

Valuation compellingly attractive without ILS turnaround

We reiterate Buy on NIIT Ltd with a new TP of Rs67 based on a Sum-of-parts valuation with Sep-16E estimates. We think valuations have again become compellingly attractive with the recent decline in stock price (after 1QFY15 results did not meet the high expectations despite EBITDA being up 29.9% YoY). Even without factoring in a sharp recovery in ILS, we find significant upside is possible for the valuation of the core business. With over 70% of current EV being accounted for by the holding in NIIT Technologies, we think that NIIT Ltd's high-growth business in Corporate Learning Services is undervalued while its ILS recovery can add further upside to our target price.

- **Not baking in an ILS turnaround, new estimates conservative:** ILS revenues lagged our earlier estimates in 1QFY14 and we think we were over-optimistic on average price realization improvements from new courses like Analytics. While we are cautiously optimistic about the growth in Beyond-IT enrolments for the flagship GNIIT program (20% of GNIIT enrolments over 1QFY15 were for Beyond-IT programs), we wait for sustained improvement in overall enrolments before calling a turnaround in ILS. We note that if a dramatic turnaround happens, that will lend additional upside. We remain optimistic about medium-term prospects given high fixed costs in the ILS segment and the fact that margins were as high as 16% in FY12.
- **CLS segment margin improvement not factored in even as scale grows:** While we expect CLS segment margins to improve with scale (we expect a 200-300bps improvement given SG&A leverage possible), we have not factored that into our estimates as 1) Continued sales investments ahead of revenue can be expected in this high-growth segment (CAGR of 19.1% in USD terms over FY14-17E) and 2) We have modeled costs at the company level due to the limited availability of data at the individual segment level. Given that margins are still not at the steady state level, we think that an EV/Sales multiple would value this segment more fairly and we value this segment at 0.8x Sep-16E Sales in our sum-of-parts valuation.
- **School Learning Services and Skill Building Services' margin improvement to be gradual:** With the exit of government school contracts, we anticipated immediate improvement in margins of School Learning Services (SLS). But while working capital improvement has been significant with the end of government school contracts, margin improvement is not yet visible and management attributed this to overheads related to government contracts that persist even as the revenue base reduces. Breakeven in Skill Building Services (SBS/ Yuva Jyoti) still seems some time away despite encouraging improvement in traction (enrolments at 8,000 in 1QFY15 Vs 6,500 in 4QFY14) as center expansion continued.
- **Estimates now conservative, but believe in structural re-rating:** While we wait for a turnaround in ILS, we think that to unlock value from the CLS segment, a different approach is needed compared to our earlier EV/EBITDA approach that clubbed all four segments. We still value the ILS, SLS and SBS segments together and believe their margins have bottomed out. We do not factor in aggressive margin expansion for any of these segments and value them at 3x Sep-16E EBITDA and value the CLS segment at 0.8x Sep-16E Sales. We arrive at a new TP of Rs67 based on sum-of-parts valuation using Sep-16E Sales and EBITDA estimates (see Exhibits 3, 4 & 5) and maintain Buy rating. Key downside risks are continued slow conversion of CLS book to revenue and decreases in ILS enrolments beyond what we have factored.

Target Price	Rs67	Key Data	
CMP*	Rs41.9	Bloomberg Code	NIIT IN
Upside	59.9%	Curr Shares O/S (mn)	165.2
Previous Target	Rs63	Diluted Shares O/S(mn)	165.2
Previous Rating	Buy	Mkt Cap (Rsbn/USDmn)	6.9/113.7
Price Performance (%)*		52 Wk H / L (Rs)	65.7/17.6
	1M 6M 1Yr	5 Year H / L (Rs)	65.7/14.5
NIIT IN	(13.7) 72.4 123.5	Daily Vol. (3M NSE Avg.)	2721153
NIFTY	4.6 30.2 37.1		
CNXIT Index	6.5 5.7 31.0		

Source: Bloomberg, Centrum Research, *as on 18 Aug 2014

Shareholding pattern(%)*

	Jun-14	Mar-14	Dec-13	Sep-13
Promoter	34.2	34.2	34.2	34.2
FII	11.1	13.5	13.5	19.1
DII	14.4	13.0	12.4	11.5
Others	40.3	39.3	39.9	35.1

Source: BSE, *as on 18 Aug 2014

Earning Revision

Particulars (Rs mn)	FY15E			FY16E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	10,007	10,260	(2.5)	11,285	11,463	(1.5)
EBITDA	781	1,091	(28.4)	1,061	1,807	(41.3)
EBITDA margin	7.8	10.6	(282 bps)	9.4	15.8	(636 bps)
Adj PAT	523	803	(34.8)	958	1,669	(42.6)

Source: Centrum Research Estimates

Centrum vs. Bloomberg Consensus*

Particulars (Rs mn)	FY15E			FY16E		
	Centrum	BBG	Diff (%)	Centrum	BBG	Diff (%)
Sales	10,007	10,172	(1.6)	11,285	11,341	(0.5)
EBITDA	781	794	(1.6)	1,061	967	9.7
PAT	523	518	1.0	958	884	8.3

Bloomberg Consensus				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
4	2	4	52.0	67	28.8

Source: Bloomberg, Centrum Research Estimates, *as on 18 Aug 2014

Ravi Menon, Ravi.menon@centrum.co.in, +91 22 4215 9636

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Fully DEPS	RoE (%)	RoCE (%)	Adj. P/E (x)	EV/EBITDA (x)
FY13	9,608	(23.8)	420	4.4	326	(45.8)	2.0	4.9	NM	21.2	18.8
FY14	9,510	(1.0)	510	5.4	111	(65.9)	0.4	1.7	NM	99.7	15.3
FY15E	10,007	5.2	781	7.8	523	371.3	3.2	7.8	0.8	13.2	10.0
FY16E	11,285	12.8	1,061	9.4	958	83.0	5.8	13.2	12.0	7.2	7.2
FY17E	12,138	7.6	1,185	9.8	1,132	18.2	6.8	14.5	13.6	6.1	8.9

Source: Company, Centrum Research Estimates

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

ILS turnaround to be pure gravy, but CLS is the main course

CLS continues to grow very strongly and we think that to value the core business fully, we should pay better attention to CLS – especially as its revenue contribution of 49.4% in 1QFY15 makes it the largest segment for NIIT Ltd and the most profitable (see Exhibits 1 & 2 below).

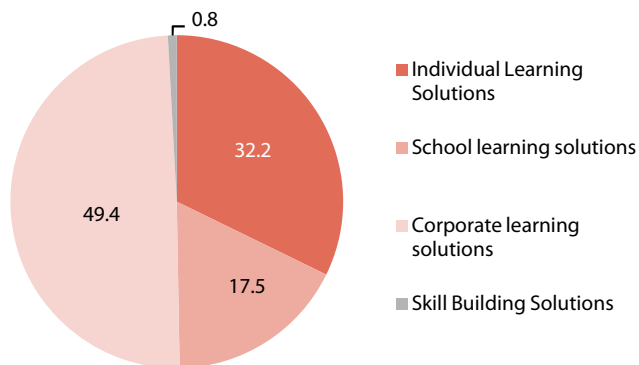
We also think that the valuation has returned to very attractive levels for the core business (when we consider the CLS segment separately) even if we don't factor in a significant improvement in ILS.

We had earlier factored in significant improvement in margins contribution from ILS. However, despite steep cost-cutting in the previous quarters, steep declines in both enrolments and realisation kept ILS revenues and margins below our expectations. We no longer factor in a dramatic turnaround in ILS and will be content to see it improve its margins to mid-single digits. We hope that once enrolments stabilise, the management will be able to adjust the cost structure to reflect the new stable operating level and improve margins from there on.

CLS revenue and margin contribution continue to grow

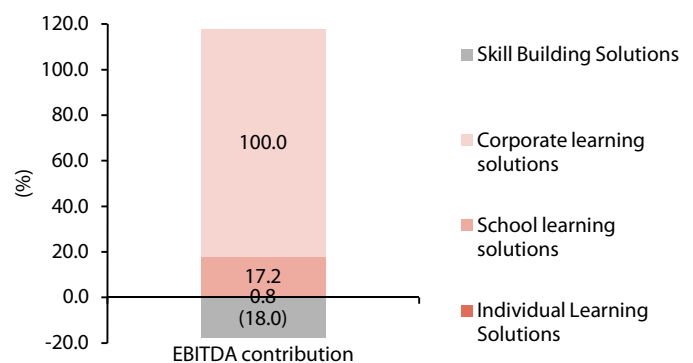
- CLS accounted for just 32.6%/38.0% of revenue and 62.8%/86.5% of EBITDA as of 1QFY13/1QFY14. Continued high growth and higher profitability relative to other segments have increased both the revenue contribution and EBITDA contribution to 49.4% and 100.0% respectively.
- While order bookings were weak for CLS over 1QFY15, management attributed this to some delays in deal signings and indicated that a couple of deals had slipped to the next quarter and will lead to a healthy book-to-bill ratio again.

Exhibit 1: Revenue contribution by segment – 1QFY15



Source: Company, Centrum Research

Exhibit 2: EBITDA contribution by segment – 1QFY15



Source: Company, Centrum Research

ILS System-wide revenue declines faster than enrolments, but franchisee share reduces

- Despite steep cost-cutting, margins of Individual Learning Services (ILS) eroded YoY by 39bps as the recovery expected did not happen with enrolments continuing to decline YoY
- ILS System-wide revenue and Net revenue declined by 37% and 23.4% respectively even though enrolments were down YoY by 28.8%. This suggests that new enrolments are not contributing positively to average realisation contrary to our earlier expectations.
- Enrolments for niche courses like analytics number only a few hundred compared to the overall enrolment of 73.5K over 1QFY15. Therefore, these are too small to affect realization and enrolments for ILS overall.
- However, the net revenue decline is lower than System-wide's revenue decline suggesting a shift in revenue from franchisees to NIIT Ltd.

SLS still hurting from government contracts, Skill Building Solutions still EBITDA-dilutive

- Margins of School learning solutions barely improved QoQ (just 10bps) and management suggested that two factors were at work in government contracts: 1) Fixed cost of operations in each state continuing even as contract sizes decrease and 2) Inflation relating to staff costs biting in even as contract revenue for each individual school stayed constant. We do not factor in material improvement in SLS margins until FY17E.
- SBS still remains EBITDA dilutive despite good increase in enrolments (8K enrolments compared to just 1.9K in 1QFY14) as the number of centres increased to 74 (compared to 40 in 1QFY14). We expect SBS to start breaking even by the end of FY15E and start contributing slightly to EBITDA from FY16E.

Valuation & Key Risks

We change our valuation approach to the core business and value the Corporate Learning Services segment separately (fast revenue growth, but with margins that have limited upside relative to the other three segments) and use an EV/Sales multiple to value this segment as we expect the margins at steady state will be 200-300bps higher than current levels and we expect steady state to be reached much beyond Sep-16E that is the basis of our current valuation.

Given that the SLS segment is still undergoing changes in the business model as focus shifts from government schools to private schools and within private schools, contracts move to an asset light subscription model, we value these segments at 3x EV/ Sep-16E EBITDA assigning it the same multiple as for ILS.

We think that the investment in NIIT Technologies ought to be considered separately and the core business should trade at a valuation that reflects the significant operating leverage in its ILS segment and high growth in the CLS segment.

Exhibit 3: Arriving at per share value for NIIT Tech holding based on current price

Per share value of NIIT Tech. stake of 23.9% is ~INR33.3/share. Even adding Net Debt, ~70.5% of NIIT Ltd EV is accounted for by the holding in NIIT Tech.

NIIT Tech current share price*	INR	369.8
NIIT Tech. shares outstanding	Mn	62.4
NIIT Tech Mkt. Cap.	INR Mn	23,054
NIIT Tech Net Debt	INR Mn	(2,021)
NIIT Tech EV	INR Mn	21,034
NIIT Ltd holding in NIIT Tech (%)	%	23.9
Value of NIIT Tech holding by NIIT Ltd	INR Mn	5,505
NIIT Ltd per share value of NIIT Tech. holding	INR	33.3

Source: Bloomberg, Company, Centrum Research; *As on 18th Aug, 2014

While we no longer assume a dramatic turnaround in ILS, we think there is considerable value in the core business (see Exhibits 4 & 5 below for details). We assign a Buy rating, with a 1-year TP of Rs67 based on sum-of-parts valuation of NIIT Technologies holding at current levels and 3x EV/ EBITDA for core business excluding CLS and 0.8x EV/Sales for CLS.

Exhibit 4: Valuing the core business based on Sum-of-Parts

NIIT Ltd's holding in NIIT Tech accounts for 70.5% of the current EV presenting attractive upside

Sep-16E EBITDA ex-CLS	INR Mn	405
CLS revenue Sep-16E	INR Mn	6,132
Target EV/EBITDA ex-CLS	x	3
Target EV/Sales for CLS	x	0.8
Total Target EV	INR Mn	6,121
Current Core Business Valuation of NIIT Ltd		
Current Mkt. Cap	INR Mn	6,921
Net Debt as of 4QFY14	INR Mn	893
Current NIIT Ltd EV	INR Mn	7,814
Implied Core Business EV	INR Mn	2,308.8
% of EV accounted for by NIIT Tech holding now	%	70.5

Source: Bloomberg, Company, Centrum Research; *As on 18th Aug, 2014

Exhibit 5: Even bear-case valuation implies good upside

		Base Case	Bull Case	Bear Case
		NIIT Tech. at current valuation*	NIIT Tech. at median consensus*	NIIT Tech. at low consensus*
NIIT Tech per share price assumed	INR Mn	377	412	300
Implied value of NIIT Tech holding	INR Mn	5,619	6,134	4,467
Sep-16E Target EV (Core Business alone)	INR Mn	6,121		
Total Target Sep-16E EV	INR Mn	11,740	12,255	10,587
Sep-16E Target Net Debt	INR Mn	645		
% of Target EV accounted for by NIIT Tech holding	%	47.9	50.1	42.2
Implied target mkt. cap based on Sep-16E estimates	INR Mn	11,095	11,610	9,942
Total per share value	INR	67	70	60
Upside from current levels of INR 41.9	%	60	67	43
Per Share tgt. value with 20% discount to NIIT Tech holding	INR	60	63	55
Upside if assigning 20% discount to holding in NIIT Tech	%	44	50	31

Source: Bloomberg, Company, Centrum Research; *As on 18th Aug, 2014

Exhibit 6: Centrum Estimates vs. Bloomberg Consensus

(Rs mn)	FY15E			FY16E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Sales	10,007	10,172	(1.6)	11,285	11,341	(0.5)
EBITDA	781	794	(1.6)	1,061	967	9.7
PAT	523	518	1.0	958	884	8.3

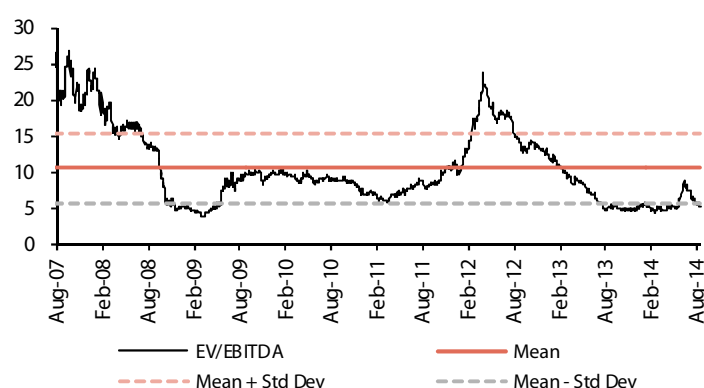
Source: Bloomberg, Centrum Research Estimates

We believe that our estimates for FY16E EBITDA are higher than consensus for the following reasons:

- We might have anticipated much higher utilisation levels for ILS or
- We might have assumed higher growth for CLS relative to consensus

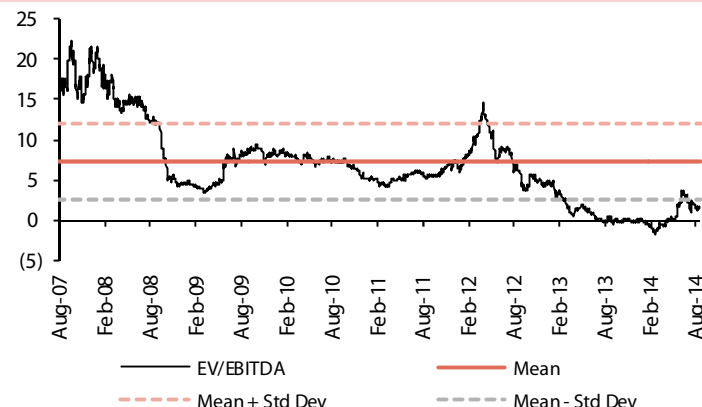
We had been significantly ahead of consensus as we'd expected a turnaround in ILS based on some encouraging signs such as niche new courses like analytics that were priced without discounting.

Exhibit 7: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 8: 1 year forward EV/EBITDA chart excl. NIIT Tech.



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 9: Comparative Valuations

Company	Mkt. Cap (USD mn)	CAGR FY14-FY16 (%)			EBITDA Margin (%)			EV/Sales (x)			EV/EBITDA (x)			RoE (%)		
		Rev.	EBITDA	PAT	FY14	FY15	FY16	FY14	FY15	FY16	FY14	FY15	FY16	FY14	FY15	FY16
NIIT Ltd.*	113.7	8.9	44.3	193.7	5.4	7.8	9.4	0.8	0.8	0.7	15.3	10.0	7.2	1.7	7.8	13.2
GP Strategies#	477.4	11.8	12.7	12.1	10.8	10.2	10.9	1.3	1.0	0.9	12.0	8.8	7.2	13.2	11.4	13.4
Lionbridge Technologies#	304.4	4.0	29.3	57.8	5.3	6.9	8.3	0.8	0.6	0.6	14.1	8.3	6.1	15.3	26.6	26.2

Source: *Centrum Research; #December ending companies; Bloomberg; Note: EV of NIIT Ltd includes value of holding in NIIT Tech

We are using global peers as there are no estimates available for Indian peers like Aptech for comparing the ILS segment. The peers above are for close comparables for the CLS segment of NIIT Ltd. Note that though NIIT Ltd might seem to be trading close to its peers, the EV in the ratios above includes the value of the holding in NIIT Technologies. Excluding that, the ratios imply a significant discount to its peer group.

Exhibit 10: Earnings Revision

(Rs mn)	FY15E			FY16E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Sales	10,007	10,260	(2.5)	11,285	11,463	(1.5)
EBITDA	781	1,091	(28.4)	1,061	1,807	(41.3)
EBITDA Margin (%)	7.8	10.6	(282 bps)	9.4	15.8	(636 bps)
PAT	523	803	(34.8)	958	1,669	(42.6)

Source: Bloomberg, Centrum Research Estimates

We are sharply reducing our FY15E/FY16E margin estimates for the following reasons:

- We had anticipated price realization improvement for Individual Learning Services overall because we saw little evidence of discounting for new courses like Analytics and expected a turnaround in sentiment with the repositioned curriculum. We no longer anticipate such a sharp improvement in the ILS segment.
- We have reduced both realisation and enrolment estimates for FY15E while increasing enrolment estimates slightly for FY16E along with sharp reduction in expected realisations over FY16E.
- We have increased our non-salary operating cost estimates

We had been significantly ahead of consensus as we'd expected a turnaround in ILS based on some encouraging signs such as niche new courses like analytics that were priced without discounting.

Exhibit 11: Quarterly financials

Y/E Mar (Rs mn)	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14	Q1FY15
Net revenue	2,653	2,327	2,216	2,222	2,624	2,336	2,329	2,252
Total Operating Costs	2,392	2,249	2,145	2,118	2,381	2,193	2,198	2,124
as % of Sales	90.2	96.6	96.8	95.3	90.7	93.9	94.4	94.3
EBIDTA	261.0	78.0	71.0	104.0	243.0	143.0	131.0	128.0
EBIDTA Margin (%)	9.8	3.4	3.2	4.7	9.3	6.1	5.6	5.7
Depreciation & Amortization	222.0	215.0	223.0	210.0	177.0	184.0	207.0	171.0
EBIT	39.0	(137.0)	(152.0)	(106.0)	66.0	(41.0)	(76.0)	(43.0)
Net Other Income	(13.0)	(41.0)	(10.0)	(81.0)	(77.0)	(46.0)	98.0	(35.0)
PBT	26.0	(178.0)	(162.0)	(187.0)	(11.0)	(87.0)	22.0	(78.0)
Provision for tax	10.0	(53.0)	(49.0)	33.0	17.0	14.0	29.0	19.0
Effective tax rate (%)	38.5	29.8	30.2	(17.6)	(154.5)	(16.1)	131.8	(24.4)
Exceptional item								
Minority Int. (Associate Profit)	(100)	(131)	(140)	(128)	(147)	(113)	(147)	(103)
Net Profit	116.0	6.0	27.0	(92.0)	119.0	12.0	140.0	6.0
Adj Net Profit	116.0	6.0	27.0	(92.0)	119.0	12.0	140.0	6.0
YoY Growth (%)								
Net sales	(30.9)	(6.9)	(27.4)	(0.7)	(1.1)	0.4	5.1	1.4
EBITDA	(53.4)	(69.2)	(80.1)	(8.8)	(6.9)	85.7	84.5	22.1
QoQ growth (%)								
Net sales	18.5	(12.3)	(4.8)	0.3	18.1	(11.0)	(0.3)	(3.3)
EBITDA	128.9	(70.5)	(7.8)	46.5	133.7	(41.2)	(8.4)	(3.1)
Margins (%)								
EBIT	1.5	(5.9)	(6.9)	(4.8)	2.5	(1.8)	(3.3)	(1.9)
Adj. Net Profit	4.4	0.3	1.2	(4.1)	4.5	0.5	6.0	0.3

Source: Company, Centrum Research

Exhibit 12: Quarterly Key Operating Parameters

Y/E Mar (Rs mn)	Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14	Q3FY14	Q4FY14	Q1FY15
Systemwide revenues	4,560	3,985	3,174	3,398	4,242	3,357	3,069	NA
Net Revenue	2,653	2,327	2,216	2,222	2,624	2,336	2,329	2,252
- ILS net revenue	1,494	1,034	981	948	1,269	917	824	726
- SLS net revenue	403	498	470	424	358	355	417	394
- CLS net revenue	754	792	761	844	993	1,059	1,076	1,113
- SBS net revenue	2	3	4	6	4	5	12	19
ILS enrolments	146,939	75,498	97,078	103,179	119,145	64,576	67,974	73,500
Total Employees	3,478	3,427	3,324	3,279	3,129	2,969	2,942	2,922

Source: Company, Centrum Research

Exhibit 13: Key performance indicators

Key Variable (%)	FY13	FY14	FY15E	FY16E	FY17E
Overall Revenue growth (%)	(25.1)	0.8	5.2	12.8	7.6
ILS revenue growth (%)	(21.4)	(13.6)	(3.8)	11.1	2.1
SLS revenue growth (%)	(11.6)	(13.9)	(12.0)	(12.1)	(8.5)
CLS revenue growth (%)	(35.8)	30.8	19.6	20.7	14.5
SBS revenue growth (%)	400.0	170.0	196.3	43.8	27.8
ILS enrolments	4,48,300	3,54,874	2,88,700	3,32,006	3,38,465
ILS Yield per enrollment (INR/Annum)	22,130	23,992	24,591	25,206	26,719

Source: Centrum Research Estimates

Financials-Consolidated

Exhibit 14: Income Statement

Y/E March (Rsmn)	FY13	FY14	FY15E	FY16E	FY17E
Net sales & other op inc	9,608	9,510	10,007	11,285	12,138
Cost of Operations	9,188	9,000	9,226	10,224	10,953
%of sales	95.6	94.6	92.2	90.6	90.2
EBIDTA	420	510	781	1,061	1,185
EBIDTA Margin (%)	4.4	5.4	7.8	9.4	9.8
Depreciation & Amortization	864	779	650	598	605
EBIT	(444)	(269)	130	463	579
Interest expenses	156	163	163	163	163
Other non-operating income	94	102	79	81	86
Exceptional loss (gain)	174	(67)	-	-	-
PBT	(680)	(264)	46	381	502
Provision for tax	(433)	93	35	37	71
Effective tax rate (%)	63.7	NM	77.4	9.6	14.1
Minority Int. (Associate Profit)	(509)	(535)	(513)	(613)	(700)
Net Profit	263	178	523	958	1,132
Adj Net Profit	326	111	523	958	1,132

Source: Company, Centrum Research Estimates

Exhibit 15: Key Ratios

Y/E March	FY13	FY14	FY15E	FY16E	FY17E
Growth ratios (%)					
Net sales & other op inc	(23.8)	(1.0)	5.2	12.8	7.6
EBIDTA	(70.8)	21.4	53.2	35.9	11.6
Adj Net Profit	(45.8)	(65.9)	371.3	83.0	18.2
Margin ratios (%)					
PBIT Margins	(4.6)	(2.8)	1.3	4.1	4.8
PBT Margins	(7.1)	(2.8)	0.5	3.4	4.1
PAT Margins (adj)	3.4	1.2	5.2	8.5	9.3
Return Ratios (%)					
ROCE	NM	NM	0.8	12.0	13.6
ROIC	NM	NM	1.0	14.9	17.8
ROE	4.9	1.7	7.8	13.2	14.5
Turnover Ratios (Days)					
Debtors	193	158	145	130	125
Creditors	147	124	115	105	103
Net Working Capital (ex-cash)	46	34	30	25	22
Solvency Ratios					
Debt-equity	0.8	0.7	0.6	0.6	0.5
Net Debt-equity	0.6	0.6	0.5	0.5	0.4
Current ratio	1.6	1.5	1.5	1.5	1.5
Interest coverage ratio	(0.4)	(0.6)	1.3	0.4	0.3
Dividend					
Dividend (Rs)	1.6	1.6	0.5	1.0	1.2
Dividend yield (%)	3.8	3.8	1.3	2.4	2.8
Dividend Payout (%)	86.7	128.2	20.0	20.0	20.0
Per Share (Rs)					
Basic (end point) EPS – rptd.	1.6	1.1	3.2	5.8	6.8
Basic (end point) EPS – adj.	2.0	0.7	3.2	5.8	6.8
FDEPS - reported	1.6	0.7	3.2	5.8	6.8
FDEPS - adjusted	2.0	0.4	3.2	5.8	6.8
CEPS	2.3	4.5	4.4	6.0	6.5
Book Value	40.4	39.2	41.7	46.3	51.8
Valuations (x)					
PER	21.2	99.7	13.2	7.2	6.1
P/BV	1.0	1.1	1.0	0.9	0.8
EV/EBIDTA	18.8	15.3	10.0	7.2	8.9
EV/Sales	1.2	1.1	1.1	0.9	0.9
M-cap/Sales	0.7	0.7	0.7	0.6	0.6

Source: Company, Centrum Research Estimates

Exhibit 16: Balance Sheet

Y/E March (Rsmn)	FY13	FY14	FY15E	FY16E	FY17E
Share Capital	330	330	330	331	331
Preference Share Capital	-	-	-	-	-
Reserves & Surplus	6,347	6,148	6,566	7,332	8,238
Total Shareholders Funds	6,677	6,478	6,897	7,663	8,569
Long Term Debt & Liabilities	1,494	1,165	1,165	1,165	1,165
Minority Interest	49.4	76.0	76.0	76.0	76.0
Total Capital Employed	8,220	7,719	8,138	8,905	9,810
Fixed Asset					
Gross Block	7,001	7,609	8,219	8,842	9,497
Less:- Accumulated Depreciation	4,797	5,576	6,226	6,824	7,429
Net Block	2,204	2,033	1,993	2,018	2,068
Capital WIP	125	-	-	-	-
Total fixed assets	2,329	2,033	1,993	2,018	2,068
Other Long Term Assets	3,614	4,182	4,711	5,340	6,057
Other current assets	96	56	56	56	56
Accounts Receivable	4,983	4,058	3,920	3,964	4,101
Cash & Equivalents	1,062	615	612	773	954
Total current assets	6,140	4,729	4,587	4,793	5,110
Current liabilities & provisions	3,863	3,224	3,153	3,246	3,425
Net current assets	2,277	1,504	1,434	1,546	1,685
Total	8,220	7,719	8,138	8,905	9,810

Source: Company, Centrum Research Estimates

Exhibit 17: Cash Flow

Y/E March (Rsmn)	FY13	FY14	FY15E	FY16E	FY17E
CF from operations					
Profit before tax	(680)	(264)	46	381	502
Depreciation & amortisation	864	779	650	598	605
Others	-	-	-	-	-
CF before WC changes	184	515	696	979	1,107
Working capital changes	(232)	326	67	49	41
Cash inflow from operations	(48)	841	763	1,028	1,149
Income tax paid	433	(93)	(35)	(37)	(71)
Cash from Operations	385	748	727	992	1,078
Cash from investing	0	0	0	0	0
Disposals (Capex)	(628.6)	(482.7)	(610.5)	(622.8)	(655.3)
Investments	(251.7)	(568.3)	(529.0)	(629.3)	(716.5)
Others	515.1	492.5	513.0	613.3	700.5
Cash from investing	(365)	(558)	(626)	(639)	(671)
Cash from financing	0	0	0	0	0
Borrowings/ repayments	349	(328)	-	-	-
Equity/ Share Capital	0	0	0	0	0
Dividend & Dividend Tax	(308)	(308)	(105)	(192)	(226)
Cash from financing	41	(636)	(104)	(191)	(226)
Net change in cash	60	(447)	(4)	162	180
Opening cash & eqv	1,002	1,062	615	612	773
Closing cash & eqv	1,062	615	612	773	954

Source: Company, Centrum Research Estimates

Appendix A

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Website: www.centrum.co.in

Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:

Tel: (022) 4215 9413; Email ID: compliance@centrum.co.in

Centrum Broking Limited

Registered Office Address	Correspondence Address
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000