

Current	Previous
CMP : Rs. 64	
Rating : BUY	Rating : NR
Target : Rs.112	Target : Rs. NR

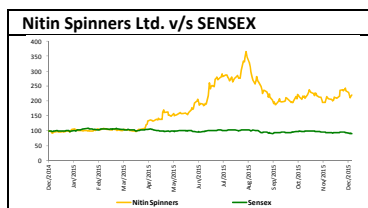
STOCK INFO	
Co. Name	Nitin Spinners Ltd
BSE	532698
NSE	NITINSPIN
Bloomberg	NSPL.IN
Reuters	NISP.BO
Sector	Textiles
Index	S&P BSE SmallCap
Face Value (Rs)	10
Equity Capital (Rs mn)	458
Mkt Cap (Rs mn)	2,933
52w H/L (Rs) (Adj.)	107/26
3m Avg Daily Volume (BSE + NSE)	288,969

SHAREHOLDING PATTERN	%
(as on Sept. 2015)	
Promoters	64.0
FII's	0.0
DII's	0.0
Public & Others	36.0

Source: BSE

STOCK PER. (%)	1m	3m	12m
Nitin Spinners	2	17	120
Sensex	-5	-2	-8

Source: Capitaline, IndiaNivesh Research



Source: Capitaline, IndiaNivesh Research

Nitin Spinners Ltd (NSL) is aggressively expanding its capacities to capitalise on the expected demand revival in textile sector. Catering to diversified textile segments including apparel, made-ups, denim, intimate wear, among others, the company is well poised to take advantage of any improvement in demand world-wide. We expect sales of the company to grow at 21.6% CAGR over FY15-FY18E period. We expect the return ratios of the company to improve further post completion of capacity expansion plans. We initiate coverage on NSL with BUY rating and target price of Rs 112 with long term horizon.

Key Investment Rationale:

- Raw material scenario favorable:** World cotton production is expected to decline 10% while consumption is likely to increase ~2% yoy in 2015-16 (August to July period), as per USDA. World ending stocks are expected to be lower by 4% yoy in cotton season 2015. With declining ending stocks, we opine that the prices can start rising at a gradual pace over a period of time, which would be beneficial for the entire textile chain, especially for yarn manufacturers.
- Focus on value added products:** Specialty yarns constitute 15% of total sales of NSL. It is expanding into finer count yarns which provides better margin than basic yarn. It has forward integrated into knitted fabrics which use 100% in-house yarn that enhances the margins of the company. Going forward, it plans to move further into value added products which includes dyed and mélange yarns.
- Self sufficiency in power and strategic location:** NSL has secured low power cost (spinning is a power intensive process) through coal based captive power of 10.5 MW and tie-up with IEX and SEBs. It is strategically located with proximity to customers and raw material sources.
- Almost trebling capacity over FY14-FY18E:** NSL doubled its spinning capacity to 150,096 spindles in FY15 from 77,616 spindles in FY14. Going forward, it is adding 73000 spindles which would be commencing operations from March 2017. This would imply almost trebling of capacity over FY14 to FY18E. We expect sales CAGR of 21.6% over FY15-FY18E driven by volume growth of 18.5% CAGR.
- ROE healthy at 24.5%:** Post FY12, return ratios of NSL increased significantly on improved profitability and no capex till FY14. ROCE / ROE of the company increased to 22.6% / 26.4% in FY14 from 6.3% / 0.3% in FY12. The company embarked on expansion plans from FY15 followed by another expansion in FY18E, which would be impacting ROCE. However, we expect an improvement in return ratios post the completion of the capacity addition in FY17E. We expect ROCE/ ROE to decline to 19.2% / 23.7% in FY18E respectively.
- Valuation:** At CMP of Rs 64, the stock trades at PER of 6.2x, 5.9x and 3.8x its FY16E, FY17E and FY18E EPS of Rs 10.3, Rs 10.8 and Rs 16.8 respectively. The company has traded at average one year forward PE of 8.8x since FY10. Currently, peers are trading at average PE multiple of 7.5x FY17E earnings. However, this valuation is likely to improve going forward with demand improvement and stability in raw material scenario. We value Nitin Spinners Ltd at 6.7x (discount of 10% to peers due to high debt and lower PAT growth) its FY18E earnings arriving at target price of Rs 112 per share. FY18E is likely to be a game changing year for the company due to new capacities coming into operations. We recommend BUY rating on the stock with long term horizon.
- Key Risk:** Volatility in cotton prices, Rupee appreciation, High debt equity, Economic slowdown

Financial Performance

YE March (Rs Mn)	Net Sales	EBITDA	PAT	EPS(Rs)	RoCE(%)	RoE(%)	Adj. P/E(x)	EV/EBITDA(x)
FY14	4883	939	348	7.6	22.6	26.4	8.4	5.0
FY15	6165	992	410	8.9	14.0	24.5	7.2	6.8
FY16E	7710	1414	474	10.3	18.4	22.7	6.2	4.6
FY17E	8295	1574	496	10.8	14.4	19.6	5.9	5.5
FY18E	11080	2165	770	16.8	19.2	23.7	3.8	3.6

Source: Company, IndiaNivesh, Research

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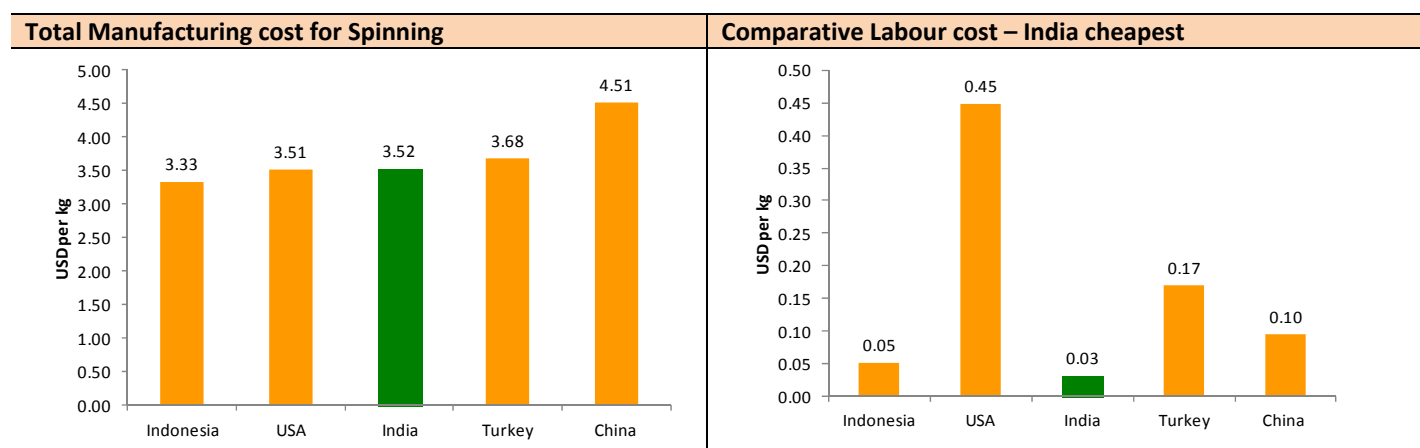
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Investment Rationale

Robust industry scenario to support aggressive capex

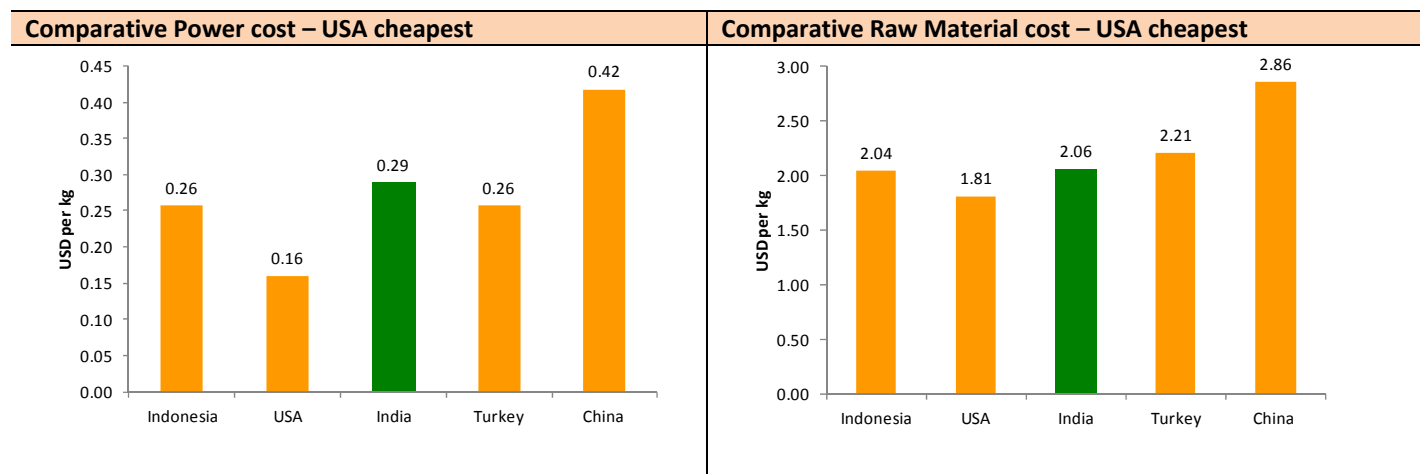
Indian spinning industry – cost efficient globally

India is amongst the most competitive countries for spinning yarns in the world, as evident from the production cost comparison 2014 report of International Textile Manufacturers Federation. The competitiveness of the process lies in the cheap labour cost and abundant raw material availability as compared to other countries like China, Korea, Turkey and USA. Labour cost of China is ~3x higher than India, while Indonesian labour cost is higher by ~1.6x over India. India is the largest producer of cotton in the world and abundant availability of raw material provides an economic moat to Indian spinning industry. Indonesia and USA are marginally cheaper than India in totality due to lower power and interest cost. However, relatively large spinning capacities and abundant raw material availability in India provides a competitive advantage to India over Indonesia and USA.



Source: ITMF-International Production Cost Comparison 2014, IndiaNivesh Research

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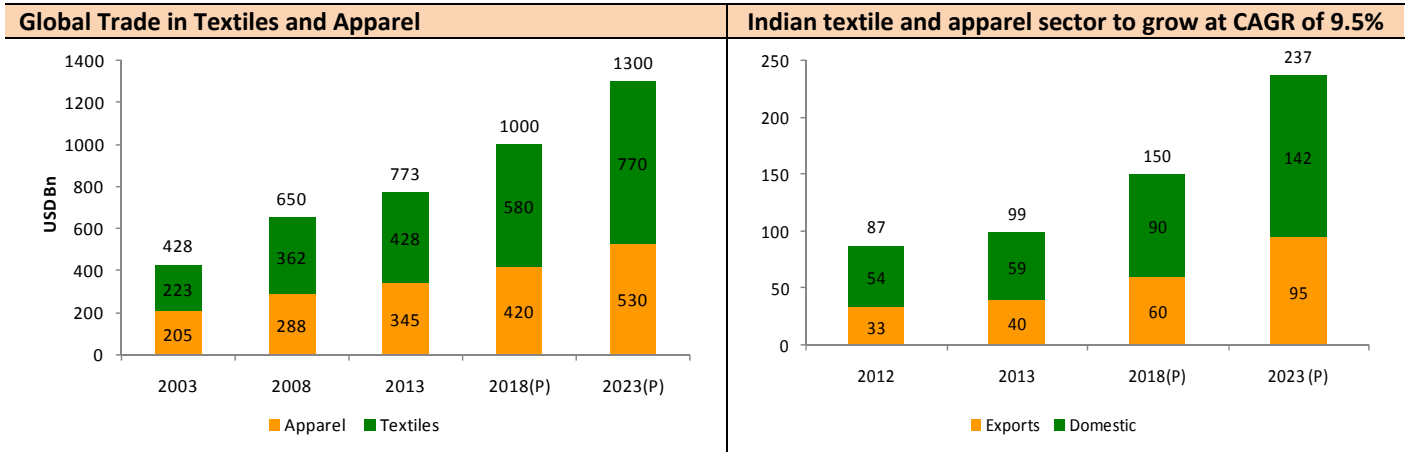
Global spinning capacity – India higher capacity than Indonesia and USA

Spinning capacity (million)	Spindles	% of world	Rotors	% of world
China	110.0	45.0	2.7	32.6
India	49.5	20.2	0.8	9.8
Indonesia	11.8	4.8	0.1	1.5
USA	0.7	0.3	0.3	3.6

Source: ITMF – International Cotton Industry Statistics 2013, IndiaNivesh Research

Indian textile industry poised for growth

Global textile and apparel sector is likely to reach USD 1300 bn by 2023 from USD 773 bn in 2013, as per Technopak analysis (September 2014 report). Indian textile and apparel industry is estimated to reach USD 237 bn in 2023 from USD 99 bn in 2013, signifying CAGR of 9.1% over the period. This includes domestic as well as exports segment. Domestic industry worth USD 59 bn in 2013 is likely to grow at a CAGR of 9.2% over 2013-2023 to reach USD 142 bn by 2023. This is on account of higher economic growth, rising consumer purchasing power and favorable demographic profile. Indian textile and apparel exports, worth USD 40 bn in 2013, are likely to reach USD 95 bn by 2023, signifying growth of 9% CAGR. This is on account of increasing competitiveness against other exporting countries. Rising Chinese domestic consumption, labour issues in China and Bangladesh, increasing power cost and depreciating Rupee vis-a-vis other exporting countries are turning favorable for Indian exports.



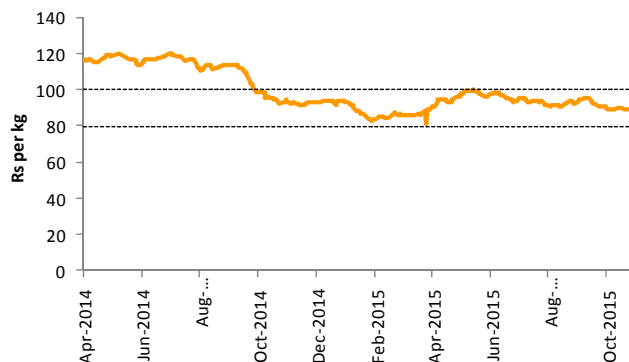
Source: Technopak, IndiaNivesh Research

Source: Technopak, IndiaNivesh Research

Raw material scenario – cotton - favorable for the industry

Cotton prices have been range bound over the last one year (Shankar-6 prices in the range of Rs 80-100 per kg). World cotton production is expected to decline 10% while consumption is likely to increase ~2% yoy in marketing year 2015-16 (August to July period), as per US Department of Agriculture (USDA). World ending stocks are expected to be lower by 4% yoy at 107 mn bales against 112 mn bales in cotton season 2015. With declining ending stocks, we expect that the cotton prices are not likely to show steep decline in prices. We opine that the prices can start rising at a gradual pace over a period of time, which would be beneficial for the entire textile chain, especially for yarn manufacturers.

Cotton Prices (Shankar-6)



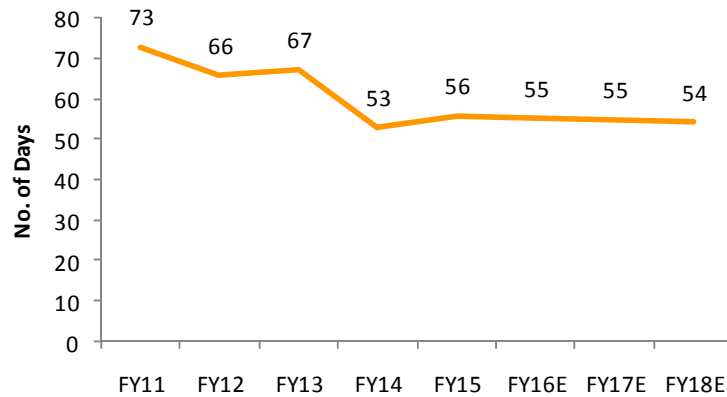
Source: Bloomberg, IndiaNivesh Research

Strong business model of NSL

Strategic location

NSL is about 16 kilometers away from Bhilwara District, which is one of the textile hubs of the country. This proximity ensures availability of skilled & unskilled labour. Further, the basic raw material i.e. cotton is available in the surrounding areas viz., Bhilwara, Bijaynagar, Asind and other adjoining areas like Nagaur, Merta City, Sumerpur and Beawar within Rajasthan state itself. Proximity to raw material sources provide advantages like better quality raw material availability in smallest time providing opportunity to keep inventory levels low. With better availability of cotton around the year and focus on reducing working capital, the company has been able to reduce its inventory levels to 53 days in FY15 from 73 days in FY11.

Reducing inventory days



Source: Company, IndiaNivesh Research

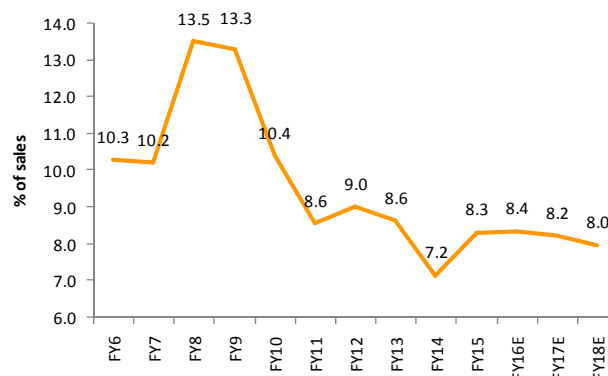
Focus on value added products

NSL manufactures yarn for variety of end applications including shirting, home furnishing, carpets, denims, medical textiles, terry towels, intimate wear and others. Specialty yarns constitute 15% of the total turnover of the company. The company also manufactures value added yarns including slub and compact yarn which command premium over basic cotton yarn. It is expanding into finer count yarns which provides better margin than basic yarn. It has forward integrated into knitted fabrics which use 100% in-house yarn that enhances the margins of the company. Going forward, NSL plans to move further into value added products which includes dyed and mélange yarns. It's up gradation to higher quality products are visible from average realization which has been increasing over FY07-FY14. In FY15, average realization fell by 5.9% yoy due to continuous decline in cotton prices by ~22.8% yoy.

Captive Power of 10.5 MW

Spinning is a power intensive process. Generally, the power requirement is 2.5-4 units per kg of production. Power efficiency is one of the key success factors of any spinning company. NSL has coal-based captive power plant of 10.5 MW. The company has availed coal linkage from Coal India which ensures timely availability of feed at reasonable cost. NSL also avails power from IEX and SEB in case of additional requirement. The power cost as percentage to sales decreased to 8.3% in FY15 from its peak of 13.5% in FY08. In our opinion, this decline is reasonable to compete in domestic and international market.

Power cost as % to sales

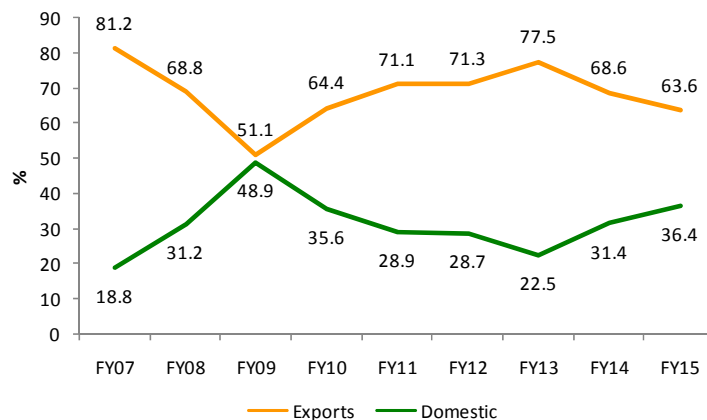


Source: Company, IndiaNivesh Research

Diversify geographical risk

NSL is following change in strategy by focusing on domestic markets too. NSL has been an exporter from inception. It was registered as a 100% EOU earlier, which was later converted to DTA (domestic unit) in FY09. This provided the company with flexibility to sell in domestic and export market. Currently, 64% of company revenues come from exports while domestic contributes 36% to topline. The management plans to increase the share of domestic revenues to 45% to de-risk its business from the fluctuations of foreign exchange risk and diversify client base. A diversified geographical mix would enable the company to mitigate global risk and focus on Indian market would enable the company to capitalize on the domestic growth.

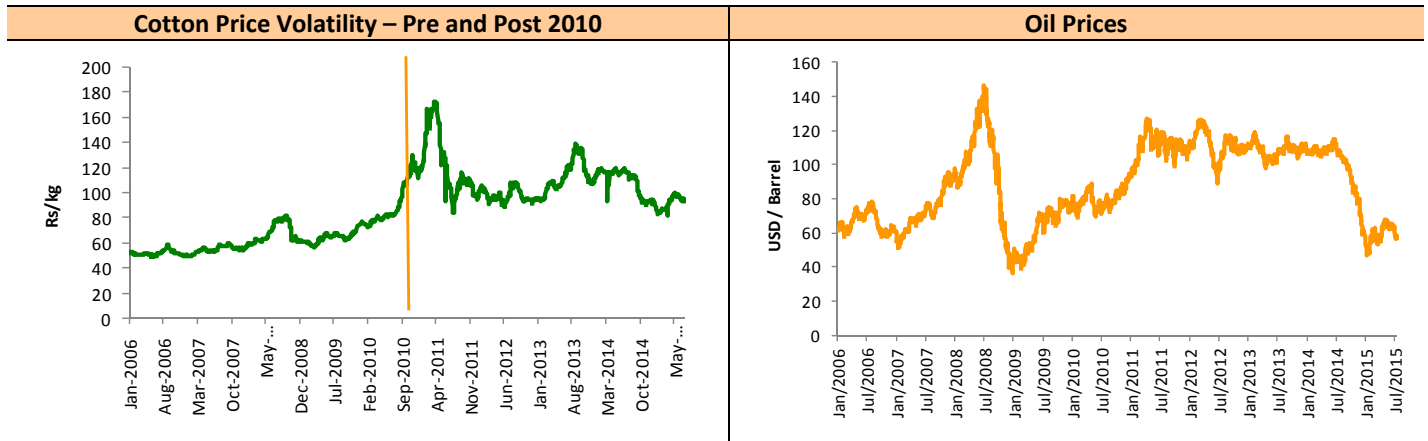
Increasing share of domestic revenues



Source: Company, IndiaNivesh Research

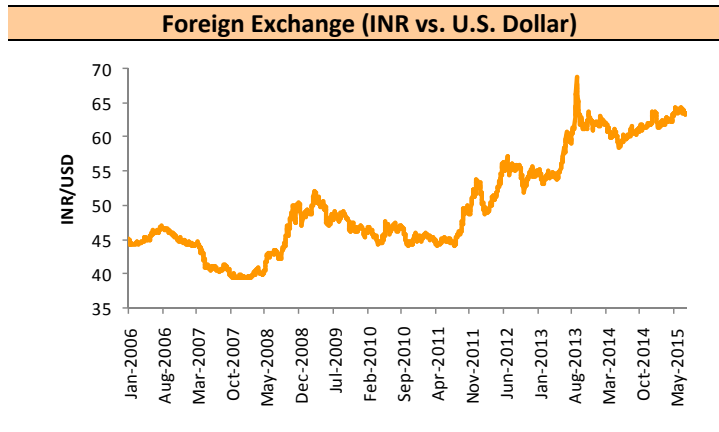
Exit from CDR in shortest time signifies strong business model

NSL entered into Corporate Debt Restructuring (CDR) mechanism in FY09 due to forex losses and adverse business scenario in FY08. NSL had captive furnace oil based power plant before FY10. In FY09 when oil prices reached levels of USD 150, the power cost of the company peaked to 13.3% of sales. High cotton prices and high power cost coupled with foreign exchange loss resulted in loss at EBITDA level in FY09. However, with the adoption of sound forex policies, change in business strategies and improvement in business scenario, the company exited CDR in FY14. As per the management, NSL's exit from CDR is the shortest turnaround in the history of CDR mechanism. The exit from CDR would provide the company with operational and financial flexibility and enable it to pursue capex plans.



Source: Bloomberg, IndiaNivesh Research

Source: Bloomberg, IndiaNivesh Research

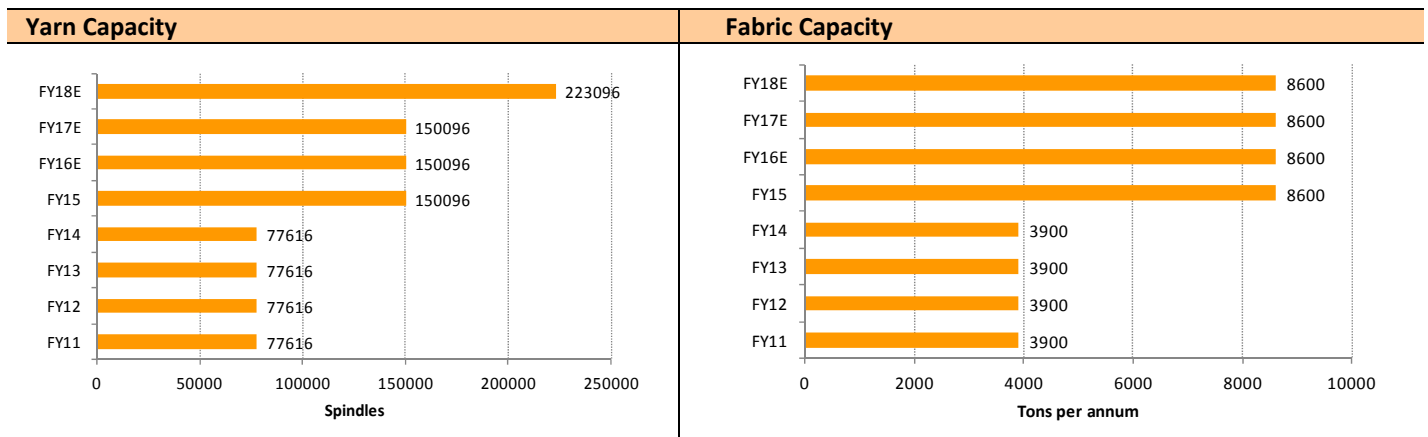


Source: Bloomberg, IndiaNivesh Research

Aggressive Capex to drive growth

Capacity to almost treble over FY14-FY18E

NSL doubled its spinning capacity in FY15 to 150,096 spindles from 77,616 spindles in FY14. Earlier, it had expanded its capacity by 50,400 spindles to 77616 spindles in FY08. Over FY09-FY14 period, the company had no expansions due to stressed financial position and weak industry demand conditions. Going forward, it is adding 73000 spindles to its capacity to reach 223096 spindles. This capacity addition would entail capex cost of Rs 3 bn which would be financed through debt of Rs 2.2 bn and balance through internal accruals. Additional capacity would be commencing operations from March 2017. This would imply capacity almost trebling of capacity over FY14-FY18E. The company is not expanding its fabric capacities as they are yet to reach optimum utilization.

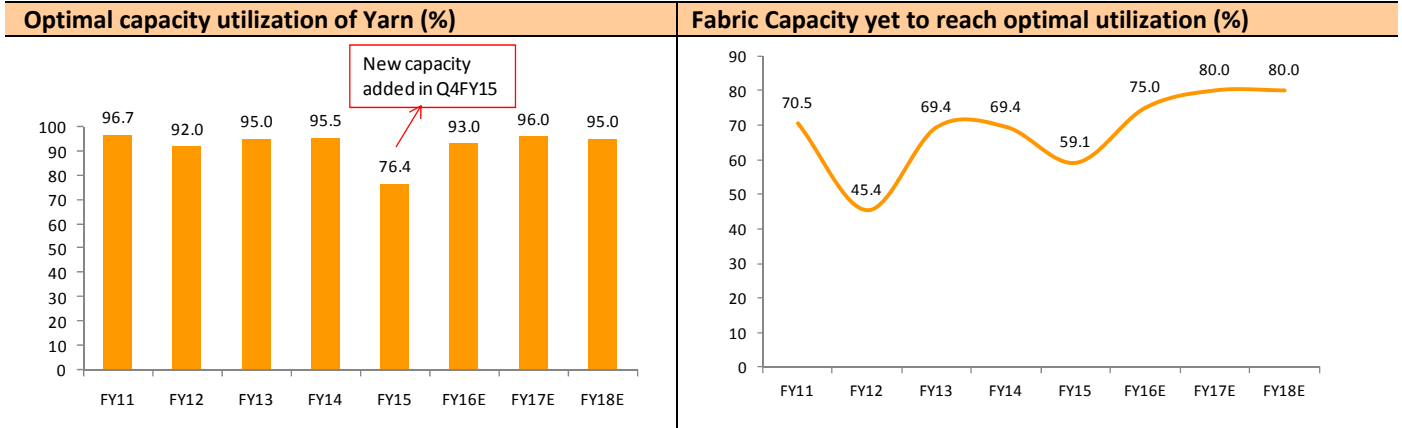


Source: Company, IndiaNivesh Research

Source: Company, IndiaNivesh Research

Capacity utilization above 90% even in weak demand scenarios

Over FY09-FY14 period, the company had no expansions due to stressed financial position and weak industry demand conditions. However, it had been operating at optimal levels of above 90% over the period (even at times of weak demand). This signifies that the company has strong client base and its products are preferred by the clients. Also, the ability to manufacture wide variety of yarns including slub and compact for segments like denim, terry towel, intimate wear, etc. provides cushion against demand weakness in one or two segments of the industry.



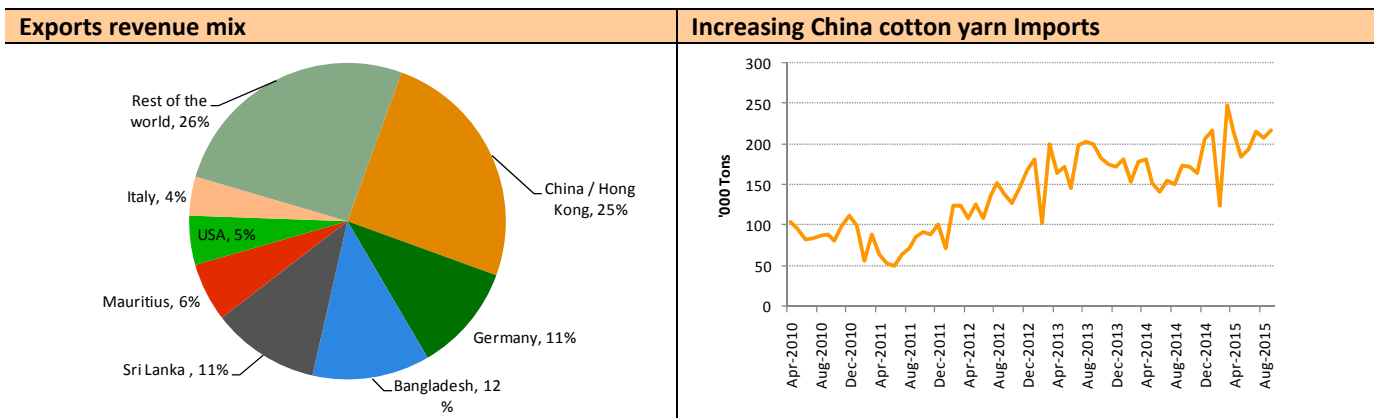
Source: Company, IndiaNivesh Research

Source: Company, IndiaNivesh Research

Increase in cotton yarn import from China – positive for NSL

NSL is an export driven company with 65% of revenues accruing from exports. China / Hong Kong are major destinations of the company’s exports constituting ~25% of exports. Other countries forming major part of exports include Bangladesh, Sri Lanka and Germany.

It has been observed that Chinese import of raw cotton has declined considerably while that of cotton yarn (a value added product) has increased in the same period. In H1FY16, Chinese raw cotton imports have declined by 42.6% yoy in H1FY16 while cotton yarn imports have increased by 29.2% yoy. This is beneficial for NSL as China is one of the major export destinations for the company.



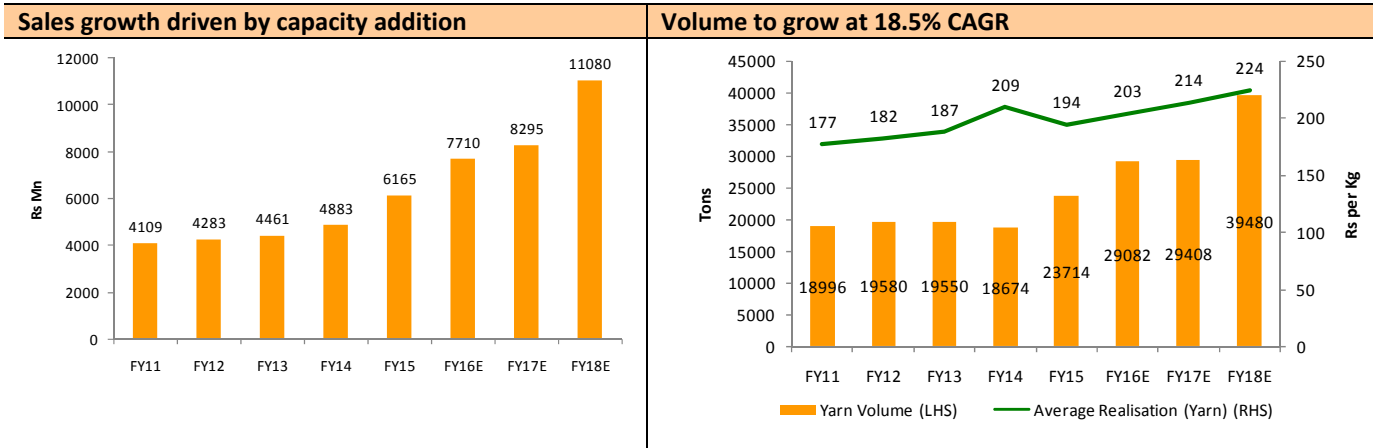
Source: Company, IndiaNivesh Research

Source: Bloomberg, IndiaNivesh Research

Financial Performance

Volumes to drive 21.6% sales CAGR

Net sales of the company stood at Rs 6165 mn in FY15 against Rs 4110 mn in FY11, signifying CAGR of 10.7% over FY11-FY15. This was led by volume growth of 8.7% CAGR in yarn and 20.1% CAGR in fabric. Volume growth of the company was driven by capacity addition in Q4FY15. Average realization of yarn increased at 2.75% CAGR over the period aided by rupee depreciation (rupee depreciated 8.6% CAGR while cotton prices declined 15.1% CAGR over FY11-FY15). Going forward, we expect the company sales to grow at 21.6% CAGR over FY15-FY18E to reach Rs 11080 mn in FY18E from Rs 6165 mn in FY15. This would be driven by higher volumes on back of capacity additions in FY15 and FY18E. We expect volume / average realization to grow at 18.5% / 5% CAGR over FY15-FY18E respectively.

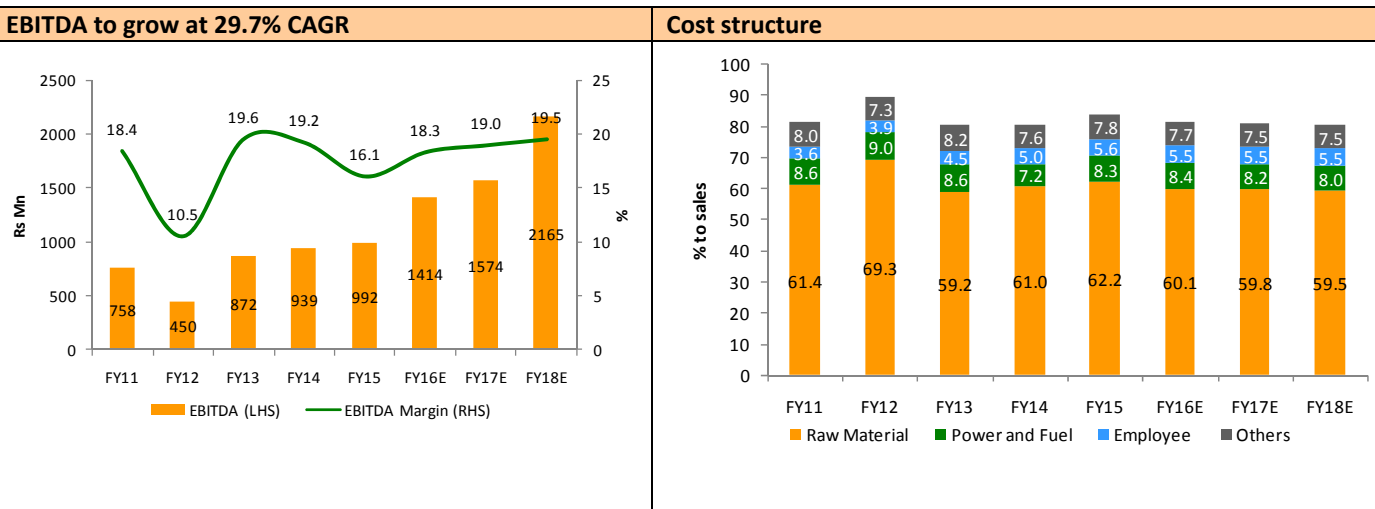


Source: Company, IndiaNivesh Research

Source: Company, IndiaNivesh Research

Value added products to improve EBITDA margin

Though cotton price is a large determinant of average realization of cotton yarn manufacturing companies, value added products can aide companies in getting better average realization. NSL has been focusing on improving the product mix and increasing the revenue share of value added products like compact yarn, finer count yarns among others. EBITDA of the company increased at 6.9% CAGR to reach Rs 992 mn in FY15 from Rs 758 mn in FY11. EBITDA margin of the company fluctuates with change in raw material prices. Going forward, we expect EBITDA of the company to grow at 29.7% CAGR to reach Rs 2165 mn in FY18E due to change in revenue mix. EBITDA margin is likely to reach 19.5% in FY18E from 18.3% in FY15, an improvement of 346 bps over the period.



Source: Company, IndiaNivesh Research

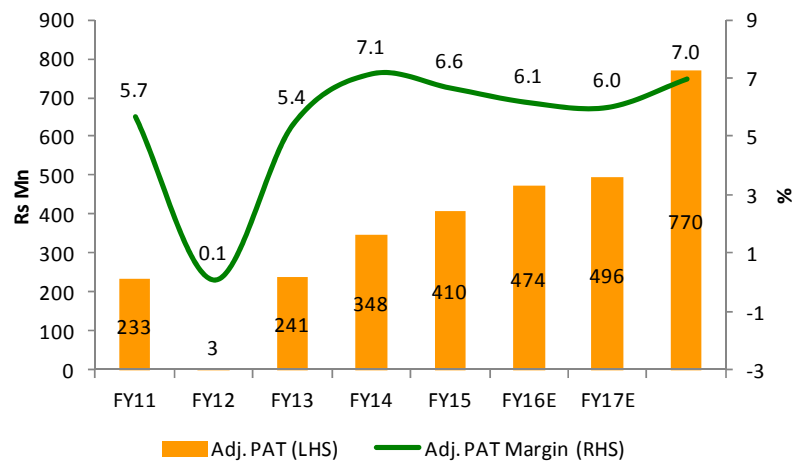
Source: Company, IndiaNivesh Research

PAT margin to be impacted in near term on higher tax rate and interest cost

Reported PAT of the company increased at a CAGR of 57% over FY11-FY15 to reach Rs 410 mn in FY15 against Rs 67 mn in FY11. However, adjusting for exceptional items in FY11 (for excess depreciation charged on change in accounting norms), PAT increased at 15.2% CAGR over the same period. Adjusted PAT margin increased from 5.7% in FY11 to 6.6% in FY15 on higher other income. PAT margin of the company has largely been moving in-line with EBITDA margin.

Despite EBITDA growth of 29.7% CAGR, PAT is likely to grow at 23.4% CAGR over FY15-18E. We expect PAT of the company to reach Rs 770 mn in FY18E with margin of 7.0%. This is due to higher effective tax rate, higher depreciation and interest cost due to ongoing capex. The company is likely to pay full tax rate of 34.3% from FY16E against 23.8% rate paid in FY15. Depreciation and interest are likely to grow at 29.4% and 20.5% CAGR over FY15-18E, lowering the bottom-line growth.

PAT to grow at 23.4% CAGR

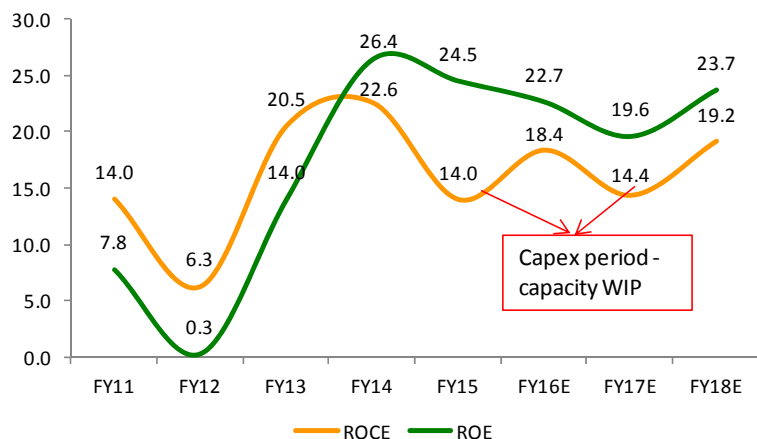


Source: Company, IndiaNivesh Research

Return ratios healthy despite lower PAT margin

Post FY12, the return ratios of the company increased significantly on improved profitability and no capex till FY14. ROCE / ROE of the company increased to 22.6% / 26.4% in FY14 from 6.3% / 0.3% in FY12. The company embarked on expansion plans from FY15 followed by another expansion in FY18E, which would be impacting ROCE due to higher capital work in progress till FY17E. Also, higher effective tax rate and lower PAT margin would impact the return ratios of the company. However, we expect an improvement in return ratios post the completion of the capacity addition in FY17E and report improved performance from FY18E. We expect ROCE/ ROE to reach 19.2% / 23.7% in FY18E respectively.

ROE of 23.7% in FY18E



Source: Company, IndiaNivesh Research

Key risks

Cotton price volatility may impact profitability

NSL is a cotton yarn manufacturing company with raw material cost forming ~60% of its sales. Key raw material of the company is cotton, which fluctuates depending on the demand and supply scenario in global as well as domestic markets. Though value added yarn and presence of fabrics provides some cushion to this risk, NSL cannot mitigate this risk completely. Steep volatility in cotton prices could impact the performance of the company on short term basis at any particular time. As per our analysis, 100 bps movement in raw material cost as percentage to sales could impact EPS by 10.8% in FY16E, 11% in FY17E and 9.5% in FY18E.

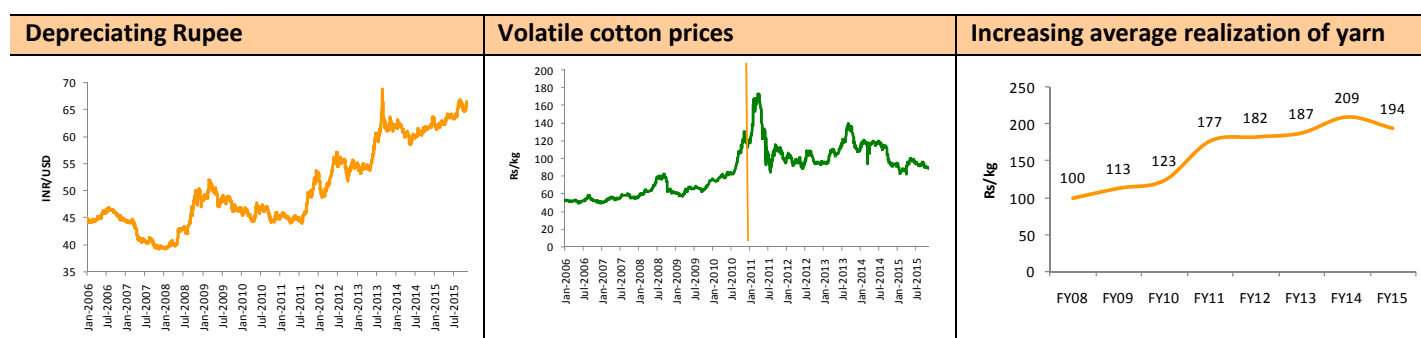
Sensitivity of raw material cost to EPS

Raw Material / EPS	100 bps↓	50 bps↓	Base Case	50 bps ↑	100 bps ↑
FY16E	59.1	59.6	60.1	60.6	61.1
% Change in EPS	10.8	5.4	0.0	-5.4	-10.8
FY17E	58.8	59.3	59.8	60.3	60.8
% Change in EPS	11.0	5.5	0.0	-5.5	-11.0
FY18E	58.5	59.0	59.5	60.0	60.5
% Change in EPS	9.5	4.8	0.0	-4.8	-9.5

Source: IndiaNivesh Research

Rupee appreciation

Exports constitute 65% of the company's sales. Rupee has been depreciating since 2008 and has reached Rs 66 / USD currently from Rs 40 / USD in 2008. This implies a depreciation of 65% over the period. In our opinion, the company has benefitted from this scenario as the average realization of the company has either been increasing or stable, irrespective of cotton prices. Significant rupee appreciation could have an adverse impact on the average realization.



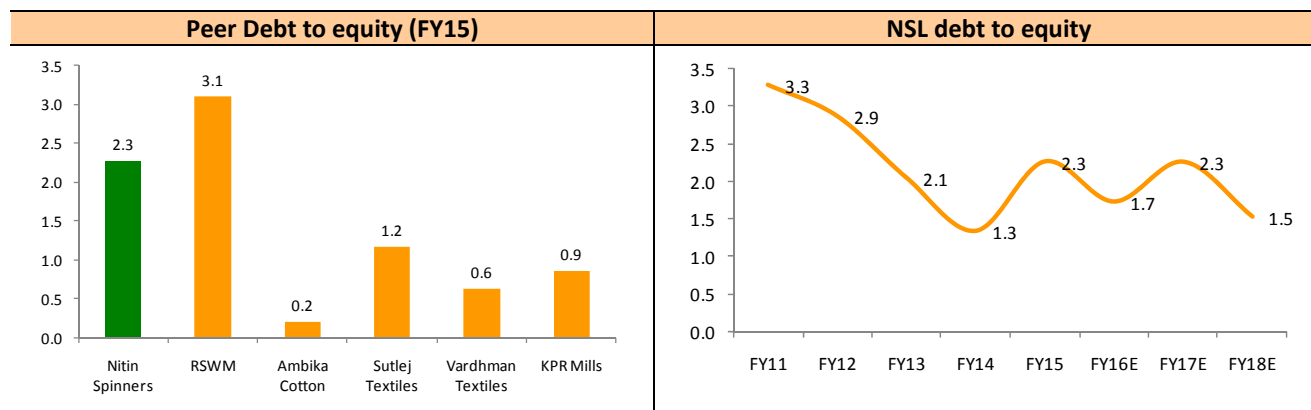
Source: Bloomberg, IndiaNivesh Research

Source: Bloomberg, IndiaNivesh Research

Source: Company, IndiaNivesh Research

High debt

NSL, operating in capital intensive spinning industry, has been exposed to high debt. However, post exit from CDR, the company has been conscious of reducing the debt levels. We expect the debt to equity of the company to reduce to 1.5x in FY18E from 2.3x in FY15, post completion of capacity expansion. Taking into consideration other spinning companies, the debt of the company would still remain high as other companies have consciously reworked their strategies to reduce debt. High debt could be one of the major risks in event of demand slowdown.



Source: Bloomberg, IndiaNivesh Research

Source: Company, IndiaNivesh Research

Valuation

NSL has a strong business model with products being supplied to variety of textile segments to diversified client base across more than 30 countries. With vertical integration till fabric level, focus on value added products and establishment of captive power plant the margins are likely to be protected to some extent. It doubled its capacity in FY15; the full impact would be visible in FY16E. It is further adding capacities in FY17E which would lead to sales growth of 21.6% CAGR over FY15-FY18E. We expect EBITDA margin to improve by 346 bps over FY15-18E due to focus on value added products and stable raw material scenario.

At CMP of Rs 64, the stock trades at PER of 6.2x, 5.9x and 3.8x its FY16E, FY17E and FY18E EPS of Rs 10.3, Rs 10.8 and Rs 16.8 respectively. Historically, the company has traded at average one year forward PE of 8.8x since FY10. Recently the valuation of the sector has reduced as there has been correction in equity markets and companies have been reporting disappointing results. Currently, peers are trading at average PE multiple of 7.5x FY17E earnings. However, this valuation is likely to improve going forward with demand improvement and stability in raw material scenario.

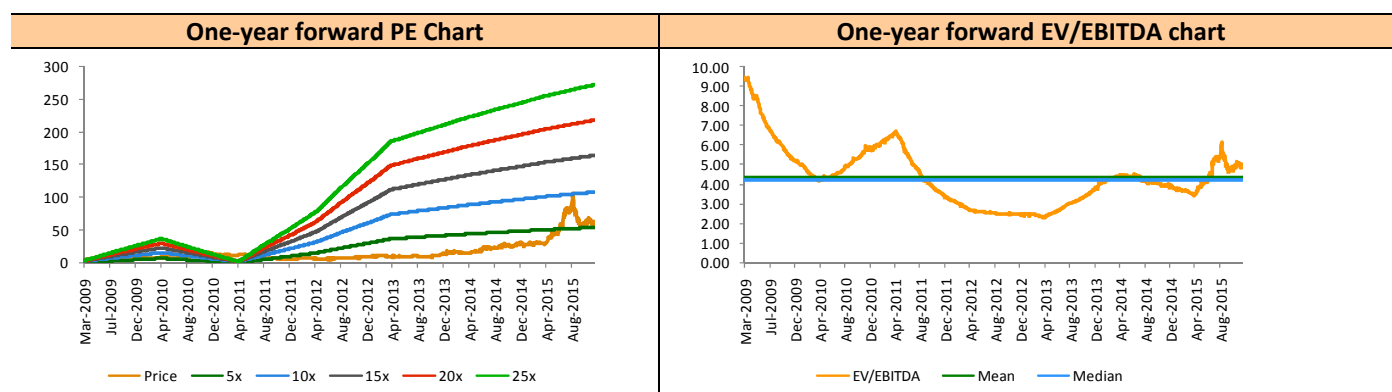
We value Nitin Spinners Ltd at 6.7x (discount of 10% to peers due to high debt and lower PAT growth) its FY18E earnings arriving at target price of Rs 112 per share. FY18E is likely to be a game changing year for the company due to new capacities coming into operations. We recommend BUY rating on the stock with long term horizon.

Peer Comparison

Companies	Growth CAGR (FY15-17E)			EBITDA Margin(%)		PAT Margin (%)		ROE (%)	Debt to Equity	PE (x)	EV/EBITDA (x)
	Sales	EBITDA	PAT	FY16E	FY17E	FY16E	FY17E	FY17E	FY15	FY17E	FY17E
Ambika Cotton*	15.3	16.3	20.0	20.7	21.1	11.0	11.5	19.1	0.2	6.5	4.0
Vardhman Textiles*	5.1	16.0	35.1	19.8	20.1	8.9	9.7	16.6	0.6	7.0	3.8
KPR Mills	15.8	25.2	38.2	15.8	16.9	8.4	9.9	26.4	0.9	8.9	5.5
Average	12.1	19.2	31.1	18.7	19.4	9.4	10.4	20.7	0.6	7.5	4.4
Nitin spinners	21.6	29.7	23.4	18.3	19.0	6.1	6.0	19.6	2.3	5.9	5.5

Source: Company, Bloomberg, IndiaNivesh Research

Note: *. Bloomberg consensus

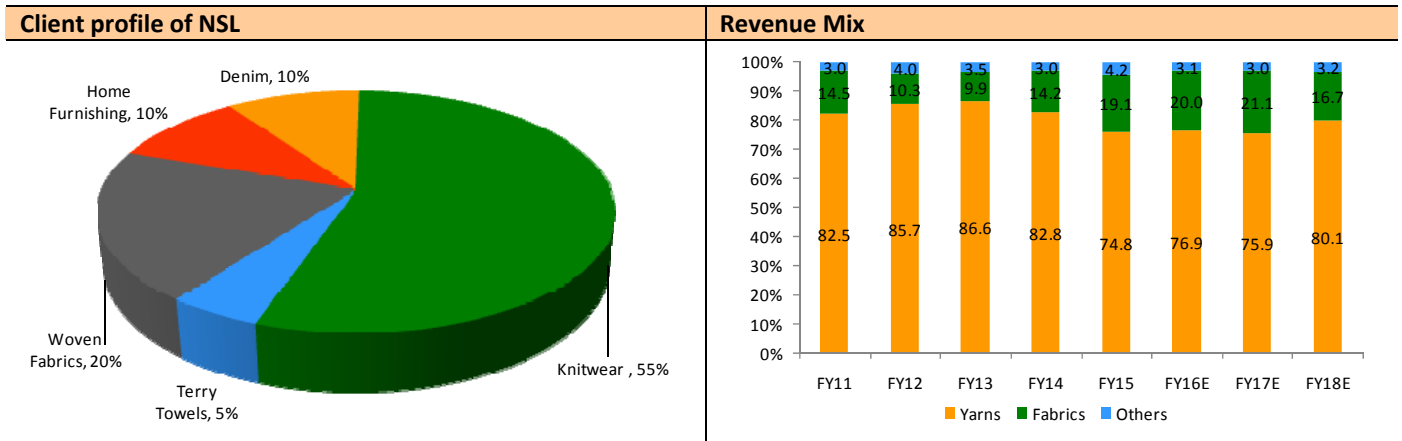


Source: Capitaline, IndiaNivesh Research

Source: Capitaline, IndiaNivesh Research

Company Background

Nitin Spinners Ltd, incorporated in 1993, is engaged in the production of cotton yarns and knitted fabrics. Cotton yarns manufactured by the company are used in diversified segment including knitted fabrics, woven fabrics, industrial fabrics, denims, furnishings, terry towels and carpets among others. Knitted fabrics are used in apparel industry. Headquartered in Bhilwara (Rajasthan), the company's manufacturing capacity of yarn is 37800 tons per annum (150,000 spindles) and that of fabrics is 8600 tons per annum (49 circular knitting machines). With 65% of its sales accruing from exports, the company is exporting products to more than 40 countries including European, US and Asia-Pacific countries. The company is an approved vendor for HNM, C&A and IKEA stores.



Source: Company, IndiaNivesh Research

Source: Company, IndiaNivesh Research

Standalone Financial Statements

Income statement

Y E March (Rs m)	FY 14	FY 15	FY 16E	FY 17E	FY 18E
Net sales	4883	6165	7710	8295	11080
Growth %	9.5	26.2	25.1	7.6	33.6
Expenditure	3944	5173	6296	6721	8914
Raw Material	2979	3837	4635	4961	6591
Power and Fuel	350	513	644	682	883
Employee	246	343	424	456	609
Others	370	480	594	622	831
EBITDA	939	992	1414	1574	2165
Growth %	7.7	5.6	42.6	11.3	37.6
EBITDA Margin %	19.2	16.1	18.3	19.0	19.5
Other Income	3	51	7	7	8
Depreciation and amortisation	249	279	376	398	605
EBIT	694	764	1045	1183	1568
EBIT Margin %	14.2	12.4	13.6	14.3	14.2
Interest	175	226	324	428	395
Exceptional/Extraordinary item	0	0	0	0	0
PBT	520	537	721	755	1173
PBT Margin %	10.6	8.7	9.3	9.1	10.6
Tax	172	128	247	259	402
Effective tax rate %	33.1	23.8	34.3	34.3	34.3
PAT	348	410	474	496	770
Adj. PAT	348	410	474	496	770
Growth%	44.7	17.6	15.6	4.8	55.2
Adj. PAT Margin %	7.1	6.6	6.1	6.0	7.0

Cash Flow

Y E March (Rs m)	FY 14	FY 15	FY 16E	FY 17E	FY 18E
PBT	520	537	721	755	1173
Adjustment for:					
Depreciation	249	279	376	398	605
Net interest Paid	175	226	324	428	395
Others	1	8	0	0	0
Changes in working capital	35	-495	-356	-96	-560
Tax expenses	-112	-111	-247	-259	-402
Cash flow from operations	866	445	817	1227	1211
Capital expenditure	-389	-2194	-260	-2845	5
Free Cash Flow	478	-1749	557	-1618	1216
Others	0	0	0	0	0
Cash flow from investments	-389	-2194	-260	-2845	5
Interest	-175	-226	-324	-428	-395
Loans availed or (repaid)	-305	2022	-178	2100	-763
Proceeds from Issue of shares (incl share premium)	0	0	0	0	0
Dividend paid (incl tax)	0	-40	-55	-55	-55
Cash flow from Financing	-480	1756	-558	1617	-1214
Net change in cash	-2	6	0	-2	2
Cash at the beginning of the year	3	1	7	7	5
Cash at the end of the year	1	7	7	5	7

Balance sheet

Y E March (Rs m)	FY 14	FY 15	FY 16E	FY 17E	FY 18E
Equity Share Capital	458	458	458	458	458
Reserves & Surplus	857	1212	1630	2071	2786
Net Worth	1316	1670	2088	2529	3245
Total debt	1761	3783	3605	5704	4941
Net deferred tax liability	211	339	339	339	339
Total Liabilities	3288	5792	6032	8573	8525
Gross Fixed Assets	3787	6211	6261	9261	9311
Less Depreciation	1875	2044	2420	2818	3423
Capital Work in Progress	212	0	210	55	0
Net Fixed Assets	2124	4167	4052	6498	5888
Investments	0	0	0	0	0
Current Assets	1416	1932	2344	2494	3160
Inventories	707	942	1164	1244	1640
Sundry Debtors	249	404	493	506	659
Cash & Bank Balance	1	7	7	5	7
Loans & advances	347	311	386	415	499
Other Current assets	113	268	294	324	356
Current Liabilities & provisions	252	307	363	419	523
Net Current Assets	1164	1625	1981	2075	2637
Mis Exp not written off	0	0	0	0	0
Total assets	3288	5792	6032	8573	8525

Key ratios

Y E March	FY 14	FY 15	FY 16E	FY 17E	FY 18E
Adj. EPS (Rs)	7.6	8.9	10.3	10.8	16.8
Cash EPS (Rs)	13.0	15.0	18.5	19.5	30.0
BVPS	28.7	36.4	45.6	55.2	70.8
DPS (Rs)	0.8	1.0	1.0	1.0	1.0
Adj. P/E (x)	8.4	7.2	6.2	5.9	3.8
P/CEPS (x)	4.9	4.3	3.5	3.3	2.1
P/BV (x)	2.2	1.8	1.4	1.2	0.9
EV/EBITDA(x)	5.0	6.8	4.6	5.5	3.6
M cap/sales (x)	0.6	0.5	0.4	0.4	0.3
ROCE	22.6	14.0	18.4	14.4	19.2
ROE	26.4	24.5	22.7	19.6	23.7
Inventory (days)	52.8	55.8	55.1	54.8	54.0
Debtors (days)	18.6	23.9	23.4	22.3	21.7
Trade Payables (days)	8.0	5.5	5.8	6.6	7.3
Total Asset Turnover (x)	1.4	1.0	1.2	0.9	1.2
Fixed Asset Turnover (x)	2.6	1.5	2.0	1.3	1.9
Debt/equity (x)	1.3	2.3	1.7	2.3	1.5
Debt/ebitda (x)	1.9	3.8	2.5	3.6	2.3
Interest Coverage (x)	4.0	3.4	3.2	2.8	4.0
Dividend Yield %	1.2	1.6	1.6	1.6	1.6

Source: Company, IndiaNivesh Research

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