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Company Update
December 17, 2014

Sharon Bio-Medicine Ltd.

Delay in key trigger to play out....downgrade to HOLD

Current	Previous
CMP : Rs.41	
Rating : HOLD	Rating : UR
Target : Rs.66	Target : UR

(UR-Under Review)

STOCK INFO	
BSE	532908
NSE	SHARONBIO
Bloomberg	SBML IN
Reuters	SHBM.BO
Sector	Pharmaceutical
Face Value (Rs)	2
Equity Capital (Rs mn)	106
Mkt Cap (Rs mn)	4,202
52w H/L(Rs)	90 / 31
Avg Daily Vol (BSE+NSE)	1,254,726

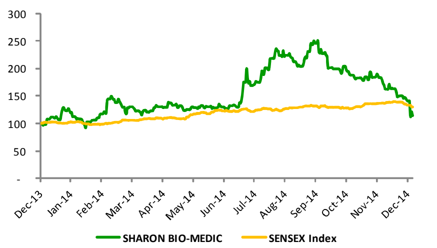
SHAREHOLDING PATTERN	%
(as on Sep. 2014)	
Promoters	60.2
FIIs	1.0
DIIs	2.5
Public & Others	36.4

Source: Company, Cline

STOCK PERFORMANCE (%)	1m	3m	12m
SHARON BIO-MEDICINE	(36.3)	(49.7)	14.6
SENSEX	(5.2)	0.3	29.6

Source: Capitaline, IndiaNivesh Research

SHARON BIO-MEDICINE v/s SENSEX



Source: Capitaline, IndiaNivesh Research

We cut our EPS estimates of Sharon Bio-Medicine Ltd. (SBML) for FY15E and FY16E by 38.3% and 40.6% to factor delay in getting the regulatory approval and dilution of earnings due to issue of warrants. We also reduce the PE multiple from 10x to 8x to factor lower growth in sales and profitability. Accordingly, we reduce our price target to Rs66 (based on 8x FY16E earnings) from Rs140 earlier. We conclude from our meeting with management during annual general meeting (AGM) held on 17th December 2014 that current business is progressing on track. However, the major future growth driver for SBML in terms of USFDA approval is yet to occur. Though the upside from current levels is about 66%, we downgrade the stock to HOLD from BUY and suggest waiting till further clarity emerges on growth drivers as well as regulatory approval for its new facility.

Key change in estimates:

Rs mn	Old estimates		New estimates		Change (%)	
	FY15E	FY16E	FY15E	FY16E	FY15E	FY16E
Sales	15,897	19,077	13,910	15,997	(12.5)	(16.1)
EBITDA	1,989	2,577	1,629	2,001	(18.1)	(22.3)
PAT	1,040	1,470	745	1,009	(28.3)	(31.4)
EPS (Rs)	10	14	6*	8*	(38.3)	(40.6)
PT (Rs)		140		66		

*Note: *-On fully diluted basis; Source: IndiaNivesh Research*

Regulatory delay may result in postponement of business

SBML's Uttarakhand formulation extended facility was inspected by UKMHRA in October 2014. SBML is yet to receive formal approval from UKMHRA, though management is confident of receiving it any time. Also, USFDA inspection for both Uttarakhand formulation as well as Taloja API facility is yet to take place. The delay in inspection and approval by USFDA may result in deferment in sales as well as improvement in profitability. As a result, the debt may remain at similar levels, resulting in interest outgo to remain at higher level in FY15 as well.

Warrant conversion would shave-off 16% from pre-dilution EPS

About 16mn warrants were issued to promoter group on preferential basis in October 2014. Warrants were issued to promoter group to reduce debt of the company to some extent. However, debt level being very high, reduction in interest is lower. And dilution of equity shares being higher, reduction in EPS is much higher. Current equity shares are 106mn. Conversion of warrants would reduce EPS by 16% on pre-dilution basis. As a result, though the PAT estimation is reducing by 28.3% and 31.4%, our EPS estimate is reducing by 38.3% and 40.6%, for FY15E and FY16E, respectively.

Valuation

Considering deferment in sales and warrant conversion, we reduce our sales estimate for FY15 and FY16 by 12.5 and 16.1%. Accordingly, we reduce our PAT estimates by 28.3% and 31.4% to Rs745mn and Rs1,009mn. We arrive at revised price target of Rs66 (based on 8x FY16E earnings) from Rs140 earlier. Though the upside from current levels is about 66%, we downgrade the stock to HOLD from BUY and suggest waiting till SBML gets USFDA approval for its new facility.

Kindly find below our previous report on SBML for ready reference.....

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Financial Statements

Income statement

Y E June (Rs m)	FY12	FY13	FY14E	FY15E	FY16E
Net sales	8,054	10,747	13,248	13,910	15,997
Growth %	*28.2*	*33.4*	*23.3*	*5.0*	*15.0*
Expenditure	7,081	9,525	11,673	12,281	13,996
Raw Material	6,736	9,112	11,230	11,754	13,389
Employee cost	145	186	192	249	286
Other expenses	200	227	252	278	320
EBITDA	973	1,222	1,575	1,629	2,001
Growth %	*32*	*26*	*29*	*3*	*23*
EBITDA Margin %	***12.1***	***11.4***	***11.9***	***11.7***	***12.5***
Deprecaition	89	121	154	170	190
EBIT	885	1,101	1,422	1,459	1,811
EBIT Margin %	***11.0***	***10.2***	***10.7***	***10.5***	***11.3***
Other Income	-	-	19	-	-
Interest	343	431	586	550	550
PBT	542	670	855	909	1,261
Tax	114	133	151	164	252
Effective tax rate %	*21.1*	*19.9*	*17.7*	*18.0*	*20.0*
Extraordinary items	(0)	-	(55)	-	-
Less: Minority Interest	-	-	-	-	-
Adjusted PAT	**428**	**537**	**703**	**745**	**1,009**
Growth%	*28*	*26*	*31*	*6*	*35*
PAT margin %	***5.3***	***5.0***	***5.3***	***5.4***	***6.3***
Reported PAT	428	537	758	745	1,009
Growth%	*29*	*26*	*41*	*(2)*	*35*

Balance sheet

Y E June (Rs m)	FY12	FY13	FY14E	FY15E	FY16E
Share Capital	106	106	211	211	211
Advanced againstt Share Capital	548	548	806	806	806
Reserves & Surplus	1,797	1,864	2,506	3,252	4,261
Net Worth	**2,450**	**2,517**	**3,523**	**4,268**	**5,277**
Secured Loans	3,167	4,414	5,340	5,340	5,340
Unsecured Loans	1,457	2,025	1,914	1,914	1,914
Deferred Tax liabilities	70	83	105	105	105
Total	**7,144**	**9,038**	**10,881**	**11,626**	**12,635**
Gross Block	2,356	3,179	3,809	3,809	4,309
Less: Depreciation	343	463	559	729	919
Net Block	2,013	2,716	3,250	3,080	3,390
CWIP	599	428	149	200	300
Investments	33	33	6	6	6
Current Assets					
Inventories	1,962	2,602	3,225	3,059	3,518
Sundry Debtors	2,682	3,635	4,226	4,383	5,040
Cash & Bank Balances	63	63	123	1,024	605
Loans & Advances	462	321	715	715	715
Current Liabilities	552	616	633	656	754
Provisions	118	144	180	180	180
Net Current Assets	**4,499**	**5,862**	**7,476**	**8,345**	**8,944**
Miscellaneous Expenditure	0	0	0	0	0
Total	**7,144**	**9,038**	**10,881**	**11,626**	**12,635**

Cash Flow

Y E June (Rs m)	FY12	FY13	FY14E	FY15E	FY16E
PBT	542	670	855	909	1,261
Depreciation	88	120	153	170	190
Interest	(12)	(12)	(19)	-	-
Other non cash charges	-	-	-	-	-
Changes in working capital	(1,061)	(1,363)	(1,554)	31	(1,018)
Tax	(91)	(120)	(130)	(164)	(252)
Cash flow fromoperations	**(534)**	**(704)**	**(696)**	**947**	**181**
Capital expenditure	(621)	(652)	(351)	(51)	(600)
Free Cash Flow	**(1,156)**	**(1,356)**	**(1,047)**	**896**	**(419)**
Other income	12	12	-	-	-
Investments	(1)	-	28	-	-
Cash flow from investments	**(610)**	**(640)**	**(324)**	**(51)**	**(600)**
Equity capital raised	-	-	(10)	-	-
Loans availed or (repaid)	1,188	1,363	815	-	-
Dividend paid (incl tax)	(22)	(19)	-	-	-
Others	-	-	279	-	-
Cash flow from Financing	**1,166**	**1,345**	**1,084**	**-**	**-**
Net change in cash	21	1	65	896	(419)
Cash at the beginning of the year	42	64	64	128	1,024
Cash at the end of the year	**63**	**63**	**128**	**1,024**	**605**

Key ratios

Y E June	FY12	FY13	FY14E	FY15E	FY16E
EPS (Rs) Core	4.1	5.1	7.2	6.1	8.3
EPS Reported	4.1	5.1	7.2	6.1	8.3
Cash EPS (Rs)	4.2	5.4	7.0	7.5	9.8
DPS (Rs)	-	-	-	-	-
BVPS (Rs)	20.1	20.6	28.9	35.0	43.2
ROCE (%)	11.0	10.9	11.7	10.6	11.9
ROE (%)	19.0	21.6	23.3	19.1	21.1
Inventories Days	80	78	80	82	75
Sundry Debtors Days	107	107	108	113	108
Loans & Advances Days	16	13	14	19	16
Trades Payable Days	21	20	17	17	16
PER (x)	9.8	7.8	5.5	6.5	4.8
P/BV (x)	2.0	1.9	1.4	1.1	0.9
EV/EBITDA (x)	9.0	8.7	7.2	6.4	5.4
Dividend Yield %	-	-	-	-	-
m cap/sales (x)	0.6	0.6	0.5	0.4	0.4
net debt/equity (x)	1.9	2.5	2.0	1.5	1.3
net debt/ebitda (x)	4.7	5.2	4.5	3.8	3.3

Source: Company Filings; IndiaNivesh Research

Current	Previous
CMP : Rs.49.5	
Rating : BUY	Rating : NR
Target : Rs.74	Target : NR

CMP as on July 2, 2014. NR-Not Rated

Units Rs/Mn	FY13A	FY14E	FY15E	FY16E
Net Sales	10,735	12,882	15,459	18,550
EBITDA	1,222	1,456	1,932	2,504
EBITDA Margin (%)	*11.4*	*11.3*	*12.5*	*13.5*
PAT	537	636	986	1,376
PAT Margin (%)	*5.0*	*4.9*	*6.4*	*7.4*
EPS	5.1	6.0	9.3	13.0
P/E	9.7x	8.2x	5.3x	3.8x

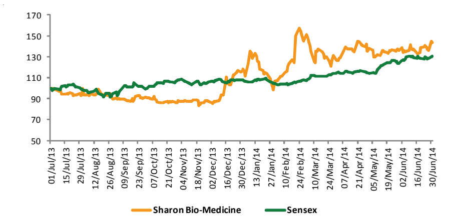
Note Year ending June 30
Source: Company Filings; IndiaNivesh Research

Shareholding Pattern (%)

	Mar-14
Promoter	60.20
FII	--
DII	--
Others	39.80

Source: BSE

SHARON BIO-MEDICINE v/s SENSEX



Source: Capitaline; IndiaNivesh Research

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Sharon Bio Medicine Booster dose of profits doubling in next 2 years

Sharon Bio Medicine (Sharon) is an integrated pharmaceutical company engaged into manufacture of API & formulations. The company has 3 plants out of which 2 are API plants based out of Taloja in Maharashtra & 1 Formulations plant located at Dehradun, Uttrakhand. All the facilities are approved by UK, Latin America etc. but none by USFDA as of now. However the company is waiting for USFDA approval for its formulation facility. USFDA has already inspected Dehradun facility but approval is pending. We have recently met the management & come out extremely positive from the meeting. We believe the company is poised for a very strong growth going ahead which would lead to doubling of profits over next couple of years. The company is changing its strategy from being API dominated company to Formulation driven. Approval from USFDA will be a strong rerating trigger for the stock. We recommend BUY on the stock with target price of Rs 74 in 1 year time period. Key rationales to BUY the stock are given hereunder:

- **Future growth will be driven by Formulations:** Currently the company's revenue mix is 67:33 in terms of API: Formulation. Going forward in next 2 years the management intends to reverse this ratio. The growth in formulation will come from approval from USFDA & launch of many products. However we are conservative on this count & we have modeled 50:50 mix of API & Formulation by June 2016.

- **Profit margins will expand due to increased contribution from formulations:** Since the margins are far higher in formulation than in API we expect the blended margins at EBITDA level to increase by 120 bps in FY15 & another 100 bps in FY16 reflecting total of 220 bps increase in margins in 2 years. We would highlight that this margin expansion can be even higher as we are taking contribution of formulation at lesser rate than the company management. Also these formulations will use in-house API manufacturing which will again give an edge in margins.

- **Fully integrated operations give competitive edge:** Since company intends to launch many products in formulations which will use in house produced APIs, it will give immense competitive edge to company. Also backward integration up to API stage gives control over the supply chain in terms of quality & availability of raw material.

- **Captive API** gives control over fluctuations in pricing thereby reduces issues at the end of formulation customer. As of now about 10% of entire API production is used for captive purposes. Over next 2 years we expect internal consumption may go up to 15%. The segment wise results will show API segment stagnant or growing at lesser pace while formulation segment shall grow at faster pace.

- **Gross fixed assets have increased 5x in last 5 years but sales have gone up only 2x.** Implying no more capex required for capacity expansion: The Company has been investing heavily in capacity expansion over last 5 years as a result of which the Gross Fixed assets have almost become 5 times in this period. We believe the company was preparing to take the advantage of opportunity in formulation whenever it arrives. In our view that time has now come.

- **Company is poised to take off on sharp growth trajectory:** On back of large existing capacities both in API as well as formulations the company is now poised for sharp growth. According to our understanding Sharon can grow its revenue at 20% CAGR over next 3-4 years without increasing capacity. In simple terms it means all the investments in the past are now ready to start delivering returns.

- **The entire capex was funded by debt:** Over last few years company has invested in capex via borrowings. It has ECBs pending worth around 24 mn dollars & another about Rs 4 bn debt on its balance sheet. The huge amount of debt is taking away large part of operating profit. In high interest rate scenario large debt has been a major drain. However we believe that going forward as the high margin formulation business will contribute more the profit margins will improve coupled with no expense on fixed assets would lead to large free cash flows which can be used for repayment of debt.

- The company also provides services to the industry through a toxicity lab. This lab is state of art & has relevant certifications from Indian as well as global regulatory authorities. Through this center can cater to agro chemicals, other drug discovery companies etc. Although this is an 80% EBITDA margin business we have not modeled it into our estimates as its size is small in terms of overall company & also not core activity.
- Management is fully committed to the business & willing to invest more in the business. Recently management has announced infusion of funds through preferential warrant issue at almost near the current stock price. This implies management's confidence in the business.
- The management is quite investor friendly. A few months back they announced a 1:1 bonus & a split from 5:1. Just a few days back promoters have subscribed to preferential allotment of 18 mn convertible warrants to themselves at near the market price

Financials

The company follows June year ending. In 9 months ended March 31, 2014 on consolidated basis it has clocked turnover of Rs 9677.1 mn with EBITDA of Rs 1092.9 mn. Interest expense was Rs 389.6 mn & PAT was at Rs 492.7 mn.

Over last 5 years from 2009 to 2013 June ending the company has doubled its net sales with top line growing at a CAGR of 26.4%. Historically the company has witnessed high raw material costs & therefore low operating margins. On top of that company expanded its capacity at all facilities resulting in debt going up sharply. Consequently the interest expenses have bloated to extent of almost eating away 35% of operating profit. This coupled with high depreciation resulted in low PAT with PAT margin at measly 5%.

Going forward we think worst is behind & as mentioned above margins will improve in next 2 years which will result in wild swing on net profit. Taking a conservative view that API & Formulation will become equal contributors over next 2 years & blended margins will improve by 120 bps in FY15 followed by 100 bps in FY16, Top line growth of 20% CAGR in next 2 years & interest costs remaining at current level of Rs 550 mn per annum we expect the FY16E EBITDA to grow by 70% over FY14E & PAT to grow from Rs 635.5 mn to Rs 1376.2 mn a jump of 117% between FY14E to FY16E. In EPS terms it means a EPS of Rs 6 in FY14E to increase to Rs 13 in FY16E.

Valuation & Recommendation

At CMP of Rs 49.5 the stock is trading at PER of ~8x FY14E, 5.3x FY15E & 3.8x FY16E. We believe the company e the stock deserves a rerating which would happen once the numbers start showing. In nutshell we believe this company is at the point of inflexion, ready to take off. All the hard work done in last 5 years is likely to bear fruit in next few years. The stock can easily rerate to its peer multiples of around 10x. However, for the rerating to come into effect the formulation business & USFDA approval has to come. Conservatively as of now we are valuing this company at 8x FY15E EPS (which is just rolling the current multiple form FY14E to FY15E) yielding a target of Rs 74.

We recommend strong BUY with target of Rs 74 with 1 year time period.

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Result Update
September 1, 2014

Sharon Bio-Medicine Ltd.

(Q4FY14 & Full Year FY14)

Current	Previous
CMP : Rs.73	Rating : BUY
Rating : BUY	Target : Rs.74 Achieved
Target : Rs.140	

Consolidated results were in line with expectation. Stock has ample scope of rating expansion. Maintain BUY with upward revised target of Rs 140 from earlier target of Rs 74 (valuing it at 10x FY16E EPS)

Q4FY14 Results Update

Revenue was in-line in the quarter

Sharon Bio Medicine (Sharon) reported stable performance on top-line in last quarter of its financial year on the back of favorable product mix. Its revenue grew ~7.5% y-o-y *(up 9.7% sequentially)* to Rs 3495.2 mn in Q1FY15.

Favorable product mix led to expansion in margins:

Company's gross margins increased ~379 bps y-o-y (10 bps q-o-q) to 16.3% level during the quarter mainly on account of favorable product mix & savings on material cost. In-line with gross margins expansion, company's EBITDA margins increased ~262 bps y-o-y *(34 bps q-o-q)* to 12.7% level *(V/s INSPL est.=11.9%)*. Increase in employee expenditure & Other expenses related to higher spend on registrations in various markets partially offset some benefit of saving on material cost. The company's EBITDA grew ~35% y-o y *(13% q-o-q)* to Rs 444.5 mn.

Adj Net profit grew ~47% y-o-y to Rs 219.8 mn in Q1FY15

Adjusting for forex loss of Rs 14.5 mn in Q4FY14 compared to loss of Rs 14.2 mn in Q3FY14 (nill in Q4FY13), company's net profit grew 47% y-o-y to Rs 219.8mn.

Full Year FY14 Consolidated performance

Sharon follows June year end hence quarter gone by was Q4 & last quarter for fiscal FY14.

Revenue grew 24% in FY14 over FY13 in line with our estimates of ~20% CAGR on top line over next couple of years.

Gross margins for full year were at 15.2% (up 11 bps YoY). Small savings in other expenses & stable employee costs resulted in EBITDA margin improvement from 11.3% in FY13 to 11.9% in FY14 in line with our estimates.

Despite interest expenses going up by ~24% on YoY basis, due to lower tax rate (19.9% Of PBT in FY13 v/s 17.7% in FY14) along with higher other income, net profit margin adjusted for forex impact improved from 5% in FY13 to 5.7% in FY14.

The company clocked EBITDA of Rs 1574.9 mn (up 30% YoY) & Adj net profit of Rs 757.9 mn (up 41% YoY).

Outlook:

In our earlier note dated July 3, 2014 wherein we initiated this stock as buy idea, we had mentioned change in revenue mix in favor of higher share of formulations will be a key driver for company's growth. We believe this quarter numbers are showing that rationale playing out well.

We have estimated conservative increase of 100 bps increase in EBITDA margins over next 2 years (with all probability of company beating these estimates). Since most of other costs have stabilized, favorable product mix will lead to savings on material costs leading to significant improvement in margins at all levels.In our view future EBITDA will be driven by change in revenue mix.

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As at end of June 30, 2014, Sharon spends ~33% of its EBITDA into paying interest expenses as it has large debt of Rs 7253.84 mn. The company has expanded in the past on back of borrowed funds, which has resulted in ballooning of debt to this high amount. However according to our discussions with the management in the past, they are not looking for any more large ticket capex (only maintenance capex will continue) implying that going forward interest expenses will go down. Also once the profitability will improve, the company will be in a position to repay debt & lower its interest costs. To remain conservative we have yet not factored any benefit from de-leveraging in our estimates.

In our opinion if the company is able to just change revenue mix in favor of formulations from current 70:30 in terms of API: Formulation to 50: 50 by FY16 June, then the company has ability to more than double its bottom line over FY14 levels with just 20% CAGR top line growth & only 100 bps increase each year on EBITDA margin. We highlight these estimates are on conservative side & have potential to be revised upwards.

Valuations:

At CMP of Rs 73, the stock is trading at P/E multiple of 7.3x of FY15E & 5.2x of FY16E earnings estimates.

We believe the company's strategy of focusing on formulations (higher margin products) v/s API has started showing some early results. Due to favorable product mix the savings on material costs are likely to result in continuous improvement in Gross & Operating margins which in turn will lead to PE multiple expansion for the stock.

On a conservative note, we continue to value the stock at 10x FY16E earnings to arrive at target price of Rs 140. Our earlier price target of Rs 74 has been achieved. However we believe the company has lot more potential to deliver hence we remain optimistic on stock's performance. We maintain BUY rating

Quick Financials

Units Rs/Mn	FY13A	FY14A	FY15E	FY16E
Net Sales	10,735	13,248	15,897	19,077
EBITDA	1,222	1,575	1,987	2,575
EBITDA Margin (%)	*11.4*	*11.9*	*12.5*	*13.5*
PAT	537	735	1,054	1,471
PAT Margin (%)	*5.0*	*5.5*	*6.6*	*7.7*
EPS	5.1	7.0	10.0	13.9
P/E	9.7x	10.5x	7.3x	5.2x

Note Year ending June 30.

Source: Company reports; IndiaNivesh Research

Q4FY14 & FY14 (Consolidated, June year ending)

Particulars (Rs Mn except EPS)	Q4FY14	Q4FY13	Y-o-Y	Q3FY14	Q-o-Q	FY14	FY13	Y-o-Y
Net Sales	3,495.20	3,252.60	7.5%	3,184.90	9.7%	13,247.90	10,735.20	23.4%
Other Income						0	1.19	
Total Income	**3,495.20**	**3,252.60**	**7.5%**	**3,184.90**	**9.7%**	**13,247.90**	**10,736.39**	**23.4%**
(increase)/Decrease in closing stock	-303.6	-366.5	-17.2%	-164.6	84.4%	-622.1	-640.2	-2.8%
Consumption of raw material	2,657.70	2,629.80	1.1%	2,167.00	22.6%	9,480.90	7,667.58	23.6%
Purchase of finished goods	571.3	582.2	-1.9%	666.5	-14.3%	2,370.90	2,084.20	13.8%
Employee Cost	65.7	51.6	27.3%	60.97	7.8%	233.6	186.1	25.5%
Other Expenditure	59.6	27.1	119.9%	60.8	-2.0%	209.7	227.1	-7.7%
Total Expenditure	**3,050.70**	**2,924.20**	**4.3%**	**2,790.67**	**9.3%**	**11,673.00**	**9,524.78**	**22.6%**
EBITDA	**444.5**	**328.4**	**35.4%**	**394.23**	**12.8%**	**1,574.90**	**1,211.61**	**30.0%**
Depreciation & Amortization	29.9	38.6	-22.5%	42	-28.8%	153.5	121.3	26.5%
EBIT	**414.6**	**289.8**	**43.1%**	**352.23**	**17.7%**	**1,421.40**	**1,090.31**	**30.4%**
Other Income	11.53	1.28	802.2%	1.78	549.2%	19.33	11	75.7%
Interest	141.8	107.3	32.2%	140.1	1.2%	531.4	430.6	23.4%
Pre-tax Profit	**284.33**	**183.78**	**54.7%**	**213.91**	**32.9%**	**909.33**	**670.71**	**35.6%**
Tax	64.5	34.5	87.0%	19	239.5%	151.4	133.3	13.6%
Profit before minority interest	**219.83**	**149.28**	**47.3%**	**194.91**	**12.8%**	**757.93**	**537.41**	**41.0%**
Minority Interest	-	-	0.0%	-	0.0%	-	-	
Adj net profit	**219.83**	**149.28**	**47.3%**	**194.91**	**12.8%**	**757.93**	**537.41**	**41.0%**
Foreign Exchange Gain/(loss), others	-14.5	-		-14.2	2.1%	-54.9	-	
Net Profit (Reported)	**205.33**	**149.28**	**37.5%**	**180.71**	**13.6%**	**703.03**	**537.41**	**30.8%**
EPS	20.83	14.14	47.0%	18.46	12.8%	71.8	50.91	41.0%
O/ Share Current (In Million)	10.56	10.56	0.0%	10.56	0.0%	10.56	10.56	0.0%

Ratios	Q4FY14	Q4FY13	*Bps*	Q3FY14	*Bps*	FY14	FY13	*Bps*
Gross Margins	16.3%	12.5%	379	16.20%	10	15.2%	15.1%	11
EBITDA margin	**12.7%**	**10.1%**	**262**	**12.40%**	34	**11.9%**	**11.3%**	**60**
Net Margin	6.3%	4.6%	170	6.10%	17	5.7%	5.0%	72
Material cost/Net Sales	83.7%	87.5%	-379	83.80%	-10	84.8%	84.9%	-11
Employee Cost/ Net Sales	1.9%	1.6%	29	1.90%	-3	1.8%	1.7%	3
Other Expenditure/ Net Sales	1.7%	0.8%	87	1.90%	-20	1.6%	2.1%	-53
Tax Rate	23.9%	18.8%	513	9.50%	1,439	17.7%	19.9%	-216

Source: Company reports; IndiaNivesh Research

Disclosure:

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