruilai. It came into existence in 2011 as a merger between Dongguan Keda Electrical & Mechanical Equipment Co. Ltd. and Swedish company Munters. Munters is a global leader in the air treatment industry, specializing in the development of humidity and climate control technology. In Past two years MKE Co. Ltd had incurred losses; and Symphony’s management is confident of turning it around with additional working capital infusion of Rs.150 Mn in FY16E and Rs.200 Mn in FY17E.

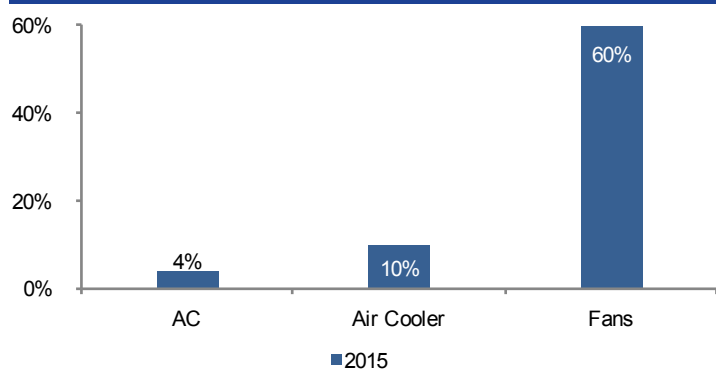
Opportunities for Symphony

- **Market access** - the acquisition will facilitate Symphony’s access into China, among the largest air cooler markets in the world after India.
- **Enhanced international access** - China has created a robust customer pull. Since China enjoys Free Trade Agreement with most Association of Southeast Asian Nations (ASEAN) Countries, the MKE acquisition will provide Symphony with better international access.
- **Premium Products and R&D Advantage** - MKE enjoys a strong R&D advantage. Its robust range of premium air coolers with commercial application enjoys attractive international prospects.
- **Synergy** - MKE is an asset-light and debt-free built around similar to Symphony’s business model.

Pulling customers from both sides:

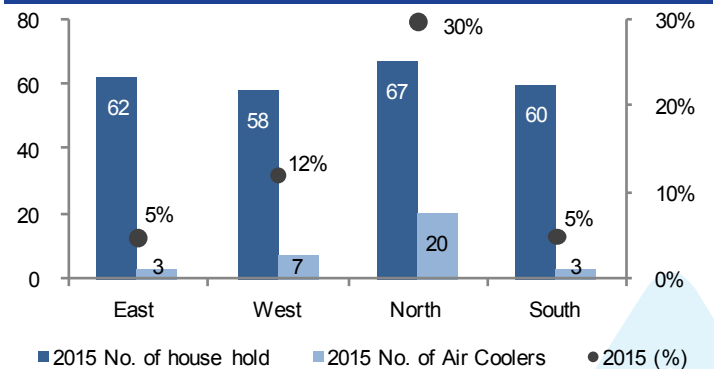
Interestingly Air cooler as a product sits at intermediate point between fans and air-conditioners. Symphony has revamped its strategy by targeting not only air-conditioner users but also fan users by engaging in high-decibel advertising campaign, in FY15 the advertising expenditure was almost Rs.333 Mn as compared to Rs.220 Mn in FY14; Symphony has engaged itself in proactive pricing – low enough to trigger an upgrade from fans to coolers and attractive enough to provide air-conditioner-like features in a cooler to generate value-addition by reducing cost of consumption. The observation below indicates the potential for the consumption of air coolers in the Indian market.

Exhibit 7: Penetration Level of Fans, Air Coolers & Air-conditioners in India



Source: Company, Karvy Research

Exhibit 8: Consumption of Air coolers against total house holds in India (Fig. in Mn)



Source: Company, Karvy Research

GST - A Boon for the Organized Sector

Currently, the air cooler industry is divided into Organized and Unorganized sectors; out of which the unorganized sector accounts for 80% and organized sector accounts for 20% of the total market. The organized sector is facing tough competition from unorganized sector in terms of low pricing. Once the GST Bill is implemented, the unorganized sector will also fall into tax bracket and converting it into organized sector. This will force the unorganized sector to increase their products price in line with the organized sector. In this situation, with its unique business model, Symphony will have better opportunity to grab more market share.

Other Growth Drivers

- **Growing middle class:** A young and upwardly mobile lower and middle income group in large and small Indian cities has grown in numbers in the recent past. According to the National Council for Applied Economic Research (NCAER), the Indian middle class is expected to more than double from the FY16 levels to 113.8 Mn households or 547 Mn individuals. Strong aspirations of the Indian middle class will lead to an increase in the demand for premium lifestyle products.
- **Growing rural markets:** 67.97% of the Indian population is considered to be rural as per a study carried out by the World Bank in the year 2013. The aspirations and incomes of the Indian rural population have been rising at a rapid pace thereby enlarging the scope of the rural market. Air coolers are expected to gain from this change in marketplace dynamics.
- **Increasing urbanisation:** Rising urbanisation in India has accelerated the demand for housing units which require cooling solutions.
- **Rising affordability:** A study carried out by McKinsey has concluded that middle class households will have an aggregate spending power of Rs.14.1 Tn (20% of total Indian consumption). The growing aspirations, combined with rising affordability, are expected to contribute towards a growing market for products such as air coolers.
- **Environmental concerns:** The use of air conditioners has contributed significantly to global warming and the destruction of the ozone layer. The release of Chloro-Fluoro-Carbons (CFCs) and excessive energy usage has propelled many to switch to air coolers which are far more environment friendly.

Unique Product Features:

Apart from having strong distribution network, the unique product of Air Coolers have also enabled the company to grow at this pace. Air cooler, as a product itself, has some of the unique features.

Exhibit 9: Benefits of Air Cooler	
Parameters	Air Cooler
Capital Cost	Low
Recurring Cost	90% lower than AC
Indoor Air Quality	100% Fresh Filtered Cool Air
Refrigerants	Water
Maintenance	Simple & Cost Effective
Portability	Yes
Usage	Outdoor & Indoor
Emission	Eco-friendly
Carbon Emissions	Nil

Source: Company, Karvy Research

Air coolers present significant environmental benefits with no harmful CFS emissions and very low power consumption. Air coolers use fresh, clean air from the environment. They also allow to keep windows open for better air circulation.

Exhibit 10: Business Assumptions

Y/E (Rs. Mn)	FY14	FY15	FY16E*	FY17E	Comments
Consolidated					
Revenue	5327	5789	5827	9656	Strategic decision of acquiring the MKE – Chinese company which will enable it to mark strong footprints in the international market in near future apart from having its presence in 60 countries currently. Having its prominent presence in residential segment which accounts for 96% of its total revenue, Symphony is now more aggressively focused on targeting commercial and industrial sector of India by creating more and more awareness about creating a congenial working environment for their shop floor team by positioning its central air cooling solutions. On residential front, the company is now addressing fans users along with AC users which have huge potential for growth.
Revenue Growth (%)	41.0	8.7	0.7	65.7	
EBITDA	1261	1323	1140	2408	Due to 100% outsourcing, the company is enjoying low cost of production as compared to in-house manufacturing business model which has enabled the company to earn EBITDA margin of 23.7% and 22.8% in FY14 and FY15 respectively. The company is expected to earn EBITDA margin of 19.6% and 24.9% in FY16E* and FY17E respectively.
EBITDA Margins (%)	23.7	22.8	19.6	24.9	
PAT (normalized)	1057	1159	906	1938	The asset light and debt free business model of the company has resulted in very low depreciation and interest expenses; Mexican subsidiary IMPCO is planning to introduce lean manufacturing operations which will enable it to achieve asset-light business model in line with Symphony's Indian operations.
Fully Diluted EPS (Rs.)	30.2	33.1	25.9	55.4	
Fully Diluted EPS Growth (%)	75.9	9.6	(21.9)	114.0	
Capex (ex. Acquisition) - cash capex	60	(208)	(86)	(101)	No major capex is expected to be incurred in coming years.
Net CFO	904	1183	897	1161	
Debt	0	0	0	0	
Free Cash Flow	844	975	811	1060	

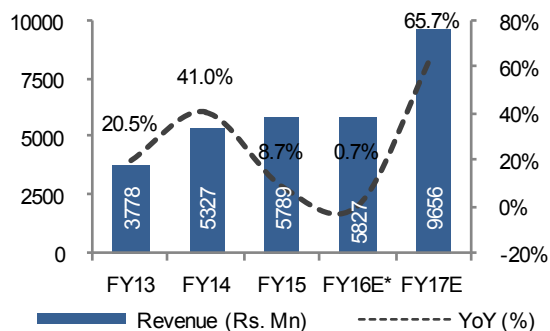
Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 11: Karvy vs Consensus

	Karvy	Consensus	Divergence (%)	Comments	
Revenues (Rs. Mn)					
FY16E*	5827	7091	(17.8)	We have taken into account the financials of recently acquired Chinese company into our estimates; which includes sales, operating expenses, depreciation and interest cost. Till now the company was following July to June as financial year from FY16E onwards management has decided to follow April to March as financial year. Hence, during this transformation process, all figures of FY16E are for 9 months period.	
FY17E	9656	9599	0.6		
EBITDA (Rs. Mn)					
FY16E*	1140	1780	(35.9)		
FY17E	2408	2405	0.1		
EPS (Rs.)					
FY16E*	25.9	43.9	(41.0)		
FY17E	55.4	58.6	(5.5)		

Source: Bloomberg, Karvy Research, *9 Months period for FY16E

Exhibit 12: Revenue (Rs. Mn), Growth YoY (%)

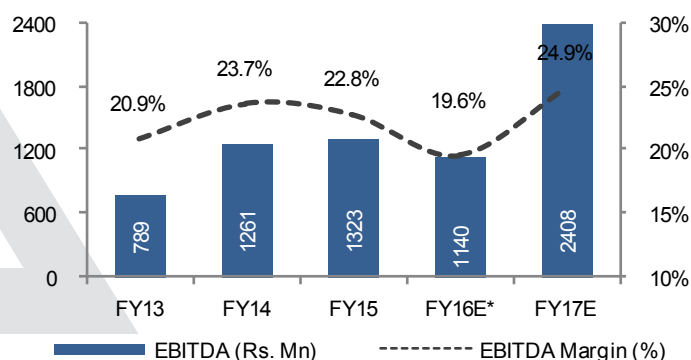


Source: Company, Karvy Research, *9 Months period for FY16E

Revenue: Revenues of Symphony have recorded 41% YoY growth in FY14, 9% YoY growth in FY15 and 25% CAGR growth over last 2 years. The dip in YoY growth in FY15 was mainly due to unseasonal rain in the month of April 2015. In recent past, the company has acquired MKE Co. Ltd. of China which will further enhance the revenue growth in the international market. The company is also aggressive on central air cooling solutions targeting commercial and industrial segment. On residential front, the company is now addressing fans users along with AC users which have huge potential for growth. The revenues are expected to grow at CAGR of 34% during FY15-FY17E. We have taken into consideration the revenues of MKE Co. Ltd. for FY16E estimations.

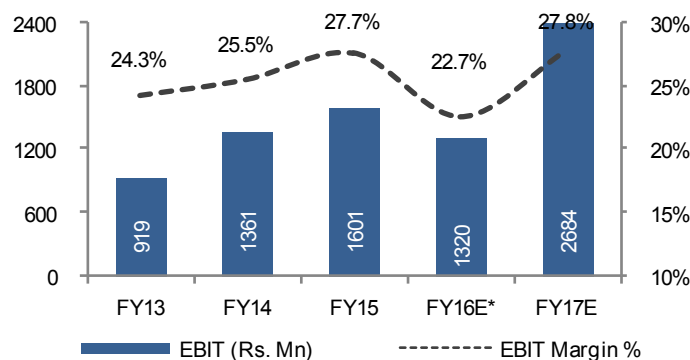
EBITDA: The company has been outsourcing its component and product manufacturing to OEMs with an established track record. This has left the company with adequate resources - people, time and cash - to concentrate on product design, development, value engineering, innovation, marketing, branding and distribution. Due to 100% outsourcing, the company is enjoying low cost of production as compared to in-house manufacturing business model which has enabled the company to earn EBITDA margin of 23.7% and 22.8% in FY14 and FY15 respectively. The company is expected to earn EBITDA margin of 19.6% and 24.9% in FY16E (9 months period) and FY17E respectively. The dip in FY15 EBITDA margin was mainly due to unseasonal rain in the month of April 2015, whereas the dip in FY16E EBITDA margin is expected to take into account loss of Rs.71 Mn from the recent acquisition of MKE Co. Ltd. of China. Apart from that, with its strong business model Symphony is expected to maintain healthy EBITDA margin in medium to long term.

Exhibit 13: EBITDA (Rs. Mn), EBITDA Margin (%)



Source: Company, Karvy Research, *9 Months period for FY16E

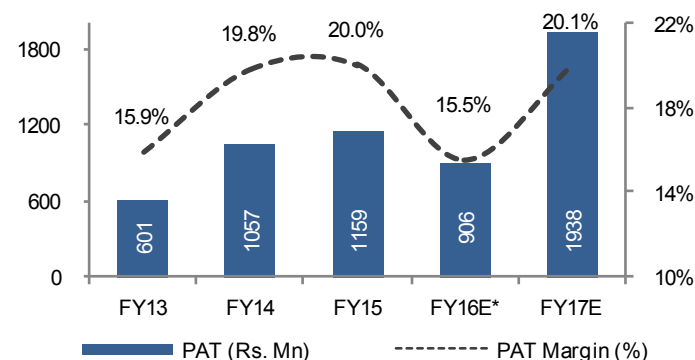
Exhibit 14: EBIT (Rs. Mn), EBIT Margin (%)



Source: Company, Karvy Research, *9 Months period for FY16E

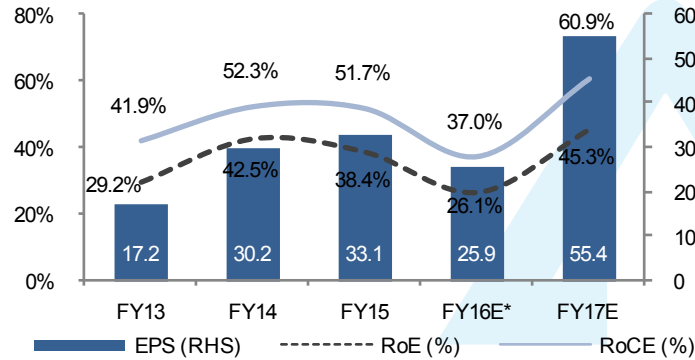
PAT: The company's 'asset-light' approach has increased return on investment and business viability, setting in motion a veritable cycle of growth and profitability. The company has earned PAT margin of ~20% in FY14 and in FY15 as well. The company is expected to earn PAT margin of 15.5% and 20.1% in FY16E (9 months period) and FY17E respectively. The dip in PAT margin in FY16E is mainly due to loss of Rs.71 Mn from the recent acquisition of MKE Co. of China but from FY17E onwards it is expected to maintain its PAT margin of 20%. This is mainly due to asset light and debt free business model of the company which has resulted in very low depreciation and interest expenses; also it has enabled the company to generate very high RoE of 42.5% in FY14, 38.4% in FY15 and RoCE of ~52% in FY14 and FY15 as well.

Exhibit 15: PAT (Rs. Mn), PAT Margin (%)



Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 16: EPS (Rs.), RoE (%) & RoCE (%)



Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 17: Company Snapshot (Ratings)

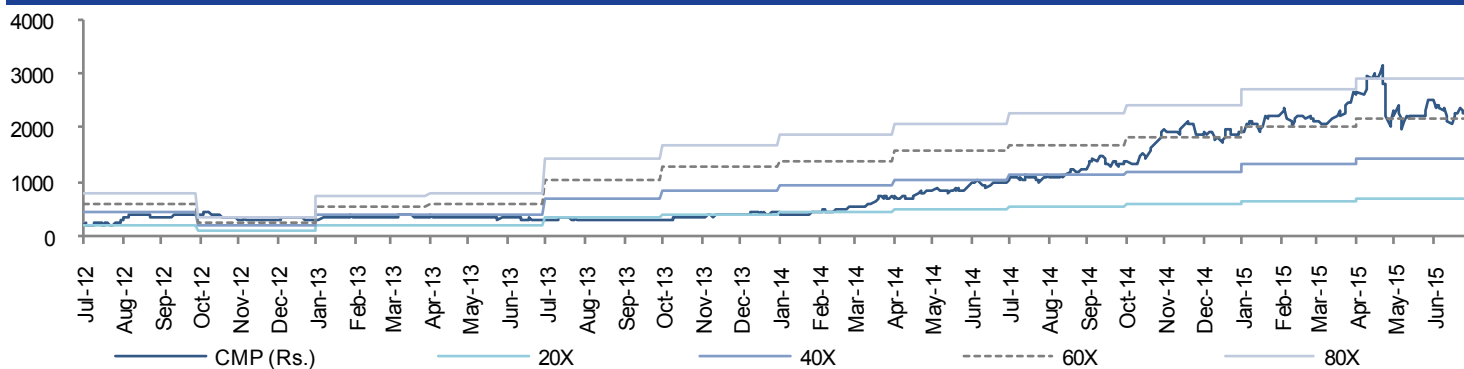
	Low				High
	1	2	3	4	5
Quality of Earnings					✓
Domestic Sales					✓
Exports			✓		
Net Debt/Equity					✓
Working Capital Requirement				✓	
Quality of Management					✓
Depth of Management					✓
Promoter					✓
Corporate Governance				✓	

Source: Company, Karvy Research

Valuation & Outlook

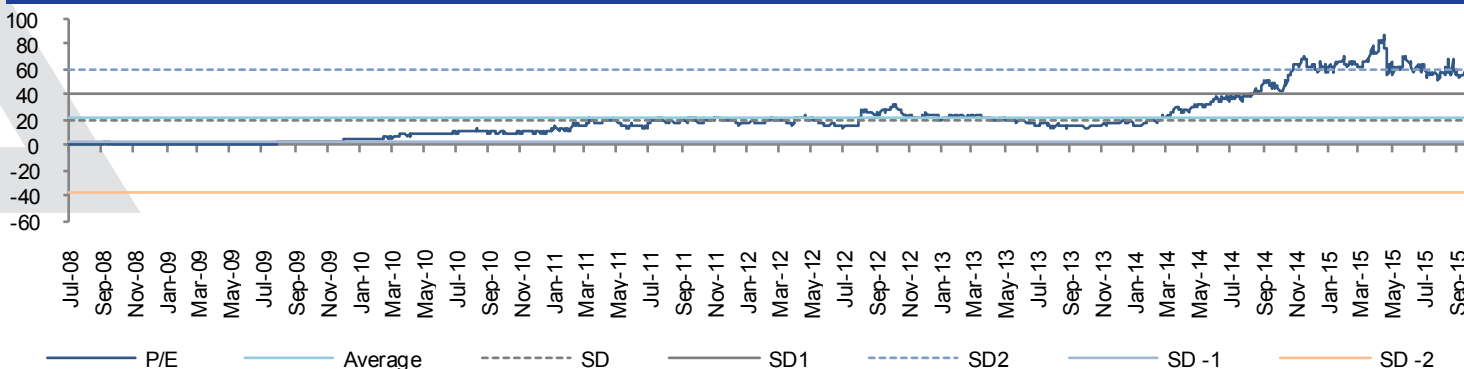
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Exhibit 18: PE Band (TTM)



Source: Prowess, Karvy Research

Exhibit 19: PE Band with Standard Deviation



Source: Prowess, Karvy Research

Exhibit 20 (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
Symphony Ltd	1950	68203	26.1	54.5	59.7	28.2	24.3	63.9	75.3	35.2	30.2	33.1	25.9	55.4
Whirlpool	677	81388	11.8	25.8	18.2	15.0	69.9	40.8	32.9	26.3	9.7	16.6	20.6	25.7
IFB Industries Ltd	497	20178	4.4	25.9	16.4	11.6	94.9	41.2	28.3	19.3	5.2	12.0	17.5	25.7

Source: Bloomberg, Karvy Research, *For Symphony, 9 Months period for FY16E

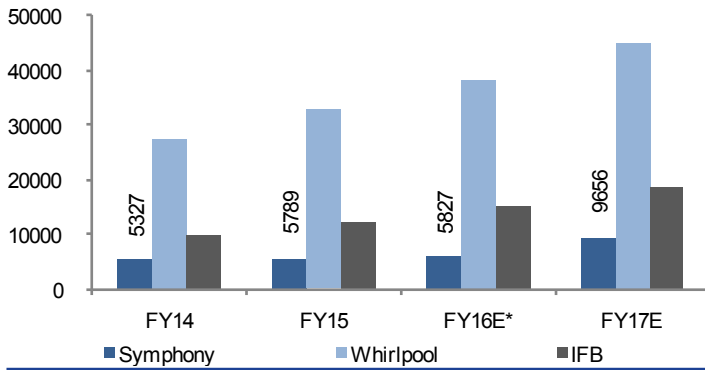
Exhibit 20 (b): Comparative Operational Metrics Summary

	CAGR % (FY15-17E)			RoE (%)				Price Perf (%)			Net Sales (Rs. Mn)			
	Sales	EBITDA	EPS	FY14	FY15	FY16E*	FY17E	3m	6m	12m	FY14	FY15	FY16E*	FY17E
Symphony Ltd	29.2	34.9	29.3	42.5	38.4	26.1	45.3	4.2	(34.3)	33.0	5327	5789	5827	9656
Whirlpool	19.0	21.9	24.6	18.1	25.4	24.7	24.9	(13.9)	(11.5)	50.4	27262	32938	38187	44870
IFB Industries Ltd	23.3	37.3	46.0	6.6	13.7	16.7	21.8	7.4	(18.6)	62.5	10016	12381	15477	18813

Source: Bloomberg, Karvy Research, *For Symphony, 9 Months period for FY16E

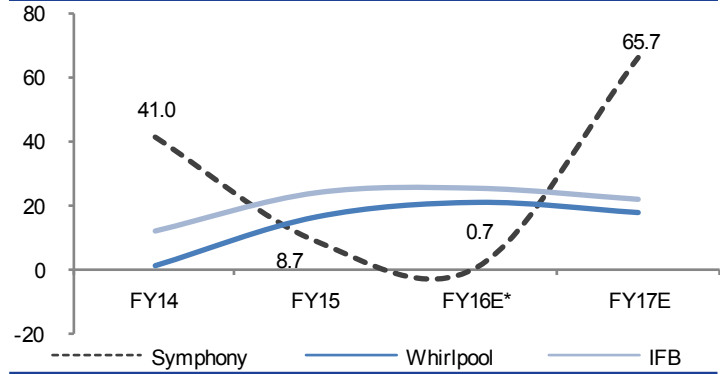
Peer Comparison

Exhibit 21: Revenue (Rs. Mn)



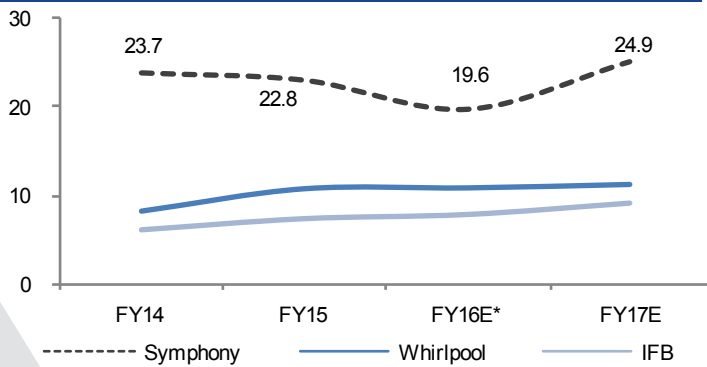
Source: Company, Karvy Research, *For Symphony, 9 Months period for FY16E

Exhibit 22: Revenue Growth (%)



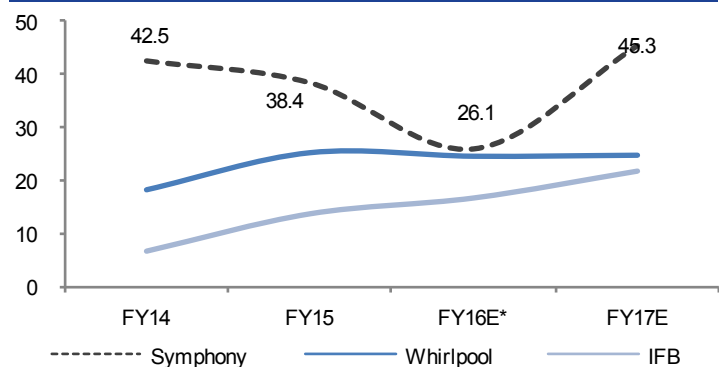
Source: Company, Karvy Research, *For Symphony, 9 Months period for FY16E

Exhibit 23: EBITDA Margin (%)



Source: Company, Karvy Research, *For Symphony, 9 Months period for FY16E

Exhibit 24: RoE (%)



Source: Company, Karvy Research, *For Symphony, 9 Months period for FY16E

Key Risks

- Weather Conditions.
- Quality Control.
- Limited Expansion of Product Range.

Financials

Exhibit 25: Income Statement

YE (Rs. Mn)	FY13	FY14	FY15	FY16E*	FY17E
Revenues	3778	5327	5789	5827	9656
Growth (%)	20.5	41.0	8.7	0.7	65.7
Operating Expenses	2988	4066	4466	4687	7248
EBITDA	789	1261	1323	1140	2408
Growth (%)	8.7	59.8	4.9	(13.8)	111.1
Depreciation & Amortization	39.4	38.2	41.0	75.9	101.6
Other Income	170	138	320	256	378
EBIT	919	1361	1601	1320	2684
Interest Expenses	6.2	0.5	5.8	0.0	0.0
PBT	913	1360	1596	1320	2634
Tax	311	296	437	414	697
Adjusted PAT	601	1057	1159	906	1938
Growth (%)	13.2	75.9	9.6	(21.9)	114.0

Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 26: Balance Sheet

YE (Rs. Mn)	FY13	FY14	FY15	FY16E*	FY17E
Inventories	430	385	457	258	1049
Trade Receivables	377	416	327	471	851
Cash and Bank Balances	447	57	76	82	399
Loans & Advances	151	289	166	191	186
Investments	901	599	1107	1250	1925
Gross Block	1736	1754	1822	1867	1915
Net Block	695	697	905	926	901
Total Assets	3163	3933	4433	4894	6671
Current Liabilities & Provisions	797	1097	1075	1117	1628
Debt	0	0	0	0	0
Other Liabilities	144	78	74	118	143
Total Liabilities	941	1176	1149	1236	1771
Shareholders Equity	70	70	70	70	70
Reserves & Surplus	2152	2688	3214	3588	4830
Total Networth	2222	2758	3284	3658	4900
Total Networth & Liabilities	3163	3933	4433	4894	6671

Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 27: Cash Flow Statement

YE (Rs. Mn)	FY13	FY14	FY15	FY16E*	FY17E
PBT	913	1360	1596	1320	2634
Depreciation	39	38	41	76	102
Interest	3	1	6	0	0
Tax Paid	241	374	491	414	697
Inc/dec in Net WC	59	1	176	105	(650)
Other Income	170	138	320	256	378
Other non cash items	7	10	(16)	0	0
Cash flow from operating activities	668	904	1183	897	1161
Inc/dec in capital expenditure	(60)	(102)	(208)	(86)	(101)
Inc/dec in investments	(344)	(628)	(439)	(424)	(323)
Others	68	135	131	234	275
Cash flow from investing activities	(336)	(596)	(516)	(276)	(149)
Dividend paid	(219)	(342)	(610)	(614)	(696)
Interest paid	(3)	(1)	(6)	0	0
Others	(77)	12	(40)	0	0
Cash flow from financing activities	(296)	(330)	(656)	(614)	(696)
Net change in cash	36	(22)	11	7	316

Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 28: Key Ratios

YE	FY13	FY14	FY15	FY16E*	FY17E
EBITDA Margin (%)	20.9	23.7	22.8	19.6	24.9
EBIT Margin (%)	24.3	25.5	27.7	22.7	27.8
Net Profit Margin (%)	15.9	19.8	20.0	15.5	20.1
Dividend Payout ratio	37.8	43.0	42.2	57.9	30.7
Debt/Equity	0.0	0.0	0.0	0.0	0.0
RoE (%)	29.2	42.5	38.4	26.1	45.3
RoCE (%)	41.9	52.3	51.7	37.0	60.9

Source: Company, Karvy Research, *9 Months period for FY16E

Exhibit 29: Valuation Parameters

YE	FY13	FY14	FY15	FY16E**	FY17E
EPS (Rs.)	17.2	30.2	33.1	25.9	55.4
DPS (Rs.)	6.5	13.0	14.0	15.0	17.0
BVPS (Rs.)	317.4	394.0	469.1	522.5	700.0
PE (x)	20.8	24.3	63.9	75.3	35.2
P/BV (x)	1.1	1.9	4.5	3.7	2.8
EV/EBITDA (x)	14.7	26.1	54.5	59.7	28.2
EV/Sales (x)	3.1	4.6	15.3	11.7	7.0

Source: Company, Karvy Research; *Represents multiples for FY13, FY14 & FY15 are based on historic market price
 **9 Months period for FY16E

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