

June 1, 2018

# Nano Nivesh



## Key risks to investing in Nano stocks

- Nano stocks may not be in the limelight and inherently being micro cap in nature will have a high risk return profile
- We advise clients to be disciplined in investing at all times. Allocate only a small proportion of your investible income to these stocks and diversify well
- Try to diversify your exposure within the Nano stocks as well by investing equal proportions in several picks
- These stocks may have low volumes and trade infrequently
- Micro cap stocks the world over are, to a large extent, affected by the “Pump and Dump” phenomenon of inflated price buying and depressed price selling
- As explained above, the clients should be patient and trade only through limit orders on any side of the trade.
- The risk of volatility remains in such micro cap stocks as they can move up or down with large buy/sell orders
- The fair value of Nano stocks are subject to expected growth potential in the future. Though due diligence has been done to a fair extent, the actualisation of growth still has a degree of uncertainty attached to it

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**Nano stocks report tries to highlight companies with good and scaleable business models, dependable management and sound financials. However, these stocks may not be in the limelight and have a high risk high return potential. Please watch out for the following factors before investing in these stocks:**

**Allocate a small proportion of your investible income to these stocks and diversify well.** If you choose to invest in these stocks, most of your assets allocated towards equity should remain in more stable investments like stocks of large companies. Moreover, try to diversify your exposure within the nano stocks as well by investing equal proportions in several picks. This will help you avoid losing too much of your total wealth if the investments do not turn out well. When you invest in micro-cap stocks there is a higher risk of impairment.

**These stocks may have low volumes and trade infrequently.** This can create a situation in which you may not be able to find any willing buyers for your stocks when you wish to sell. We advise our clients to be patient and trade only through limit orders to avoid volatile fluctuations, both while putting a buy and sell order in these stocks.

June 1, 2018

## Investment Precision Castings (INVPRE)

Investment & Precision Castings (IPCL) is a manufacturer of investment castings (low volume-high value castings) in India primarily catering to the auto sector. IPCL commissioned fresh capacity to manufacture value added products, giving improved margin visibility, incremental growth, going forward. We believe strong demand tailwind in auto sector, higher capacity utilisation will result in strong growth in sales, EBITDA, PAT to 18.9%, 24.1%, 40.3% CAGR, respectively, in FY18-20E.

### Research Analyst

Chirag J Shah  
shah.chirag@icicisecurities.com

Rohan Pinto  
rohan.pinto@icicisecurities.com

### Price

₹ 390

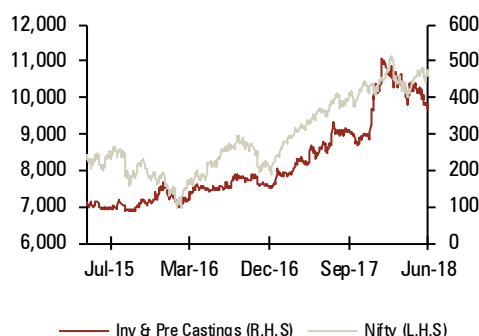
### Recommendation

Buy

### Fair value

₹ 570-600

### Price performance



### Highlights

- Investment castings – High precision & complex castings; commands superior realisation:** IPCL uses advanced & automated equipment with high degree of precision to manufacture variety of products for automotive, aerospace, compressors, pumps, valves etc. Due to factors like complexity & precision involved in manufacturing investment castings, IPCL has been able to generate superior average realisation of ₹ 8.0 lakh/tonne in FY12-18. Almost ~8.0x average realisation for the castings industry. We expect realisations to remain strong and improve further to ₹ 8.8 lakh per tonne by FY20E and aid overall revenue growth
- Focus on value added product mix; automotive segment in overdrive; IPCL in sweet spot!** The company derives ~70% revenue from the automotive sector. Continued momentum in the business of the company's top clients and addition of newer clients will drive IPCL's overall volume growth (~19% in FY18-20E). To benefit from opportunities in high value-added segments like medical implants, aerospace and defence, IPCL has set up an additional capacity of 400 tonnes per annum. Realisations for value-added segment products are more than 3x its average realisation per tonne (₹ 25-30 lakh per tonne). Improvement in utilisation (~63%-90% in FY18-20E) to result in operating leverage benefits kicking in leading to disproportionate profit. We expect EBITDA margins to expand 170 bps to 21.1% with profit per tonne at ₹ 1.86 lakh per tonne over FY18-20E. Further, we expect EBITDA at ₹ 32.0 crore growing 24.1% for the same period
- Strong earnings; solid balance sheet; improved return ratios:** Due to changes in product mix and robust demand outlook, we expect IPCL to report strong earnings, improved return ratios in FY18-20E. IPCL currently offers attractive operating cash flow yield of ~7.5% (FY18). We value IPCL at ₹ 570-600, i.e. 9.5-10.0x EV/EBITDA on FY20E EBITDA of ₹ 64/share

### Key risks-

#### Business specific

**Early adoption of electric vehicle remains a key risk:** Overall, the auto sector contributes ~32% revenue share to the Indian castings industry. However, automobile industry participants over the medium-long term remain exposed to the early adoption of electric vehicles. More so for ancillary companies that exclusively provide castings for current internal combustion engines. On the whole, IPCL derived ~73% of its revenue in FY16 from the automotive sector. In FY17, revenue share remained elevated at ~70% despite conscious efforts by the management towards increased focus on non-auto space. However, they continue to add customers from non-auto space like aerospace, medical devices etc. Overall, the key monitorable for companies would remain tracking the rate of change involved in adoption of electric vehicles.

#### Company specific

**High exposure to key clients:** IPCL has a concentrated client profile with its top five clients contributing ~75% revenue in FY17 vs. 63% last year. Maruti Suzuki is the top client for IPCL wherein the company is a sole supplier for investment castings (~25% revenue). Further, prominent clients like Tata Motors and Royal Enfield contribute ~10-12% revenues each. Though the increase in concentration is driven by strong demand from its clients, any adverse impact on bulk orders by clients, either due to headwinds faced by the client or loss of business due to a competitor, may significantly impact its profitability.

## Description

Investment & Precision and Castings is engaged in the business of manufacturing investment castings in India. IPCL uses advanced and automated equipment with high degree of precision to manufacture a variety of products for automotive, aerospace, compressors, pumps & valves, etc. The company generates 98% of its revenue from domestic operations while 2% are from exports. In FY18, IPCL has clocked revenues of ₹ 107.6 crore, EBITDA of ₹ 20.8 crore with corresponding EBITDA margin of 19.3%. IPCL has reported PAT of ₹ 7.9 crore (EPS of ₹ 15.9/share). As of FY18, IPCL operates two plants with 1,500 tonnes manufacturing capacity and 400 tonnes of high precision castings. The company is capable of producing complex investment castings in a wide range of material specifications and piece weight up to 200 kg. The company boasts a strong clientele with top five clients contributing ~70% of its sales.

## History and track record

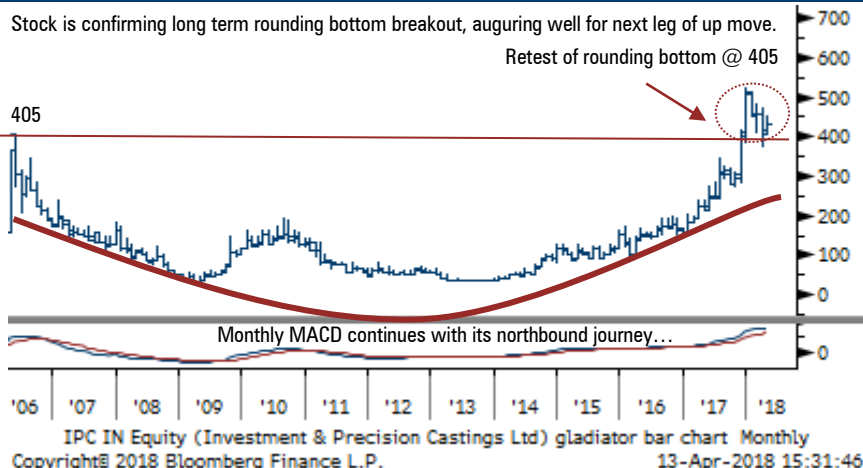
- IPCL under technical collaboration with Arwood corporation, US was founded by IF Tamboli in 1975
- In 1987, the company signed another technical license agreement with Associated Foundries Engineering, Japan to produce a very large piece weight investment castings
- In 2004, IPCL set up Tamboli Castings as an export oriented unit and wholly-owned subsidiary. The company was split into two independent companies in 2009- IPCL, Tamboli Capital with Tamboli Castings becoming holding company of Tamboli Capital
- IPCL became the first investment casting foundry in India to receive TYPE certification from Ministry of Defence, to supply castings to be fitted on board light combat aircraft, Tejas
- In 2018, IPCL commissioned a second plant with a capacity of 400 tonnes per annum. The castings made here cater to medical implants, aerospace and defence sectors
- IPCL is currently headed by Piyush Tamboli (Chairman & Managing Director)

## Earning estimates

| ₹ crore       | FY17 | FY18  | FY19E | FY20E |
|---------------|------|-------|-------|-------|
| Total Revenue | 92.3 | 108.0 | 127.4 | 152.5 |
| EBITDA        | 14.8 | 20.8  | 25.9  | 32.0  |
| Net Profit    | 4.2  | 8.0   | 11.3  | 15.7  |
| EPS (₹/share) | 8.3  | 15.9  | 22.7  | 31.3  |

Source: Company, ICICI Direct Research

## Technical Chart (Monthly Bar chart)



Source: Bloomberg, ICICI Direct Research

## Stock data

|                                   |           |
|-----------------------------------|-----------|
| Market Capitalization (₹ crore)   | 195.0     |
| Total Debt (FY18)                 | 37.3      |
| Cash & Investments (FY18)         | 0.7       |
| EV (₹ Crore)                      | 231.6     |
| Equity capital (₹ crore)          | 5.0       |
| Dividend Yield (%)                | 0.0       |
| 52 Week High / Low (₹)            | 525 / 215 |
| Promoter Holding (%)              | 50.0      |
| FII Holding (%)                   | 0.0       |
| DII Holding (%)                   | 0.0       |
| 5 Year Revenue CAGR (%) (FY13-18) | 10.2      |
| 5 Year EBITDA CAGR (%) (FY13-18)  | 15.3      |
| 5 Year PAT CAGR (%) (FY13-18)     | 82.3      |

## Valuation

|             | FY17 | FY18 | FY19E | FY20E |
|-------------|------|------|-------|-------|
| P/E         | 46.7 | 24.5 | 17.2  | 12.5  |
| Target P/E  | 71.9 | 37.7 | 26.4  | 19.2  |
| EV / EBITDA | 14.9 | 11.1 | 8.6   | 6.8   |
| P/BV        | 3.3  | 2.9  | 2.7   | 2.2   |
| RoNW        | 7.0  | 11.9 | 15.6  | 17.9  |
| RoCE        | 11.7 | 15.5 | 18.3  | 21.1  |
| ROIC        | 11.8 | 16.1 | 20.2  | 24.1  |

Source: ICICI Direct Research

## Quarterly performance

| (₹ crore)         | Q1FY18 | Q2FY18 | Q3FY18 | Q4FY18 |
|-------------------|--------|--------|--------|--------|
| Sales             | 23.9   | 27.2   | 28.8   | 27.7   |
| EBITDA            | 3.9    | 6.3    | 6.3    | 4.3    |
| EBITDA Margin (%) | 16.5   | 23.0   | 22.0   | 15.4   |
| Depreciation      | 1.2    | 1.3    | 1.3    | 1.0    |
| Interest          | 1.0    | 1.0    | 1.1    | 1.4    |
| Other Income      | 0.1    | 0.1    | 0.1    | 0.3    |
| PAT               | 1.2    | 2.7    | 2.7    | 1.4    |
| EPS (₹)           | 2.4    | 5.4    | 5.4    | 2.9    |

Source: ICICI Direct Research

## Shareholding trend (%)

| Key Shareholders  | Q1FY18 | Q2FY18 | Q3FY18 | Q4FY18 |
|-------------------|--------|--------|--------|--------|
| Promoter group    | 50.0   | 50.0   | 50.0   | 50.0   |
| FII               | 0.0    | 0.0    | 0.0    | 0.0    |
| DII               | 0.0    | 0.0    | 0.0    | 0.0    |
| Non-institutional | 50.0   | 50.0   | 50.0   | 50.0   |

Source: ICICI Direct Research

## Technical View

The share price of Investment & Precision Castings has registered a resolute breakout from the multi-year highs of ₹ 405. The recent price action highlights that the stock is retesting a major breakout area, confirming the multi-year breakout, as a result providing a fresh entry opportunity.

The entire price action since May 2006 till October 2017 has taken the shape of a 'Rounding Bottom' pattern (as highlighted in the adjoining monthly chart). A breakout from a long term rounding bottom formation depicts a structural turnaround, auguring well for the next leg of the up move.

Currently, the share price has been consolidating in a range of ₹ 370-450 after correcting from a 52 week's high of ₹ 525 in December 2017. The temporary pause after a sharp rally has helped it to work its way out of the overbought condition. Now it is in the process of making a higher base near breakout level of rounding bottom pattern.

We expect the stock to remain in a rising trajectory and head towards ₹ 786 as it is the implicated target of rounding bottom formation, calculated by adding width of rounding bottom (405 - 24=381) to neckline value of ₹ 405.



## What's the story?

### **Investment castings; intricacy, precision & complexity; supports superior realisation profile!**

The world's top 10 casting producing countries produced ~88% of the total 104.4 million metric tonnes (MT) in 2016. India, the second largest casting producer globally, manufactured 11.35 MT volume of castings valued at \$19 billion, translating into blended realisation of ₹ 1.08 lakh per tonne. A small proportion of these castings are manufactured using investment casting technology. Investment casting process is used to manufacture intricate parts with high accuracy, precision and good surface finish. It is preferred for hard-to-machine metals like alloy/stainless steels and super-alloys used in automotive, aerospace, defence and medical applications. IPCL is capable of producing complex investment castings in a wide range of material specifications and piece weight in a wide range from 10 g-200 kg. In addition, the process of manufacturing these castings from ideation to production requires a time lag of 2-2.5 months signifying significant lead times and high amount of planning required from their end-users. Due to factors like complexity, precision involved in manufacturing investment castings, IPCL, has been able to generate superior average realisations of over ₹ 8.0 lakh per tonne in FY12-18. This is almost ~8.0x average realisation for the castings industry. Going forward, we expect realisations to improve further to ₹ 8.8 lakh per tonne by FY20E driven by changes in value added product mix. Overall, total revenue is expected to grow to ₹ 152.0 crore, implying growth CAGR of 18.9% over FY18-20E.

### **Automotive segment in overdrive; continued earnings momentum!**

The company derives ~70% revenue from the automotive sector wherein it provides casting products such as gear shifter fork, pre combustion chamber, etc. Volumes sold to the automotive segment of ~900 tonnes in FY18 represent ~75% of total sales volume for IPCL. The company predominantly caters to leading auto OEMs. On an average, the company provides castings weighted 100-350 gram per car, thus, implying a low wallet share compared to the overall price of the car. Revenue contribution by automotive vehicle type involves, passenger vehicles (40%), commercial vehicles (40%), two-wheelers and tractors contribute (20%). Maruti Suzuki is the company's largest client. Continued momentum in the business of the company's top clients and addition of newer clients is expected to drive IPCL's automotive volume growth by ~22% in FY18-20E. In addition, adhering to Bharat VI emission norms in newer vehicles will mean using heavier castings (~15-20% heavier weight for the same product) in newer vehicles. Thus, this translates to robust demand visibility in the next two years.

### **Focus on value-added product mix; places IPCL in sweet spot!**

To exploit opportunities in high value-add segments such as medical implants, aerospace and defence, IPCL has set up an additional capacity of 400 tonnes per annum next to its original plant in Bhavnagar, Gujarat. Under medical implants, the company provides knee joint and prosthetic assembly parts. In addition, the company provides structural castings for satellite launch vehicles in aerospace segments. IPCL has received recognition from the Vikram Sarabhai Space Centre, in recognition of its high precision investment castings required for aerospace & defence applications. In addition, the company is the first investment casting foundry in India to receive certification from DRDO, Ministry of Defence, for supply of aluminium castings (Gimbal Box & Pedestal Unit) to be fitted on board light combat aircraft. The scope for value-added segment is significant since their realisations are more than ~3x than average realisation per tonne of the company. (~₹ 25-30 lakh per tonne).

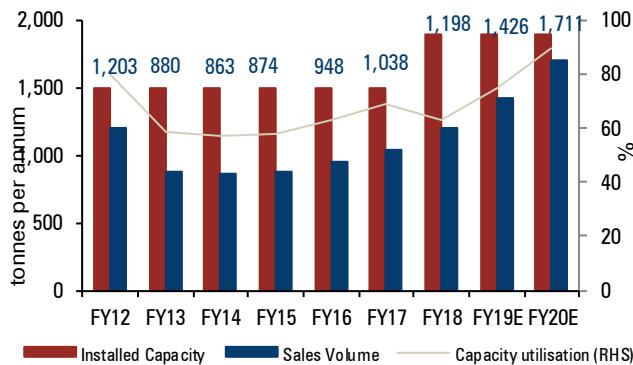
### **Incremental volume pickup; operating leverage benefits; to aid margins further!**

Total capacity of investment castings in both plants is 1,900 tonnes per annum. IPCL has grown its sales volume at 10% CAGR to 1,198 tonnes in FY15-18. Revenues by value grew at 13% CAGR in the same period. Over the next two years, we anticipate realisation per tonne will remain flattish. However, volumes are expected to grow at 19% CAGR to 1,711 tonnes by FY20E. The company also manufactures high margin vacuum castings to be used in medical implants and aerospace applications. It is yet to scale this product line. Overall, this foray will help stabilise margins further, going forward. Improvement in capacity utilisation (+27% FY18-20E) is expected to drive operating leverage benefits and result in disproportionate profits at operating profit level and profit per tonne. IPCL is set to expand EBITDA margins by 174 bps to 21.1%, generate EBITDA per tonne of ₹ 1.86 lakh per tonne. We expect EBITDA at ₹ 32.0 crore growing 24.1% in FY18-20E.

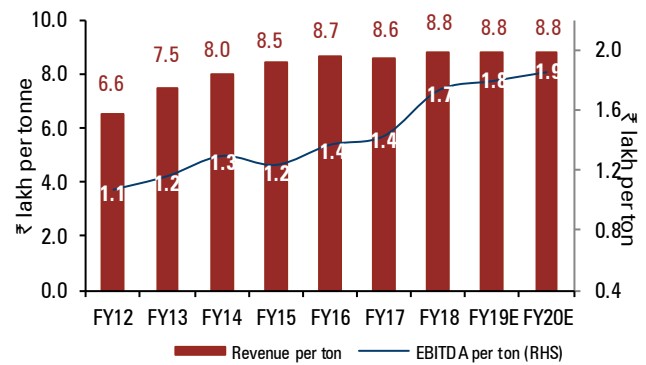
## Robust balance sheet; healthy return ratios and strong earnings trajectories warrant BUY!

IPCL has a robust balance sheet with total debt at ₹ 37 crore with corresponding debt: equity at 0.56x as of FY18. This is expected to go down further and remain stable at 0.45x in FY20E. Working capital days for IPCL have improved from 172 days in FY13 to 99 days in FY18. This has improved operating cash flow for the company. We believe IPCL will be able to maintain its current working capital intensity, going ahead, with inventory days remaining elevated at ~69 days due to lead times in manufacturing critical castings and client's requirement for maintaining critical inventory. Despite operating in a moderately working capital intensive business environment the company generates healthy cash flow from operations (CFO) and is currently offering an attractive CFO yield of ~7.5% (FY18). Going forward, driven by robust incremental volume uptick in the automotive segment, higher contribution from the value-added segment will drive utilisations from 63% in FY18 to 90% in FY20E, thereby improving margins, asset turnover. This, in turn, will boost RoCE to 21.1% over FY18-20E. With newer incremental capacity utilisation and demand uptick, we expect IPCL to clock sales, EBITDA and PAT CAGR of 18.9%, 24.1% & 40.3%, respectively, in FY18-20E. We value IPCL at ₹ 570-600, i.e. 9.5x-10.0x EV/EBITDA on FY20E EBITDA of ₹ 64.1/share. The company is listed only on the BSE with relatively lower trading volumes. Hence, we suggest investors to buy the stock in a staggered manner.

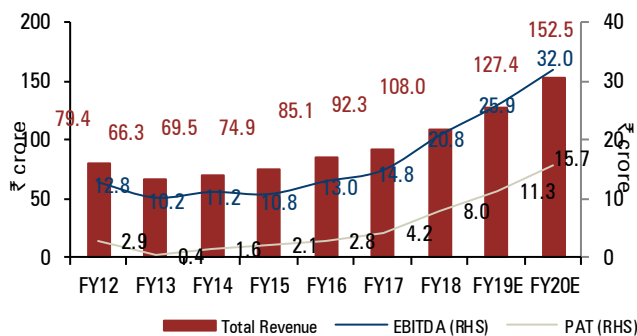
**Exhibit 1: IPCL story in charts**



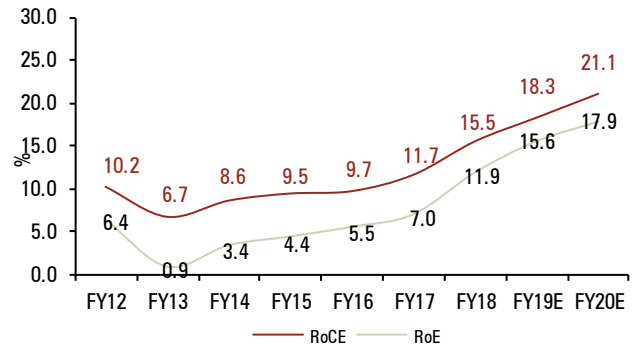
Source: Company, ICICI Direct Research



Source: Company, ICICI Direct Research



Source: Company, ICICI Direct Research



Source: Company, ICICI Direct Research

## Financial summary

| Profit and loss statement ₹ Crore |      |       |       |       |
|-----------------------------------|------|-------|-------|-------|
| (Year-end March)                  | FY17 | FY18  | FY19E | FY20E |
| Net Sales                         | 89.5 | 105.6 | 125.7 | 150.9 |
| Operating income                  | 2.5  | 2.0   | 1.3   | 1.1   |
| Revenue                           | 92.0 | 107.6 | 127.0 | 152.0 |
| % Growth                          |      | 16.9  | 18.0  | 19.7  |
| Other income                      | 0.2  | 0.4   | 0.4   | 0.4   |
| Total Revenue                     | 92.3 | 108.0 | 127.4 | 152.5 |
| % Growth                          |      | 17.1  | 18.0  | 19.6  |
| Total Raw Material Costs          | 27.2 | 30.8  | 36.7  | 44.0  |
| Employee Expenses                 | 7.9  | 8.2   | 10.1  | 11.3  |
| Other expense                     | 42.1 | 47.8  | 54.38 | 64.7  |
| Total Operating Expenditure       | 77.2 | 86.8  | 101.1 | 120.0 |
| Operating Profit (EBITDA)         | 14.8 | 20.8  | 25.9  | 32.0  |
| % Growth                          |      | 40.2  | 24.4  | 23.8  |
| Interest                          | 3.9  | 4.1   | 4.8   | 5.0   |
| PBDT                              | 11.2 | 17.1  | 21.5  | 27.5  |
| Depreciation                      | 5.0  | 5.1   | 5.7   | 5.7   |
| PBT before Exceptional Items      | 6.2  | 12.0  | 15.8  | 21.7  |
| Total Tax                         | 2.0  | 4.0   | 4.4   | 6.1   |
| PAT before MI                     | 4.2  | 8.0   | 11.3  | 15.7  |
| Minority Interest                 | -    | -     | -     | -     |
| PAT                               | 4.2  | 8.0   | 11.3  | 15.7  |
| % Growth                          |      | 90.6  | 42.7  | 38.0  |
| EPS                               | 8.3  | 15.9  | 22.7  | 31.3  |

Source: Company, ICICI Direct Research

| Cash flow statement ₹ Crore      |        |        |        |        |
|----------------------------------|--------|--------|--------|--------|
| (Year-end March)                 | FY17   | FY18   | FY19E  | FY20E  |
| Profit after Tax                 | 4.2    | 8.0    | 11.3   | 15.7   |
| Depreciation                     | 5.0    | 5.1    | 5.7    | 5.7    |
| Interest                         | 3.9    | 4.1    | 4.8    | 5.0    |
| Cash Flow before WC changes      | 13.0   | 17.2   | 21.9   | 26.4   |
| Changes in inventory             | (0.7)  | (3.2)  | (3.7)  | (4.7)  |
| Changes in debtors               | 2.5    | (4.7)  | (4.0)  | (5.2)  |
| Changes in loans & Advances      | 13.5   | (1.1)  | (0.3)  | (0.4)  |
| Changes in other current assets  | (11.8) | 0.9    | 11.0   | -      |
| Net Increase in Current Assets   | 3.5    | (8.1)  | 3.0    | (10.3) |
| Changes in creditors             | (1.5)  | 4.2    | 2.9    | 3.2    |
| Changes in provisions            | (0.5)  | (0.1)  | 0.1    | 0.1    |
| Net Inc in Current Liabilities   | (1.7)  | 5.9    | 4.3    | 5.0    |
| Net CF from Operating activities | 14.7   | 14.9   | 29.2   | 21.1   |
| Changes in deferred tax assets   | -      | -      | -      | -      |
| (Purchase)/Sale of Fixed Assets  | (9.3)  | (20.5) | (10.0) | (10.0) |
| Net CF from Investing activities | (14.3) | (19.5) | (10.0) | (10.0) |
| Dividend and Dividend Tax        | (0.6)  | (0.8)  | (0.9)  | (0.9)  |
| Net CF from Financing Activities | (0.7)  | 4.7    | (7.3)  | (5.9)  |
| Net Cash flow                    | (0.3)  | 0.1    | 11.9   | 5.2    |
| Opening Cash/Cash Equivalent     | 0.8    | 0.6    | 0.7    | 12.6   |
| Closing Cash/ Cash Equivalent    | 0.6    | 0.7    | 12.6   | 17.8   |

Source: Company, ICICI Direct Research

| Balance sheet ₹ Crore    |      |       |       |       |
|--------------------------|------|-------|-------|-------|
| (Year-end March)         | FY17 | FY18  | FY19E | FY20E |
| Equity Capital           | 5.0  | 5.0   | 5.0   | 5.0   |
| Reserve and Surplus      | 54.4 | 61.6  | 67.8  | 82.5  |
| Total Shareholders funds | 59.4 | 66.6  | 72.8  | 87.5  |
| Total Debt               | 27.8 | 37.3  | 40.0  | 40.0  |
| Total Liabilities        | 90.9 | 109.0 | 117.9 | 132.5 |
| Gross Block              | 98.4 | 115.4 | 130.9 | 140.9 |
| Acc: Depreciation        | 47.3 | 52.4  | 58.1  | 64.2  |
| Net Block                | 51.2 | 63.0  | 72.8  | 76.7  |
| Capital WIP              | 2.0  | 5.6   | -     | -     |
| Total Fixed Assets       | 53.1 | 68.6  | 72.8  | 76.7  |
| Non Current Assets       | 4.5  | 5.5   | 5.5   | 5.5   |
| Inventory                | 17.2 | 20.3  | 24.0  | 28.7  |
| Debtors                  | 17.7 | 22.4  | 26.5  | 31.7  |
| Loans and Advances       | 0.5  | 1.6   | 1.9   | 2.3   |
| Other Current Assets     | 11.8 | 11.0  | -     | -     |
| Cash                     | 0.6  | 0.7   | 12.6  | 17.8  |
| Total Current Assets     | 47.8 | 56.0  | 65.0  | 80.5  |
| Current Liabilities      | 15.2 | 21.1  | 25.4  | 30.4  |
| Provisions               | 0.3  | 0.3   | 0.3   | 0.3   |
| Net Current Assets       | 32.6 | 34.9  | 39.6  | 50.0  |
| Total Assets             | 90.9 | 109.0 | 117.9 | 132.5 |

Source: Company, ICICI Direct Research

| Key ratios               |       |       |       |       |
|--------------------------|-------|-------|-------|-------|
| (Year-end March)         | FY17  | FY18  | FY19E | FY20E |
| Per Share Data           |       |       |       |       |
| EPS                      | 8.3   | 15.9  | 22.7  | 31.3  |
| Cash per Share           | 2.6   | 1.4   | 25.2  | 35.6  |
| BV                       | 118.8 | 133.2 | 145.5 | 175.0 |
| Dividend per share       | 1.3   | 1.3   | 1.5   | 1.5   |
| Dividend payout ratio    | 15.0  | 7.9   | 6.6   | 4.8   |
| Operating Ratios         |       |       |       |       |
| EBITDA Margin            | 16.1  | 19.3  | 20.3  | 21.0  |
| PAT Margin               | 4.7   | 7.5   | 9.0   | 10.4  |
| Return Ratios            |       |       |       |       |
| RoE                      | 7.0   | 11.9  | 15.6  | 17.9  |
| RoCE                     | 11.7  | 15.5  | 18.3  | 21.1  |
| RoIC                     | 11.8  | 16.1  | 20.2  | 24.1  |
| Valuation Ratios         |       |       |       |       |
| EV / EBITDA              | 14.9  | 11.1  | 8.6   | 6.8   |
| P/E                      | 46.7  | 24.5  | 17.2  | 12.5  |
| EV / Net Sales           | 2.4   | 2.1   | 1.7   | 1.4   |
| Sales / Equity           | 1.6   | 1.6   | 1.8   | 1.7   |
| Market Cap / Sales       | 2.1   | 1.8   | 1.5   | 1.3   |
| Price to Book Value      | 3.3   | 2.9   | 2.7   | 2.2   |
| Turnover Ratios          |       |       |       |       |
| Asset turnover           | 1.1   | 1.0   | 1.1   | 1.2   |
| Debtors Turnover Ratio   | 4.9   | 5.4   | 5.2   | 5.2   |
| Creditors Turnover Ratio | 11.2  | 9.5   | 8.5   | 8.5   |
| Solvency Ratios          |       |       |       |       |
| Debt / Equity            | 0.5   | 0.6   | 0.5   | 0.5   |
| Current Ratio            | 3.1   | 2.6   | 2.1   | 2.1   |
| Quick Ratio              | 2.0   | 1.7   | 1.1   | 1.1   |

Source: Company, ICICI Direct Research

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**Pankaj Pandey**

**Head – Research**

**pankaj.pandey@icicisecurities.com**

**ICICI Direct Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
**research@icicidirect.com****



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