

## Cupid Ltd.(Cupid)

**Sector: Pharmaceutical**

 6<sup>th</sup> August, 2015

### “जहां इच्छा वहां सुरक्षा”; initiate with BUY

Modern Indian culture is shifting towards the American way. It is being replaced by pseudo American lifestyle, where, contraceptive product fits evidently in the society. Here, Cupid plays a major role as it manufactures condoms for males and females. It is the country's only female condom manufacturer and second in the world to have been pre-qualified by the WHO/UNFPA (United Nations Population Fund) for worldwide public distribution. We foresee lifestyle changes, huge potential target segment & quality product to drive Cupid's revenue/earnings by ~44%/52% CAGR over FY15-18e. We initiate coverage on Cupid Ltd (Cupid) with a BUY rating and a price target of Rs. 327 implying 68% upside.

**Attractive fundamentals and a strong Order Book :** Cupid's revenue has grown by ~23% of CAGR over FY11-15. In FY15, the Company reported major growth from female condoms (from 10% of total sales in FY14 to 40% in FY15). In FY 15, Cupid realized EBITDA/PAT margins of 29%/17% respectively. Also, in 1QFY16, its EBITDA/PAT margins were as high as 38.5%/23 led by higher contribution from female condoms and higher exports. Currently, Cupid has an order worth USD16.28mn to supply female condoms to the National Department of Health, South Africa. This order is to be executed over a period of 3 years starting from 1st July 2015 to 30th June 2018. Apart from this, the Company has also signed a 3 year Agreement with United Nations Population Fund.

**High growth potential on the basis of pure domestic facts :** India has a population of ~1.27bn, out of which ~48% is comprised of women who amount to ~609mn. We feel that the desire to indulge in a physical relationship arises from the age of 15 up till the age of 44; ~46% women, amounting to ~280mn. If we assume that a woman indulges in a physical relations 52 times a year. This means that the potential demand for female condoms, could be 52 times the population of women in the age bracket of 15-44 (~280mn) i.e. ~14.5bn condoms per annum.

**Potential Growth in Female Condom through Empowerment of Women :** When engaging in a physical relationship, women are exposed to maximum risk. Female condoms have empowered women across the globe to protect themselves from unintended pregnancy and sexually transmitted infections (STIs), including HIV. It is the safest women initiated method available that provides dual protection and is at least as effective as the male condoms and can reduce the risk of HIV infection by 97%.

**Valuation:** Cupid trades at 12x one-year forward P/E, and we expect that the following factors will further drive the stock upside: 1) strengthening financial health with Rs263mn in cumulative FCF generation over next 3 years, 2) improving portfolio mix leading to 300-400bps expansion in operating margins by FY18e, 3) EPS CAGR of 52%. We assign 20x (current level at which the BSE mid cap PE is trading) to FY17e EPS of Rs 16.3 and arrive to the target price of Rs 327 with a potential upside of 68%.

#### Exhibit 1: Financial summary (Rs mn)

Year end: March	FY13	FY14	FY15	FY16e	FY17e	FY18e
Net sales	284	195	444	631	915	1327
Growth (%)	9.3	-31.2	127.5	42.0	45.0	45.0
Operating margin (%)	10.9	10.8	28.9	30.9	32.0	32.0
PAT	9	1	77	117	182	269
EPS (Rs)	0.8	0.2	6.9	10.6	16.3	24.2
P/E(x)	241.2	1266.8	28.0	18.4	11.9	8.0
ROE (%)	5.1	0.9	36.0	39.0	40.3	39.8
ROCE (%)	5.7	1.8	30.5	34.6	37.1	37.6
Net debt/equity (x)	0.11	0.17	0.09	0.06	0.04	0.03
P/Bv (x)	11.6	11.6	8.9	6.0	4.0	2.7

Source: Company, BOBCAPSe

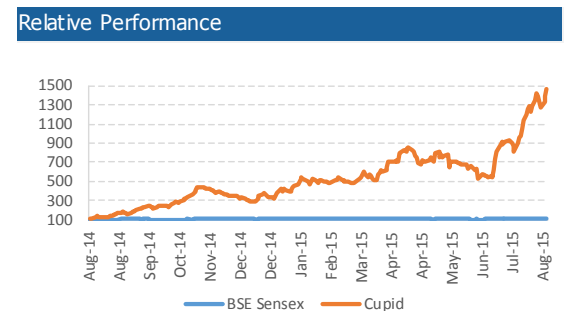
Price	Price Target	Up/Down (%)
Rs. 194	Rs. 327	68%

Bloomberg Code	Reuters Code
CUPD IN	CUCO.BO

Share Holding (%)	As on 30th June 2015
Promoters	48.5
FII	0.0
DII's	0.03

Stock Data	
Nifty	8,568
Sensex	28,223
52 week high/low	194/13
Market Cap (Rs. bn)	2.2
Face Value	Rs. 10

Price performance (%)	1M	3M	6M	1Y
Absolute	59.7	97.0	187.1	1368.3
Relative to Sensex	59.3	94.1	189.3	1359.3



Source:-Bloomberg

## Company Profile

Cupid Ltd. was founded in collaboration with world leader Green mate Corporation, a leading manufacturer of quality male condoms. It commenced commercial production in 1998 under the strict supervision and training by Korean Technicians. It currently manufactures condoms for males and females with ~80% exports. Cupid would soon be starting production of its third product which is lubricant jelly in an FDA approved facility.

Cupid's factory is fully equipped and has an active quality control and quality assurance program including the testing of raw material up to final packaging of the product. Its laboratory is equipped with state of the art instruments including air inflation tester to check the bursting volume & pressure, tensile tester to check physical properties and water leakage tester to check pin holes. Further, aging oven and seal integrity tester are also available to check parameters at each stage during production. The production process includes compounding, dipping, and online electronic testing.

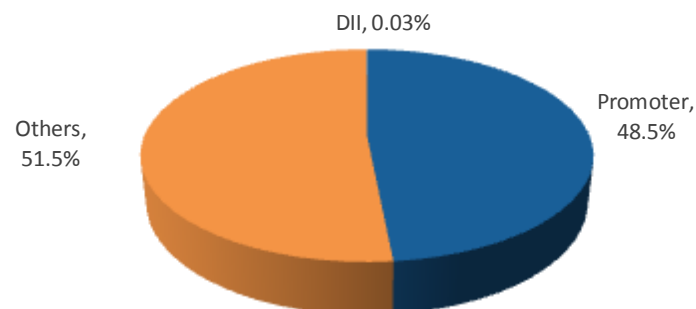
Also, it is worth mentioning here that since the last 2 years, Cupid has 'zero' long term borrowings. Cupid is not a stressed asset and does not have any history of defaults or restructuring.

### Exhibit 2: Countries to which Cupid Exports

South Africa	Kenya	Rwanda	Zimbabwe	Netherlands	Switzerland
Haiti	Trinidad	Brazil	Indonesia	Denmark	Burma
Ghana	Nigeria	Gabon	Benin	UAE	Ivory Coast
Uganda	Nepal	Srilanka	Congo	USA	Syria
Jamaica	Belarus	New Zealand	Australia	Ecuador	Cameroon
Mozambique	Afghanistan	Malawi	Russia	Sierra Leone	Belize

Source: Company, BOBCAPS

### Exhibit 3: Shareholding pattern



Source: Company, BOBCAPS

### Exhibit 4: Management details

Mr. Omprakash Chhangamal Garg	Chairman & Managing Director
Mr. Pradeep Kumar Jain	Independent & Non Executive Director
Ms. Veena Garg	Women Director
Ms. Jandyala Lakshminayana Sarma	Director

Source: Company, BOBCAPS

## Industry Outlook

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### Contraceptive Market

The contraceptives market is categorized on the basis of products into two major categories namely contraceptive drugs and contraceptive devices. Growing prevalence of sexually transmitted infections (STIs), especially HIV can be controlled by introduction of new products like female condom.

According to a new study by Grand View Research Inc. the global Contraceptives Market is expected to reach USD 30.86 million by 2022. Asia Pacific, is also expected to witness substantial growth in rapidly rising population levels and the consequent rise in demand for contraception by 2020. Presence of government initiatives in countries such as India, China, Sri Lanka, Pakistan, and Bangladesh aimed at slowing down population growth and prevalence of STDs are expected to promote market growth.

The global contraceptives market is segmented into the following categories:

#### Contraceptives drugs:

- Oral Contraceptive Pills
- Contraceptive Injectable
- Topical Contraceptives

#### Contraceptives devices:

- Male and female condoms
- Sub-dermal Contraceptive Implants
- Intrauterine Devices
- Contraceptive Vaginal Rings
- Contraceptive Diaphragm Contraceptive Sponges
- Non-Surgical Permanent Contraception Device
- IUDs (Copper IUD & Hormonal IUD)

Among all these contraceptives available, condoms are the most affordable and less side effects than the other contraceptives like IUD and oral birth control pills.

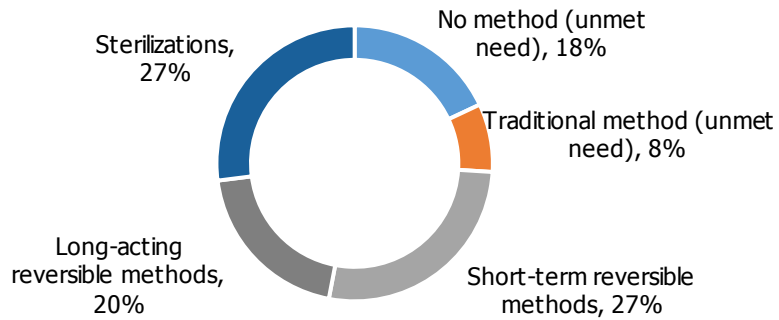
**Need for contraception:** Women with unmet need are those who are sexually active but are not using any method of contraception and also do not want to get pregnant. In 2010, 146mn (130–166 million) women worldwide aged 15–49 years who were married or in a union had an unmet need for family planning. The absolute number of married women who either use contraception or who have an unmet need for family planning is projected to grow from 900 million (876–922 million) in 2010 to 962 million (927–992 million) in 2015, and will increase in most developing countries.

An estimated 225mn women who want to avoid a pregnancy are not using an effective contraceptive method.

According to the U.S. Centers for Disease Control and Prevention, approximately 37% of the birth in the U.S. is a result of unwanted pregnancy. North America contraceptives market accounted

for the largest share at over 30.0% in 2014 owing. An unmet contraceptive need for about 215 million people worldwide (18.2%) is further expected to grow the market.

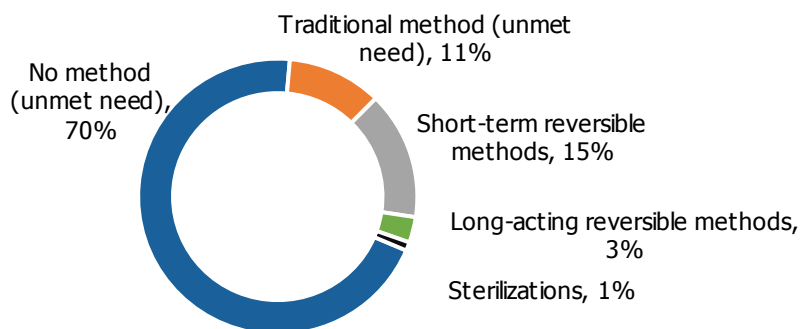
**Exhibit 5: Unmet need for modern contraception (to avoid pregnancy)**



**877 million women want to avoid pregnancy**

Source: UNFPA, BOBCAPS

**Exhibit 6: Unmet need for modern contraception (Unintended pregnancy)**



**74 million unintended pregnancies**

Source: UNFPA, BOBCAPS

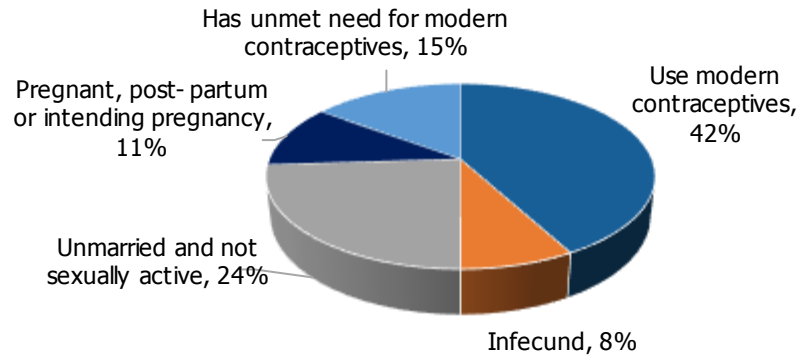
**Women with unmet need for modern contraception make up 26% of those who want to avoid a pregnancy, but account for 81% of unintended pregnancies.**

**Health Consequences:** Access to reproductive health, including family planning, is recognized as a human right. Yet the importance of contraceptives is often overlooked as a priority on the development agenda. Each year, 19mn to 20mn women risk their lives to undergo unsafe abortions, conducted in unsanitary conditions. And also 1.5mn women out of the 125mn pregnant women are living with HIV.

Globally, new HIV infections declined by about 40% between 2000 and 2013, falling from an estimated 3.5 million new infections to 2.1mn due to increasing awareness about modern contraceptive drugs and devices.

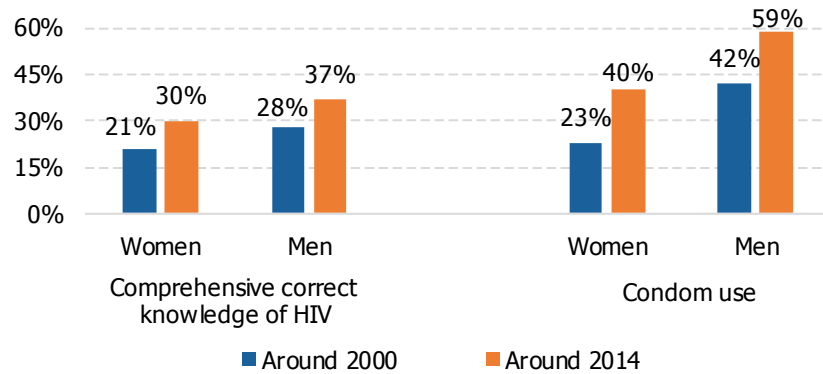
- Among the world’s poorest 69 countries, a study shows that sterilization was most widespread at 17% of women using modern methods, followed by oral contraceptives at 7%, injectable and then intra-uterine devices (IUDs) at just over 5%, with condoms at nearly 4%.

**Exhibit 7: Contraceptive needs of women in the developing world (2012)**



Source: Industry, BOBCAPS

**Exhibit 8: Knowledge of HIV and HIV prevention remains low among young people**



Source: WHO, BOBCAPS

## Investment rationale

**Cupid, with a consistent record of past 17 years in male/female condom (started manufacturing in FY14) manufacturing, is a second largest manufacturer of female condoms, globally. Cupid has grown by ~23% of CAGR over FY11-15. In FY15, the Company reported major growth from female condoms (from 10% of total sales in FY14 to 40% in FY15). Female condoms are high margin products and Cupid is concentrating on increasing its contribution in its product mix.**

**We believe, going forward, the Company will grow in the female condom segment led by 1) orders from UNFPA, 2) the existing order worth USD 16.28mn from National Department of Health, South Africa, to be completed in next 3 years, 3) prospective export orders, 4) potential awareness and growth from domestic market. We expect revenue/earnings to grow at a CAGR of ~44%/52% over FY15-18e.**

### Attractive fundamentals and a strong Order Book

Cupid's revenue has grown by ~23% of CAGR over FY11-15. In FY15, the Company reported major growth from female condoms (from 10% of total sales in FY14 to 40% in FY15). It realizes high EBITDA and PAT margins due to its female condoms. In FY 15, Cupid realized EBITDA/PAT margins of ~29%/17% respectively. Also, in the first quarter of FY 15-16, its EBITDA/PAT margins were as high as 38.5%/23.6%. As compared to previous quarter, the increase in Cupid's EBITDA/PAT is ~26%/136.7% respectively, and the same as compared to Q1 FY 14-15 is ~95.6%/60% respectively.

The Company has 'Zero' long term borrowings since past 2 years with no history of restructuring and defaults. As of year ended March 2015, Cupid had a cash and bank balance of ~Rs.3.2 cr.

Currently, Cupid has an order worth USD16.28mn (Equivalent to ~Rs.100cr) to supply female condoms by the brand name of Cupid to the National Department of Health, South Africa. This order is to be executed over a period of 3 years starting from 1<sup>st</sup> July 2015 to 30<sup>th</sup> June 2018. Apart from this, the Company has also signed a three year Long-Term Supply Agreement (LTA) with United Nations Population Fund (UNFPA) to supply male and female condoms.

We believe, going forward, the revenue contribution of female condom will increase over male condom due to high demand, resulting in a huge increase in the Company's order book and the fact that Cupid has no long term borrowing, makes its financials more attractive with higher EBITDA/PAT margins.

### High growth potential on the basis of pure domestic facts

India, with a population of ~1.27bn, is the second most populated country in the world. Out of this 1.27 bn population of India, ~48% is comprised of women who amount to ~609mn. We feel that the desire to indulge in a physical relationship arises from the age of 15 up till the age of 44; ~46% women come under the age bracket of 15-44, amounting to ~280mn.

Assuming that a woman in India indulges in a physical relationship 52 times in a year, then the potential demand for female condoms, could be as high as 52x population of women in the age bracket of 15-44 (~280mn) i.e. ~14.5bn condoms per annum. This can percolate into the prospective revenue of ~Rs.291bn in a year.

**Exhibit 9: Assumption for Potential demand for Female Condoms in India**

Particulars	Amount
Total Indian Population	1.27bn
Women as a % of total population	~48%
Women population (nos.)	~60.9cr
Women between the age of 15-44 (as a % of total women population)	~46%
Women between the age of 15-44 (nos.)	~28cr
Average indulgence in sexual act in a year	52 times
Potential demand for female condom (nos.) in a year	~1456 Cr. condoms
Average price per female condom	~Rs.20
Potential revenue in a year	~Rs.291bn

Source: BOBCAPS

Adding to the above calculations, going forward, these figures are bound to increase. The primary reasons for the increase in the overall population are on the basis of certain facts as follows:

1. The Fertility Rate in India, i.e. the number of children a single woman has in her lifetime, is ~2.3. This means that for every couple (Woman + Man) that dies, ~2.3 children are born.
2. The Sex Ratio, which is the ratio of males to females, is 943 females per 1,000 males. This implies that for every 1,000 male, there are 943 females in India. The gap in the sex ratio has been closing and soon it is expected to achieve equality, the ratio of 1:1.
3. The Birth Rate and Death Rate are one of the most important determinants of population growth. The birth rate in India is ~20 per 1000 people and the death rate is at ~8 per 1000 people.

Thus, keeping in mind the above mentioned points, India's population growth rate is set to ~1.2% per annum and it is most likely that India will surpass China to become the world's most populated country by 2020.

As per the above mentioned facts and calculations, we believe that the growth prospects for Cupid's female condom/lubricant jelly today is enormous, which is only going to increase in the coming years.

## Sput in sale of contraceptives during Festivities and events

Various articles suggest that condom sales have seen a high spurt in volume during various festivals and events like Kumbh Mela, Navratri, Durga Puja, Ganesh Chaturti, ASIAD and many more.

- Various articles suggest that in the Kumbh Mela that is being held in Nashik, there is a severe shortage of condoms to cater to the visitors from across India who are attending the Kumbh Mela. It is estimated that ~24 lakh condoms, at least, would be required to cater to the demand during the 52 days of the Kumbh Mela, but, as of July 3, the total number of condoms in Nashik were only 22,000 which would last only for a week. Also, the number of prostitutes in Nashik is 2000, who would be catering to the people during the Kumbh. Thus, in such cases, female condom demand would be very huge in a short span of time as it would not only help in reducing the shortage of condoms, but will also protect the women indulging in a physical relationship, especially the prostitutes who would be at maximum risk.  
(Sources: <http://timesofindia.indiatimes.com/india/Condom-shortage-Jitters-in-Nashik-ahead-of-Kumbh/articleshow/47932804.cms>, <http://www.indiatvnews.com/news/india/kumbh-mela-rise-in-condom-supply-nashik-52469.html>)
- Studies also suggest that an increase in condom sales (almost as high as 50%) have been seen every year during the nine days of Navratri. There are tens of thousands of Navratri Pandal in Maharashtra alone and at an average there are more than 5,000 people (2,500 males and 2,500 females) each day in a single Pandal.

## Global Quality Certifications

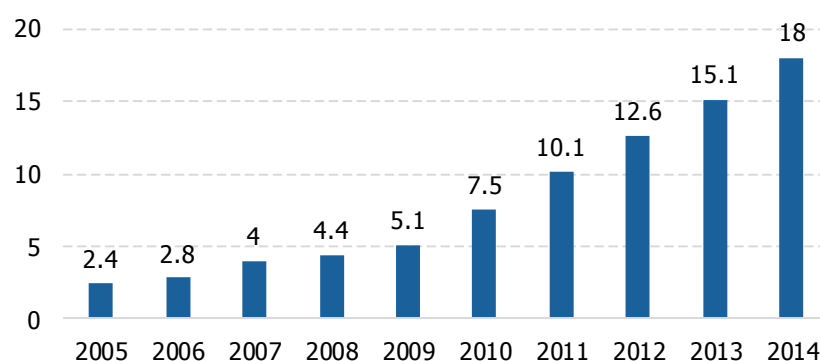
Cupid has received various global quality certifications for its products such as, ISO 9001:2008 (Quality management systems), ISO 4074 (Natural Rubber Latex Male Condom), ISO 13485:2003 (Quality Management System for the design and manufacture of medical devices), WHO GMP (World Health Organization's Good Manufacturing Practices), CE – 0434 (Disposable Procedure Packs), SABS Mark (Third party guarantee of quality, safety and reliability of products to the consumer) and USFDA 510k.

Also, Cupid is the country's only female condom manufacturer and second in the world to have been pre-qualified by the WHO/UNFPA (United Nations Population Fund) for worldwide public distribution.

## Following the trend of E-Commerce

India is on route to becoming the world's fastest growing e-commerce market. E-commerce has emerged as India's new sun rise industry and is set to cross business worth ~\$16bn by the end of 2015 on the back of fast growing internet population and increased online shopping.

**Exhibit 10: Growth in Indian internet users (per 100 people)**



Source: World Bank, BOBCAPS



Now, even sexual wellness products like condoms can enjoy being a part of this e-commerce growth story. People have always been shy when it comes to buying condoms from retail outlets. But because of the incorporation of sexual wellness products on the online platform, people can now buy condoms discreetly and it offers them to explore the entire range of products.

Study shows that over the last 1 and a half years, the number of e-commerce stores dealing with sexual wellness has been increasing. This also includes established players like Flipkart. Cupid has also started selling its female condom on the online platform through Flipkart. Here, it is worth mentioning that on the Flipkart website, at the female condom section, Cupid's female condoms are the only ones available.

E-commerce has not only helped people living in metros, but also those in smaller towns and villages to make an informed choice without having to face the shop keeper when it comes to buying condoms. People in smaller town and villages, too, have started buying condoms through the online medium. With disposable income rising pan-India, people from smaller parts of the country are exposed to the same lifestyle and consumer trend as their metro counterparts, courtesy of television and the internet. However, given the limited offline penetration of several goods these consumer aspirations have remained largely unmet. The advent of e-commerce has changed that drastically.

We believe that the fast paced growth of the e-commerce sector along with the incorporation of sexual wellness products like condoms, and the fact that a large number of people who are not comfortable with buying such a product over the counter, are now using this medium not only in metros, but also in smaller towns and villages, Cupid is bound to benefit enormously through this online space as well.

## **Opportunity over China's fake condom mishaps**

China produces about a billion condoms per year and that ~25% of the world's total. One can't tell how much of it is fake as the police seizes millions of fake condoms made in china every passing year. A few months back, ~3 million fake condoms sold by an unauthorized entity across China had been seized after they were found to contain toxic metals. These 3 million fake condoms amounted to ~£1.3mn. Cheap raw materials consisting of plastic strips and elastic bands were used to make the condoms in a makeshift workshop. (Source: <http://www.dailymail.co.uk/news/peoplesdaily/article-3050283/Millions-toxic-condoms-seized-China-gang-caught-selling-knock-offs-cost-1p-make.html>)

We believe that in such scenarios there would be high demand for condoms from quality conscious companies like Cupid who have all the necessary approvals, including the stringent and prestigious WHO approval. Also, as mentioned before, it is prequalified for worldwide distribution of male as well as female condoms by the WHO/UNFPA. Thus, this could help them in increasing their clientele and provide high growth prospects.

## **Potential Growth in Female Condom through Empowerment of Women**

When engaging in a physical relationship, women are exposed to maximum risk. Female condoms have empowered women across the globe to protect themselves from unintended pregnancy and sexually transmitted infections (STIs), including HIV. It is the safest women initiated method available that provides dual protection and is at least as effective as the male condoms and can reduce the risk of HIV infection by 97%. Female condoms also provide an alternative if the male counterpart is unwilling to use a male condom due to personal, cultural, religious or other reasons.

Female condoms act as an alternative to oral contraceptive methods like consumption of birth control pills and a permanent surgical method like tubectomy. Although birth control pills are very effective in preventing unintended pregnancy, it does not provide any protection to women when it comes to contracting of sexually transmitted infections. Apart from this, these pills also possess

serious side effects like headaches, nausea & vomiting, blood clots, weight gain, hormonal imbalance and in some cases even heart attacks. By using a female condom the risks arising as side effects of oral contraceptives can be completely avoided and safeguarding women from STIs as well. Also, female condoms are cheaper as compared to contraceptive pills.

### **Future Initiatives; Diversifying Product Portfolio**

Apart from male and female condoms, cupid will also start manufacturing lubricant jelly within the next one month for which there is a high demand developing in the market. FDA approvals have already been obtained for the same.

Cupid has now seen the potential and need of personal wellness products and so, going forward it has planned to enter into manufacturing of products like sanitary napkins, adult diapers and also baby diapers in the next 2-3 years. Thus, enabling its product portfolio to incorporate personal wellness products, which are much needed in the society and have a high demand in the market.

## Key risk

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**Government Order Cancellation:** Cupid Ltd receives orders from Ministry of Health, Government of India. During times when cost cutting needs to be done, there is a high probability of order cancellations in this sector. This scenario was observed by Cupid in FY13-14 when a Government order worth ~Rs.10cr. was cancelled due to such reasons.

**Sudden fluctuation in Rubber prices:** Natural rubber is the primary raw material used by Cupid in making the male and female condom. Any sudden rise in rubber prices could affect its ability to pass it on to its customers.

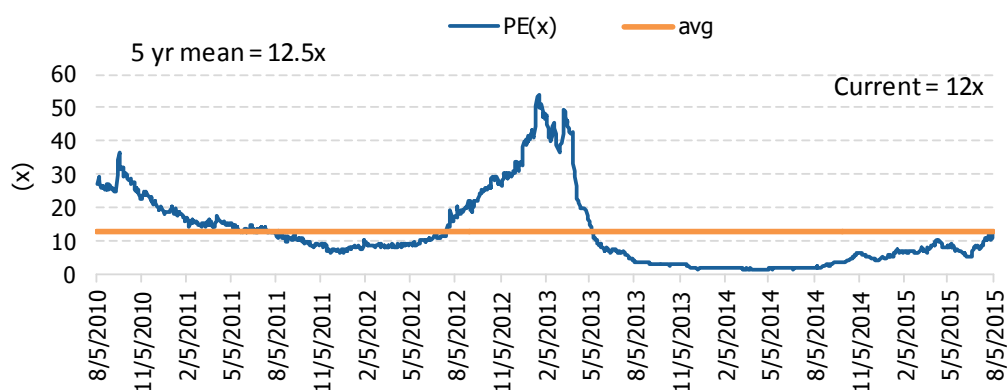
## Valuation:

Cupid is one of the two companies in the world whose female condoms are pre-qualified by the WHO/UNFPA for worldwide distribution. The company's product mix is changing in favor of high margin products like female condoms. Its contribution to revenue has changed from 10% to 40% in FY14 to FY15, which is further expected to improve to 70% over next few years.

Cupid trades at 12x one-year forward P/E, and we expect that the following factors will further drive the stock upside: 1) strengthening financial health with Rs263mn in cumulative FCF generation over next 3 years, 2) improving portfolio mix leading to 300-400bps expansion in operating margins by FY18e, 3) EPS CAGR of 52%.

We believe with prospective orders from exports and huge market potential in India, the company can grow much faster than our guestimate. We assign 20x (current level at which the BSE mid cap PE is trading) to FY17e EPS of Rs 16.3 and arrive to the target price of Rs 327 with a potential upside of 68%.

**Exhibit 11: Cupid ltd. 1 year forward PE**

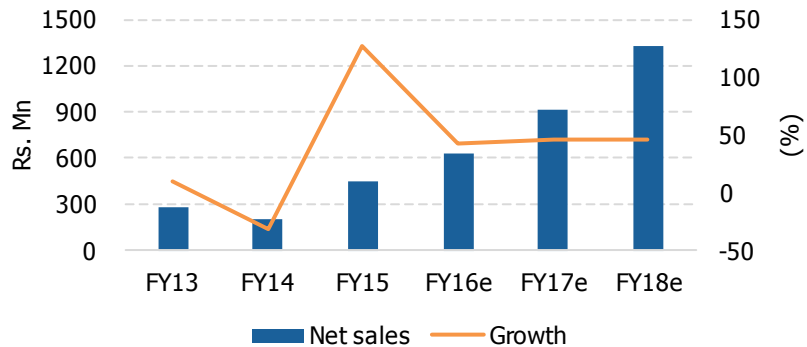


Source: Company, BOBCAPSe

## Financial Summary

**Top line to grow at ~44% CAGR over FY15-18e:** Having a large potential market for female condoms and strong order book comprising of long term agreements by the WHO/UNFPA and The Department of Health, South Africa, we expect the Company's revenue would grow gradually at ~44% CAGR over FY15-18e.

### Exhibit 12: Cupid likely to post ~44% revenue CAGR over FY15-18e

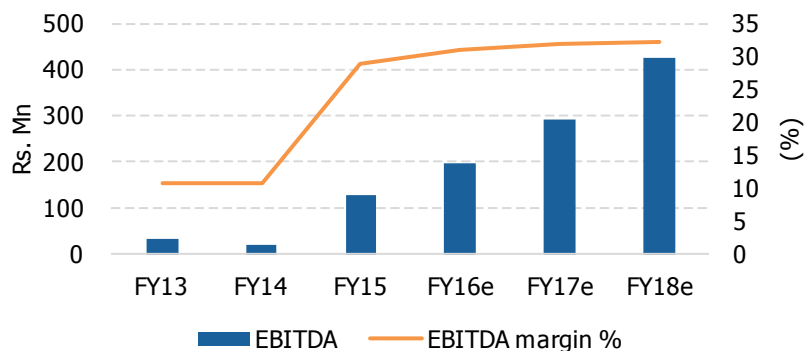


Source: Company, BOBCAPSe

### Scope for EBITDA margin to grow by ~317 bps over FY15 to FY18e

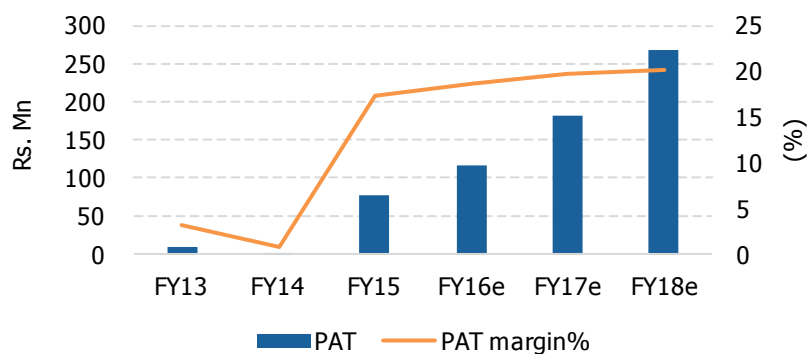
We believe, going forward, the contribution from female condom will increase up to the level of 70% of total revenue, which will lead the Company to expand the EBITDA margin by ~317 bps over FY15 to FY18e.

### Exhibit 13: EBITDA margin expansion by ~317 bps over FY15-18e



Source: Company, BOBCAPSe

### Exhibit 14: PAT to grow at ~52% CAGR over FY15-18e

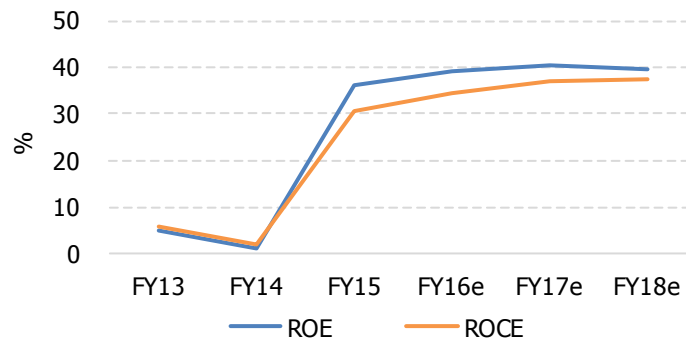


Source: Company, BOBCAPSe

**Return ratios to hold strong**

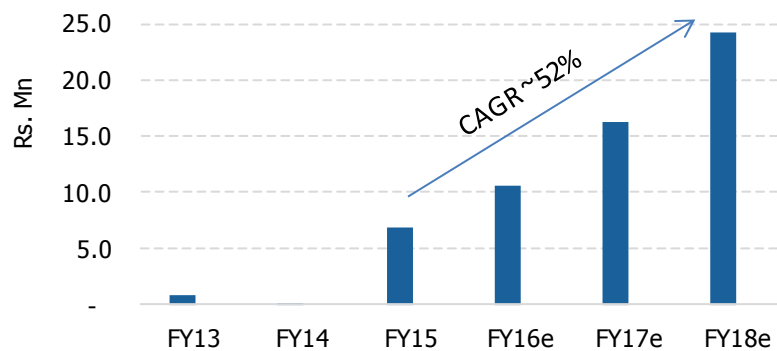
We believe, due to the optimum efficiency of operations and expansion in EBITDA margin due to increase in female condom contribution, the Company would provide ROE of ~39%/40.3%/39.8% and ROCE of ~34.6%/37.1%/37.6 over FY16/17/18e.

**Exhibit 15: High ROE & ROCE**



Source: Company, BOBCAPSe

**Exhibit 16: High growth in EPS over FY15-18e**



Source: Company, BOBCAPSe

**Exhibit 17: Income statement (Rs mn)**

Y/E Mar (Rsmn)	FY13	FY14	F Y15	FY16e	FY17e	FY18e
<b>Net sales</b>	<b>284</b>	<b>195</b>	<b>444</b>	<b>631</b>	<b>915</b>	<b>1,327</b>
<i>growth (%)</i>	<i>9.3</i>	<i>(31.2)</i>	<i>127.5</i>	<i>42.0</i>	<i>45.0</i>	<i>45.0</i>
COGS	167	114	185	252	356	516
Staff Cost	23	23	32	45	65	94
Change in Finished Goods	6	(10)	9	13	18	27
Other Expenses	57	47	91	127	183	264
<b>EBITDA</b>	<b>31</b>	<b>21</b>	<b>128</b>	<b>195</b>	<b>293</b>	<b>425</b>
<i>growth (%)</i>	<i>14</i>	<i>(31)</i>	<i>506</i>	<i>52</i>	<i>50</i>	<i>45</i>
Depreciation	14	15	18	20	22	26
<b>EBIT</b>	<b>17</b>	<b>6</b>	<b>110</b>	<b>175</b>	<b>270</b>	<b>400</b>
Other income	2	1	7	1	1	1
Interest paid	5	5	3	3	3	3
Extraordinary/Exceptional items	(0)	(1)	(0)	-	-	-
<b>PBT</b>	<b>14</b>	<b>2</b>	<b>114</b>	<b>174</b>	<b>269</b>	<b>398</b>
Tax	5	1	37	57	88	130
Minority interest	-	-	-	-	-	-
<b>PAT</b>	<b>9</b>	<b>1</b>	<b>77</b>	<b>117</b>	<b>182</b>	<b>269</b>
Non-recurring items	0	1	0	-	-	-
<b>Adjusted PAT</b>	<b>9</b>	<b>2</b>	<b>77</b>	<b>117</b>	<b>182</b>	<b>269</b>
<i>growth (%)</i>	<i>79</i>	<i>(81)</i>	<i>4,431</i>	<i>52</i>	<i>55</i>	<i>48</i>

Source: Company, BOBCAPSe

**Exhibit 18: Balance sheet (Rs mn)**

Y/E Mar (Rsmn)	FY13	FY14	F Y15	FY16e	FY17e	FY18e
Cash & Bank balances	<b>4</b>	<b>2</b>	<b>32</b>	<b>71</b>	<b>151</b>	<b>295</b>
Other Current assets	71	100	161	213	294	409
Investments	-	-	-	-	-	-
Net fixed assets	172	163	156	171	209	244
Goodwill	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
<b>Total assets</b>	<b>246</b>	<b>265</b>	<b>349</b>	<b>455</b>	<b>654</b>	<b>948</b>
Current liabilities	27	33	64	53	70	95
Borrowings	21	32	22	22	22	22
Other non-current liabilities	13	14	22	22	22	22
<b>Total liabilities</b>	<b>61</b>	<b>79</b>	<b>107</b>	<b>96</b>	<b>113</b>	<b>138</b>
Share capital	111	111	111	111	111	111
Reserves & surplus	74	75	131	248	430	698
<b>Shareholders' funds</b>	<b>186</b>	<b>186</b>	<b>242</b>	<b>359</b>	<b>541</b>	<b>809</b>
<b>Total liabilities</b>	<b>246</b>	<b>265</b>	<b>349</b>	<b>455</b>	<b>654</b>	<b>948</b>

Source: Company, BOBCAPSe

**Exhibit 19: Ratios**

Y/E Mar	FY13	FY14	F Y15	FY16e	FY17e	FY18e
<b>Per share data (Rs)</b>						
EPS	0.8	0.2	6.9	10.6	16.3	24.2
CEPS	2.1	1.5	8.6	12.3	18.3	26.5
DPS	-	-	1.8	2.1	2.6	3.3
BV	16.7	16.7	21.8	32.3	48.7	72.8
<b>Profitability ratios (%)</b>						
Gross margins	33.0	30.0	51.3	53.0	54.0	54.0
Operating margins	10.9	10.8	28.9	30.9	32.0	32.0
Net margins	3.1	0.9	17.4	18.6	19.8	20.2
<b>Valuation ratios (x)</b>						
PE	241.2	1,266.8	28.0	18.4	11.9	8.0
P/BV	11.6	11.6	8.9	6.0	4.0	2.7
EV/EBITDA	70.4	103.3	16.7	10.8	6.9	4.4
EV/Sales	7.7	11.2	4.8	3.3	2.2	1.4
RoE	5.1	0.9	36.0	39.0	40.3	39.8
RoCE	5.7	1.8	30.5	34.6	37.1	37.6
RoIC	4.0	0.5	31.8	40.0	47.3	54.1

Source: Company, BOBCAPSe

**Exhibit 20: Cash flow statement (Rs mn)**

Y/E Mar (Rsmn)	FY13	FY14	F Y15	FY16e	FY17e	FY18e
Profit after tax	9	1	77	117	182	269
Depreciation	14	15	20	20	22	26
Chg in working capital	(12)	(23)	(30)	(63)	(63)	(90)
Total tax paid	5	1	8	-	-	-
<b>Cash flow from operations</b>	<b>16</b>	<b>(7)</b>	<b>75</b>	<b>74</b>	<b>140</b>	<b>204</b>
Capital expenditure	(18)	(6)	(13)	(35)	(60)	(60)
Change in investments	-	-	-	-	-	-
<b>Cash flow from investments</b>	<b>(18)</b>	<b>(6)</b>	<b>(13)</b>	<b>(35)</b>	<b>(60)</b>	<b>(60)</b>
<b>Free cash flow</b>	<b>(2)</b>	<b>(13)</b>	<b>62</b>	<b>39</b>	<b>80</b>	<b>144</b>
Issue of shares	14	-	-	-	-	-
Net inc/dec in debt	(7)	12	(11)	-	-	-
Dividend (incl. tax)	(1)	(1)	(29)	(10)	(16)	(23)
Other financing activities	(3)	1	7	10	16	23
<b>Cash flow from financing</b>	<b>4</b>	<b>12</b>	<b>(32)</b>	<b>0</b>	<b>-</b>	<b>(0)</b>
<b>Inc/(Dec) in Cash &amp; Bank bal.</b>	<b>1</b>	<b>(1)</b>	<b>30</b>	<b>39</b>	<b>80</b>	<b>144</b>

Source: Company, BOBCAPSe



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