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Rating Information	
Price (Rs)	676
Target Price (Rs)	714
Target Date	30th Sep'18
Target Set On	21st May'17
Implied yrs of growth (DCF)	15
Fair Value (DCF)	410
Fair Value (DDM)	221
Ind Benchmark	BSETCD
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	107,577
52.61 %	52.6%
52 Wk H/L (Rs)	789.8/437.3
Avg Daily Volume (1yr)	247,999
Avg Daily Value (Rs Mn)	147
Equity Cap (Rs Mn)	318
Face Value (Rs)	2
Bloomberg Code	KJC IN

Ownership	Recent	3M	12M
Promoters	47.4 %	0.0 %	0.2 %
DII	5.7 %	2.5 %	1.9 %
FII	30.8 %	-3.8 %	4.1 %
Public	16.1 %	1.3 %	-6.2 %

Price %	1M	3M	12M
Absolute	3.5 %	21.0 %	26.6 %
Vs Industry	2.5 %	12.5 %	-6.3 %
ASIAN TILES	-1.8 %	36.5 %	118.3 %
SOMANYCERA	9.5 %	25.9 %	78.5 %

Consolidated Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (17A)	4.0	4.0	3.5	4.4
EPS (18E)	3.4	5.0	5.7	6.6

Kajaria Ceramics Ltd.

4QFY17 Result: Estimate(↑), TP(↑), Rating(↔) Regular Coverage

New Product launches & increased Retail penetration to improve margins, maintain 'ADD'

Kajaria Ceramics Ltd (KJC) reported revenue growth of ~10% yoy (7% above EE) as company saw pick-up in demand after a subdued 3Q hit by demonetization. Volumes/Revenues for 4QFY17 were up 11%/9% yoy led by own manufacturing & higher outsourcing. We expect neutral impact of 28% GST rate on Ceramic Tiles & Sanitaryware and expect demand to improve gradually. Accordingly, we downward revise our FY18E/19E Sales estimates by 4%/8% respectively but expect margins to improve slightly due to better product mix & focus on launching of new higher value added products. We maintain our 'ADD' rating with Sep'18 PT of Rs. 714 (earlier Jun'18 PT of Rs. 628) based on 30x PE on TTM EPS of Rs. 24.

Launch of new products & increased focus on participating in affordable housing & other schemes to drive revenue growth: KJC recently launched its new Ultima Collection series of large GVT tiles slabs (1200x1200mm & 1200x1800mm) along with bigger sized Ceramic & PVT tiles. Initial response from Dealer community is good and company expects more sales traction over coming few quarters. Additionally, KJC will also be focusing on serving the affordable housing segment via a mix of Own Manufacturing & Gujarat JVs. We expect company to post 12% revenue CAGR over FY17-20E aided by a gradual improvement in demand. Faucet & Sanitary-ware division saw 55% & 32% revenue jump yoy & qoq respectively but on a lower base.

Margins likely to improve over next few years on back of higher contribution from Retail segment, increased utilization of JV capacity & better product mix: KJC EBITDAM came at 18%, 231 bps lower yoy, due to higher contribution from Outsourcing revenues and higher other expenses though fuel costs remained flat yoy. KJC will focus on improving its Retail to Institutional mix (currently 70:30) by adding more dealers & increasing its A&P spend to gain more visibility, particularly in Tier II & III cities. Additionally, capacity utilization at KJC's Morbi JVs is likely to improve & manufacturing lines at some JVs have been redesigned to produce better product mix. We have built 108bps improvement in Margins over FY17-20E but have not factored any improvement from lower gas costs (management believes they might have peaked in 4QFY17).

Maintain ADD rating as valuations are not cheap: We expect the company to post Sales/EBITDA/PAT CAGR of 12%/14%/20% over FY17-20E respectively aided by higher penetration into Retail segment, increased visibility via higher A&P spending, better product mix & improved utilization of JV capacities. But at CMP of Rs. 676, stock is trading at 33x/27x of our FY18E/19E EPS calculations respectively, so we believe that valuations do not leave much room for major upside and await a better entry point.

Key Risks: Lower than expected volume growth or margin recovery, higher competition from unorganized players even after GST implementation.

Absolute : ADD
Relative : Benchmark
5% ATR in 16 months

Building Materials

Change in Estimates

	Revised Estimates		% Change over Old	
	FY18E	FY19E	FY18E	FY19E
Sales	28,851	-4%	33,026	-8%
EBITDA	5,660	1%	6,630	-1%
EBIT	4,830	-4%	5,783	-5%
PAT	3,285	5%	3,903	1%

Consolidated Financials

Rs. Mn	FY17A	FY18E	FY19E	FY20E
Sales	25,496	28,851	33,026	35,472
EBITDA	4,963	5,660	6,630	7,290
Depreciation	814	830	847	864
Interest Expense	340	309	279	231
Other Income	154	180	206	222
Reported PAT	2,528	3,285	3,903	4,327
Recurring PAT	2,528	3,285	3,903	4,327
Total Equity	11,751	13,888	16,452	19,058
Gross Debt	1,706	1,601	1,483	1,247
Cash	520	624	832	1,721
Rs Per Share	FY17A	FY18E	FY19E	FY20E
Earnings	15.9	20.7	24.6	27.2
Book Value	74	87	104	120
Dividends	3.0	6.2	7.2	9.3
FCFF	1.8	10.4	12.2	19.9
P/E (x)	42.5	32.7	27.5	24.8
P/B (x)	9.1	7.7	6.5	5.6
EV/EBITDA (x)	22.2	19.4	16.5	14.8
ROE (%)	24 %	26 %	26 %	24 %
Core ROIC (%)	18 %	21 %	22 %	23 %
EBITDA Margin (%)	19 %	20 %	20 %	21 %
Net Margin (%)	10 %	11 %	12 %	12 %

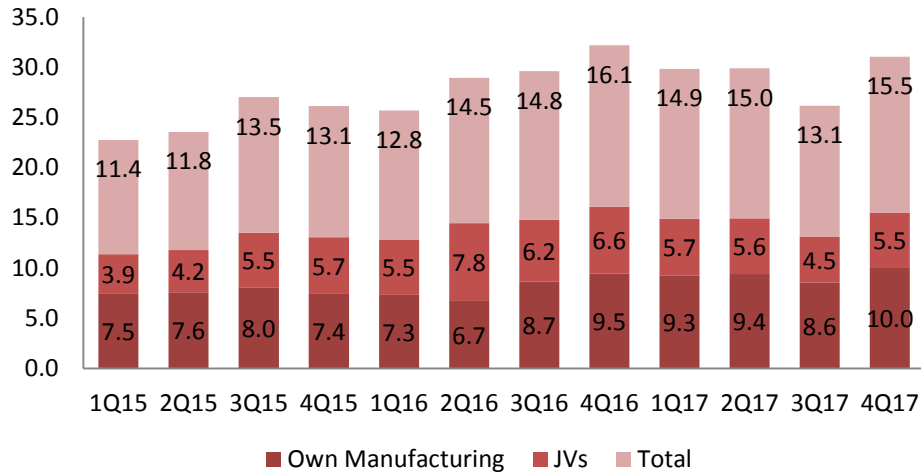


Quarterly Results Table (Consolidated)

Particulars (Rs mn)	4QFY17	4QFY17E	3QFY17	4QFY16	% Change			Comments
					4QFY17E	3QFY17	4QFY16	
Net Sales	7,207	6,765	6,067	6,567	7%	19%	10%	
Raw Material Consumption	1,966	1,971	1,710	1,898	0%	15%	4%	
Traded Goods	795	565	552	505	41%	44%	57%	
Other Expense	1,230	973	950	956	26%	29%	29%	
Power Fuel and Repairs	1,201	1,275	1,009	1,209	-6%	19%	-1%	
Personnel Expense	707	734	720	656	-4%	-2%	8%	
Total Expenditures	5899	5518	4940	5224	7%	19%	13%	
EBITDA	1308	1247	1126	1343	5%	16%	-3%	
Depreciation	205	210	206	199	-3%	-1%	3%	
EBIT	1,103	1,036	920	1,144	6%	20%	-4%	
Interest	78	81	83	104	-3%	-5%	-25%	
Other Income	78	25	21	47	206%	269%	66%	
PBT	1,102	981	858	1,087	12%	28%	1%	
Tax	381	349	309	398	9%	23%	-4%	
PAT before MI & Associates	721	632	549	689	14%	31%	5%	
Minority Interest	-15	-23	2	0				
Profit from Assoc.	0	0	0	0				
Recurring PAT	707	609	551	689	16%	28%	3%	
Extraordinaries	7	0	0	4				
Reported PAT	699	609	551	685	15%	27%	2%	
EPS (Rs)	4.4	3.9	3.5	4.3	15%	28%	3%	
EBITDA Margin	18%	18%	19%	20%	-28 bps	-42 bps	-231 bps	
EBIT Margin	15%	15%	15%	17%	-2 bps	14 bps	-211 bps	
PBT Margin	15%	15%	14%	17%	79 bps	114 bps	-125 bps	
PAT Margin	10%	9%	9%	10%	69 bps	62 bps	-72 bps	
Tax Rate	35%	36%	36%	37%	-101 bps	-142 bps	-204 bps	

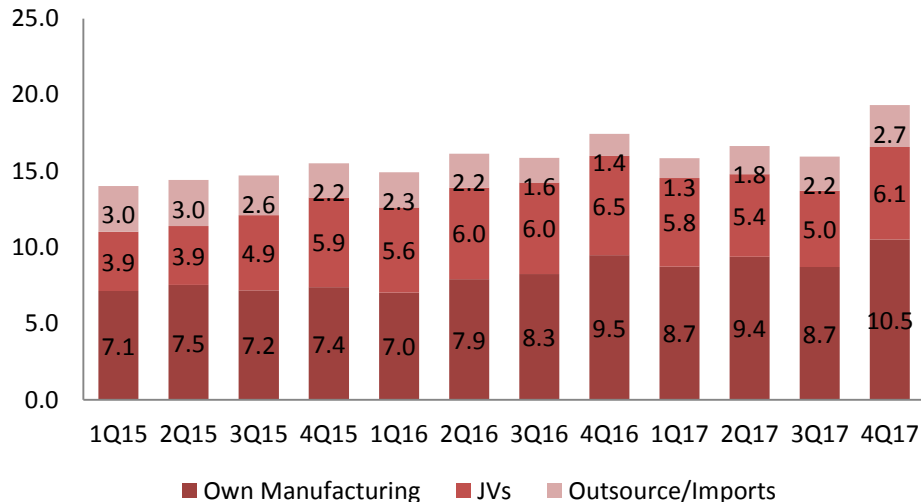


Exhibit 1: Production Trend over last 12 quarters - 4Q17 was the best quarter of FY17



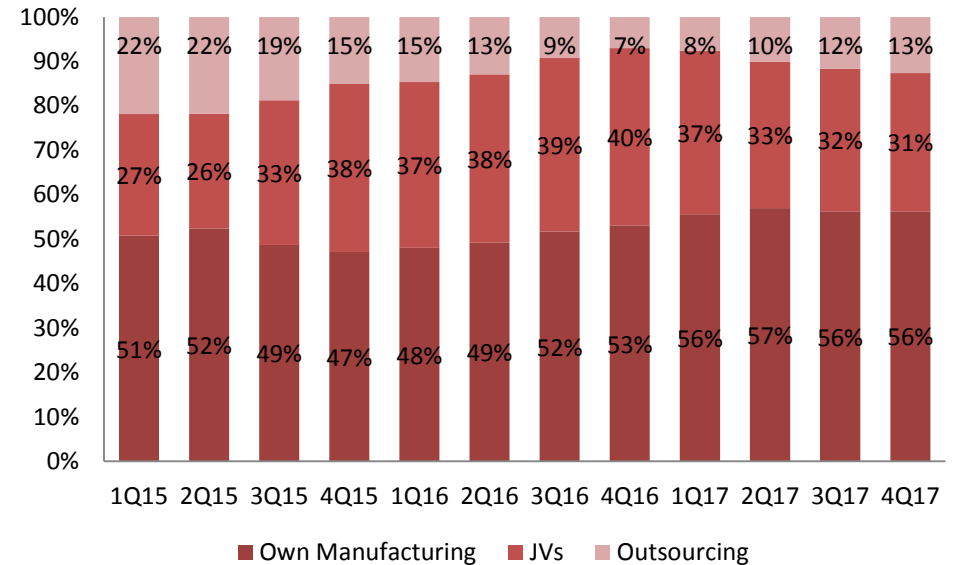
Source: Company, Equirus Securities

Exhibit 2: Sales Volume Trend over last 12 quarters - contribution from JVs has gone down yoy due to fall in demand from demonetization impact & planned shutdown at one of the JVs



Source: Company, Equirus Securities

Exhibit 3: Tiles revenue mix over last 12 quarters - contribution from JVs has gone down in FY17 due to lower demand & planned shut-down



Source: Company, Equirus Securities

**Key Takeaways from Analyst Meet:****Guidance: Management is confident of achieving double digit growth & margin improvement over next 3 years**

- Management sounded very confident of growing more than the industry average & achieving double digit growth (11-17%) over next 3 years led by thrust on new product launches & gaining market share from unorganized players. EBITDAM likely to improve to 20% by FY20.
- KJC expects further consolidation in the Tile industry with implementation of GST as many Morbi based players will either merge among themselves to create a bigger entity or tie-up with organized players like Kajaria, Somany, AGL, HR Johnson etc. to bank upon their strong brand & distribution network
- It also expects logistics costs & time to do down post GST due to synchronization of various taxes into a single tax. Additionally, many dealers who are currently tied up with unorganized players are likely to shift to organized players in order to make their transactions hassle free & tax compliant.
- Company has recently launched high margin ultra large tiles (Ultmia collection) in New Delhi which was attended by around 300 dealers and around 400 Architects and the product was well received by the audience. It has also launched bigger sized Ceramic & PVT Tiles as well. Currently the ultra large tiles market is very niche & premium ended with only 3-4 players having a meaningful presence. It has increased the no. of SKUs from 74 in Mar'17 to nearly 300 currently
- Catering to Affordable housing demand will be a key focus area for KJC and it plans to meet this by a mix of Own manufacturing & outsourcing from JVs. Only Mass market Ceramic & PVT tiles will be able to cater to this demand (Rs 30/sq. ft.). Additionally, mass market Sanitaryware designs will also see huge demand coming from this segment.
- Management is focussing on improving the Residential/Institutional ratio which currently stands at 70%/30% to 80%/20% over next 3 years. For this, KJC is already going to spend heavily on Advertisement & Promotion and has kept a budget of Rs 1bn for FY18 vs. Rs 750mn in FY17 and Rs 569mn in FY16. It is targeting to keep A&P spends at around 3-3.5% of Sales for coming few years.
- Additionally, company is planning to add more number of dealers, particularly in Tier II & III cities. It currently has around 1150 dealers and plans to add another

250 dealers in FY18. Total Retail touch points are around 10,000 across the country.

- KJC is open to any inorganic acquisition or tie-up with unorganized players based out of Morbi if any opportunity presents itself post GST
- Management believes that Gas prices might have peaked out in 4Q17 and since USD has also depreciated, they don't see any adverse impact of gas on the margins
- KJC is targeting Sanitaryware & Faucetware segment contribution of 6% to total revenues from 4% currently over next 2 years. Sanitaryware is expected to become EBIT positive while Faucet-ware will EBIT neutral in FY18

Impact of Demonetization: Customers preference for cashless transactions has increased

- Prior to demonetization, about 80% of transactions across the industry were happening in cash at retailer/sub-dealer to dealer levels. Dealers in smaller towns & cities used to get only 2% business via cheque while the rest of the transactions were in cash. Of the company's 1150 dealers, only 450 dealers most of whom were based in South India had credit card machines installed with them.
- Post demonetization, around 900 dealers now have credit card installed at their shops/showrooms and ratio of Non-cash (cheque + credit card) to cash payments has become 50:50%
- Management believes that actual saving on transactions for an unorganized dealer post GST would only be 3-4% so they are likely to shift towards becoming organized & accept the tax compliance

Impact of Anti-dumping duty on Chinese Tile manufacturers: Will help the industry, particularly in South India; Domestic industry is increasingly becoming more competitive with China

- Recently Indian govt. has imposed anti-dumping duty in the range of USD 0.28-1.87/sqm on some Chinese Tile manufacturers for a period of 5 years though 4 of the major manufacturers have been exempted from this. The costs of operations for most of the Chinese players have gone up substantially over past year which has made the Indian Tile players very competitive against their Chinese counterparts. The anti-dumping duty has been imposed as a precaution for any future misadventure by the Chinese players. However, the overall impact of the



duty will not be much as the 4 major producers who have been exempted are having huge capacities and they might continue to keep exporting to India.

Other Takeaways:

- Capex of Rs. 4bn is being planned over next 2 years. Of this, nearly Rs. 400mn is being spent for 3.5msm/annum ceramic tile capacity expansion at company's Gailpur, Rajasthan facility which would take total capacity of the facility to 22.4msm/annum from 18.9msm/annum currently by Sep'17 while Rs. 1.4bn is being spent for putting up a manufacturing facility of glazed vitrified tiles with a capacity of 5msm/annum in Floera Ceramic JV in Andhra Pradesh which will become operation from Sep'18
- Debtor days have increased by 3-4 days for FY17 but overall WC cycle days remains the same
- Currently the average tax rate including Excise, VAT & Sales tax comes at 27-28% which has remained the same at 28% under the declared GST rates.
- Breakup of Tile Value & Volume for FY17

Type of Tile	Value	Volume
Ceramics	10,182	31.8
PVT	8,910	23.0
GVT	6,364	12.9
Total	25,456	67.7

Company Snapshot

How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY18E	20.7	21.0	-2 %	We have taken slight improvement in EBITDA margin & lowered tax rate as per management guidance of 33%
	FY19E	24.6	23.8	3 %	
Sales	FY18E	28,851	29,024	-1 %	
	FY19E	33,026	33,492	-1 %	
PAT	FY18E	3,285	3,350	-2 %	
	FY19E	3,903	3,800	3 %	

Our Key Investment arguments:

- Improvement in return metrics driven by low capital investment and evolving focus on “Buying Commodities and Selling Brands”
- Geographical acquisitions to underpenetrated regions has helped KJC to leverage existing distribution network and manufacturing capacities of the acquired companies and leverage its strong brand to grow its market reach
- However, demand scenario remains challenging and near term valuations remain expensive. We await a better entry point

Particulars	FY16A	FY17A	FY18E	FY19E	FY20E
Total Sales Volume (msm)	65.7	67.7	75.9	83.1	88.6
Gross margin	65%	64%	64%	64%	64%
Fuel Costs (% of Sales)	16%	16%	16%	16%	16%
EBITDAM	19%	19%	20%	20%	21%
PATM	10%	10%	12%	12%	12%

RoE						EPS			P/E			BPS	P/B	RoE			RoE	
Company	Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date	FY17A	FY18E	FY19E	FY17A	FY18E	FY19E	FY16A	FY18E	FY17A	FY18E	FY19E	FY17A	FY18E
Kajaria Tiles	ADD	676	107,577	714	30th Sep'18	15.9	20.7	24.6	42.5	32.7	27.5	73.9	7.7	24 %	26 %	26 %	0.4 %	0.9 %
Asian Granito	NR	372	11,199	NR	NR	8.6	13.1	17.9	43.3	28.3	20.8	160.8	2.8	7 %	10 %	12 %	0.0 %	0.0 %
Somany Ceramics	NR	760	32,225	NR	NR	16.3	20.2	23.7	46.8	37.7	32.1	101.0	6.8	19 %	18 %	18 %	0.3 %	0.4 %

Key Triggers

- Pick up in real estate activities

% Impact on EPS	% Change	% Change
Revenues	-1 %	-2 %
EBITDA	-1 %	-7 %
-	-	-

DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
6.6 %	0.8	11.3 %	2.0 %	6.0 %

	FY18E	FY19E	FY20-22E	FY23-27E	FY28-32E
Sales Growth	13 %	14 %	8 %	9 %	8 %
NOPAT Margin	12 %	12 %	12 %	12 %	12 %
IC Turnover	1.66	1.68	1.88	1.98	1.98
RoIC	21.0 %	21.7 %	23.7 %	25.3 %	25.2 %

Years of strong growth	1	2	5	10	15
Valuation as on date (Rs)	181	201	260	317	364
Valuation as of Sep'18	204	226	293	357	410

Based on DCF, assuming 15 years of 8% revenue CAGR growth and 25% average ROIC, we derive current fair value of Rs. 364 and Sep'18 fair value of Rs 410

Company Description:

Kajaria Ceramics is the largest manufacturer of ceramic/vitrified tiles in India and the 9th largest in the world. It has an annual capacity of 68.60 mn. sq. meters presently, distributed across 9 plants. With a myriad variety of tiles, KJC has created a strong brand in an otherwise commoditized industry. With presence across 1,144dealers and large numbers of sub-dealers the company boasts of wide presence across country.



Quarterly Earnings Forecast and Key Drivers

Rs in Mn	1Q17A	2Q17A	3Q17A	4Q17A	1Q18E	2Q18E	3Q18E	4Q18E	1Q19E	2Q19E	3Q18E	4Q19E	FY17A	FY18E	FY19E	FY20E
Revenue	5,930	6,301	6,067	7,207	6,065	7,074	7,214	8,499	7,228	8,091	8,302	9,405	25,496	28,851	33,026	35,472
Raw Material Consumption	1,525	1,697	1,710	1,966	1,661	1,937	1,975	2,327	1,948	2,180	2,237	2,534	6,898	7,900	8,900	9,250
Traded Goods	378	572	552	795	435	601	607	914	487	673	692	1,042	2,297	2,557	2,894	3,355
Other Expense	972	918	950	1,230	1,108	1,047	1,102	1,378	1,207	1,141	1,202	1,626	4,071	4,635	5,176	5,613
Power Fuel and Repairs	1,073	1,099	1,009	1,201	1,054	1,291	1,191	1,330	1,257	1,407	1,443	1,635	4,381	4,867	5,742	6,002
Personnel Expense	712	748	720	707	797	831	799	806	901	939	903	943	2,887	3,233	3,686	3,962
EBITDA	1,271	1,267	1,126	1,308	1,010	1,367	1,539	1,744	1,428	1,751	1,825	1,625	4,963	5,660	6,630	7,290
Depreciation	199	204	206	205	206	207	208	209	210	211	212	213	814	830	847	864
EBIT	1,072	1,063	920	1,103	804	1,160	1,331	1,535	1,218	1,540	1,613	1,411	4,149	4,830	5,783	6,426
Interest	92	79	83	78	81	78	76	74	73	71	69	67	340	309	279	231
Other Income	17	21	21	78	38	44	45	53	45	51	52	59	154	180	206	222
PBT	996	996	996	996	996	996	996	996	996	996	996	996	3,963	4,952	5,906	6,563
Tax	351	385	309	381	274	393	449	519	411	518	542	477	1,425	1,634	1,949	2,166
PAT bef. MI & Assoc.	646	621	549	721	551	796	913	1,058	828	1,050	1,103	975	2,538	3,318	3,957	4,397
Minority Interest	-12	15	2	-15	-8	-8	-8	-8	-13	-13	-13	-13	-10	-33	-54	-70
Profit from Assoc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recurring PAT	634	636	551	707	543	788	905	1,049	815	1,037	1,089	962	2,528	3,285	3,903	4,327
Extraordinaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	634	636	551	707	543	788	905	1,049	815	1,037	1,089	962	2,528	3,285	3,903	4,327
EPS (Rs)	3.99	4.00	3.47	4.45	3.41	4.96	5.69	6.60	5.13	6.52	6.85	6.05	15.91	20.67	24.56	27.22
Key Drivers																
Self Manufactured Volume MSM	7.3	6.7	8.7	9.5	9.3	9.4	8.4	5.6	8.1	8.4	9.2	10.0	32.2	32.7	35.6	38.8
Outsourced Volume MSM	2.3	2.2	1.6	1.4	1.3	1.8	2.1	4.9	2.8	2.7	2.2	3.1	7.6	10.1	10.9	12.0
JV Volume MSM	5.5	7.8	6.2	6.6	5.7	5.6	5.4	5.3	6.6	7.7	7.2	7.7	26.0	21.9	29.2	37.5
Sequential Growth (%)																
Revenue	-11 %	6 %	-4 %	19 %	-16 %	17 %	2 %	18 %	-15 %	12 %	3 %	13 %	-	-	-	-
Raw Material Consumption	54 %	11 %	1 %	15 %	-16 %	17 %	2 %	18 %	-16 %	12 %	3 %	13 %	-	-	-	-
EBITDA	8 %	0 %	-11 %	16 %	-23 %	35 %	13 %	13 %	-18 %	23 %	4 %	-11 %	-	-	-	-
EBIT	3 %	-1 %	-13 %	20 %	-27 %	44 %	15 %	15 %	-21 %	26 %	5 %	-13 %	-	-	-	-
Recurring PAT	-14 %	0 %	-13 %	28 %	-23 %	45 %	15 %	16 %	-22 %	27 %	5 %	-12 %	-	-	-	-
EPS	-12 %	0 %	-13 %	28 %	-23 %	45 %	15 %	16 %	-22 %	27 %	5 %	-12 %	-	-	-	-
Yearly Growth (%)																
Revenue	5 %	3 %	1 %	9 %	2 %	12 %	19 %	18 %	19 %	14 %	15 %	11 %	6 %	13 %	14 %	7 %
EBITDA	69 %	30 %	17 %	11 %	-20 %	8 %	37 %	33 %	41 %	28 %	19 %	-7 %	9 %	14 %	17 %	10 %
EBIT	67 %	24 %	9 %	6 %	-25 %	9 %	45 %	39 %	51 %	33 %	21 %	-8 %	8 %	16 %	20 %	11 %
Recurring PAT	36 %	6 %	-5 %	-4 %	-14 %	24 %	64 %	49 %	50 %	32 %	20 %	-8 %	28 %	30 %	19 %	11 %
EPS	36 %	6 %	-5 %	-2 %	-14 %	24 %	64 %	49 %	50 %	32 %	20 %	-8 %	9 %	30 %	19 %	11 %
Margin (%)																
EBITDA	21 %	20 %	19 %	18 %	17 %	19 %	21 %	21 %	20 %	22 %	22 %	17 %	19 %	20 %	20 %	21 %
EBIT	18 %	17 %	15 %	15 %	13 %	16 %	18 %	18 %	17 %	19 %	19 %	15 %	16 %	17 %	18 %	18 %
PBT	17 %	16 %	16 %	14 %	16 %	14 %	14 %	12 %	14 %	12 %	12 %	11 %	16 %	17 %	18 %	19 %
PAT	11 %	10 %	9 %	10 %	9 %	11 %	13 %	12 %	11 %	13 %	13 %	10 %	10 %	11 %	12 %	12 %

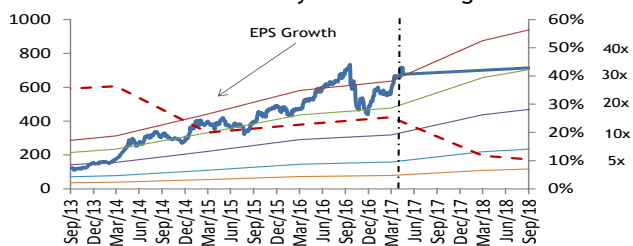
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Op. Expenditure	20,533	23,191	26,397	28,182
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Depreciation	814	830	847	864
EBIT	4,149	4,830	5,783	6,426
Interest Expense	340	309	279	231
Other Income	154	180	206	222
PBT	3,963	4,952	5,906	6,563
Tax	1,425	1,634	1,949	2,166
PAT bef. MI & Assoc.	2,538	3,318	3,957	4,397
Minority Interest	10	33	54	70
Profit from Assoc.	0	0	0	0
Recurring PAT	2,528	3,285	3,903	4,327
Extraordinaires	0	0	0	0
Reported PAT	2,528	3,285	3,903	4,327
FDEPS (Rs)	15.9	20.7	24.6	27.2
DPS (Rs)	3.0	6.2	7.2	9.3
CEPS (Rs)	21.0	25.9	29.9	32.7
FCFPS (Rs)	1.8	10.4	12.2	19.9
BVPS (Rs)	73.9	87.4	103.5	119.9
EBITDAM (%)	19 %	20 %	20 %	21 %
PATM (%)	10 %	11 %	12 %	12 %
Tax Rate (%)	36 %	33 %	33 %	33 %
Sales Growth (%)	6 %	13 %	14 %	7 %
FDEPS Growth (%)	9 %	30 %	19 %	11 %

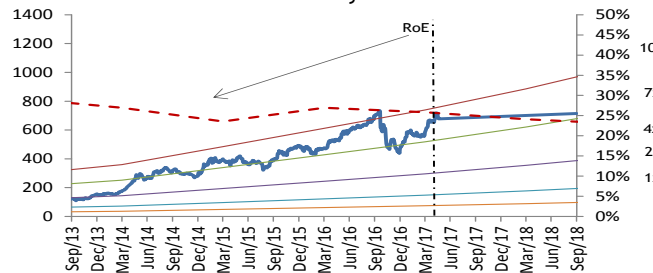
Balance Sheet (Rs Mn)	FY17A	FY18E	FY19E	FY20E
Equity Capital	159	159	159	159
Reserve	11,592	13,730	16,294	18,899
Networth	11,751	13,888	16,452	19,058
Long Term Debt	1,706	1,601	1,483	1,247
Def Tax Liability	1,207	1,112	1,030	866
Minority Interest	761	794	847	918
Account Payables	2,921	3,320	3,710	3,985
Other Curr Liabi	2,054	2,327	2,663	3,085
Total Liabilities & Equity	20,400	23,042	26,186	29,158
Net Fixed Assets	11,667	12,837	14,416	15,202
Capital WIP	83	0	0	0
Others	412	746	1,016	1,312
Inventory	3,720	4,189	4,796	5,345
Account Receivables	3,389	3,794	4,253	4,568
Other Current Assets	608	851	874	1,009
Cash	520	624	832	1,721
Total Assets	20,400	23,042	26,186	29,157
Non-cash Working Capital	2,743	3,188	3,549	3,852
Cash Conv Cycle	39.3	40.3	39.2	39.6
WC Turnover	9.3	9.0	9.3	9.2
FA Turnover	2.2	2.2	2.3	2.3
Net D/E	0.1	0.1	0.0	0.0
Revenue/Capital Employed	1.7	1.8	1.8	1.7
Capital Employed/Equity	1.4	1.3	1.2	1.2

Cash Flow (Rs Mn)	FY17A	FY18E	FY19E	FY20E
PBT	3,963	4,952	5,906	6,563
Depreciation	814	830	847	864
Others	-105	0	0	0
Taxes Paid	1,036	1,634	1,949	2,166
Change in WC	-923	-445	-360	-304
Operating C/F	2,713	3,703	4,443	4,957
Capex	-2,663	-2,558	-2,695	-1,946
Change in Invest	0	307	0	0
Others	12	0	0	0
Investing C/F	-2,651	-2,251	-2,695	-1,946
Change in Debt	332	-105	-118	-236
Change in Equity	87	0	0	0
Others	-382	-1,243	-1,421	-1,886
Financing C/F	38	-1,348	-1,539	-2,122
Net change in cash	99	104	209	889
RoE (%)	24 %	26 %	26 %	24 %
RoIC (%)	19 %	21 %	22 %	21 %
Core RoIC (%)	18 %	21 %	22 %	23 %
Div Payout (%)	23 %	35 %	34 %	40 %
P/E	42.5	32.7	27.5	24.8
P/B	9.1	7.7	6.5	5.6
P/FCFF	384.3	64.8	55.5	33.9
EV/EBITDA	22.2	19.4	16.5	14.8
EV/Sales	4.3	3.8	3.3	3.0
Dividend Yield (%)	0.4 %	0.9 %	1.1 %	1.4 %

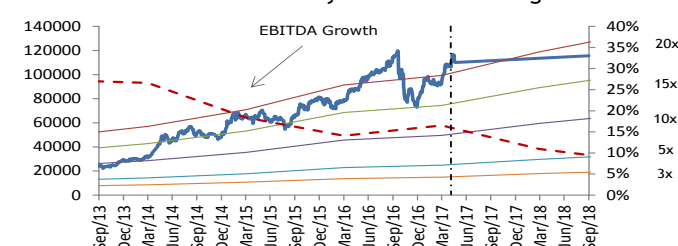
TTM P/E vs. 2 yr forward EPS growth



TTM P/B vs. 2 yr forward RoE



TTM EV/EBITDA vs. 2 yr forward EBITDA growth





Historical Consolidated Financials

P&L (Rs Mn)	FY14A	FY15A	FY16A	FY17A	Balance Sheet (Rs Mn)	FY14A	FY15A	FY16A	FY17A	Cash Flow (Rs Mn)	FY14A	FY15A	FY16A	FY17A
Revenue	18,363	21,869	24,135	25,496	Equity Capital	151	159	159	159	PBT	1,992	2,761	3,604	3,963
Op. Expenditure	15,512	18,328	19,564	20,533	Reserve	5,143	7,251	9,560	11,592	Depreciation	470	559	726	814
EBITDA	2,851	3,541	4,571	4,963	Networth	5,295	7,409	9,719	11,751	Others	356	235	342	-105
Depreciation	470	559	726	814	Long Term Debt	2,364	2,220	2,525	1,706	Taxes Paid	647	799	1,036	1,036
EBIT	2,381	2,983	3,845	4,149	Def Tax Liability	802	894	1,047	1,207	Change in WC	-509	-953	-923	-923
Interest Expense	408	294	345	340	Minority Interest	409	625	761	761	Operating C/F	1,661	1,803	2,713	2,713
Other Income	19	72	104	154	Account Payables	1,520	2,418	2,928	2,921	Capex	-1,522	-2,646	-2,663	-2,663
PBT	1,992	2,761	3,604	3,963	Other Curr Liabi	1,366	2,026	2,203	2,054	Change in Invest	0	0	0	0
Tax	678	854	1,247	1,425	Total Liabilities & Equity	11,756	15,592	19,182	20,400	Others	9	16	12	12
PAT bef. MI & Assoc.	1,313	1,907	2,357	2,538	Net Fixed Assets	7,321	9,378	11,100	11,667	Investing C/F	-1,514	-2,630	-2,651	-2,651
Minority Interest	71	93	48	10	Capital WIP	0	0	79	83	Change in Debt	-690	282	332	332
Profit from Assoc.	0	0	0	0	Others	282	411	400	412	Change in Equity	816	902	87	87
Recurring PAT	1,814	1,814	1,814	1,814	Inventory	1,931	3,033	3,842	3,720	Others	-257	-310	-382	-382
Extraordinaires	0	58	0	0	Account Receivables	1,649	2,071	2,742	3,389	Financing C/F	-130	874	38	38
Reported PAT	1,756	1,756	1,756	1,756	Other Current Assets	513	587	804	608	Net change in cash	17	47	100	99
EPS (Rs)	7.8	11.0	14.5	15.9	Cash	61	112	215	520	RoE (%)	29 %	28 %	27 %	24 %
DPS (Rs)	1.4	4.0	4.0	3.0	Total Assets	11,756	15,592	19,182	20,400	RoIC (%)	18 %	20 %	20 %	19 %
CEPS (Rs)	11.6	15.1	19.1	21.0	Non-cash Working Capital	1,206	1,247	2,257	2,743	Core RoIC (%)	19 %	21 %	21 %	18 %
FCFPS (Rs)	2.8	-4.1	1.8	1.8	Cash Conv Cycle	24.0	20.8	34.1	39.3	Div Payout (%)	21 %	18 %	14 %	23 %
BVPS (Rs)	36.0	48.4	61.2	73.9	WC Turnover	15.2	17.5	10.7	9.3	P/E	86.5	61.2	46.5	0.0
EBITDAM (%)	16 %	16 %	19 %	19 %	FA Turnover	2.5	2.3	2.2	2.2	P/B	18.8	14.0	11.1	0.0
PATM (%)	7 %	8 %	10 %	10 %	Net D/E	0.4	0.3	0.2	0.1	P/FCFF	238.8	-165.7	374.1	384.3
Tax Rate (%)	34 %	31 %	35 %	36 %	Revenue/Capital Employed	3.0	3.1	2.9	2.5	EV/EBITDA	38.8	31.2	24.3	0.0
Sales growth (%)	14 %	19 %	10 %	6 %	Capital Employed/Equity	2.4	2.3	1.9	1.6	EV/Sales	6.0	5.1	4.6	0.0
FDEPS growth (%)	19 %	41 %	31 %	9 %						Dividend Yield (%)	0.2 %	0.6 %	0.6 %	0.4 %



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