

India Research – Stock Broking

Camson Bio Technologies Ltd

Bloomberg Code: CBTL IN

BUY

Unique Products backed by robust R&D; Execution is the key

- In-house R&D driven unique products with strong market potential:** Qualitative assessment of product strength was done by mapping to the Mode of Action of conventional products. Bio-insecticides portfolio looks to be in competition with **Insect Growth Regulators** and **Selective Feeding Blockers**, while bio-fungicides are in competition with chemical groups: **Peptidyl pyrimidine nucleoside, Cyanoimidazole, Cinnamic acid amides and Mandelic acid amides**. Camson's library of 4018 microbes and zero residue products provide the company, theoretically, with a huge market potential.
- As part of its R&D effort, CBTL has developed proprietary manufacturing process that is light on capex & high on scalability.** It is increasing its capacity from 2.7 mn ltrs to 16.7 mn ltrs by just expending Rs. 400 mn. CBTL's gross margins are expected to be 61% & 66% for biocides and proprietary seeds in FY16E and FY17E respectively.
- Changing Business Mix:** Revenue contribution from Biocides is expected to increase from 31% in FY15E to around 66% in FY17E. EBITDA margins are thus expected to expand from 12.9% in FY14 to 29.7% in FY17E. Resultantly, RoE and RoCE are expected to increase to 14.0% and 13.7% respectively by FY17E, from 3.7% and 5.3% respectively in FY15E. Receivable days are expected to come down to 134 in FY17E from around 213 in FY15E. High gross margins allow higher discounts to platinum dealers, expected to provide around 60%-70% of biocides' revenue in FY16E, and are expected to sustain going forward.
- De-merger of seeds business** will reduce the uncertainty over receivables.

Valuation and Outlook

We have valued CBTL by estimating a suitable PE multiple for FY17E EPS, by mapping it to RoE. We have valued the company at 14x of FY17E EPS and reached a per share valuation target of Rs. 189 for an investment horizon of 12 to 18 months. We initiate a coverage on CBTL with a **BUY** recommendation.

Key Risk

- Less than expected increase in Biocides volumes and inability to scale up in South Indian market.

Exhibit 1: Valuation Summary (Rs. Mn)

YE Mar	FY13	FY14	FY15E	FY16E	FY17E
Net Sales	1360	1909	2060	1980	2580
EBITDA	294	247	253	374	766
EBITDA Margin (%)	21.6	12.9	12.3	18.9	29.7
Adj. Net Profit	235	132	91	156	404
EPS (Rs.)	13.0	5.2	3.0	5.1	13.5
RoE (%)	16.4	6.8	3.7	5.8	14.0
PE (x)*	3.3	10.6	33.6	19.8	7.5

Source: Company, Karvy Research; * For FY13, FY14 PE multiples are on historic basis

Recommendation (Rs.)

CMP	102
Target Price	189
Upside (%)	86

Stock Information

Mkt Cap (Rs.mn/US\$ mn)	3044 / 48
52-wk High/Low (Rs.)	164 / 50
3M Avg. daily volume (mn)	0.1
Beta (x)	1.4
Sensex/Nifty	28504 / 8659
O/S Shares(mn)	30.0
Face Value (Rs.)	10

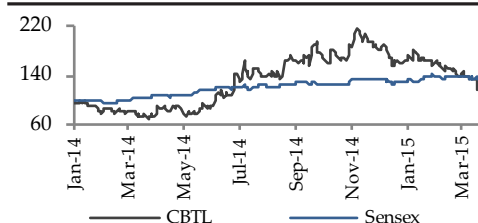
Shareholding Pattern (%)

Promoter	24.46
FII's	21.32
DII's	2.84
Others	51.38

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(1)	(16)	60	(16)
Relative to Sensex	2	(18)	(24)	27

Performance



Source: Bloomberg

Technical View

CBTL rallied from the levels of 38 since Aug'13 and reached a high at 164 levels in Nov'14. It significantly corrected to a low of 85, levels which is at the 61.8% Fibonacci retracement zone drawn from 38 levels to 164 levels. The stock witnessed a strong bounce back with significant volumes from the said 61.8% levels indicating that the stock might regain its previous up-move.

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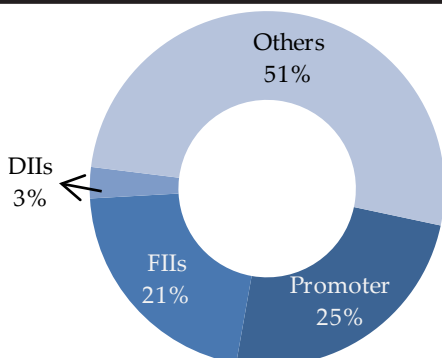
Company Financial Snapshot (Y/E Mar)

Profit & Loss (Rs.mn)			
	FY15E	FY16E	FY17E
Net sales	2060	1980	2580
Optg. Exp (Adj for OI)	1807	1606	1814
EBITDA	253	374	766
Depreciation	127	147	170
Other Income	15	10	10
Interest	32	51	60
PBT	84	186	546
Tax	(6)	29	142
PAT	91	156	404
Profit & Loss Ratios			
EBITDA margin (%)	12.3	18.9	29.7
Net Profit margin (%)	4.4	7.9	15.6
P/E (x)	33.6	19.8	7.5
EV/EBITDA (x)	13.0	8.9	4.0
Dividend yield (%)	0.0	2.0	3.0

Source: Company, Karvy Research

Balance sheet (Rs.mn)			
	FY15E	FY16E	FY17E
Total Assets	3179	3330	3743
Net Fixed assets	1331	1601	1550
Current assets	1828	1709	2174
Other assets	20	20	20
Total Liabilities	3179	3330	3743
Networth	2647	2735	3033
Debt	283	269	314
Current Liabilities	415	351	342
Deferred Tax	25	2	7
Balance Sheet Ratios			
RoE (%)	3.7	5.8	14.0
RoCE (%)	5.3	7.0	13.7
Net Debt/Equity(x)	0.1	0.1	0.0
Equity/Total Assets(x)	0.8	0.8	0.8
P/BV (x)	1.2	1.1	1.0

Source: Company, Karvy Research

Exhibit 2: Shareholding Pattern (%)


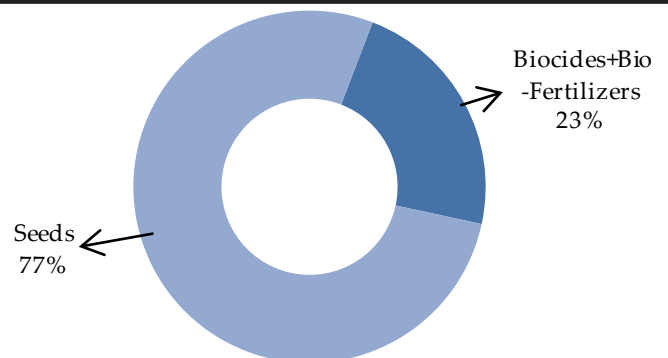
Source: Company, Karvy Research

Company Background

Camson Bio Technologies (CBTL) is a R&D led organization, which is into developing crop protection chemicals and higher yield hybrid seeds. CBTL's uniqueness lies in the fact that it has developed Bio-pesticides, Bio fertilizers and Natural Fertilizers using secondary metabolites of microbes. CBTL has a library of more than 4018 microbes. Most of the Company's products are not live microbe based and thus have higher shelf life. CBTL presently has 28 biocides & PGP's and 7 bio-fertilizers. CBTL has manufacturing and R&D presence at Doddaballapur (near Bengaluru) and seeds R&D centers in Hyderabad and Aligarh. CBTL's second manufacturing plant located at Nangal in Himachal Pradesh caters to the demand from Northern and Eastern India. In the seeds business, CBTL mainly concentrates on Chilli, Tomato, Water Melon, Musk melon and Okra. It has a germplasm library of 7000 (10 fruits and vegetables).

Cash Flow (Rs.mn)			
	FY15E	FY16E	FY17E
EBITDA	253	374	766
Other Income	(15)	(10)	(10)
Interest	32	51	60
Tax	6	(29)	(142)
Changes in WC	(174)	69	(220)
CF from Operations	205	552	585
Capex	(423)	(400)	(120)
Investment	(20)	(20)	(20)
CF from Investing	(428)	(410)	(130)
Change in Equity	350	5	5
Change in Debt	(87)	(14)	45
Dividends	0	(54)	(73)
CF from Financing	230	(114)	(83)
Change in Cash	7	27	372

Source: Company, Karvy Research

Exhibit 3: Revenue Break-up (%)


Source: Company, Karvy Research

Two decades of research leading to a strong product portfolio - Assessment of Product Strength by Mapping to Conventional Pesticides based on Mode of Action – A Qualitative Analysis

CBTL's model is built upon in-house research done over a period of two decades. The company has painstakingly developed a sizeable product base using the secondary metabolites of microbes. Apart from being equally efficacious when compared to conventional chemical products, these products have zero toxicity and are organic (certified by Control Union of US). Also, bulk of the products of CBTL do not have live microbes and thus have higher shelf life, giving them a better standing when compared to other players. These unique strengths and advantages, built in-house, hold the company in a very good stead.

CBTL has a microbe library of more than 4018 microbes accumulated over a period of 2 decades. This library of microbes has allowed them to commercialize 35 products till now.

To understand the product strength, CBTL's products have been mapped to conventional chemical based products through the similarities seen in Mode of Action.

Insecticides: Based on the Mode of Action of the insecticides, it becomes clear that these bio-insecticides are effective against various Homopteran class of insects, the major insect class affecting the crops in India followed by Lepidopteran insect class.

Mapping: On being mapped to the conventional insecticides grouping based on Mode of Action, these bio-insecticides could be mapped to the molecules belonging to the **Insect growth regulator class** and **selective feeding blockers class**. The insecticides of these groups are very novel molecules and few of them are yet to report any resistance from even Brown Plant Hoppers which have developed resistance to most of the other insecticides.

Most of the products are indicated to act at the 1st and 2nd stages of Nymphal Instars. But, few of the products have also indicated to act in the adult stage. This thus provides the company with bio-insecticides that can act at various stages of insect pests life cycle.

Fungicides: All the four bio-fungicides, when mapped, were found to be a bit similar going by their mode of action to **Peptidyl pyrimidine nucleoside** chemical family of fungicides, **Cyanoimidazole** chemical family of fungicides and **Cinnamic acid amides** and **Mandelic acid amides** chemical family of fungicides. These conventional fungicides work mainly by inhibiting cell wall bio-synthesis and are targeted mainly against the Oomycete group of fungi. They also prevent spore germination and inhibit fungus mycelia growth and sporulation. Two of these three chemical group families were first registered in the USA in 2008.

Difficult to develop resistance: Most of the products of Camson Biotechnologies have been developed using the Secondary metabolites derived from two or more microbes. This makes the ability of the pests to develop resistance a bit more difficult as the Mode of Action is not very singular.

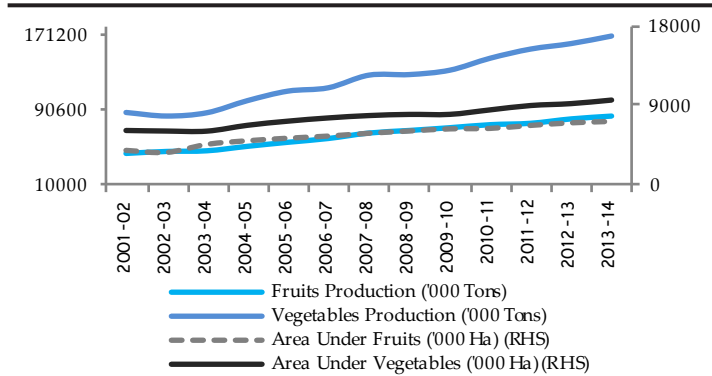
Mutations to Microbial Strains: One of the important advantages possessed by CBTL is the ability to mutate the microbial strains in case of insects developing resistance. This is done by using few chemicals and few other methodologies. This ability to develop an alternative in case of resistance, at a fast pace is also one of the biggest advantages possessed by the company.

Conclusion: Based on the analysis done to assess the product strength of Camson Biotechnologies products, it could thus be concluded that most of their products can be approximately considered to be competitive against new chemical class of pesticides. This analysis also shows increased probability of product success when looked at in terms of product strength of the 12 bio-insecticides and fungicides.

Growth Strategy of Camson Biotechnologies: Target Segment – Fruits & Vegetables followed by Field Crops; Execution Methodology – Platinum Dealers

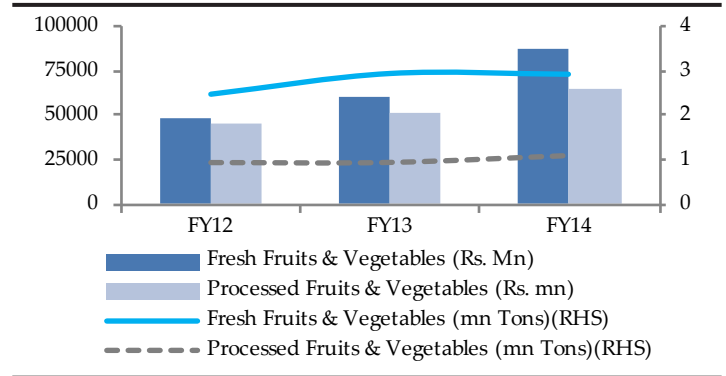
CBTL intends to target the export oriented Fruits & Vegetables segment for the first few years before it ventures into Field Crops aggressively. (Prima facie, this seems to be a good strategy because, the per Hectare yield in Fruits & Vegetables is 5.5x and 8x of Food Grains respectively, as of FY13. Also, exports of Fresh Fruits & Vegetables, Processed Fruits & Vegetables have increased at a CAGR of 12.6% and 7.3% respectively from FY12 to FY14). An important element in execution of this strategy is the leveraging of Platinum dealers (these are just above 10% of the total dealer base but contribute close to 70% of the total sales) network in terms of increasing revenue per dealer and also, number of platinum dealers. These plans of the company will be ably supported by its strong product portfolio of Biocides, Bio-plant growth stimulants and Bio-Fertilizers.

Exhibit 4: Fruits & Veg.: Production & Area



Source: Company, Karvy Research

Exhibit 5: Fruits & Veg.: Export Revenues & Volumes

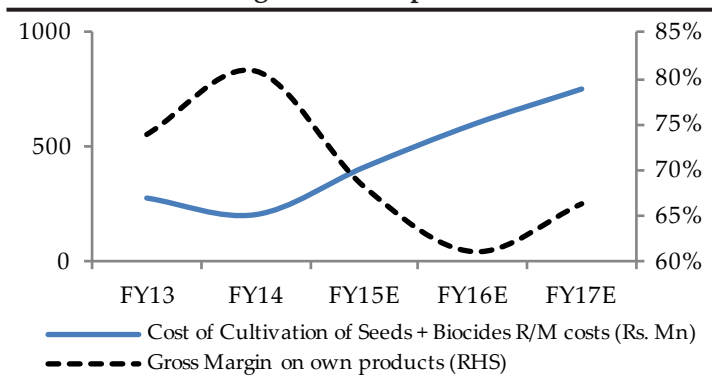


Source: Company, Karvy Research

Low cost allows higher trade discounts and thus is expected to allow the company to increase the strength of its platinum dealers network

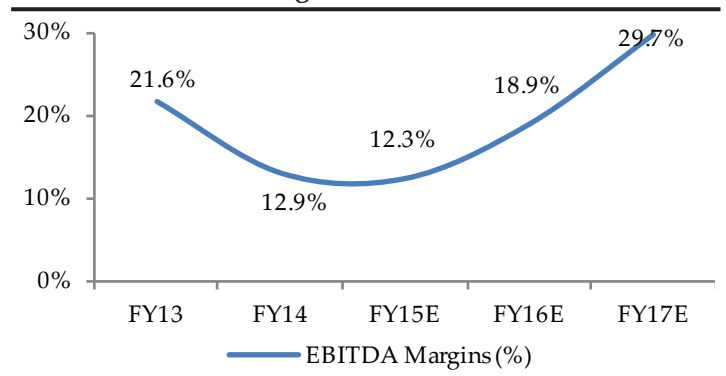
As the exhibit 6 shows, gross margin of the company on own products is high and is expected to be stable between 61% and 66%. This would allow the company to give higher discounts to its platinum dealers. This is not the case with other conventional chemical based companies which operate on a gross margin of 33% to 40%. Even after allocating 28% to 35% of biocides revenue to trade discounts and promotional expenses, CBTL is expected to maintain its EBITDA margins comfortably at 25% (excluding provisions for trade receivables in FY16E), recovering from an expected low of 12.3% seen in FY15E. This becomes possible because of increasing revenue contribution from Biocides segment. EBITDA margins can expand to above 30%, contingent upon any further significant scale up in sales volume of biocides.

Exhibit 6: Gross margins on own products(%)



Source: Company, Karvy Research

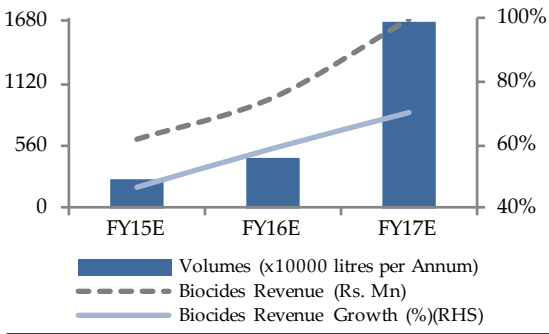
Exhibit 7: EBITDA Margin (%)



Source: Company, Karvy Research

High Accentuation in Changing Product Mix to improve various Operational metrics and thus the financial health

Exhibit 8: Capacity Increase Vs Revenue Growth

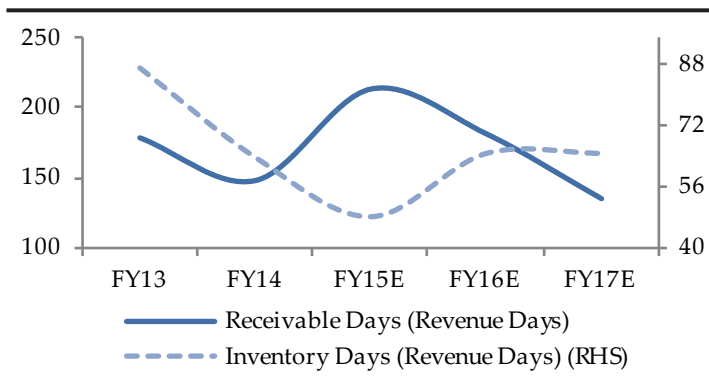


Source: Company, Karvy Research

Contribution from Biocides + Bio Fertilizers + Natural Fertilizers is expected to overtake the seeds business turnover by the end of FY16E. Planned reduction in traded seeds business and a cautious increase in bulk seeds volumes are expected to contribute towards this. Also, the capex being planned in Doddaballapur, Bengaluru will increase the annual fermentation capacity for production of various biocides (bio-insecticides+ bio-fungicides + bio-plant growth stimulants + bio-fertilizers + Natural Fertilizers) from 2.7 mn litres per annum (at present) to around 16.7 mn litres per annum by FY16E end or in the beginning of FY17E.

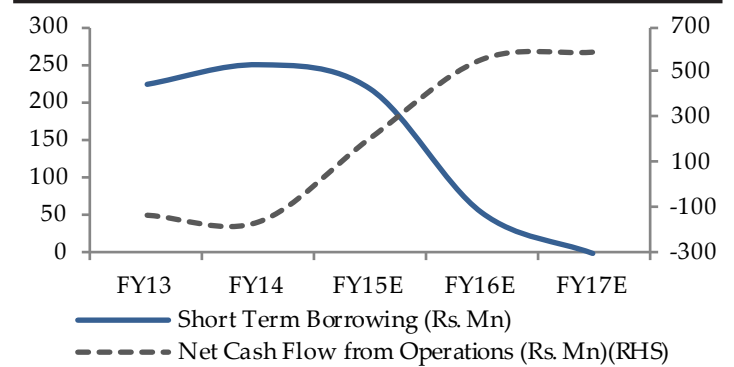
Improving working capital cycles by virtue of increasing weight of Biocides business: Net Working Capital cycle requirements for the company is expected to scale down by virtue of increasing contribution from Biocides business. One, by virtue of low inventory requirements of Biocides business and two, the receivable days for biocides business is significantly less than that of Seeds business (300 days for bulk seeds and 240 days & above for Traded Seeds). Receivables for biocides business is expected

Exhibit 9: Receivable & Inventory Days



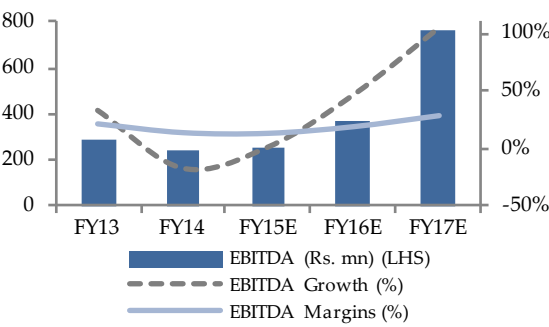
Source: Company, Karvy Research

Exhibit 10: Short Term Borrowings & Net Cash Flow from Operations.



Source: Company, Karvy Research

Exhibit 11: EBITDA Growth & Margins



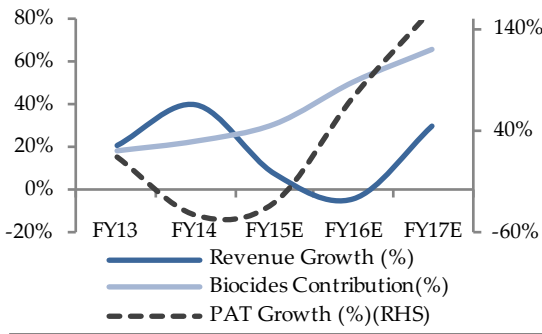
Source: Company, Karvy Research

to come down further. As seen in exhibit 9, receivable days (as revenue days) is expected to come down successively in the next three years. This will help in increasing the cash flow from operations. Inventory days (as revenue days) are also expected to come down significantly as the traded seeds business is expected to be downsized starting from FY16E, on both standalone and consolidated basis, thus bringing down the inventory requirements at the end of the year. Significant reduction in traded seeds business will also have a positive rub-off on EBITDA margins on both standalone and consolidated levels. EBITDA Margins are expected to expand (year-on-year) by 657 and 1094 basis points in FY16E and FY17E respectively.

Change in Biocides (all the products based on microbial technology) product mix can lead to higher revenue growth going forward: Presently, CBTL derives bulk of its sales volumes from Calbahaar followed by Calrrhiza. These two products are the lowest priced products. In the case of Calbahaar, per unit realization is less than 50% of the overall blended realization per unit for the company. For Calrrhiza, the per unit realization is close to being on par with the overall blended per unit realization for the company. The other important products of the company are: Calnova, Calphomil, Calgard, Calterm Super, Calraid, Caltika and Calstim. The per unit realization for these products is higher by 1807%, 438%, 140%, 63%, 292%, 99%, 4070% and 973% respectively over the blended per unit volume realization for the company. However, these products just form 15.7% of the total product volume sales for the company for FY15. Thus, any increase in the volumes of these products, even if accompanied by significant price cuts, along with expected increase in the volumes of Calbahaar can help the company report a non-linear revenue growth.

Low Capex requirement a nature of the Crop-protection Industry but what sets apart CBTL from others is the ability to maintain high top-line growth and expansion in profit margins

Exhibit 12: Revenue Growth, Mix & PAT Growth



Source: Company, Karvy Research

Most of the comparable peers in the conventional chemicals based products have a significant dependence on price increases to increase the growth rates beyond a point. Crop protection chemicals’ industry does not have any supply constraints, but has seen a low off-take increase across years because of constraints imposed by profit metrics of farmers. Camson has an added advantage compared to conventional chemicals based companies, as raw material requirements cannot be fully met in-house by these companies. These factors along with close to zero toxicity of Camson’s products (metabolites or product degradants in the soil) allows them to target the growing horticulture industry in the country and at the same time use the institutional and white label sales routes by virtue of their novel microbial technology. This distribution chain is expected to contribute to 20% or more of company’s sales in FY16E & 17E. Exhibit 12 shows the expected increase in revenues and profits in the coming two years. The big increase in profits is expected to show up starting from FY16E, as biocides revenues overtake seeds revenues and help the company come out of profit growth stagnation.

Demerger of Seeds Business

The organizational re-structuring being carried out will help the company improve the valuations for the residual (but main) business of Biocides + Bio Fertilizers + Bio Plant Growth Stimulants + Natural Fertilizers. Demerger will reduce the working capital requirement, bring down the short term borrowings and also reduce the provisions for receivables. Above all, as per the scheme of the arrangement, Camson Seeds (Resulting Company) shareholding will be mirroring CBTL’s shareholding in 1:1 ratio.

Launch of Natural Fertilizers

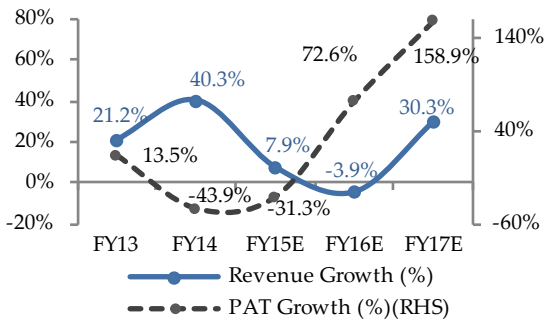
If CBTL is able to launch the Natural Fertilizers in a big way nationally and internationally (say through licensing of technology or entering into a JV), there can be a significant boost to revenue and profit growth.

Exhibit 13: Business Assumptions

Y/E Mar (Rs. Mn)	FY14	FY15E	FY16E	FY17E	Comments
India Business (Standalone)					
Revenue	1459	1730	1650	2250	Have assumed a 59% increase in Biocides (including Bio-fertilizers & Natural Fertilizers) revenue in FY16E and 50% in FY17E on a YoY basis.
Revenue Growth (%)	7.2	18.6	(4.6)	36.4	
EBITDA	247	243	356	743	EBITDA calculations include the sales & promotion expenses and provisions for doubtful receivables.
EBITDA Margins (%)	16.9	14.0	21.6	33.0	EBITDA margins for Biocides business segment has been assumed to increase progressively starting from 25% and going up to 35% by FY17E, on the back of higher economies of scale and also lower discounts as a percentage of sales. EBITDA margins of seeds business is expected to reach normalized levels of 25% as the role of traded seeds business is expected to reduce by FY17E.
Consolidated					
Revenue	1909	2060	1980	2580	
Revenue Growth (%)	40.3	7.9	(3.9)	30.3	
EBITDA	247	253	374	766	
EBITDA Margins (%)	12.9	12.3	18.9	29.7	EBITDA margins for Biocides business segment has been assumed to increase progressively starting from 25% and going up to 35% by FY17E, on the back of higher economies of scale and also lower discounts as a %age of sales. EBITDA margins of seeds business is expected to normalize at a level of 25% and Camson Agri Ventures (CAV) is expected to continuously improve with an expectedly decreasing contribution from traded seeds business.
PAT (normalized)	132	79	141	387	The reality of weak receivables position in the traded seeds business makes the PAT calculated, the normalized PAT. The addition to short term borrowings by Camson Agri has been assumed to be insignificant by virtue of its receivables and inventory profile.
Combined Normalized PAT	132	91	156	404	The reality of weak receivables position in the traded seeds business makes the PAT calculated, the normalized PAT.
Fully Diluted EPS (Rs.)	5.2	3.0	5.1	13.5	
Fully Diluted EPS Growth (%)	(59.7)	(42.2)	69.7	163.2	
Capex (ex. Acquisition) - cash capex	0	0	0	0	
Net CFO	(164)	205	552	585	
Net Debt	351	376	456	240	
Free Cash Flow	(510)	(218)	152	465	

Source: Company, Karvy Research

Exhibit 14: Revenue & PAT Growth

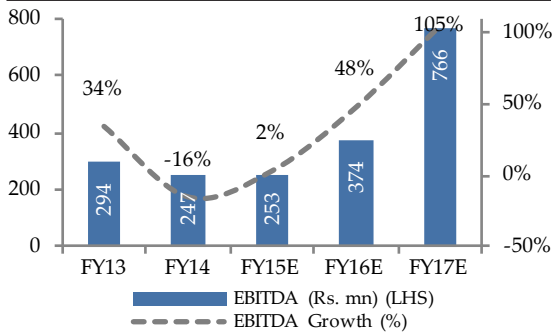


Source: Company, Karvy Research

Significant scale up in revenue growth going forward

Revenue growth of CBTL is expected to be almost completely driven by increased sales of biocides. Revenue from operations is expected to see a marginal drop in FY16E because of significant drop in revenues from traded seeds. This is expected to significantly reverse in FY17E with an expected revenue growth of 30.3%. PAT is expected to see more accentuated growth on the back of significant increase in EBITDA margins.

Exhibit 15: EBITDA and Growth

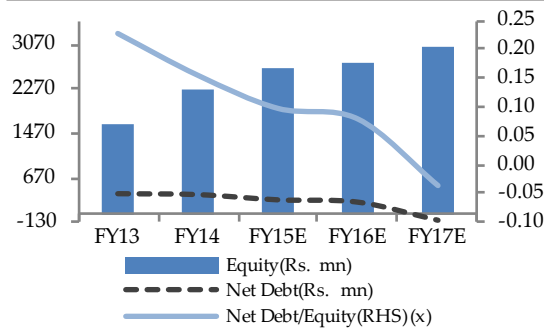


Source: Company, Karvy Research

Sustained increase in EBITDA and EBITDA Growth

CBTL is expected to see a continuous increase in EBITDA growth in the next two years. This will be on the back of increasing revenue contribution from Biocides business. EBITDA is expected to increase at a CAGR of 45.3% in the period of FY14-FY17E.

Exhibit 16: Net Debt and Equity



Source: Company, Karvy Research

Downward bias of Net Debt to Equity ratio to sustain

Net Debt to Equity ratio is expected to see a drop in FY15E on the back of significant equity infusion (through conversion of warrants). However, changing revenue mix is expected to help the company sustain the downward movement even going forward.

Exhibit 17: Company Snapshot (Ratings)

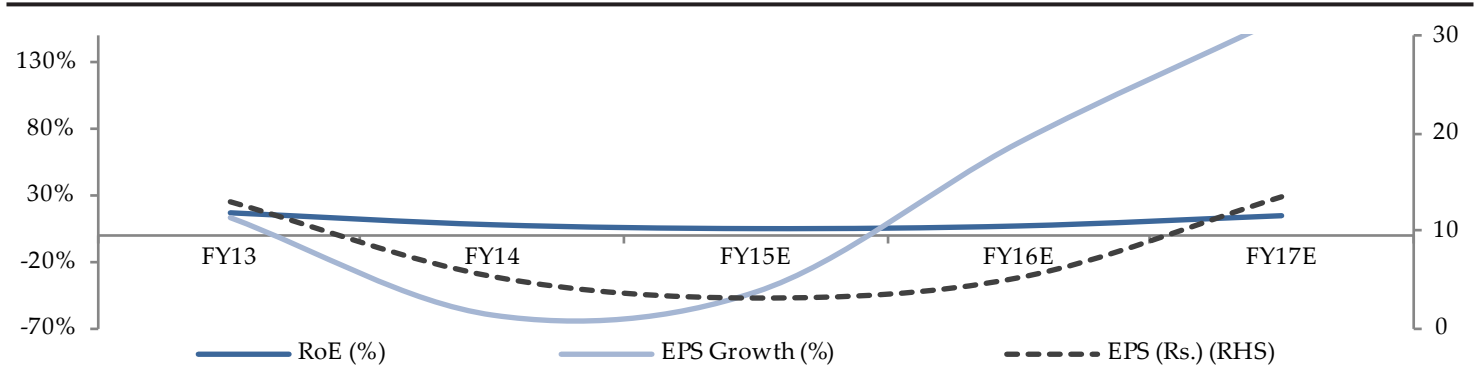
	Low					High
	1	2	3	4	5	
Quality of Earnings			✓			
Domestic Sales			✓			
Exports	✓					
Net Debt/Equity				✓		
Working Capital requirement			✓			
Quality of Management			✓			
Depth of Management			✓			
Promoter			✓			
Corporate Governance			✓			

Source: Company, Karvy Research

- Increasing scale would require the company to strengthen its internal systems. This along with high trade receivables are the major monitorables for the company.

Absolute Valuation

Exhibit 18: RoE Vs EPS Growth



Source: Company, Karvy Research

Camson can be valued using the PE multiples by linking the same to RoE. Camson’s RoE saw a significant drop in FY14 because of a significant fund infusion and receivables & inventory write-offs. But, post H1 of FY16E, the impact of changed revenue mix will be visible and thus help improve all the performance metrics. The improvement in performance metrics will be driven by a structural change in business which will take the company to a higher level of growth and take it to a new platform. Going forward, this structural change would ensure that RoE goes up to high teens going forward. This in turn justifies a PE of close to 14x for FY17E EPS to arrive at a valuation for an investment horizon of 12 to 18 months. We have thus arrived at a per share value of Rs. 189, for an investment horizon of 12 to 18 months.

Key Risks

- **Inability to scale up** sales volume of biocides to the desired levels.
- **Delays in scaling up in South Indian market:** Inability to scale up the operations and increase the market share in South India can impact the expected volume growth down the line.
- **Scaling up of Internal systems:** Delay in scaling up of internal systems to capture the increasing operational complexity can impact its ability to quickly respond to market dynamics.

Financials

Exhibit 19: Income Statement

YE Mar (Rs. Million)	FY13	FY14	FY15E	FY16E	FY17E
Revenues	1360	1909	2060	1980	2580
Growth (%)	21.2	40.3	7.9	(3.9)	30.3
Operating Expenses	1066	1662	1807	1606	1814
EBITDA	294	247	253	374	766
Growth (%)	33.9	(15.9)	2.5	47.5	105.1
Depreciation & Amortization	34	51	127	147	170
Other Income	3	5	15	10	10
EBIT	260	196	126	227	596
Interest Expenses	20	39	32	51	60
PBT	243	127	84	186	546
Tax	6	(5)	(6)	29	142
Adjusted PAT	235	132	91	156	404
Growth (%)	13.5	(43.9)	(31.3)	72.6	158.9

Source: Company, Karvy Research

Exhibit 20: Balance Sheet

YE Mar (Rs. Million)	FY13	FY14	FY15E	FY16E	FY17E
Cash & Investments	17	20	27	54	427
Sundry Debtors	806	936	1461	1192	1153
Inventory	396	404	328	426	555
Loans & Advances	327	456	13	36	39
Investments	0	0	19.9	19.9	19.9
Gross Block	881	1243	1639	2040	2161
Net Block	784	1096	1331	1601	1550
CWIP	0	0	0	0	0
Miscellaneous	0	1	0	0	0
Total Assets	2330	2913	3179	3330	3743
Current Liabilities & Provisions	524	493	415	351	342
Debt	159	119	64	214	314
Other Liabilities	27	25	53	30	54
Total Liabilities	710	637	532	595	710
Shareholders Equity	181	252	300	305	310
Reserves & Surplus	1437	2024	2347	2430	2723
Total Networth	1618	2276	2647	2735	3033
Minority Interest	2.7	2.6	2.6	2.6	2.6
Total Networth & Liabilities	2330	2913	3179	3330	3743

Source: Company, Karvy Research

Exhibit 21: Cash Flow Statement

YE Mar (Rs. Million)	FY13	FY14	FY15E	FY16E	FY17E
PBT	243	127	84	186	546
Depreciation	34	51	127	147	170
Interest	18	34	32	51	60
Tax Paid	0	6	6	(29)	(142)
Inc/dec in Net WC	(465)	(469)	(174)	69	(220)
Other Income	0	0	(15)	(10)	(10)
Other non cash items	36	87	144	139	181
Cash flow from operating activities	(134)	(164)	205	552	585
Inc/dec in capital expenditure	(250)	(346)	(423)	(400)	(120)
Inc/dec in investments	0	0	(20)	(20)	(20)
Others	0	0	15	10	10
Cash flow from investing activities	(250)	(346)	(428)	(410)	(130)
Inc/dec in borrowings	285	13	(87)	(14)	45
Issuance of equity	148	553	350	5	5
Dividend paid	(21)	(21)	0	(54)	(73)
Interest paid	(18)	(33)	(32)	(51)	(60)
Others	0	0	0	0	0
Cash flow from financing activities	394	512	230	(114)	(83)
Net change in cash	9	3	7	27	372

Source: Company, Karvy Research

Exhibit 22: Key Ratios

YE Mar (%)	FY13	FY14	FY15E	FY16E	FY17E
EBITDA Margin (%)	21.6	12.9	12.3	18.9	29.7
EBIT Margin (%)	19.1	10.3	6.1	11.5	23.1
Net Profit Margin (%)	17.2	6.9	4.4	7.9	15.6
Dividend Payout Ratio (x)	0.08	0.00	0.00	0.39	0.22
Net Debt/Equity	0.23	0.15	0.10	0.08	(0.04)
RoE (%)	16.4	6.8	3.7	5.8	14.0
RoCE (%)	14.6	8.6	5.3	7.0	13.7

Source: Company, Karvy Research

Exhibit 23: Valuation Parameters

YE Mar	FY13	FY14	FY15E	FY16E	FY17E
EPS (Rs.)	13.0	5.2	3.0	5.1	13.5
DPS (Rs.)	1.0	0.0	1.0	2.0	4.0
BV (Rs.)	89.2	90.2	88.2	89.6	97.8
PE (x)*	3.3	10.6	33.6	19.8	7.5
P/BV (x)*	0.5	0.6	1.2	1.1	1.0
EV/EBITDA (x)*	3.9	7.1	13.0	8.9	4.0
EV/Sales (x)*	0.8	0.9	1.6	1.7	1.2

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

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

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