



Bajaj Electricals Limited

Initiating Coverage Report

Recommendation: BUY

CMP: INR 337

Target Price: INR 405

Analyst: Khushboo Jaiswal

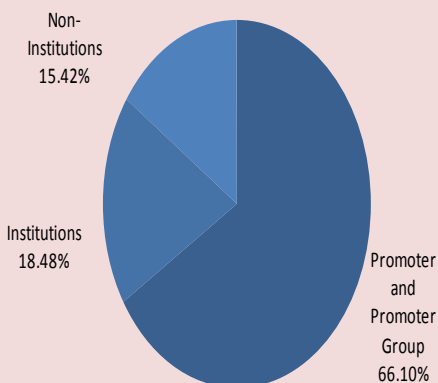
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BUY

Sector- Consumer Durables

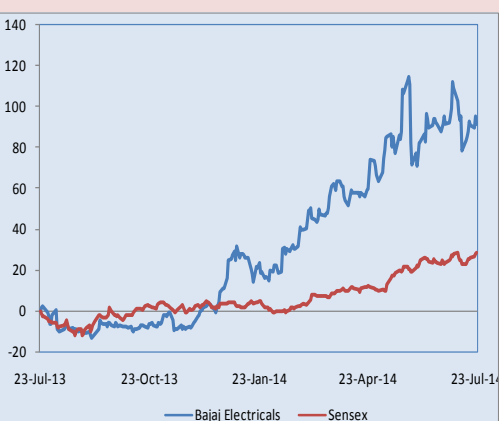
Market Data

Current Market Price (CMP)	337
Target Price	405
Upside Potential	20%
52 Week High/Low	385/150
Market Cap (INR in Cr)	3367



Stock Scan

Script ID	Bajaj Electricals Ltd
Script Code (BSE)	500031
Script Code (NSE)	BAJAJELE
Bloomberg Ticker	BJE IB
Reuters Ticker	BJEL BO
Face Value (INR)	2
Equity Share Capital (INR in Cr)	19.99
Avg 5 Yrs P/E	23.14
Avg daily volume (Last 1 Year)	156698
Beta Vs Sensex	0.92
Dividend Yield	0.45%



Bajaj Electricals Limited (BEL) is 75 year old consumer electrical equipments manufacturing. It is a part of Bajaj Group which is one of the oldest business conglomerates in India with a turnover over INR280 billion. It has diversified product portfolio consisting of household appliances, fans, lighting and luminaires and engineering projects.

Investment Highlights

Higher growth expectations from Engineering & Project Business: BEL is closing old continuing projects which are unviable, have time and budget overrun. BEL is being very selective about new projects as stabilization to turnaround E&P segment, which will enhance the overall financial performance of the company. E&P business reported revenues of INR 1150 crore in FY14 and expected to register revenues of INR 1500 crore in FY15.

Consistent growth in Consumer Durable segment: BEL is a dominant consumer durable player and enjoys leadership in small appliances segment in India with consistence growth in all the sub-segments.

International tie-ups of the company: BEL has distribution arrangements with various international companies for better products in premium segment.

Focus on exports and rural markets: BEL is planning to increase its revenues from exports by increasing overseas sales and entering new markets. The company is also expanding its reach in rural areas by planning more stores for increase in sales volume for electrical appliances and utility products.

Setting of R&D centers: BEL is planning to set up dedicated research and development centre for innovation and new product development.

Particulars (INR in Crores)	FY09	FY10	FY11	FY12	FY13	FY14E	FY15E	FY16E
Net Sales	1768.89	2227.15	2739.90	3094.19	3380.92	4042.21	5008.39	6415.86
Growth	29%	26%	23%	13%	9%	20%	24%	28%
EBITDA	179.82	243.41	258.43	237.11	110.75	81.82	213.13	327.79
EBITDA Margin	10%	11%	9%	8%	3%	2%	4%	5%
PAT excl Exceptional Items	89.34	123.80	150.33	117.88	26.49	-5.31	96.85	170.13
PAT Margin excl EI	5%	6%	5%	4%	1%	0%	2%	3%
PAT Growth	22%	39%	21%	-22%	-78%	-120%	NA	76%
Basic EPS	51.67	12.69	14.69	11.84	5.13	-0.53	9.71	17.06
Adjusted EPS excl Exceptional Items	8.96	12.41	15.07	11.82	2.66	-0.53	9.71	17.06
P/E(x)	0.57	17.60	16.66	16.45	33.61	NA	34.70	19.75
Adjusted P/E(x) excl Exceptional Items	3.27	18.00	16.24	16.48	64.97	NA	34.70	19.75
P/BV(x)	0.21	4.41	3.96	2.77	2.36	4.75	4.30	3.64
ROE	36%	25%	25%	17%	4%	-1%	12%	18%
EV/EBITDA(x)	1.19	9.37	9.65	8.85	16.68	47.74	18.33	11.92

Source: Microsec Research, Comapany Data

Investment Rationale

Engineering & Project Business is likely to post healthy performance: We expect higher growth in BEL's engineering and projects business. The company is closing old continuing projects which are unviable, have time and budget overrun. Closure of loss-making sites will lead to release of retention money (usually 10% of the project cost) and reduction of interest cost for the company. BEL is being very selective about new projects as stabilization and turnaround of E&P segment will improve the overall financial performance of the company. BEL's new projects are running ahead of schedule and are profitable with 8% margin. The order book for FY15 is likely to be of fresh projects with high margin and positive growth. The company has cut down its project portfolio from 12 projects to 6 projects. E&P business reported revenues of INR 1150 crore in FY14 and expected to register revenues of INR 1500 crore in FY15. Around 80% of this will include new orders as reported by the management. E&P segment is ideally positioned to deliver consistent growth in sales & profits with good order book and continued focus on infrastructure development in the country.

Consistent growth in Consumer Durable segment: BEL has seen consistency growth of more than 15% in its consumer durable segment which include fans, small appliances and lighting. The company continuously introduces new range of products with different models and improved technology and quality to gain advantage over its competitors.

BEL is a dominant player and enjoys leadership position in small appliances segment in India. It reported a growth of ~6% in FY14. To give more visibility to appliances and other Bajaj products, BEL has set up 40 exclusive Bajaj Showrooms "Bajaj World" through franchisees and has plans to set up 100 more in the major cities across India.

Morphy Richards, promoted by BEL, is the fastest growing international premium brand in Indian small domestic appliances market. Morphy Richards has introduced new range of sophisticated and versatile food processors and a range of feature rich and differentiated Induction Cookers with copper coils, a unique selling proposition in the Indian market. It is also preparing to launch new product categories like Water Heaters, Water Purifiers, Table Fans, Pedestal Fans and Wall Mounting Fans and a new range of steam irons, deep fryers, room heaters and juicers. It is planning for an increased reach to 20,000 retail outlets and distributors in the top 360 urban markets across the India.

Bajaj Fans are the best distributed fans, available in more than 87,000 outlets across the country. BEL enjoys leadership position in 12 major states and is a dominant player in 6 other states in the country.

Lighting segment of BEL markets a wide range of light sources and domestic luminaires. It reported a growth of 13% in FY13 and 11% in FY14. Strong growth is reported in CFL segment due to increased adoption of energy saving lamps by individuals and the government bodies. BEL has launched high-end LED products which score on appearance, long life and energy saving. The Lighting segment with its improved distribution network,

wide product range, and efficient sourcing strategies is poised for improved growth in the future.

International tie-ups of the company: BEL has distribution arrangements with various international companies for better products in premium segment, which are as follows:

- Trilux Lenze of Germany
- Discano of Italy
- Cree Lighting of USA (for luminaires)
- Delta Controls of Canada (for Building Management System) and Securiton of Switzerland (for security system)
- Morphy Richards of UK for Appliances
- Disney of USA and Midea of China (for fans)
- Invested in Starlight Lighting for manufacturing of energy saving CFL lamps.

These arrangements are likely to boost the company's performance in the quarters to come.

Focus on exports and rural markets add value: The Company is planning to double its revenues from exports by increasing overseas sales and entering new markets. Revenues from exports in FY14 was INR 45 crore which is 1% (approx.) of the total revenues from Consumer Durable segment. The company intends to increase these revenues to INR 100 crore as it is planning to open new overseas branches and expanding into 25-30 markets where BEL sells its products. Currently it exports to 20 countries including Sri Lanka, West Asia, Africa, Caribbean and South America.

BEL is expanding its reach in rural markets by planning more stores and rural-specific brands to increase sales volume for electrical appliances and utility products. The company is targeting to open 150-170 stores by March 2015, of which 60% will be in rural areas.

Setting of R&D centers: The Company is planning to set up dedicated research and development centers for innovation and new product development. It plans to develop appliances according to the needs of the consumers as Consumer Durable segment contributes more than 50% of the total revenue of the company.

Company Profile

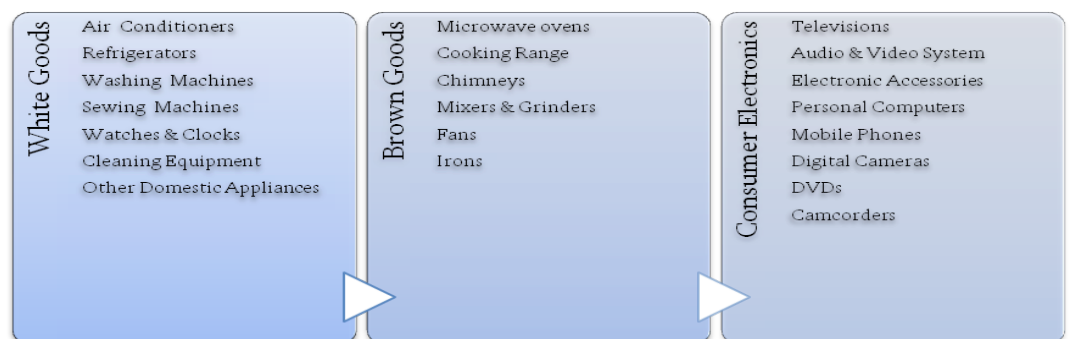
Bajaj Electricals Ltd. commenced its operations in July 1938 as Radio Lamp Works Limited and was renamed as Bajaj Electricals in 1960. In 1964, the company acquired Matchwell Electricals (India) Limited, a manufacturer of electrical fans. Furthermore, BEL entered into a JV with Black & Decker Corporation (US) in 1994 to manufacture power tools, household appliances, and related accessories, The JV became a 100% subsidiary of the company in 2000. Added to that, the company expanded its manufacturing capacity through opening up new plants in Chakan in 1998 for manufacturing of fans and die-cast and Ranjangaon in 2001. The latter included a fabrication unit and a galvanizing plant as well, which was setup at near Pune. The company also entered into a technical collaboration and brand licensing agreement with Morphy Richards, UK, for the sales and marketing of electrical appliances under the brand name of "Morphy Richards" in India. While it entered into a distribution agreement with Trilux Lenze of Germany for high end technical lighting in 2005, in 2007, it acquired 32% stake of CFL manufacturer Starlite Lighting Limited. The company completely divested its stake in Black & Decker Corporation, USA, in 2013.

In addition, BEL has 19 branch offices complemented by a chain of about 1000 distributors, 4000 authorized dealers, more than 400,000 retail outlets and over 282 Customer Care centers across the country.

The company primarily operates in three segments- lighting & luminaires, consumer durables and engineering & project. While the consumer durable segment contributes ~50% of the total revenue, lighting & luminaires and engineering & project contribute ~25% each to its top line.

Industry Overview

Consumer Durables involve any type of products manufactured for long-term use. This can be categorized into three segments- white goods, brown goods and consumer electronics.



Source: Microsec Research, Company Data

According to IBEF, the sector reported revenue worth \$7.3 billion in FY12. It has recorded CAGR of 10.8% over FY03 to FY12 and is expected to reach to a level of \$12.5 billion in FY15. Consumer Durables is fastest growing industry segment in India. Factors contributing to the demand growth of this sector are increasing rural incomes, urbanization, upgrading middle class, and changing lifestyles of the consumers. The government's push to ensure power supply in rural areas as well could further boost the demand for these products. According to IBEF, demand for consumer durable goods in rural and semi-rural areas is expected to three fold at \$6.4 billion in FY15 from \$2.1 billion in FY10.

Business of the Company

BEL has diversified interests in Lighting, Luminaires, Appliances, Fans and Engineering & Projects. The company's detailed operations in these three major business segments are as follows:

Lighting & Luminaires: This segment markets a vast range of luminaires, which covers commercial lighting, industrial lighting, area lighting, roadway lighting, urban architectural lighting as well as special luminaires for flame proof and safety applications. It has a Lighting Development Centre and Lighting Design & Marketing Services for scientific illumination layouts catering to various applications and a Department of Science & Technology of Government of India approved laboratory. The segment is developing new generation energy saving luminaires with LEDs and Induction lamps. BEL maintains a dominant position in Luminaire industry and is the leader in Area and Roadway lighting, The company also plans to strengthen its presence in Workspace lighting segment to gain the overall market share.

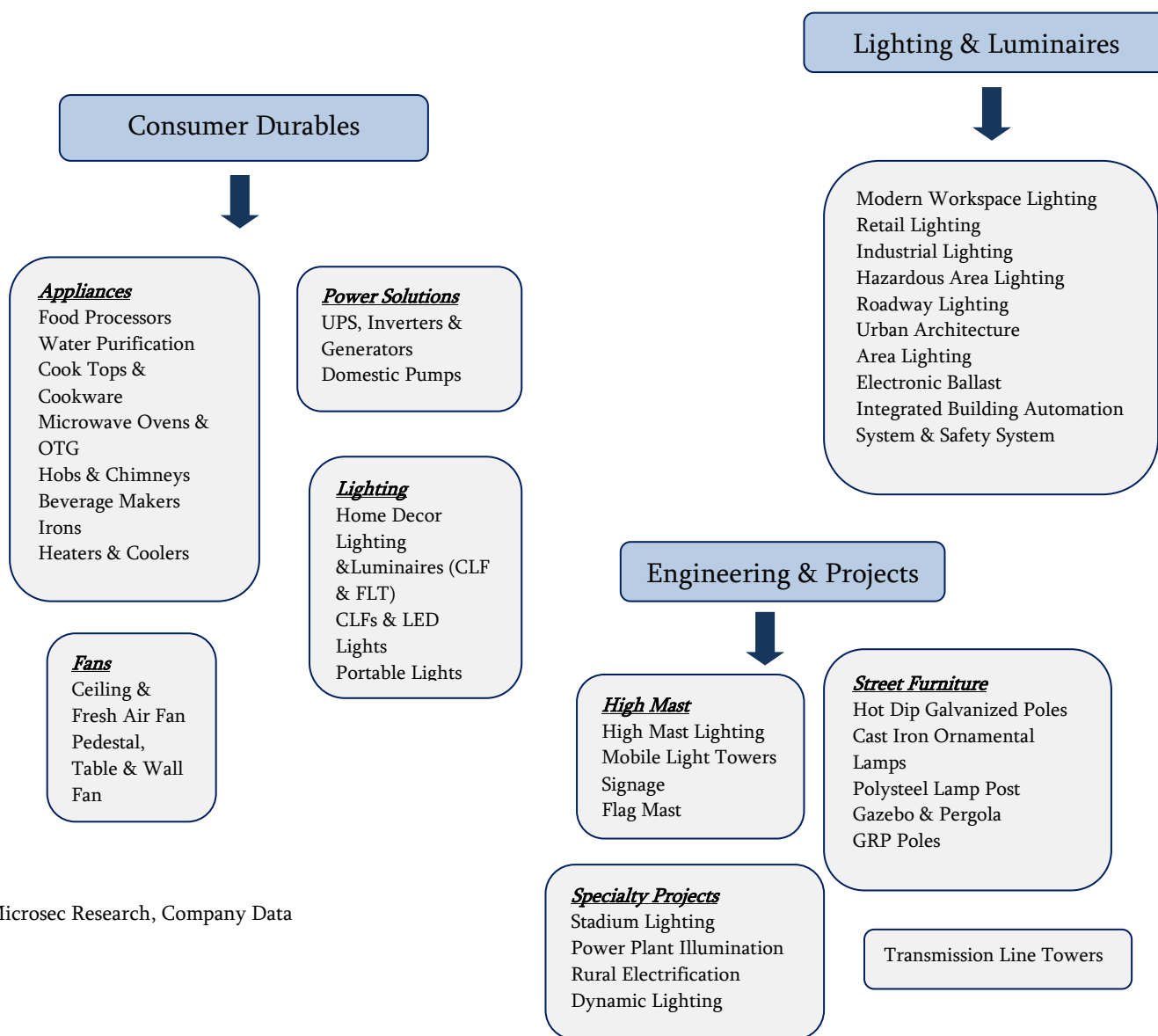
Consumer Durables: Under this segment, the company manufactures various products including water heaters, mixers, microwaves, room air coolers, irons, room heaters, gas stoves, electric kettles, etc. Under Consumer Durables, the Appliances segment is a dominant player in India and enjoys leadership in irons, water heaters, toasters, grillers, mixers, room coolers and induction cookers.

The Fans segment also has a wide and attractive range of ceiling, portable, fresh & industrial air circulators and exhaust fans. The fans manufactured in plants have ISO 9001 / 9002 quality certifications. BEL also markets portable water lifting pumps and gas & diesel run domestic power generators. The company is likely to introduce super energy efficient fans and a number of new models in premium fans category, new models of portable pumps and higher output portable power Generators.

The Lighting business markets light sources and domestic luminaires across a wide range. The light sources include GLS lamps, FTL, CFL and special purpose lamps. In this segment, BEL focuses on green, environment friendly technologies and products. In line with this, the company forayed into LED based products by introducing LED portable lanterns, torches and decorative lights. It has a strong distribution network for marketing these products both in urban and rural areas and focuses specially in rural penetration. The Lighting segment with its improved distribution network, wide product range, and efficient sourcing strategies is likely to report healthy growth in future.

Engineering & Projects: This segment provides engineering and project services including transmission line towers, telecommunications towers, highmast, poles and special projects. Die casting, wind energy & solar energy, and rural electrification also form part of this segment. BEL is the leader in turnkey illumination projects and high mast lighting system, including Design, Supply, Installation, Testing and Commissioning. The company's vast experience in Power Distribution & Transmission-Line is complemented by its in-house civil, structural, Illumination, luminaires and product design facilities. In addition, BEL has over 300 engineers for complete design, engineering, marketing, procurement, quality assurance till the execution of the projects as well as site management. To-date, this business unit has executed the largest number of turnkey projects with a major share of more than 60%.

Product Profile



Source: Microsec Research, Company Data

Orders Executed

Transmission Line Towers	Light & Luminaires	Specialty Projects
<ul style="list-style-type: none"> • Maharashtra State Electricity Transmission Co. Ltd • Damodar Valley Corporation • Powergrid Corporation of India Limited, Chennai • Powergrid Corporation of India Limited, New Delhi • Gujarat Energy Transmission Corporation • India Telecom Infra Ltd, Bangalore • Transmission Corporation of Andhra Pradesh • Delhi Transco Limited, New Delhi Transmission line 	<ul style="list-style-type: none"> ➤ <u>Roadway Lighting</u> <ul style="list-style-type: none"> • Marine Drive, Mumbai • Byculla Bridge, Mumbai • Airport Approach Road, Nagpur • Vashi Station Approach Road, Mumbai • Kharghar Road Lighting, Mumbai • Vidhan Bhavan Road, Lucknow • Airoli Bridge, Mumbai • KR Puram Bridge, Bangalore ➤ <u>Retail Lighting</u> <ul style="list-style-type: none"> • Ford Showroom, Chandigarh • True Mart, Pune • Reliance Fresh, Navi Mumbai • Trinetra, Mysore • Pantaloon, Jaipur ➤ <u>Industrial Lighting</u> <ul style="list-style-type: none"> • Modern Textile Lighting, Bhiwandi • CII Convention Hall, Mumbai • Hindustan Petroleum Petrol Pump, Mumbai • Thermal Power, Dahanu • Reliance Petroleum Refinery, Jamnagar ➤ <u>Modern workspace</u> <ul style="list-style-type: none"> • NAI Auditorium, Mumbai • BPO GTL, Pune • Badminton Court NSCI, Mumbai • Asian Institute of Gastroenterology, Hyderabad ➤ <u>Airport & Railway Station Lighting</u> 	<ul style="list-style-type: none"> • Janjgir Champa District, Chhattisgarh • Murshidabad District Project from NTPCESL • Bandra-Worli SeaLink • Sports Stadium Lighting: National Games - Hyderabad 2002, Guwahati 2007 & Rachi 2009 • Wankhede Stadium

	<ul style="list-style-type: none">• Howrah Railway Station• Nagpur Railway Station• Kochi Airport• Domestic Airport Terminal building, Mumbai• Cargo Airport Lighting, Sahar International Airport, Mumbai• Nagpur Railway Station <p>➤ <u><i>Integrated Building Automation System</i></u></p> <ul style="list-style-type: none">• Kamalnayan Bajaj Hospital, Aurangabad• Pune – Sholapur Highway• Dewar-Kishangarh Highway• Hiranani Fulcrum, Mumbai• Matrix Mall – Pune• Radisson Resort, Goa• HCL Technologies• Wipro InfoTech, Pune• RBI, Mumbai• Bajaj IT Park, Pune• Haldia Petrochemicals• Cummins Palthan, Pune	
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Source: Microsec Research, Company Data

Key Management Profile

Shekhar Bajaj	Chairman & Managing Director
Anant Bajaj	Joint Managing Director
Mangesh Patil	Company Secretary
R P Singh	Independent Non-Executive Director
Ashok Jalan	Independent Non-Executive Director
Indu Shahani	Independent Non-Executive Director
V B Haribhakti	Independent Non-Executive Director
Harsh Vardhan Goenka	Independent Non-Executive Director
Ajit Gulabchand	Independent Non-Executive Director
Madhur Bajaj	Promoter & Non-Executive Director

Source: Microsec Research, Company Data

Key Risk & Concerns

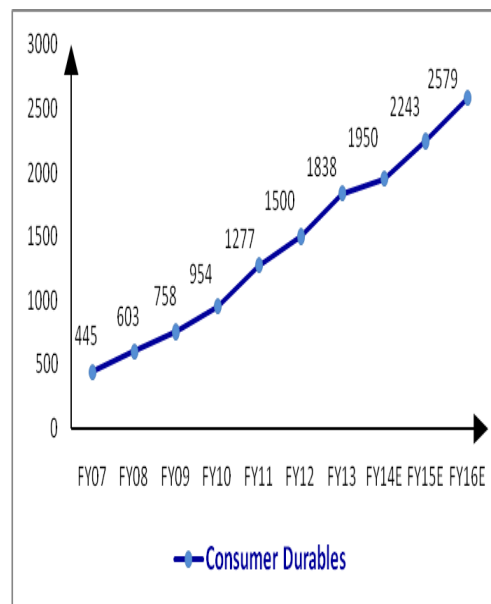
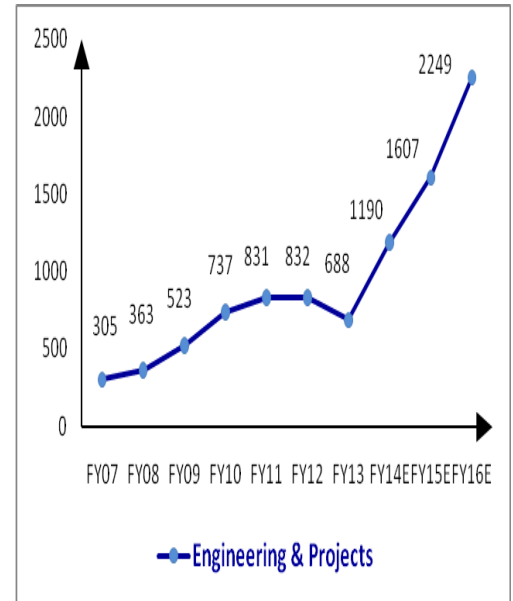
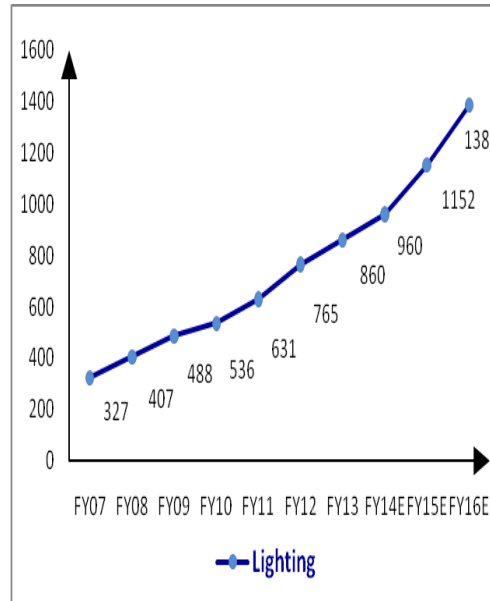
- Competition from new players which leads to higher advertisement spending and lesser pricing power which may lead to lower margin.
- Increase in prices of goods as compliance with new efficiency norms will increase cost for the company.
- Adverse impact of rupee depreciation on cost of imports of the company.
- Higher inflation rate, which act as a dampener to the common men's pocket also reduces the demand for consumer goods. Consequently, a sustainable high inflation may impact the performance of the company.
- Dependency on technology advancement to meet the varying demand of the customers.
- Profitability of the company may have negative impact if there is any increase in the prices of raw material.

Peer Comparison

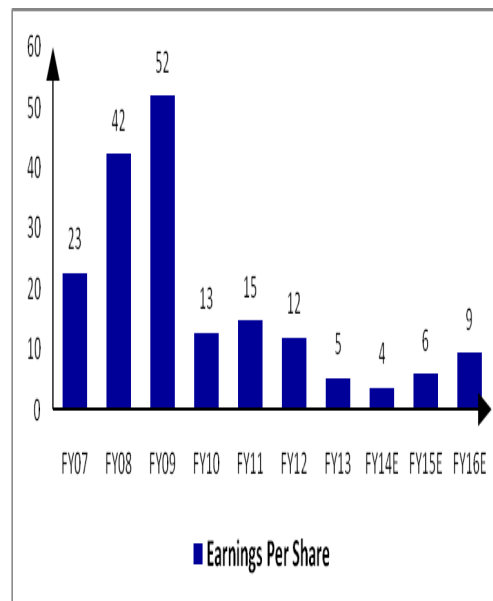
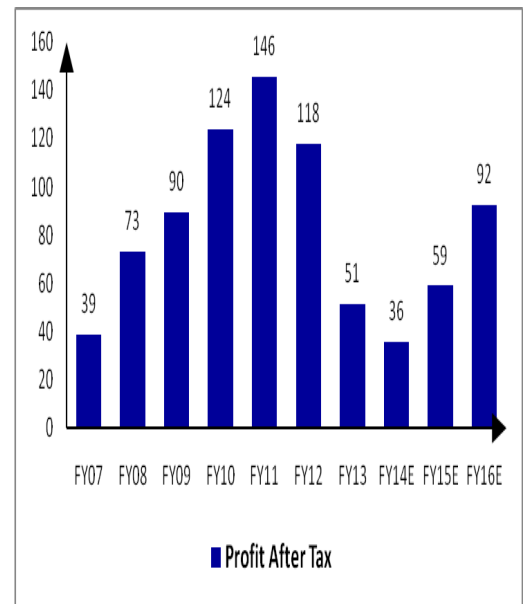
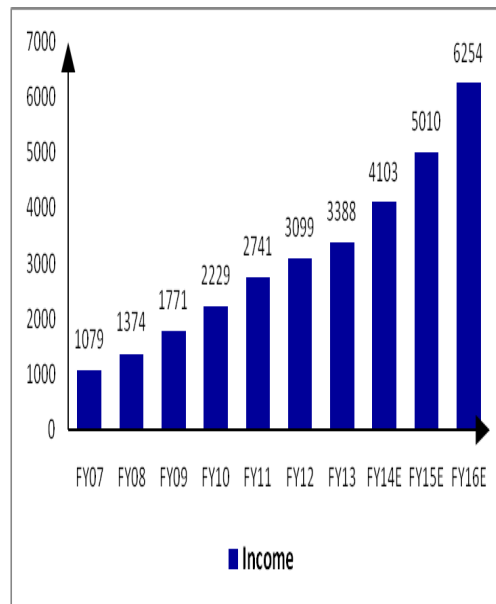
Particulars	CMP	MCap	TTM Sales	TTM EBITDA	EBITDA Margin	TTM PAT	PAT Margin	TTM EPS	P/E	P/BV (x)	ROE	Net Worth	Total Debt	D/E
Bajaj Electricals Ltd.	337	3362	4042.21	81.82	2.0%	-5.31	-0.1%	-0.53	NA	4.27	-0.7%	740.03	250.00	0.34
TTK Prestige Ltd.	4009	4570	1293.83	160.22	12.4%	111.79	8.6%	96.04	41.7	11.56	28.3%	395.46	115.11	0.29
Havells India Ltd.	1261	15731	4719.69	641.60	13.6%	478.69	10.1%	38.36	32.9	8.41	33.2%	1442.04	981.51	0.68
Hawkins Cookers Ltd.	3049	1616	449.47	58.66	13.1%	38.28	8.5%	72.39	42.1	29.44	69.9%	54.75	22.68	0.41
Crompton Greaves Ltd.	207	13273	7489.57	665.84	8.9%	521.09	7.0%	8.31	24.9	4.36	14.6%	3561.52	2029.35	0.57
IFB Industries Ltd.	154	624	1001.61	45.18	4.5%	16.59	1.7%	5.23	29.4	1.99	5.3%	315.64	9.85	0.03
Videocon Industries Ltd.	175	5587	12489.52	2171.07	17.4%	-16.50	-0.1%	-0.52	NA	0.55	-0.4%	4713.70	40211.77	8.53
Whirlpool Of India Ltd.	346	4391	2726.20	211.50	7.8%	122.90	4.5%	9.69	35.7	7.27	19.9%	617.54	0.00	0.00

Source: Microsec Research, Company Data, Bloomberg

Financial Graphs (INR in Crores)



Source: Microsec Research, Company Data



Source: Microsec Research, Company Data

Valuation

We value BEL based on DCF methodology. Based on WACC of 11.90% and assumed terminal growth rate of 3% and the company's future free cash flows, we arrived at a target price of INR405 for the stock. Our target price reflects an upside potential of 20% from BEL's CMP of INR337 per share.

Income Statement

Particulars (INR in Crores)	FY09	FY10	FY11	FY12	FY13	FY14	FY15E	FY16E
Net Sales	1768.89	2227.15	2739.90	3094.19	3380.92	4042.21	5008.39	6415.86
% Growth in net sales	29%	26%	23%	13%	9%	20%	24%	28%
Operating Income	1.64	1.47	1.32	4.77	6.65	5.79	6.50	7.00
Total Income	1771	2229	2741	3099	3388	4048	5015	6423
% Growth in Total Income	29%	26%	23%	13%	9%	19%	24%	28%
Total Expenditure	1590.71	1985.21	2482.79	2861.85	3276.82	3966.18	4801.76	6095.06
as a % of sales	89.9%	89.1%	90.6%	92.5%	96.9%	98.1%	95.8%	95.0%
EBITDA (Excl OI)	179.82	243.41	258.43	237.11	110.75	81.82	213.13	327.79
EBITDA Margin	10.2%	10.9%	9.4%	7.7%	3.3%	2.0%	4.3%	5.1%
Other Income	5.70	2.86	5.73	14.41	16.92	15.27	16.50	18.25
Operating Profit	185.52	246.27	264.16	251.52	127.67	97.09	229.63	346.04
Interest	36.97	37.92	29.08	63.05	68.97	78.30	60.00	60.00
PBDT	148.55	208	235	188	59	18.79	169.63	286.04
Depreciation	8.54	9.20	10.76	12.52	14.45	24.75	25.07	32.11
PBT	140.01	199.15	224.32	175.95	44.25	-5.96	144.56	253.93
Exceptional Items	0.00	0.00	-5.00	0.00	24.72	0.00	0.00	0.00
PBT incl.Exceptional Items	140.01	199.15	219.32	175.95	68.97	-5.96	144.56	253.93
PBT Margin incl.El	8%	9%	8%	6%	2%	0%	3%	4%
Tax	50.67	75.35	73.99	58.07	17.76	-0.65	47.70	83.80
Tax %	36%	38%	33%	33%	40%	11%	33%	33%
Profit After Tax	89	124	145	118	51	-5	97	170
PAT	89.34	123.80	145.33	117.88	51.21	-5.31	96.85	170.13
PAT Margin	5%	6%	5%	4%	2%	-0.1%	1.9%	2.6%
Exceptional Items	0.00	0.00	-5.00	0.00	24.72	0	0	0
PAT excl. Exceptional Items	89	124	150	118	26	-5	97	170
PAT Margin excl.El	5%	6%	5%	4%	1%	0%	2%	3%
PAT Growth	22%	39%	21%	-22%	-78%	-120%	NA	76%
Equity Capital	17.29	19.51	19.79	19.92	19.95	19.99	19.95	19.95
Face Value (In Rs)	10.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
No. of shares	1.73	9.76	9.90	9.96	9.98	10.00	9.98	9.98
Basic EPS	51.67	12.69	14.69	11.84	5.13	-0.53	9.71	17.06
Adjusted EPS	8.96	12.41	15.07	11.82	2.66	-0.53	9.71	17.06

Source: Microsec Research, Company Data

Balance Sheet

Particulars (INR in Crores)	FY09	FY10	FY11	FY12	FY13	FY14	FY15E	FY16E
Source of Funds:								
Share Capital	17.29	19.51	19.77	19.93	19.95	19.99	19.99	19.99
Reserves and Surplus	224.88	474.7	591.32	679.93	708.69	689.09	761.01	903.21
Shareholders' Equity	245.01	494.37	611.11	699.86	728.64	709.08	781.00	923.20
Total Debt	213.85	151.83	116.47	203.79	159.99	344.35	360	300
Deferred tax liability/(asset)	3.15	-0.5	-2.01	-2.23	-7.93	-25.33	-25.33	-25.33
Total	462.01	645.70	725.57	901.42	880.70	1028.60	1116.17	1198.37
Application of Funds:								
Gross Block	154.47	169.96	230.16	272.08	326.04	376.15	476.15	571.15
Net Block	94.6	101.62	153.28	184.03	226.41	251.77	326.70	389.58
Capital Work-in-Progress	2.48	0.09	0	2.96	5.87	0	7	8
Investment	31.56	36.56	36.58	44.06	29.76	67.32	71.42	91.38
Inventories	177.7	209.43	294.64	355.24	421.24	446.70	470.27	503.20
Sundry Debtors	559.16	750.69	1065.37	922.03	937.93	1242.65	1284.20	1603.96
Cash & Bank Balances	53.81	61.24	48.13	53.64	50.09	54.41	68.94	-124.42
Other Current Assets	0.00	0.00	0.00	186.41	264.9	402.42	408.35	372.88
Loans & Advances	113.04	177.66	166.77	201.46	213.18	202.03	225.38	288.71
Total Current Asset	903.71	1199.02	1574.91	1718.78	1887.34	2348.21	2457.14	2644.34
Total Current Liabilities & Prov	570.34	691.59	1039.2	1048.41	1268.68	1638.7	1746.09	1934.94
Net Current Assets	333.37	507.43	535.71	670.37	618.66	709.51	711.05	709.40
Total	462.01	645.70	725.57	901.42	880.70	1028.60	1116.17	1198.37

Source: Microsec Research, Company Data

Cash Flow Statement

Particulars (INR in Crores)	FY09	FY10	FY11	FY12	FY13	FY14P	FY15E	FY16E
A. CashFlow from Operating Activity:								
Net Profit before Tax	140.01	199.15	219.32	175.95	68.97	-5.96	144.56	253.93
Depreciation	8.54	9.20	10.76	12.52	14.45	24.75	25.07	32.11
Interest on Loans	41.26	37.04	36.28	60.68	67.06	78.30	60.00	60.00
Operating Profit before Working Capital changes	189.82	240.36	261.26	249.15	164.87	97.09	229.63	346.04
(Increase)/ Decrease Trade & Other Receivables	-143.24	-238.91	-341.69	-68.39	-150.96	-442.24	-47.48	-284.29
(Increase)/ Decrease in Inventories	-15.52	-31.73	-85.2	-60.6	-65.99	-25.46	-23.57	-32.93
Increase / (Decrease) in Trade Payables	164.4	114.24	344.11	24.29	234.09	370.02	107.39	188.85
Increase / (Decrease) in Loan & Advances	0	0	0	0	0	11.15	-23.35	-63.34
Cash Generated from Operations	195.46	83.96	178.48	144.45	182.01	10.56	242.62	154.33
Direct Taxes paid	-54.24	-91.2	-80.61	-59.94	-39.76	0.65	-47.70	-83.80
Net Cash from Operating Activity	141.01	-7.78	97.58	84.51	142.25	11.21	194.92	70.53
B. CashFlow from Financing Activities:								
Purchase of Fixed Assets	-14.75	-14.68	-63.11	-46.87	-62.67	-44.24	-107.00	-96.00
Purchase of Investments	0	0	-0.02	-7.5	-7	-37.56	-4.10	-19.96
Net Cash Flow from Investing Activities	-41.98	-38.42	-20.72	-67.47	-0.16	-81.80	-111.10	-115.96
C. CashFlow from Investing Activities:								
Interest Paid	-41.91	-36.87	-36.53	-60.53	-67.15	-78.30	-60.00	-60.00
Proceeds from / (Repayment of) borrowings	-22.84	-62.02	-35.37	74.99	65.38	166.96	15.65	-60
Dividends paid	-16.13	-20.11	-23.54	-27.79	-27.85		-24.94	-27.93
Tax on dividend	0	0	-3.89	-4.51	-4.52			
Net Cash Flow from Investing Activities	-80.88	41.04	-94.91	-16.90	-145.7	73.66	-69.29	-147.93
Net Increase / (Decrease) in cash and cash equivalents	18.15	-5.16	-18.05	0.14	-3.61	3.07	14.53	-193.36
Cash and cash equivalents at the beginning of the year	31.95	53.81	61.24	46.11	51.86	48.25	54.41	68.94
Cash and cash equivalents at the end of the year	50.10	48.65	43.19	46.25	48.25	51.32	68.94	-124.42

Source: Microsec Research, Comapany Data

The difference in Closing Cash Balance and Next Year's opening cash balance represents Interest Accrued, unpaid dividend etc

Ratio Analysis

Particulars (INR in Crores)	FY09	FY10	FY11	FY12	FY13	FY14A	FY15E	FY16E
<i>Profitability Ratios</i>								
Return on Assets (ROA)	10%	10%	10%	7%	1%	-0.2%	4%	6%
Return on Capital Employed (ROCE)	19%	19%	21%	13%	3%	-0.5%	9%	14%
Return on Equity (ROE)	36%	25%	25%	17%	4%	-0.7%	12%	18%
<i>Per Share Data</i>								
EPS	51.67	12.69	14.69	11.84	5.13	-0.53	9.71	17.06
Adj EPS excl EI	8.96	12.41	15.07	11.82	2.66	-0.53	9.71	17.06
Dividend Per share	2.00	2.40	2.80	2.80	2.00	1.50	2.50	2.80
Cash Earnings Per Share	46.73	11.75	14.11	10.58	1.21	-3.01	7.20	13.84
Book Value Per Share	141.71	50.68	61.76	70.27	73.05	70.94	78.30	92.55
<i>Valuation Ratio</i>								
P/E	0.57	17.60	16.66	16.45	33.61	NA	34.70	19.75
Adjusted P/E excl EI	3.27	18.00	16.24	16.48	64.97	NA	34.70	19.75
P/CEPS	0.63	19.01	17.35	18.41	142.96	NA	46.82	24.35
P/BVPS	0.21	4.41	3.96	2.77	2.36	4.75	4.30	3.64
EV/EBITDA	1.19	9.37	9.65	8.85	16.68	47.74	18.33	11.92
Market Cap/Sales	0.03	0.98	0.88	0.63	0.51	0.83	0.67	0.52
<i>Liquidity Ratios</i>								
Current Ratio	1.71	1.36	1.94	1.56	2.05	2.31	2.46	2.73
Acid Test Ratio	1.27	1.43	1.23	1.30	1.16	1.16	1.14	1.11
Debt-Equity Ratio	0.87	0.31	0.19	0.29	0.22	0.49	0.46	0.32
<i>Efficiency Ratios</i>								
Asset turnover Ratio	0.09	0.09	0.09	0.06	0.01	0.00	0.03	0.05
Working Capital Turnover Ratio	0.27	0.24	0.28	0.18	0.04	NA	0.14	0.24
Inventory Turnover Ratio	0.50	0.59	0.51	0.33	0.06	NA	0.21	0.34
<i>Profit Margin Ratios</i>								
EBITDA Margin	10%	11%	9%	8%	3%	2%	4%	5%
PBT Margin	8%	9%	8%	6%	2%	0%	3%	4%
Net Profit Margin	5%	6%	5%	4%	1%	0%	2%	3%

Source: Microsec Research, Comapany Data

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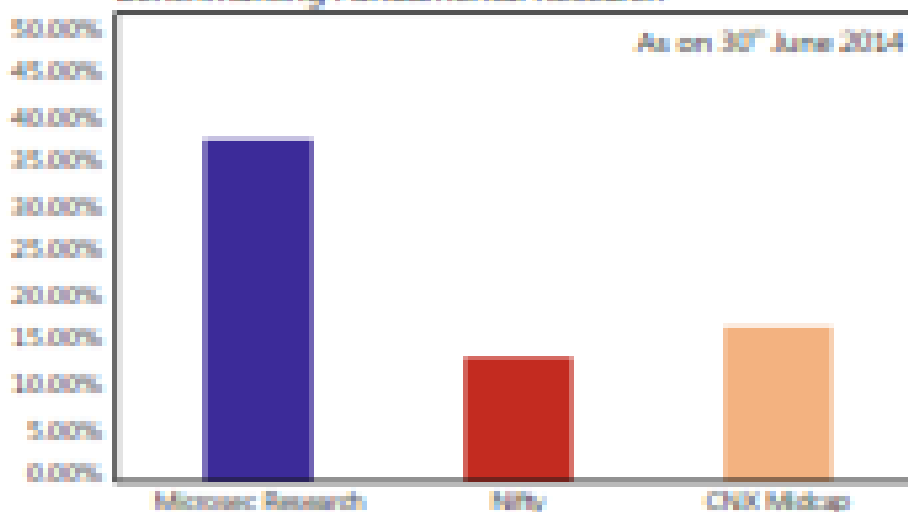
Recommendation	Expected absolute returns (%) over 12 months
Strong Buy	>20%
Buy	between 10% and 20%
Hold	between 0% and 10%
Underperform	between 0% and -10%
Sell	< -10%

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