

Current	Previous
<b>CMP : Rs.356</b>	
<b>Rating : BUY</b>	<b>Rating : BUY</b>
<b>Target : Rs.575</b>	<b>Target : Rs.417</b>

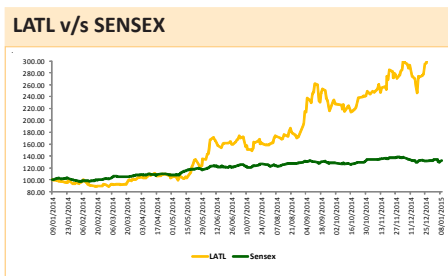
STOCK INFO	
BSE	532796
NSE	LUMAXTECH
Bloomberg	LUAT.BO
Reuters	LMAX IN
Sector	Auto Ancilliary
Index	NA
Face Value (Re)	10
Equity Capital (Rs Mn)	136
Mkt Cap (Rs Mn)	4,854
52w H/L (Rs)	386/91
Avg Daily Vol (BSE+NSE)	29,239

SHAREHOLDING PATTERN	%
<i>(as on Sep. 2014)</i>	
Institutions	14.28
Others, Incl Public	30.05
Promoters	55.67

Source: BSE

STOCK PERFORMANCE (%)	1m	3m	12m
LATL	22	55	251
SENSEX	-1	3	33

Source: Capitaline, IndiaNivesh Research



Source: Capitaline, IndiaNivesh Research

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*Lumax Auto Technologies (LATL) is a part of D.K. Jain group, engaged into manufacturing of various spare parts for the auto industry. Ever since its inception in 1981 the organization has gone through radical changes and at present serves as a key supplier of several components (includes Head lamp, Tail lamp, Frame Chassis, Adjustor Motor, Handle bar, Mufflers, Gear shift lever, Parking breaks and other small parts) to the two-wheeler and the passenger car industries. Its key customers include Bajaj Auto, Piaggio, Honda Motorcycles and Scooters, Maruti Suzuki, Toyota and Tata Motors. Strong tie-ups with these OEMs will entail large business opportunities in the next few years. We expect company to witness strong volume growth coupled with margin expansion in the next couple of years on the back of revival in automotive demand and value added products. With comfortable debt to equity of just 0.2x & strong ROE of ~22% we believe the company has potential to yield very high returns in next 2-3 years. The company has a consistent dividend track record with dividend payout of above 25%. We find current valuation attractive, hence we recommend to BUY LATL with target price of Rs. 575 (10x FY17E EPS).*

### Investment Rationale

- Lumax has a wide range of product portfolio to cater to large number of customers in the automotive industry. LATL's product portfolio includes Head lamp, Tail lamp, Frame Chassis, Adjustor Motor, Handle bar, Mufflers, Gear shift lever, Parking breaks and other small parts.
- LATL has been continually increasing spends on R&D to adopt newer technologies & developing new contemporary/innovative designs in automotive lighting segment (which now accounts 36% of its of consolidated revenues). We believe this competitive strength & proven track record will help LATL in garnering large part of business share from OEM in their (OEMs) new launches & maintain its dominant position.
- Lumax Auto-technology has diversified into Automotive and infrastructure LED lighting businesses, which we believe will be the new growth driver. LED lighting would have much higher realization than traditional lightings; this will lead to strong growth in top line.
- LATL caters to both 2- Wheeler as well as 4 wheeler space. This diversification helps the company to overcome downturn/cyclicality in any segment of automobile industry. For 2 wheelers the company makes plastic moulded parts, seat frames and for 4 wheelers it produces Air intake system.
- LATL produces manual automated gear shifter (AGS) for different clients; however the company has now started to produce automatic gear shifter business. There is an increasing demand for automatic gear based vehicles in India. In order to fully exploit this opportunity, LATL has entered into a joint venture (55:45) with Japan's Manno Industrial Co Ltd
- The company has commenced supplying plastic moulded parts to Honda Motorcycle & Scooters India (HMSI) last year which helped it to post flat overall growth in FY14 despite weak automotive sales during the year.

### Risk

**Slowdown in the automobile industry-** The automobile industry has been in doldrums for the past 3 years. Prolonged slowdown in the automobile industry might put brakes to expected high growth from Lumax Auto technology in near future.

### Valuation

At CMP of Rs 356, LATL is trading at 9.0x FY16e and 6.0x FY17e EPS. With comfortable D/E of 0.2x and robust ROE of 22%, we find current valuations attractive, hence we recommend to BUY LATL with target price of Rs. 575 (10x FY17e EPS).

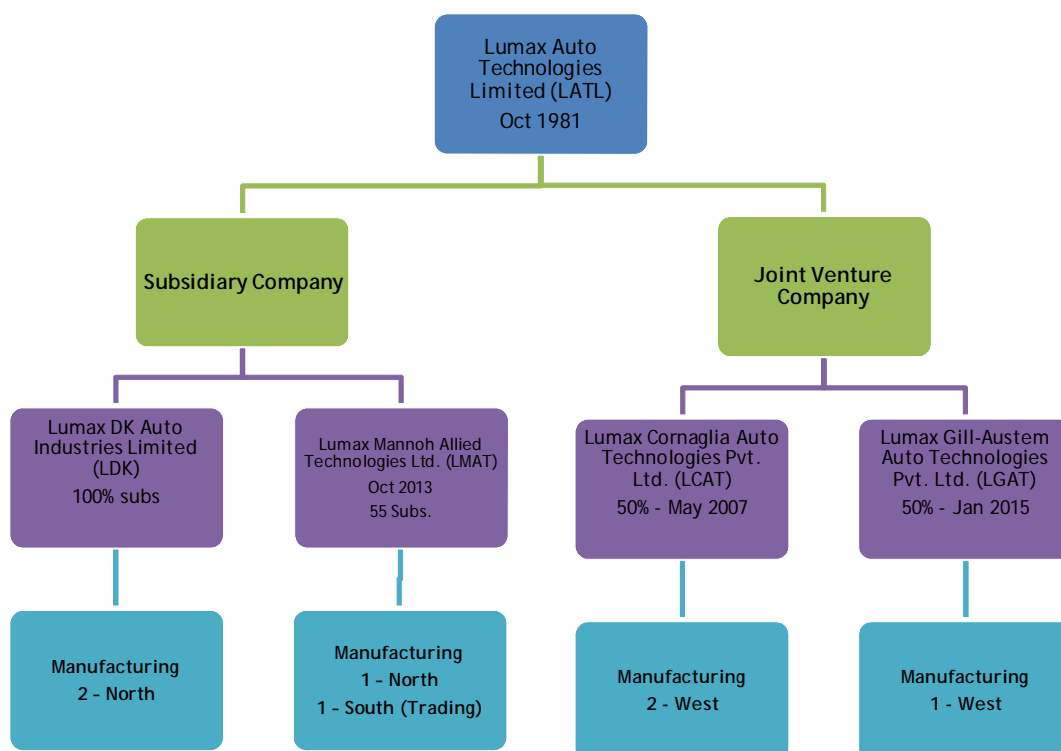
### Consolidated Financials

Rs. Mn	Net sales	EBITDA	Adj. PAT	EPS(Rs.)	EBITDA Margin (%)	ROE (%)	P/E(x)
FY14A	7628	605	302	22.2	7.9	13.4	16.7
FY15E	8732	760	393	29	9	15	13
FY16E	10285	1028	566	42	10	19	9
FY17e	12298	1353	783	57	11	22	6

Source: Company, IndiaNivesh Research

## Company Structure

### Structure of Lumax Auto Technology Ltd.



Source: Company, IndiaNivesh Research

*Growth through JV route, tie-up with globally well established players to accelerate growth*

- Lumax Auto Technologies Ltd has wholly owned subsidiary, LDK, which is involved in Design, Testing and Manufacturing of Parking Brakes & Gear Shift with a strong presence in both passenger cars & commercial vehicle segments.
- However, in order to fully exploit the opportunity in exports market and speed to the Gear Shift lever business, Lumax Mannoh Allied Technologies Limited (LMAT) was incorporated on July 22, 2013, as a 100% subsidiary of LATL. The Gear Shifter division (including research and development facilities) of LDK has been demerged from the LDK and transferred to LMAT w.e.f. October 01, 2013.
- Later, the company has signed a joint venture (55: 45) agreement with Japan's Mannoh Industrial Co Ltd to design and manufacture complete gear shift lever systems for manual, automatic, AMT & CVT transmissions in India.
- In order to strengthen its foothold in the seat frame business, the company has a Joint Venture Agreement with Gill-Austem LLC as new JV Company - Lumax Gill-Austem Auto Technologies Private Limited (LGAT) was incorporated in FY14 with sharing of 50-50%.
- Another JV, Lumax Cornaglia Auto Tech (LCAT) with sharing of 50-50% is supplying Air Intake System (AIS) to leading automobile manufactures in India viz. TATA, FIAT, VOLKSWAGEN, SKODA & General Motors.

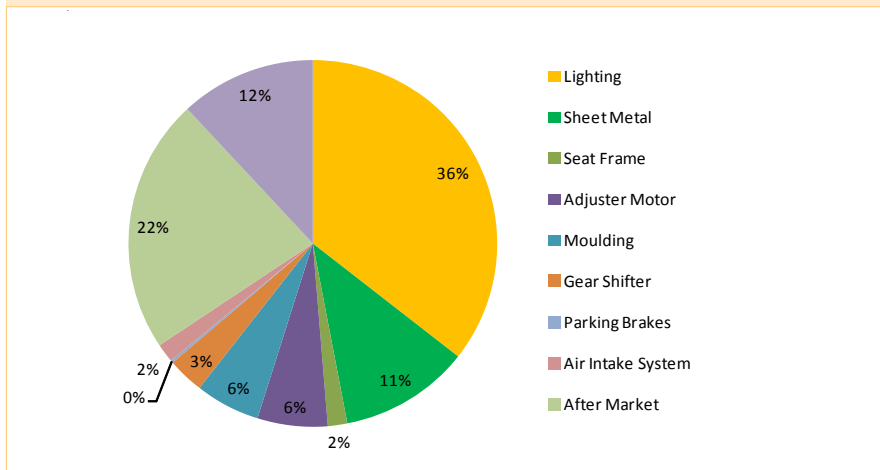
## Investment Rationale

Wide product portfolio

### Wide range of product portfolio and strategic location

Lumax has a wide range of product portfolio to cater large number of customers in the automotive industry. LATL's product portfolio includes Head lamp, Tail lamp, Frame Chassis, Adjustor Motor, Handle bar, Mufflers, Gear shift lever, Parking breaks and other small parts. LATL has come a long way from being primarily in the business of automotive lighting systems (which now accounts 36% of its of consolidated revenues) to provider of other critical high value added products like, parking breaks & shift gears.

Break up of consolidated revenue product wise (FY14)



Source: Company, IndiaNivesh Research

Well spread manufacturing plants near the customer

The company has 10 state of the art manufacturing plants placed strategically in the automotive industrial belts spread throughout the country. The company has 5 plants located in Pune, 2 in Aurangabad (Maharashtra), 1 in Manesar Gurgaon (Haryana), 1 in Kala Amb (Himachal Pradesh) and another 1 in Narsapura (Karnataka).



Source: Company, IndiaNivesh Research

Key Clients contri. In revenue	FY14 (Rs mn)	Percentage
Bajaj Auto	3547	44%
After Market	1715	23%
Lumax Industries	840	11%
Maruti	404	5%
HMSI	384	5%
Honda	235	3%
Lear Automotive	73	1%
Other (TJC, Toyota, VW, GMI, Mahindra, TATA, Skoda)	632	8%
Total FY 14	7830	100%

Source: Company, IndiaNivesh Research

## Marque clientele

Lumax Auto has large and reputed customers which include Bajaj Auto, Honda Motorcycle & Scooters India (HMSI), Piaggio, etc in the commuter segment. Further, company is market leader in Design, Testing and Manufacturing of Parking Brakes & Gear Shift levers in India since past 10 years. Its major customers include Maruti Suzuki, Honda Cars, Toyota, Nissan, General Motors India, Daimler, Mahindra and Volvo-Eicher.

## Lighting business, technology up gradation and innovation are the key factor of growth

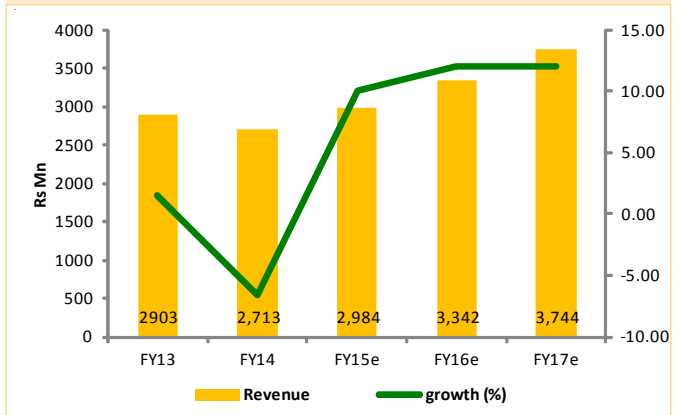
- On consolidated basis ~36% of revenue of LATL comes from lighting products, which have become an integral part of vehicle. Styling & design of lamp is being upgraded continuously to enhance the appeal of the vehicle. Further, OEMs now demand lower wattage & higher luminosity lamps to save energy which has made these products more technologically advanced.
- The company has been beefing up its in-house product development capability to be self reliant & at par with evolving global light technologies. LATL has also been strengthening its design & development team to handle the increasing demand of OEMs for new products in the shortest lead time. We believe the company's competitive strength & proven track record will help LATL in garnering large part of business share from OEM in their (OEMs) new launches & maintain its dominant position. Lumax Industries, Autolite and Phoenix Lamps are the other key player in the lighting business. We expect revenue from lighting business to grow at CAGR of 12.3% from FY14-FY17e.

### Products in lighting business



Source: Company, IndiaNivesh Research

### Lighting business revenue and Growth

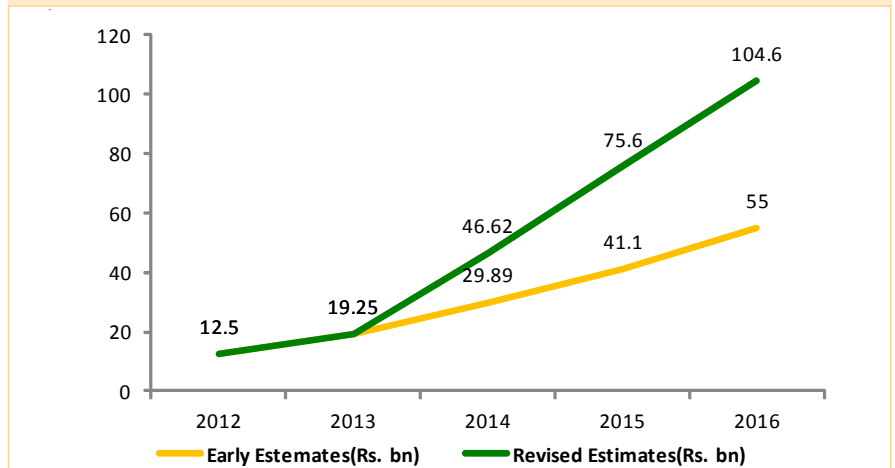


Source: Company, IndiaNivesh Research

## LED based Lightings to drive the revenue

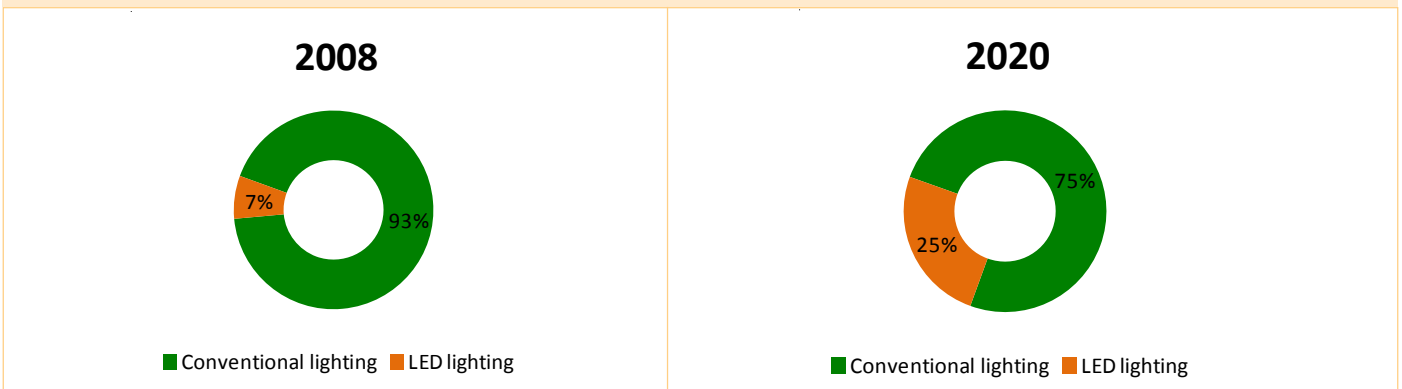
Lumax Auto-technology has diversified into LED (Automotive and infrastructure both) lighting businesses, which we believe will be the new growth driver. LED lighting would have much higher realization than traditional lightings; this will lead to strong growth in top line. Based on revised estimates by ELCOMA (Electric Lamp and Component Manufacturers Association of India), the LED lighting market in is likely to be worth Rs 105 bn by 2016, this stands revised upwards vs. its earlier forecast of Rs55bn. It believes that Government intervention can drive the much needed acceleration in the Indian LED lighting industry. The Government sector is the single largest user of LED lights in India today. Apart from large scale street lighting projects, increasing usage of LED lights for in-cabin lighting as well as for lighting railway stations have turned the Government sector into a growth trigger.

**LED Business Growth**



Source: ELCOMA (Electric Lamp and Component Manufacturers Association of India)

LED lighting is transforming the entire landscape of the Lighting Industry and as per estimates LED will constitute around 75% of the lighting in 2020



Source: ELCOMA (Electric Lamp and Component Manufacturers Association of India)

The commercial sector in India is the second largest user of LED lights, followed by industrial and automotive segments. Hospitality and retail sectors, street lighting applications within factories, special economic zones and information technology parks are key contributors to commercial and industrial segments.

**Automatic gears shifter game changer for the company**

- Lumax produces manual automated gear shift (AGS) for different clients, however the company has started to produce automatic gear shifter. Automatic transmission cars are slowly catching the imagination of masses. At present they account for less than 5% of the total vehicles and is expected to increase at an alarming rate in the near future. An example would be phenomenal success of Maruti Suzuki's Celerio. Maruti has two models having auto gear shift variants & also launched Alto K10, the country's cheapest small car with automated gear shift (AGS) technology. Tata Motors might soon come out with automatic variants of its upcoming hatchback Bolt and compact sedan Zest.
- In order to speed the Automatic Gear Shift lever business, LATL has signed a joint venture(55:45) agreement with Japan's Mannoh Industrial Co Ltd to design and manufacture complete gear shift lever systems for manual, automatic, AMT & CVT transmissions in India. Recently the company has sold 45% stake of LMAT to Mannoh Industrial Co, Ltd, Japan.Mannoh, a technology leader in automatic, AMT, CVT and MT type gear shift lever assemblies, will provide complete local designing & testing capability in India

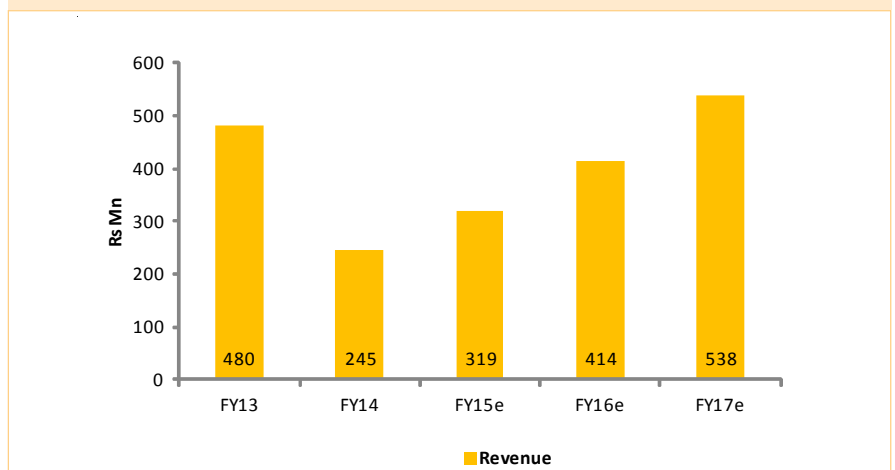
through its R&D centre located at Manesar, Gurgaon. Key clients of Japan's Mannoh Industrial Co Ltd are Toyota Motor Co., Ltd., Hino Motors Ltd., Daihatsu Motor Co., Ltd., Honda Motor Co., Ltd., Mitsubishi Motors Corp., Isuzu Motors Ltd., Mazda Motor Corporation, Fuji Heavy Industries Co., Ltd. LATL is in agreement to supply for Automatic Gear Shift. We expect revenue from Gears shifter business to grow at CAGR of 30% from FY14-FY17e on the back of entry in automatic gear product.

## Gear shifter



Source: Company, IndiaNivesh Research

### Revenue from Gear shifter business



Source: Company, IndiaNivesh Research

## Diversified product portfolio available in both 2 & 4 wheeler space

LATL caters to both 2- Wheeler as well as 4 wheeler space. This diversification helps the company to overcome downturn/cyclicality in any segment of automobile industry. For 2 wheelers the company makes plastic moulded parts, seat frames and for 4 wheelers it produces Air intake system.

### a) Supply of moulded parts to HMSI to drive growth

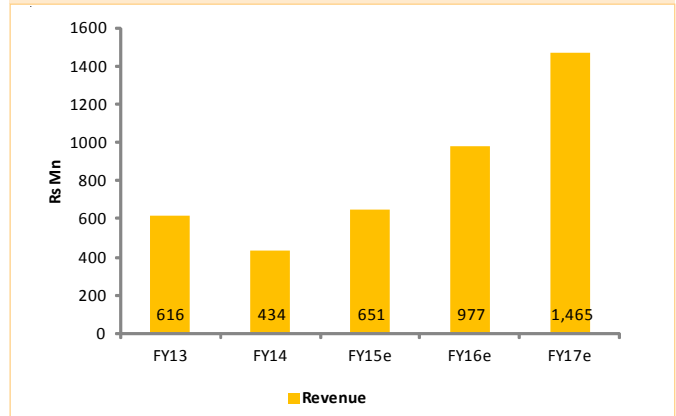
The manufacturing facility at Narsapur, Hubli, Karnataka has commenced supplying plastic moulded parts to Honda Motorcycle & Scooters India (HMSI) last year which helped them to post flat overall growth in FY14 despite weak automotive sales during the year. With HMSI growing rapidly and capturing significant market share the growth of Lumax is likely to remain intact in the coming years.

Plastic Molded Parts



Source: Company, IndiaNivesh Research

Revenue from Moulding business



Source: Company, IndiaNivesh Research

Sheet Metal Parts



Source: Company, IndiaNivesh Research

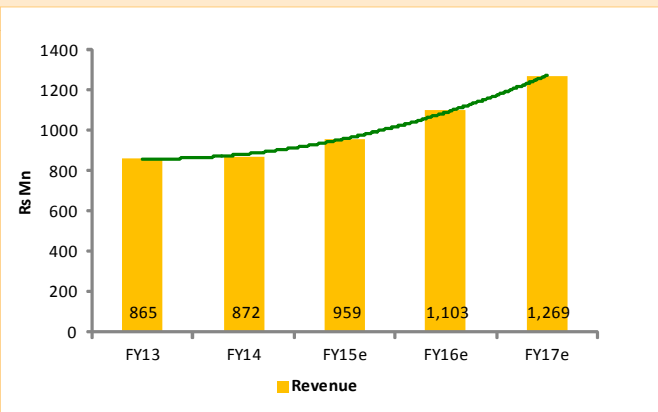
b) Seat Frame and Seat Mechanism would record strong growth

- In order to strengthen its foothold in the seat frame business, the company has entered into a 50:50 Joint Venture agreement with Gill-Austem LLC, US based company. The automotive seat industry comprises seat frames (cushion frame, back frame), recliner mechanisms, seat tracks, seat trim covers, headrests, and seat foam. Emerging trends in automobile seat designs and vehicle production growth have opened up tremendous opportunities in this business. Through this, the company is moving toward its presence in High technology products segment for Seat Frame and Seat Mechanism and will be one of the reliable sources for OEM's.

c) Sheet Metal is a growing business:

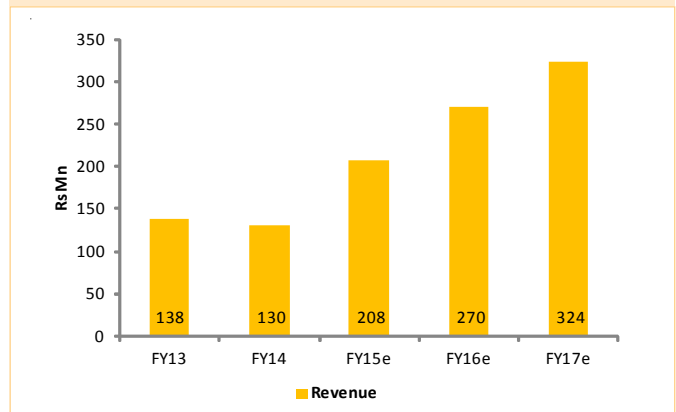
- Further sheet metal business is also a growing business contributes ~ 11% in total revenue. Sheet metal includes chassis assembly, silencers, petrol tank, fork assemblies, handle bar assemblies, stand assembly etc for two wheelers. Among peers Jay Bharat Maruti, Omax Auto and JBM Tools are the major players in the sheet metal parts sub segment.

Revenue from Sheet Metal business



Source: Company, IndiaNivesh Research

Revenue from Seat Frame business



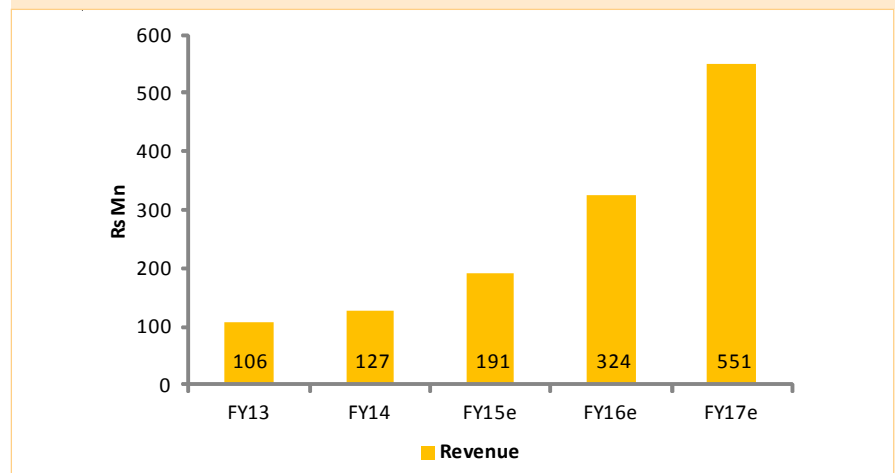
Source: Company, IndiaNivesh Research

*Lumax Cornagila to drive strong growth in Air Intake systems. Due to low base, we expect 63% CAGR over FY14-17E in this business*

#### d) Air intake system is a growing business- In 2-3 years business will be sizeable

Another JV in equal proportion with Italy based Cornagila christened Lumax Cornagila Auto Tech (LCAT) is supplying Air Intake System (AIS) to leading automobile manufactures in India like TATA, FIAT, VOLKSWAGEN, SKODA & General Motors. The air intake manifold ensures the optimal filling of the engine cylinders with a suitable mass of comburent consisting of fresh air and recirculated exhaust gases. The intake manifold also carries out the function of integrating other engine supply control functions: fuel supply, fuel anti-evaporation system control, and engine operation point control. Hence, the air intake manifold can also carry out the function of engine supply mechatronic module, with the following advantages: compact size, cost, and assembly on the engine. We expect revenue from Air Intake business to grow at CAGR of 63% from FY14-FY17e.

##### Air Intake System



Source: Company, IndiaNivesh Research

*Currently exports are miniscule. However 9 new products will drive growth in exports*

#### Immense exports potential:

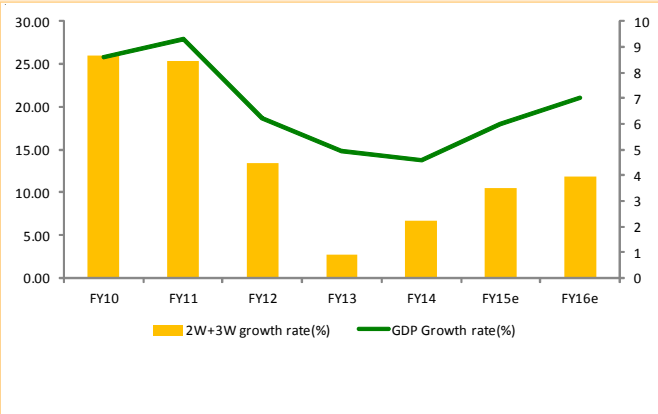
International automotive players with operations in India are increasingly sourcing components from Indian automotive component manufacturers. The demonstrated ability of Indian component makers to manage supplies to global automotive manufacturers in the country opens up the possibility of the component makers supplying the same OEMs in other countries as well. Indian component manufacturers continue to enjoy competitive advantages primarily on account of low labor costs, less stringent environmental regulations and possession of established technology. Currently for LATL export contribution is very small (2-3%) on overall revenue but it has developed 9 new products for export markets to get better presence in those markets.

#### GDP growth would drive auto ancillary industry

The auto ancillary industry has grown at a CAGR of 14% between FY09-14. Domestic sales, which account for ~2/3rd of industry revenue, are likely to resume its phase of fast growth on the back of upturn in the automobile industry. Government's thrust on improving the investment climate & easing the way of doing business in India is likely to aid faster reversal from the downtrend in business cycle As observed in recent years, the automobile industry is in its recovery stage and is estimated to grow at a promising rate in the next five years; hence, the market size is estimated to grow significantly in terms of both, volume and value. The factors such as advancement in technologies and low-cost lighting solutions are expected to trigger the developments in the market. LATL is a key supplier of lighting products in 2W and 3W business, thus we believe LATL would be key beneficiary of upturn in automotive demand.

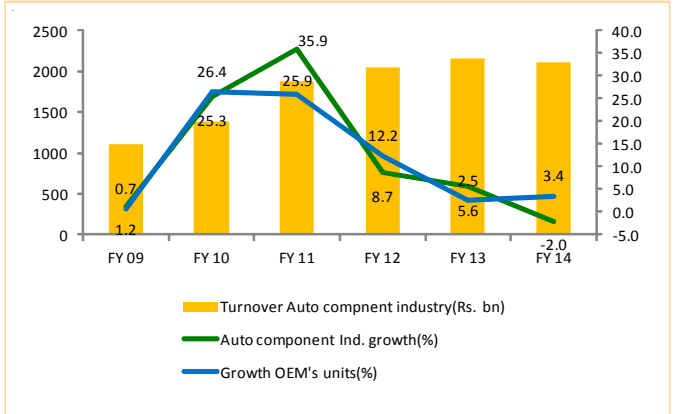


GDP growth and 2W & 3W growth



Source: Company, IndiaNivesh Research

Turnover of Auto Component Industry

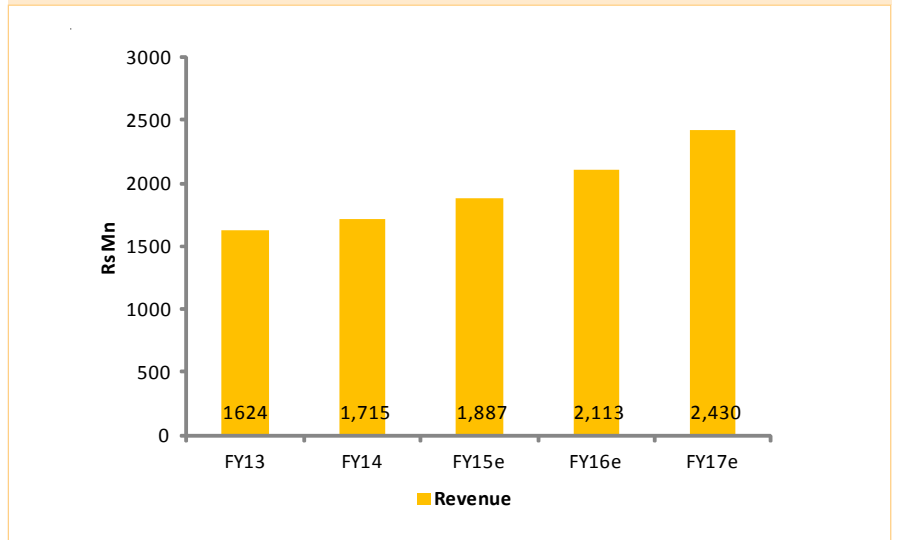


Source: Company, IndiaNivesh Research

After market sales would be support element for future growth

As per industry estimates out of the total turnover of Indian component Industry, around 25% is derived from aftermarket sales. Like other auto-component manufacturers, LATL also caters to not only to the OEMs, but also to the after-sales market. A significant contribution to the turnover was mainly attributed by supplies of various lighting parts, Chassis and other Fabrication products to OEM's. The aftermarket segment also registered a significant growth in past years and expected to show strong growth momentum ahead. Over the years we are seeing the aftermarket in terms of volumes coming down, but increasing in terms of revenue. That's because the value addition in lighting is going up. In the last decade, the cost of lighting has more than doubled due to technological changes. Earlier lighting products were made of glass and sheet metal parts but now plastics and electronics play a bigger role, thereby increasing their durability.

Revenue from Aftermarket business



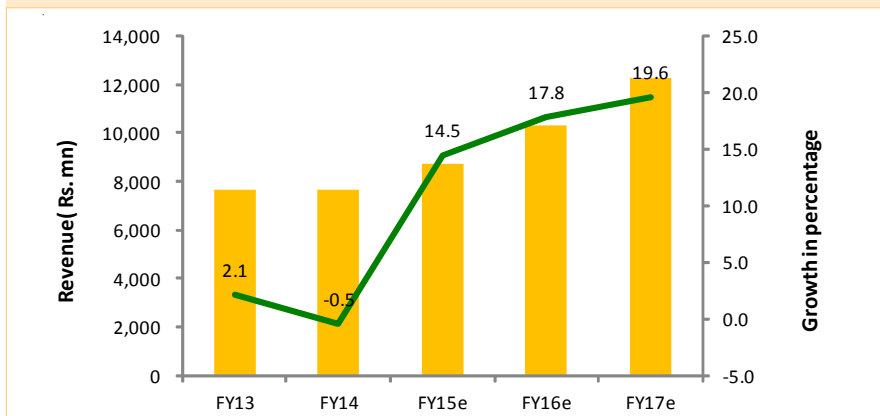
Source: Company, IndiaNivesh Research

## Financial

### Revenue is expected to grow by 17.3% CAGR from FY14-FY17e

The company had shown poor growth in FY14 due to slowdown in Automotive Industry. However we expect strong revival of the automotive industry on the back of 1) overall macro economic recovery, 2) cut in fuel prices and 3) peaking out of interest rates. We are of the opinion that LATL is well poised to take the advantage of positive macro-economic parameter & growth in automotive industry. We believe the company has potential to increase its revenues by 61% between FY14 to FY17E & profits can be 2.5x in this period from Rs 302 mn in FY14 to Rs 782 mn in FY17E.

Net sales (Rs Mn)

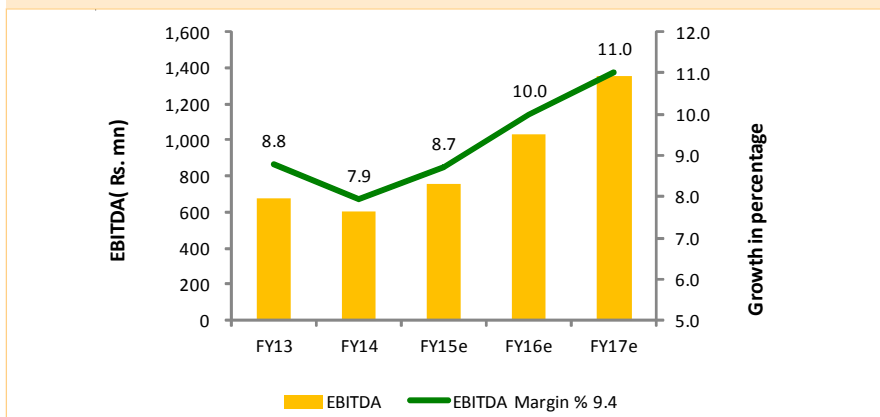


Source: Company, IndiaNivesh Research

### Margin to expand to 11% by FY17e on the back of high operating leverage and value added products

- With strong volume growth expectations in automotive industry the next couple of years, we expect robust margin expansion. We expect LATL margins to gradually improve in coming quarters led by high operating leverage and value added products.

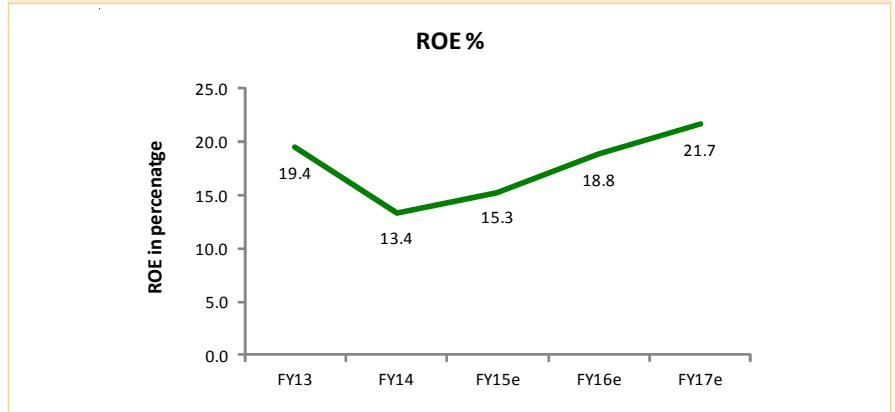
EBITDA and EBITDA margin



Source: Company, IndiaNivesh Research

- The company's manufacturing facility is presently operating in two shifts and capacity utilization stand at 60 to 70 percent. From here on we expect capacity utilization to increase to 80- 85 percent by FY16E. Thus higher operating leverage would help in expansion of margin. We expect margins to gradually improve to 11% by FY17E vs. 7.9% margin in FY14.

- Expansion in operating margin would lead to expansion in ROE by 635 bps to 21.7%.
- The company has cash balance of Rs. 139 mn and current investment of Rs. 193 mn of 0.52 mn shares of Lumax Industries.

**Return on Equity (%)**

Source: Company, IndiaNivesh Research

## H1FY15 Performance

	Q2FY15	Q1FY15	Q2FY14	QoQ %	YoY %	H1FY15	H1FY14	Chg % YoY
<b>Total Income</b>	<b>2217.7</b>	<b>1987.4</b>	1836.5	11.6	20.8	<b>4,205.20</b>	<b>3,715.58</b>	13.2
Operating expenses	2032.18	1827.49	1704.19	11.2	19.2	3,859.73	3,437.52	12.3
<b>EBITDA</b>	<b>185.52</b>	<b>159.91</b>	<b>132.31</b>	16.0	40.2	<b>345.47</b>	<b>278.06</b>	24.2
<i>EBITDA Margin (%)</i>	8.37	8.05	7.20	4.0	16.1	8.22	7.48	
Depreciation	51.22	52.51	43.71	-2.5	17.2	103.74	77.577	33.7
<b>EBIT</b>	<b>134.3</b>	<b>107.4</b>	<b>88.6</b>	25.0	51.6	<b>241.73</b>	<b>200.49</b>	20.6
<i>EBIT Margin (%)</i>						5.75	5.40	
Finance costs	12.13	13.02	10.47	-6.8	15.9	25.154	12.27	105.0
Other Income	9.89	16.26	9.99	-39.2	-1.0	26.151	18.303	42.9
<b>PBT before Exceptional Items</b>	<b>132.06</b>	<b>110.64</b>	<b>88.12</b>	19.4	49.9	<b>242.73</b>	<b>206.52</b>	17.5
<i>Exceptional Items</i>		213.62				213.62		NA
<b>PBT</b>	<b>132.06</b>	<b>324.26</b>	<b>88.12</b>	-59.3	49.9	<b>456.35</b>	<b>206.52</b>	121.0
<b>PAT after minority interest</b>	<b>86.22</b>	<b>233.9</b>	<b>64.8</b>	-63.1	33.1	<b>320.20</b>	<b>145.04</b>	120.8
<b>Adjusted PAT</b>	<b>86.22</b>	<b>83.9</b>	<b>64.8</b>	2.8	33.1	<b>170.20</b>	<b>145.04</b>	17.3
<i>PAT Margin (%)</i>	3.89	4.22	3.53			4.05	3.90	
<b>EPS</b>	6.33	6.16	4.75	2.8	33.1	12.49	10.64	17.3

Source: Company, IndiaNivesh Research

- Total sales for the H1FY15 rose by 13.18% to Rs. 4.2 bn from Rs. 3.7 bn in H1FY14. During H1 FY15, the consolidated net profit jumped to Rs. 320 mn against Rs. 145 mn in the corresponding quarter of previous year, an increase of 121%. EBITDA for the H1FY15 was Rs. 345.47 mn as against Rs. 278 mn in H1FY14, growth of 24.24%. EPS of the company stood at Rs. 23.49 a share during the period, registering at 120.8% increase over previous year period. However, during H1FY15, there was an exceptional item of Rs. 213.61 mn in Q1FY15 as profit on sale of shares in Lumax Mannoh Allied Technologies Limited (LMAT) to Mannoh Industrial Co, Ltd, Japan in terms of Joint Venture and Share Purchase and Shareholders' agreement.
- We have seen a 14 percent rise in top-line in H1FY15. Going forward, Q3FY15 should be a little subdued compared to the first two quarters mainly because of the less number of working days as company undertakes annual maintenance shut down in December. However Q4FY15 should be much stronger growth compared to the initial quarters. So, we expect 14.5% growth in revenue for the whole year.

## Peer analysis

Company (Rs mn)	Sales	EBITDA	PAT	Mcap	P/E(x)	M cap/Sales(x)	EBITDA%	NPM%	ROE %	CMP
Name	FY17E	FY17E	FY17E		FY17E	FY17E	FY17E	FY17E	FY17E	Rs.
Lumax Auto technology	12298	1353	783	4854	6	0.4	11.0	6.4	21.7	356
Fiem industries*	12134	1560	799	10566	13	0.9	12.9	6.6	24.0	883
Phoenix Lamps	5227	732	414	3208	8	0.6	14.0	7.9	33.0	115

Note:\* Bloomberg Estimates. CMP as of 12 Jan 2015.

Source: Company, IndiaNivesh Research

Lumax Industries, Autolite, Phoenix Lamps, Fiem industries are the key competitors of LATL in the lighting business. Currently Fiem Industries is trading at 13x FY17e. On conservative basis, we value LATL at PE of 10x FY17E earnings estimate of Rs 57.5 per share and arrive at target price of Rs 575.

## Valuation

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At CMP of Rs 356, LATL is trading at 9.0x FY16e and 6.0x FY17e EPS. With comfortable D/E of 0.2x and robust ROE of 22%, we find current valuations attractive, hence we recommend to BUY LATL with target price of Rs. 575 (10x FY17e EPS).

## Risk

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**Slowdown in the automobile industry-** The automobile industry has been in doldrums for the past 3 years. Prolonged slowdown in the automobile industry might put brakes to expected high growth from Lumax Auto technology in near future.

## Consolidated Financials

### Income Statement

Y E March (Rs m)	FY13	FY14	FY15e	FY16e	FY17e
Net sales	7,663	7,628	8,732	10,285	12,298
Y/Y Ch %	2.1	-0.5	14.5	17.8	19.6
COGS	6,688	6,679	7,606	8,845	10,453
SG&A	304	344	367	411	492
<b>EBITDA</b>	<b>672</b>	<b>605</b>	<b>760</b>	<b>1,028</b>	<b>1,353</b>
Y/Y Ch %	4.2	-9.9	25.5	35.4	31.5
EBITDA Margin %	8.8	7.9	8.7	10.0	11.0
Depreciation	108	176	196	205	214
<b>EBIT</b>	<b>564</b>	<b>429</b>	<b>563</b>	<b>823</b>	<b>1,138</b>
EBIT Margin %	7.4	5.6	6.5	8.0	9.3
Interest	6	38	44	48	53
Other Income (Inc Forex)	37	38	41	46	50
Extra Ordinary Exps/(Income)	-	-	-	-	-
<b>PBT</b>	<b>594</b>	<b>429</b>	<b>561</b>	<b>820</b>	<b>1,135</b>
Tax	183	127	168	254	352
Effective tax rate %	30.9	29.6	30.0	31.0	31.0
<b>Reported PAT</b>	<b>411</b>	<b>302</b>	<b>393</b>	<b>566</b>	<b>783</b>
Y/Y Ch %	-19.0	-26.4	29.9	44.2	38.4
Minority & Exceptional	-	-	-	-	-
<b>Adj. PAT (APAT)</b>	<b>411</b>	<b>302</b>	<b>393</b>	<b>566</b>	<b>783</b>
RPAT Margin %	5.4	4.0	4.5	5.5	6.4
Y/Y Ch %	-19.0	-26.4	29.9	44.2	38.4

### Balance Sheet

Y E March (Rs m)	FY13	FY14	FY15e	FY16e	FY17e
Share Capital	136	136	136	136	136
Reserves & Surplus	1,977	2,123	2,429	2,871	3,482
<b>Net Worth</b>	<b>2,113</b>	<b>2,260</b>	<b>2,566</b>	<b>3,007</b>	<b>3,618</b>
Minority	0	0	0	0	0
Long-term + ST loans	274	524	554	504	454
Others	49	54	54	54	54
<b>Total Liabilities</b>	<b>2,436</b>	<b>2,837</b>	<b>3,173</b>	<b>3,565</b>	<b>4,126</b>
Gross Block	3,841	4,362	4,562	4,762	4,962
Less Depreciation	1,835	2,011	2,207	2,413	2,627
<b>Net Block</b>	<b>2,006</b>	<b>2,351</b>	<b>2,355</b>	<b>2,350</b>	<b>2,335</b>
Intangible	348	240	240	240	240
Investments	194	194	194	194	194
Defered tax (net)	-101	-144	-144	-144	-144
<b>Current Assets</b>	<b>1,781</b>	<b>1,949</b>	<b>2,442</b>	<b>3,180</b>	<b>4,157</b>
Sundry Debtors	1,286	1,321	1,454	1,724	2,022
Cash & Bank Balance	98	139	470	846	1,432
Loans & advances	108	143	123	144	148
Inventories	288	346	395	465	556
<b>Current Liabilities</b>	<b>1,607</b>	<b>1,514</b>	<b>1,680</b>	<b>1,972</b>	<b>2,325</b>
Provisions	184	239	235	282	332
<b>Net Current Assets</b>	<b>(10)</b>	<b>195</b>	<b>528</b>	<b>925</b>	<b>1,500</b>
<b>Total assets</b>	<b>2,436</b>	<b>2,837</b>	<b>3,173</b>	<b>3,565</b>	<b>4,126</b>

### Cash Flow

Y E March (Rs m)	FY13	FY14	FY15e	FY16e	FY17e
Operating Profit	564	429	563	823	1,138
Depreciation	108	176	196	205	214
Interest Exp	-6	-38	-44	-48	-53
Changes in Working Capital	208	-79	40	25	14
<b>Cash Flow After Chang in WCapital</b>	<b>874</b>	<b>488</b>	<b>756</b>	<b>1,005</b>	<b>1,314</b>
Tax	-183	-127	-168	-254	-352
Others	0	0	0	0	0
<b>Cash flow from operations</b>	<b>691</b>	<b>361</b>	<b>588</b>	<b>751</b>	<b>962</b>
Capital expenditure (net)	-1,111	-414	-200	-200	-200
<b>Free Cash Flow</b>	<b>-420</b>	<b>-53</b>	<b>388</b>	<b>551</b>	<b>762</b>
<b>Cash flow from investments</b>	<b>-1,111</b>	<b>-414</b>	<b>-200</b>	<b>-200</b>	<b>-200</b>
Long-Term Debt (Decrease) Increase	257	249	30	-50	-50
Dividend paid (incl tax)	-82	-82	-86	-125	-126
Share Issue / Repurchase & Others	-44	-74	0	0	0
<b>Cash flow from Financing</b>	<b>132</b>	<b>94</b>	<b>-56</b>	<b>-175</b>	<b>-176</b>
<b>Net change in cash</b>	<b>-288</b>	<b>41</b>	<b>332</b>	<b>376</b>	<b>585</b>
<b>Cash at the beginning of the year</b>	<b>386</b>	<b>98</b>	<b>139</b>	<b>470</b>	<b>846</b>
<b>Cash at the end of the year</b>	<b>98</b>	<b>139</b>	<b>470</b>	<b>846</b>	<b>1,432</b>

### Key Ratios

Y E March	FY13	FY14	FY15e	FY16e	FY17e
Adj. EPS (Rs)	30.1	22.2	28.8	41.5	57.5
Cash EPS (Rs)	38.1	35.1	43.2	56.6	73.2
DPS (Rs)	6.0	6.0	6.0	6.0	6.0
BVPS	155.0	165.8	188.2	220.6	265.5
ROCE %	23.9	16.8	19.5	24.8	29.3
ROE %	19.4	13.4	15.3	18.8	21.7
ROIC %	13.5	7.8	9.7	12.4	15.9
EBITDA Margin %	8.8	7.9	8.7	10.0	11.0
PER (x)	11.8x	16.1x	12.4x	8.6x	6.2x
P/BV (x)	2.3x	2.1x	1.9x	1.6x	1.3x
P/CEPS (x)	9.3x	10.1x	8.2x	6.3x	4.9x
EV/EBITDA (x)	4.0x	4.2x	6.5x	4.4x	2.9x
Dividend payout %	19.9	27.1	20.8	14.4	10.4
m cap/sales (x)	0.3x	0.3x	0.6x	0.5x	0.4x
net debt/equity (x)	0.1x	0.2x	0.0x	-0.1x	-0.3x
net debt/ebitda (x)	0.3x	0.6x	0.1x	-0.3x	-0.7x
Debtors (Days)	60	62	61	61	60.0x
Creditors (Days)	75	71	70	70	69
Inventory (Days)	14	17	17	17	17
Cash Conversion Cycle (Days)	-1	7	7	8	8

Source: Company, IndiaNivesh Research

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