

Responsive Industries Ltd.

Initiating Coverage

BUY

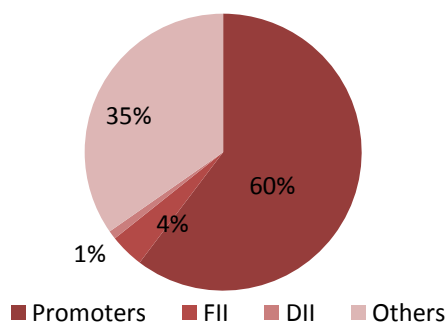
CMP	TP	Return	Div yield	Total Return
92	117	27.0%	0.1%	27.1%

Sensex	18,359
Nifty	5,575

Stock Details

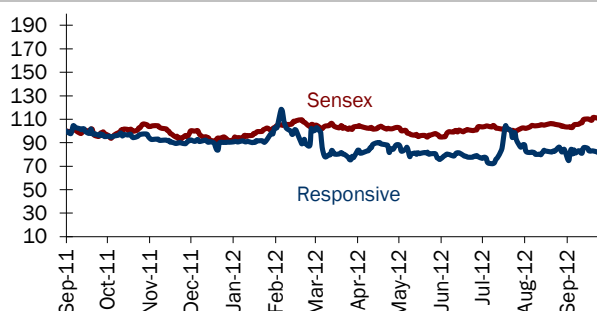
Industry	Plastic Products
Market Cap (Rs Crs)	2,402
O/S Shares (mn)	266
Free Float (Rs Crs)	240
52 Week H/L	135 / 77
Avg. 3 m daily Volume	27,950 (NSE+BSE)
Face Value	1.00
Bloomberg	RESP IN
Reuters	RSPO.BO
BSE Code	505509
NSE Symbol	RESPONIND

Shareholding Pattern (%)



1 Yr Stock return with sensex (%)

Ye (Mar)	1M	3M	6M	12M
Responsive	-4.8	4.6	5.8	-2.0
Sensex	5.4	10.2	9.3	-4.0



Company Overview

Responsive Industries Ltd (RiL) is a leading global manufacturer of polyvinyl chloride (PVC) based products, the top three producers of vinyl flooring internationally and the largest Indian producer of PVC flooring, artificial leather cloth, rigid film and soft sheeting.

RiL's products portfolio includes PVC flooring, automotive upholstery solutions, FMCG and pharmaceutical packaging and transparent sheeting and caters to multiple industries, comprising healthcare, hospitality, transportation, IT and telecom, retail, education, sports infrastructure and real estate.

The company is also a key player in the domestic synthetic rope segment, through its subsidiary Axiom Cordages Ltd and has around 60% market share in the domestic shipping ropes industry.

Investment Rationale:

- **Expanded Capacity to drive growth in coming years:** The Company has doubled its PVC business from 47,700MT to 90,000MT by end of March, 2012. Expanded capacity will open ample avenue for RiL to capture increasing domestic demand – supply deficit of PVC.
- **Strong brand equity & Dominant market share:** Being the largest & oldest PVC manufacturer, RiL's product enjoys high recognition in market which helps the company to create strong brand equity. Company is having dominant market share in PVC products & Shipping ropes. On the back of well-diversified product portfolio and the large manufacturing capacity, RiL is expected to increase market share & enjoy leadership position going forward.
- **Railway coaches & Automotive industry – Consistent replacement demand:** Both the segment is expected to act as backbone to PVC product business on the back of replacement demand for old products & increasing govt. exp on transportation sector.
- **Axiom – Huge untapped shipping ropes market:** Through its subsidiary Axiom, RiL is catering to the shipping rope demand with 60% domestic market share. Increasing transportation by sea route, compulsory replacement of ropes as per International Maritime Laws will provide good opportunity to Axiom.

Financial Overview (Consolidated: (Rs millions))

Ye (Mar)	FY10	FY11	FY12	FY13E	FY14E
Net Sales	8,445	11,887	16,841	22,145	28,679
YoY Gr. (%)	29.7	40.8	41.7	31.5	29.5
EBITDA	1,339	1,916	2,133	3,152	4,072
YoY Gr. (%)	49.0	43.1	11.3	47.8	29.2
% of Sales	15.9	16.3	12.7	14.3	14.2
PAT	626	906	1,040	1,405	2,077
YoY Gr. (%)	35.2	44.8	14.7	35.1	47.9
% of Sales	7.5	7.7	6.2	6.4	7.3
EPS (Rs.)	2.69	3.82	4.24	5.63	8.19

Source: Company, BNK Capital

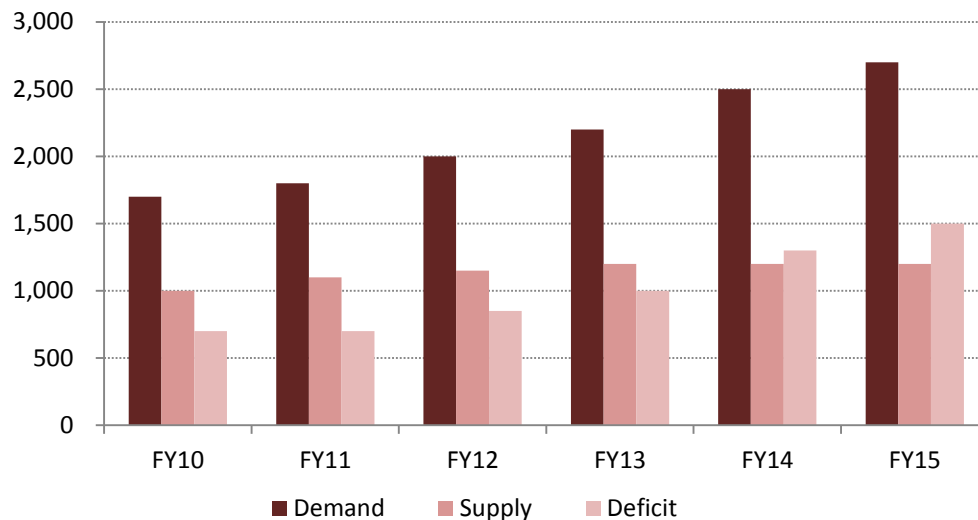
Investment Arguments:

I. Expanded capacity to drive growth in coming years:

The company enjoys a leadership position in PVC flooring, cloth and shipping ropes & covers multiple industries like healthcare, hospitality, transportation, IT and telecom, retail, education, sports infrastructure and real estate. The new production lines will increase the capacity of the key products viz. vinyl flooring and PVC leather cloth allowing RIL to substantially improve revenues, profitability and market share.

Since 2003, domestic capacity has been lagging demand and the country has been relying increasingly on PVC imports to meet its growing requirement of the polymer. In the absence of major capacity expansions in the pipeline, we believe there is ample opportunity for PVC players to cater huge untapped domestic & international market. By expanding its capacity from 47,000MT to 90,000MT at the end of FY12, RiL is well positioned to meet demand – supply deficit effectively. The expansion will result in dedicated lines for key customers (such as Railways) and product categories (premium products). This will substantially reduce downtimes and change-over times, resulting in high capacity utilisation and improved profitability.

Domestic Supply-Demand Forecast for PVC (Quantity in KTA)



Source: ICRA report.

II. Strong brand equity & Dominant market share:

RIL is a recognized brand in the vinyl flooring and PVC leather goods segment & has product brands for vinyl floorings such as Vega Plus, Spica, Talitha, Zeta, Aquaris, Canopus and Regor, among others. Company is a leading supplier to the Indian Railways, large private sector players and road transport companies for seat covers, flooring and other products. It also has reputed clientele like Indian Railways, London Tube, Mercedes Benz, Volvo, Tata Motors and Bajaj Auto in the transportation segment; UAE Ministry of Health, South African Department of Health and SevenHills Hospital in health care segment; Big Bazaar and IKEA in retail segment; Olympics (Beijing) and the Commonwealth Games in sports infrastructure segment; and Bhabha Atomic Research Centre in specialised segment, amongst others.

The company enjoys 85% market share in the domestic surface transport manufacturing industry, 95% market share in the domestic three-wheeler upholstery & canopy market, 65% market share in the domestic PVC flooring market & 60% market share in domestic shipping ropes industry.

- ✓ **Vinyl Flooring: will fuel topline growth:** The global market for flooring is estimated at US\$150 Billion and is expected to grow by 4% up to 2015, while the Indian market is estimated to be between US\$1 – US\$1.5 Billion and expected to grow at a faster rate compared to global markets. (Source: Annual report - 2011) Responsive is the pioneer of vinyl product in India and amongst the top three companies globally, with 65% market share in domestic market.
- ✓ The Indian flooring market is the third largest in the Asia. Due to large, low income & agricultural population, there is a low base flooring in India. The total flooring demand in the year 2015 would be around 705mn sq/mtrs, with 5% of the demand by vinyl flooring would work out to be 35mn sq/mtrs (turnover Rs. 5,000mn).

India Flooring & Carpet Supply & Demand by Market (mn sq/mtrs)			
Item	2005	2010	2015 (E)
Residential Buildings	159	219	295
Non - residential Buildings	196	276	372
Transportation Equipment	15	25	38
Flooring & Carpet Demand	370	520	705
Net Exports	85	90	100
Flooring & Carpet Shipments	455	610	805

Source: Compnay presentation, 2012

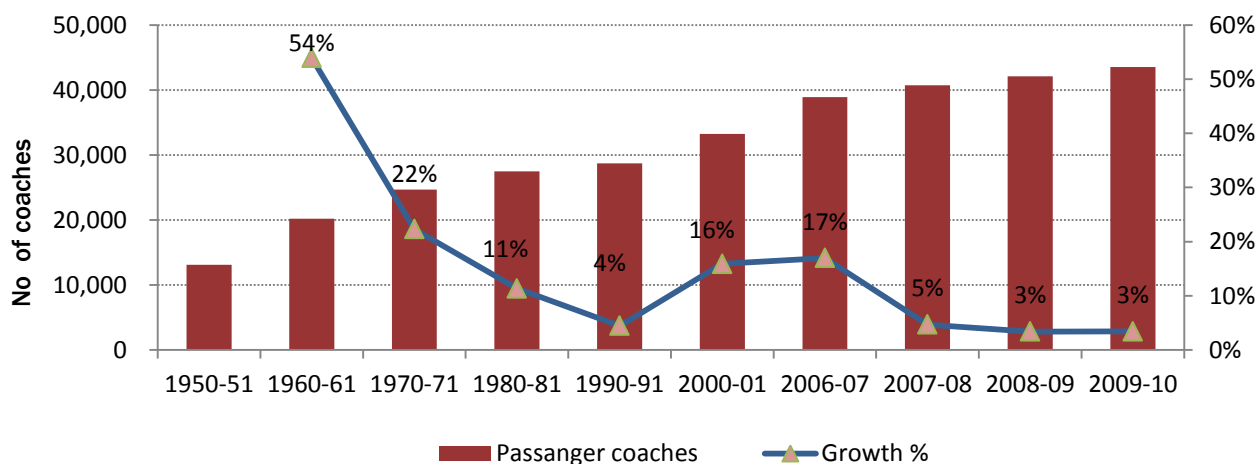
- ✓ Flooring segment contributes nearly 43% of total standalone revenue & grew by 36% CAGR during FY2009-FY2012. With the surging global demand for Vinyl Flooring & 50,000 MTPA manufacturing capacity, we expect this segment to grow by 14% CAGR during FY12-FY14E, as Company enjoys a competitive advantage in terms of superior quality and price, and it possesses an extensive product range in premium, medium and low-end price segments.

III. Railway coaches & Automotive Industry – Consistent replacement demand:

The company derives 40% of its revenues from the domestic market, where it mainly caters to the transportation industry. The company enjoys monopoly in Indian Railways' requirement of PVC flooring and artificial leather used in passenger coaches, it supplies around 98% of Railway's requirements of PVC products. The company supplies both PVC flooring and clothing products, and hence enjoys the status of a preferred single point supplier for both Indian Railways and domestic bus manufacturers.

PVC synthetic leather is fast replacing natural leather for multiple products all over the world because of its durability, broad plasticity range, excellent resistance to sunlight and degradation, water-vapour permeability, weather resistance, and competitive prices. The demand from PVC synthetic leather primarily comes from the railways, the automobile industry, the footwear industry, the sports goods industry, the garments industry and the luggage industry for furniture and furnishings.

Trend In Passenger carrying Vehicle



Source: www.indianrailways.gov/in

- ✓ **Government thrust on transportation sector - Huge opportunity for RIL:** With government's increasing focus on the social sector, the budget outlay for the transportation sector would see steady growth in the next few years, which augurs well for Responsive. Out of the total plan outlay, ~6% is earmarked for transportation sector. This provides huge opportunity for RiL which derives most of its PVC business from Railway coaches & Automotive industry.

Outlays in Five Year Plan

Sectors	VI plan	VII plan	VIII plan	IX plan	X plan	XI plan
(Rs in Crores)	1980-85	1985-90	1992-97	1997-02	2002-07	2007-12
Railways	6,585	16,549	32,306	45,725	84,003	233,289
Transportation sector	13,962	29,548	65,173	117,563	259,777	448,987
Total outlay	109,292	218,792	485,457	813,998	1,525,369	4,118,531
Transportation sector as a % of Total outlay	12.8%	13.5%	13.4%	14.4%	17.0%	10.9%
Railways as a % of Total outlay	6.0%	7.6%	6.7%	5.6%	5.5%	5.7%

Source: www.indianrailways.gov/in

- ✓ Products used in mass transportation and high footfall areas need to be replaced more frequently due to faster wear-and-tear, thus Products sold by RIL—flooring, leather cloth need to be replaced after every few years; this together with orders from government for new coaches in Train & buses will generate consistent repeat business for RIL going forward.

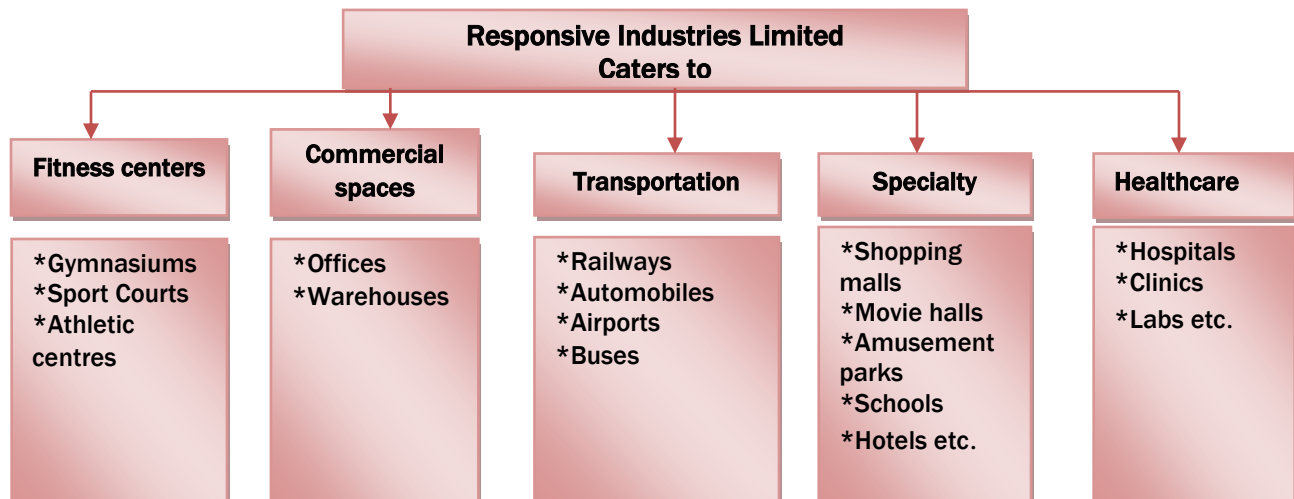
IV. Axiom – Huge untapped shipping ropes market

Axiom Cordages Limited, a subsidiary of Responsive, is into the manufacture of specialised synthetic ropes made of polypropylene (PP), polyethylene (PE), nylon and polyester. Axiom has the largest installed capacity in the domestic shipping ropes segment. These ropes find applications in shipping and cargo, oil rigs, fishing and other industrial segments. Axiom is India's largest exporter of new generation synthetic ropes, manufactured after high end technical research and know-how. The major export markets are Europe, USA, the Middle East and Singapore.

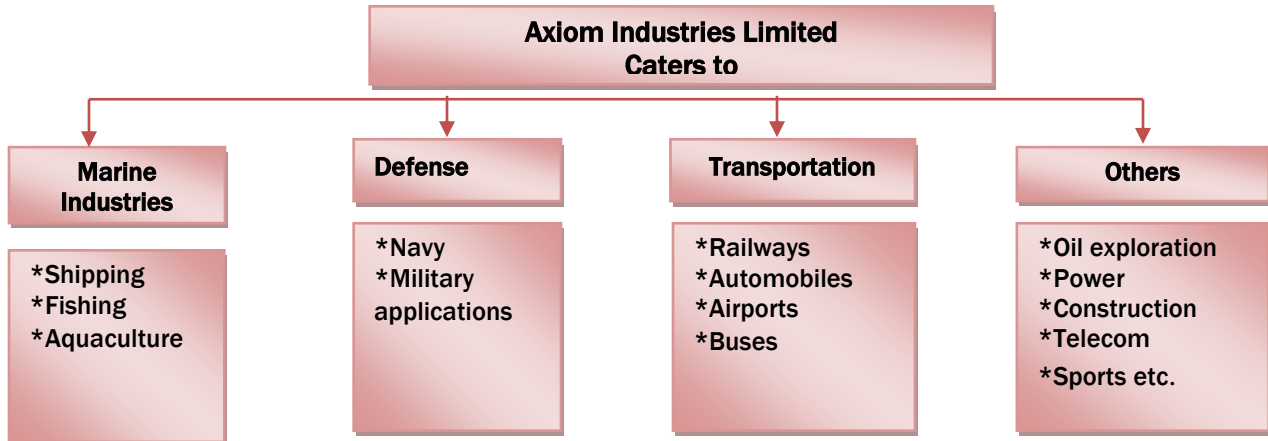
The shipping and the oil exploration industry are major consumers of its products & all the major shipping companies worldwide have more than doubled their fleet over the last few years. Besides, to cope with the growth in the international sea bound trade, new ports are being built and infrastructure is being spruced up during recent time. Concurrently, no fresh capacities have been added in the rope manufacturing industry. Further, all ropes used in the shipping industry and oil rigs have to be replaced mandatorily after a certain period of use. Therefore, taking into account freshand-replacement demand, the market for Axiom products is attractive & we expect this segment to benefit the most from current favorable scenario.

Business Overview

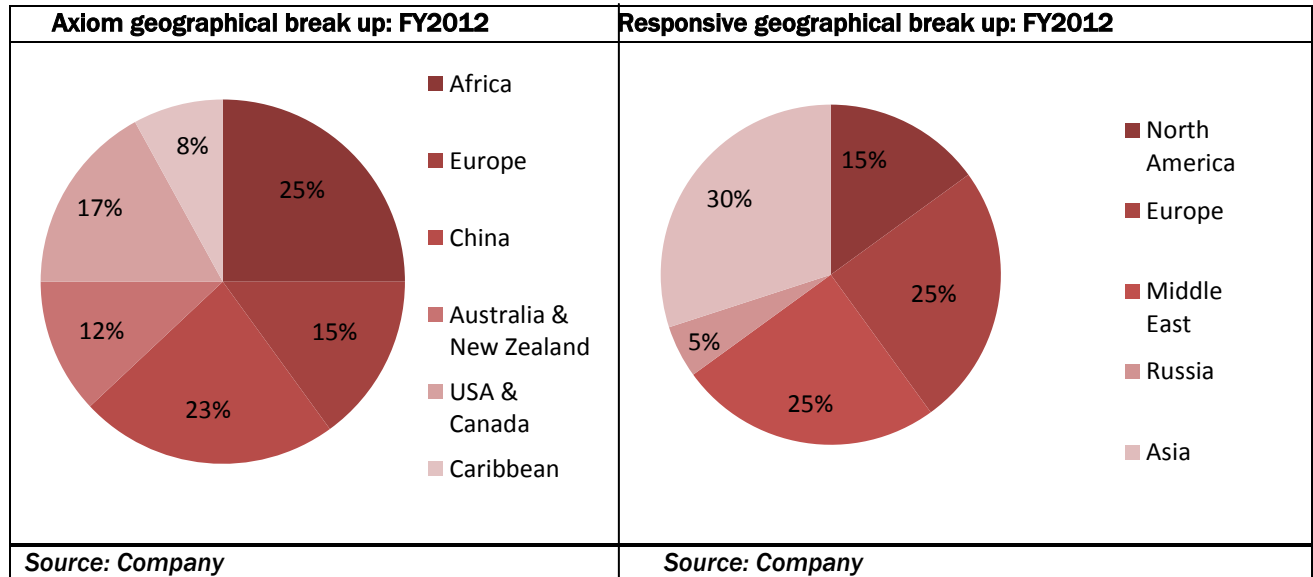
Responsive industries limited, is a major producer and supplier of various products like Vinyl flooring, Rigid pVc, leather cloth & soft sheetings. Applications for Vinyl flooring include printing flooring & other flooring and in case of Rigid pVc, it includes packaging of pharmaceutical products in pharma industry.



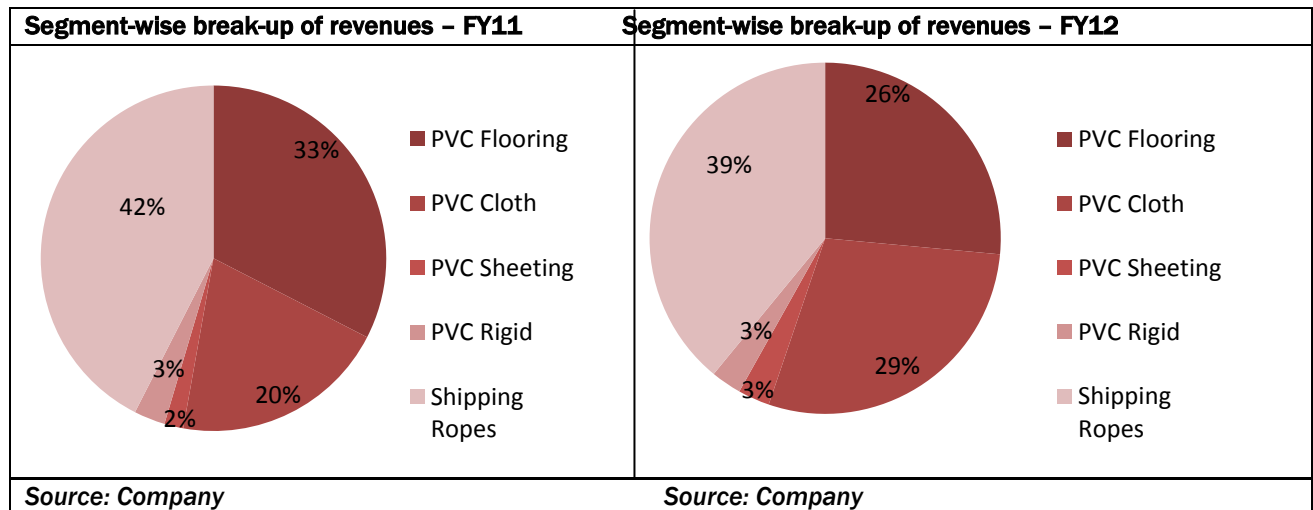
Axiom Cordages Ltd, a subsidiary of Responsive India Ltd and a 100% export oriented unit (EOU) engaged in manufacturing safest, strongest, reliable and wide range of synthetic ropes using Polypropylene (PP), Polyethylene (PE), Nylon and Polyester.



Geographical break up:



Segment breakup:



I. PVC flooring tiles:

Flooring tiles is the major contributor in RiL's standalone revenue. It is available in two forms – Sheets & tiles, which are easily installable & customizable as per customer needs and preference. This is mainly used in high traffic area like malls, restaurants, offices & gym etc.

Its product categories includes - Homogenous flooring, Heterogeneous flooring, Compact/Acoustic flooring, Safety & Transport flooring, Antistatic & Conductive flooring, Rubber flooring, Sports flooring & Printed flooring.

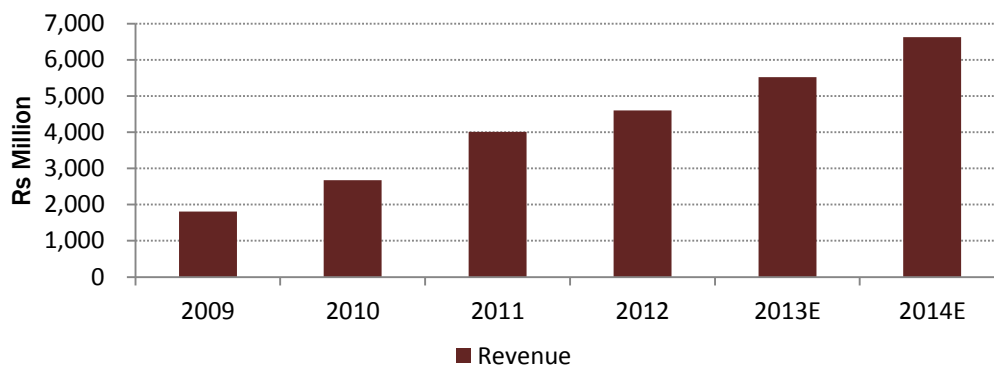
Industry Applications - Automobiles, Railways, Airports, Buses, Hospitals & Clinics, Fitness Centers, Shopping Malls, Educational Institutes, Commercial spaces, i.e., Offices, IT & Telecom, Hotels & Restaurants, Movie theatres and Amusement Parks & Homes.

Product description			
Product	Key Features	Major applications	Brands
Homogenous Flooring	<ul style="list-style-type: none"> *Has the same layer of color, design & texture throughout the thickness of the material making the product *Is Polyurethane Reinforced (PUR) specified throughout the entire thickness of material *RIL is the only South Asian manufacturer with ability to produce this kind of flooring 	Healthcare & Education	Garmet, Spica Talitha, Vega plus
Heterogeneous Flooring	<ul style="list-style-type: none"> *Has the multi layers of color, design & texture throughout the flooring *It repels stains, bacteria and fungus with ease *Adheres to highest fire and smoke standards *Can be custom made to client requirements 	Offices & commercial spaces Healthcare, Retail, Education	Naos, Spectra Wood Essence, Taurus
Safety & Transport Flooring	<ul style="list-style-type: none"> *Has Silicon Carbide Crystals for shine and attractive finish *PUR reinforced throughout the entire thickness of material *Endorsements from national and international bus manufacturers and Indian Railways 	Buses, Railways Traffic areas(airports, stations) with high footfalls Wet areas	Canopus, Regor Canopus plus
Antistatic & Conductive Flooring	<ul style="list-style-type: none"> *Has high electrical resistance to prevent electrostatic build-up in sensitive areas *Reduces static properties and eliminates static charge *Has full 'Carbon Layer' for conductive flooring – RIL has a unique ability to supply in rolls thus reducing welding joints and copper strips 	IT and telecom Rooms with electronic hardware Healthcare (operation theatre, laboratories, among others)	Electra Electra plus
Sports Flooring	<ul style="list-style-type: none"> *This flooring cushions running feet and sliding bodies from shock *Ideal for athletic pursuits as flooring is tested for ball rebound and bounce *RIL is one of the few manufacturers of such specialised sports flooring in Asia 	Fitness centers, Courts and athletic facilities Gymnasiums and health clubs, Old Age Homes Movie theaters, Children Play Areas	Polaris Punch Polaris Footwork
Printed Flooring	<ul style="list-style-type: none"> *High flexibility, tear quality and competitive price *These products are PUR reinforced with low maintenance costs 	Retail, Temporary covering Budget hotels/Office areas	

Source: Company presentation, BNK Research

- ✓ With flourishing demand for flooring tiles during 2009-2012, company was enjoying high growth period & it has grown by 36.50% CAGR during the same period. Going forward, we believe this segment will still remain major contributor to RiL's total turnover & expected to register a growth of 20% CAGR during FY12-FY14E led by expanded capacity, strong export sales & increasing government thrust on social infrastructure spending.

Revenue Trend – PVC Flooring tiles



Source: Company, BNK research

II. PVC Cloth:

PVC Clothing market high growth market & RiL caters to this segment with three product categories i.e. a) Sponge leather b) Un-foamed leather & c) Coated leather. This segment contributes ~30% in total topline as on FY12.

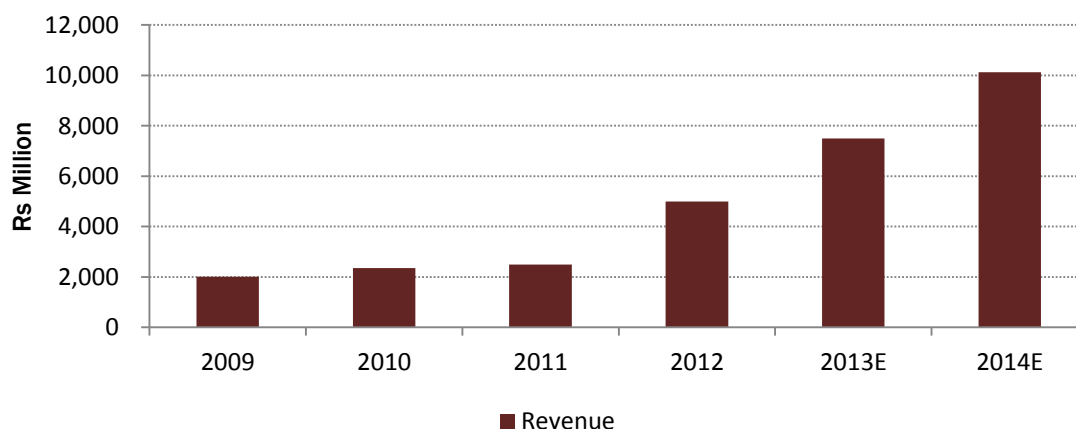
- I. **Sponge leather** - Long lasting properties, large array of colours, wide array of uses such as automobile upholstery, material for furniture, etc
- II. **Un-foamed leather** - Extra superior tear strength, used in making soft luggage, shoes, bags, diary covers, etc
- III. **Coated leather cloth** - Process of coating is unique to RiL and mastered by us. Its applications are numerous retail items such as purses, bags, shoes, etc

Industry application: Railways, Buses, Automobiles, Household items (jackets, wallets, footwear, sports goods, shoes, belts, purses, garments, furniture, bags, soft luggage, cushion & covers etc.).

Its key customers are Indian railways, state transport authorities, Coach manufactures, Leather industry & other small scale industries.

- ✓ This segment has grown by 35% CAGR during FY2009-FY2012, on the back of strong growth in end-users industries. Going forward, we expect PVC clothing segment to grow by 42% CAGR during FY2012-FY14E, on the back of high replacement demand from automotive & Indian railways due to high wear & tear to existing PVC products, expected increase in manufacturing of new railway coaches & increasing government focus on transportation sector in its planned outlay of expenditure.

Revenue Trend – PVC Cloth



Source: Company, BNK research

III. PVC Sheeting:

This is also known as transparent sheeting and has multiple uses across industries. Soft Sheeting is mainly used in fabrication of rain wear, shower curtain, file folders, dairy covers, baby nappies and lining material, among others. This product is exported mainly to Nigeria, Mombasa, Kenya and Sudan, among others.

Its product portfolio includes:

- I. **Opaque Sheeting** - This product is used for diary and passbook covers, files, folders and other stationery items, soft lug, etc.
- II. **Printed Film** - Available in over 50 designs and 500 combinations, Responsive Printed Film is used in tablemats, raincoats, covers for fridge, television and washing machines, shower curtains.
- III. **Clear Transparent Film** - Available as embossed and un-embossed, this film finds use in making of stationery items, diary covers, files, folders, raincoats, shower curtains, table mats and several other applications.

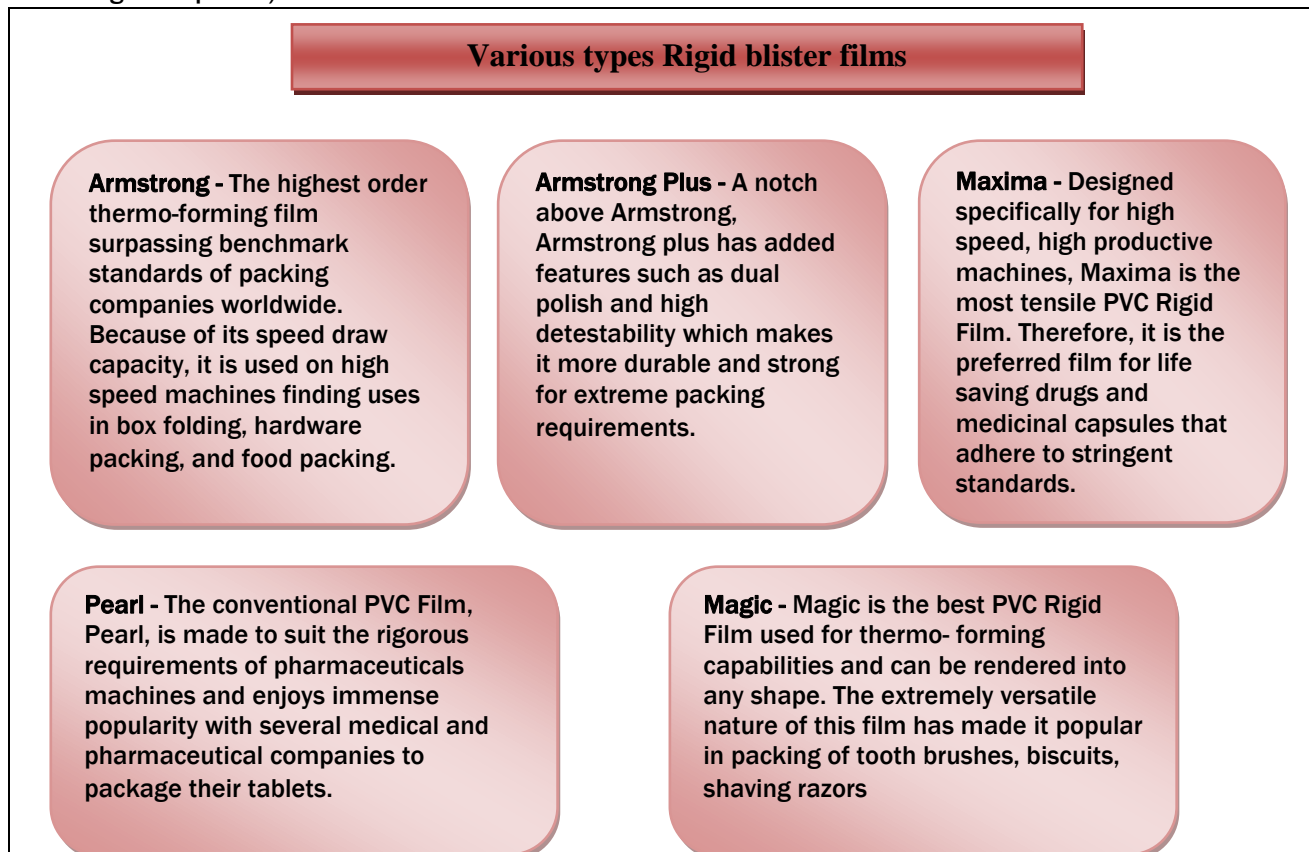
Brands:

- 'Chill Man' brand for raincoats, shower curtains, and table mats
 - 'Toy Lamina' brand for inflatable toys and aprons
 - 'Insulation Tape Film' for electric insulation and other uses
 - 'Clinical Film' for urine bags and medical kits
- ✓ This segment contributes nearly 3% share in total RIL turnover, though it's a small business it has grown by more than 100% during FY12. During FY2009-FY2012 this business has witnessed a highest growth of ~48% CAGR. We expect this segment to grow by 27% CAGR during FY2012-FY14E on the back of shift in consumer preferences & rising disposable income, replacement demand for household products & strong growth end-user industries.

IV. PVC Rigid:

PVC Rigid Blister Films are mainly used in the pharmaceutical industry for blister packaging of medicines. These films are extremely versatile and can be thermoformed, welded, printed and laminated.

Industry applications: For packing FMCGs, Electronics & pharmaceuticals (toothbrush, shaving razors, food, drugs & capsules).



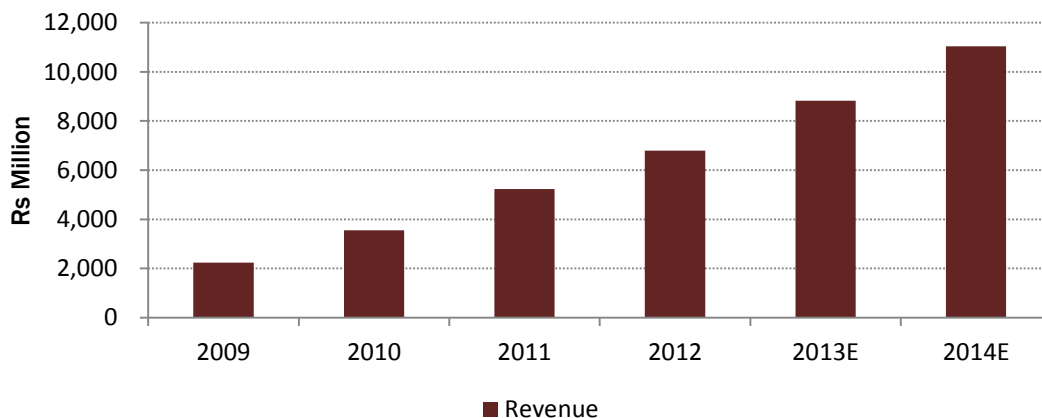
V. PVC Shipping Ropes: Axiom, RiL's subsidiary caters to shipping rope industry with ~30%-40% domestic market share. Their product categories for ropes are; 3-strand ropes, 4-strand ropes, 8-strand ropes & 12-strand ropes. The 8-strand ropes accounts for 75% of production. Axiom is amongst only three manufacturer of 12-strand rope in the world. Further Axiom's product range includes; Dan-strong ropes, Mixed Ropes / Maxi Flex / Marina Maxi, Polyamide (Nylon), Aoxi Flex (Polydacron Polyester), Tusker (Polypropylene / Split Film), Polyethylene Flexi (HDPE/PE/COLOURED), Slings, Super Flex & Baler Twines.

Extensive & diverse product application			
Marine industry	Industrial	Commercial fishing	Other applications
Anchor lines	Utility ropes	Trawl ropes	Sports playing net
Deep water	Construction lines	Aquaculture	Vehicle and industrial row ropes
Mooring ropes	Winch lines	Fishing nets	Military applications
Seismic tow ropes			Security barriers
Heavy lift slings			Cargo nets
Ship mooring lines			

Source: Annual report.

- ✓ This segment contributes nearly 40% share in total RiL turnover & it has grew by 30% y-o-y during FY12. During FY2009-FY2012 this business has witnessed a growth of ~45% CAGR. We expect this segment to grow by 27% CAGR during FY2012-FY14E on the back of replacement demand & growth in marine industry.

Revenue: PVC Shipping ropes



Source: Company, BNK research

Present manufacturing capacity of the company.	
Vinyl Flooring	50,000 MTPA
PVC Leather Cloth	33,000 MTPA
Rigid Blister Films	3,000 MTPA
Soft Sheeting	4,000 MTPA

Source: Company presentation

Key risks & concerns:

Increase in oil prices: RiL's primary raw materials are PVC resins, plasticisers, stabilisers, coated cotton fabric, lubricants, pigments and solvents, with PVC resins comprising the major bulk of the raw materials. Since PVC resin & other material are derivatives of oil, any increase in oil prices may negatively impact the profitability of Responsive.

Slowdown in overseas business: Export contributes more than 50% in total business of company. Hence company is exposed highly volatile global market, any change in export policies; uncertainty in company's overseas geography may have impact on its topline.

Plant Visit Note:

We have recently visited company's state-of-art manufacturing plant located at Boisar, Maharashtra. Company is having manufacturing facilities for both, Responsive & Axiom, at Boisar.

- ✓ Separate manufacturing facilities for Responsive & Axiom.
- ✓ In house Quality check (QC) lab for raw material as well as finished products, this also facilitates third party product check.
- ✓ Total man power – Approx 2000 including contract labor.
- ✓ Company benefits from bulk buying, which enables to get raw material at 5%-7% discount to market rate of polymer/PVC resin.
- ✓ Less dependence on man power - majority of the work is automated, which help the RiL to operate at full capacity with less overhead.
- ✓ Company is also having approx 50 owned trucks for uninterrupted transportation.
- ✓ Company is looking for alternative power supply to reduce power cost.

Financial Projection:

Revenue to grow at CAGR of 31% in 2012-2014E

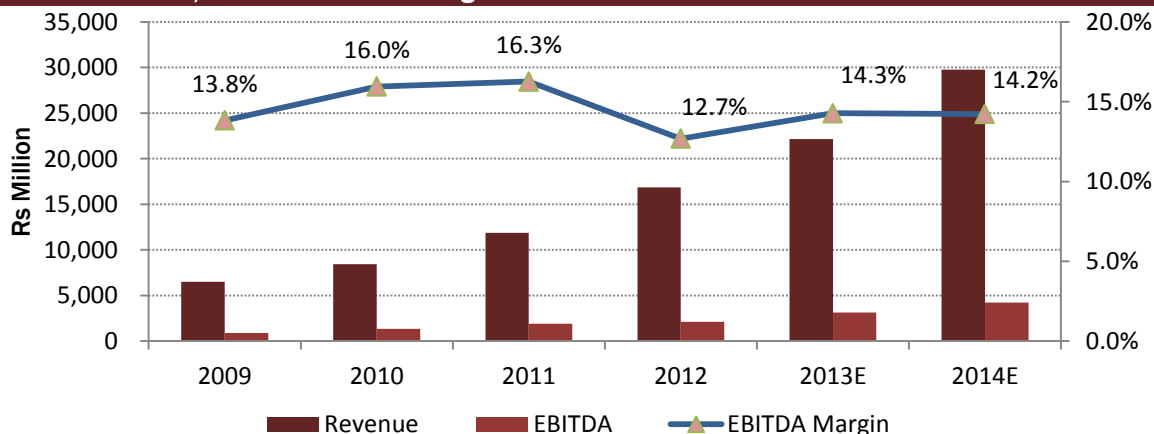
We expect Leather cloth to register revenues of Rs7,499mn and Rs10,123mn during FY2013E and FY2014E respectively, while PVC Flooring segment is expected to report a revenues of Rs5,521mn and Rs6,625mn during the same period. PVC sheeting business is expected to report revenue of Rs711mn & Rs925mn during FY2013E and FY2014E, while PVC Rigid business is expected to register revenue of Rs685mn & Rs924mn during the same period. Expanded capacity, state of art manufacturing facilities & good growth in end user industries will help RiL to witnessed strong results in coming quarters. During 1H13 RiL has already registers a more than 50% growth in topline with EBITDA margin of 13.5%. Factoring all these rational, we anticipate the company to register total revenues of Rs22,145mn and Rs28,679mn in FY2013E and FY2014E, respectively. Overall revenues are likely to grow at a CAGR of 31% over FY2012-FY2014E

Expected to accelerate EBITDA & PAT margin in FY13E & FY14E

We expect the EBITDA margin to remain at 14-14.5% during FY13-14E on consolidated basis as against ~12.7% in FY12. EBITDA margin is expected to improve by 200-250bps mainly attributed to easing out in Polymer prices. Also full utilization of newly installed machines will help to achieve overall operational efficiency.

We expect PAT to grow by ~35% YoY in FY13E to Rs1,405mn, reflecting 6.4% PAT margin, an increase of ~20bps in margin. During FY14E, it is expected to grow by 48% YoY to Rs2,077mn account of full capacity utilization of new capacities, while PAT margin for the same period is expected to see increase of ~90 bps at 7.3% margin.

Consolidated Revenue, EBITDA & EBITDA margin trend



Valuation & View

We value the company on weighted average valuation technique, as there is no such direct competitor to the company in terms of business model. And therefore, on conservative basis, we assign 50:50 weightage to DCF and relative valuation to justify the stock target price.

- We have assigned a P/E multiple of 14.0x against Industry's average current multiple of 15x, which we believe is justified given the company's strong presence in PVC market particularly in PVC leather cloth & PVC ropes and unique business model, and return ratios in the past 3-4 years. Employing this target multiple on our FY 2014 earnings estimate of Rs8.19/share, we derive a target price of Rs115/share for the stock.

Comparative valuation: P/E approach	
Valuation metrics – FY 2014 estimates	
P/E multiple	14.00
Estimated EPS* (INR)	8.19
Target price (INR)	115

- Responsive is currently trading at an EV/EBITDA multiple of 14x, which is at a premium to the current peer group average multiple of 9.0x. As the production of new expanded plant has already started and we expect full utilization by end of FY13, which will enhance topline of the company. Considering its unique business model, with no closed competitors in the industry and therefore to value Responsive's stock price, we are assigning an EV/EBITDA multiple of 8.5x. Employing this target multiple on our FY 2014 EBITDA estimate of Rs4,072mn, we derive a target price of Rs109/share for the stock.

Comparative valuation: EV/EBITDA approach	
EBITDA- FY2014	4,072
EV/EBITDA (x)	8.5
EV	34,613
(+)Cash	688
(-)Debt	6,683
Total Net EV	28,619
no. of shares	262
Price per share	109

- On DCF valuation technique, we arrive at a target of Rs122 per share where we have discounted future value of cashflow by WACC of 8.6% and perpetual growth rate of 3.5%.

Valuation Matrix			
Methodology	Target Price	Weight assigned	Weighted target price
P/E Ratio approach	115	50%	57
EV/EBITDA approach	109	50%	55
Target price (Relative valuation)			112
DCF approach			122
Weighted average Tgt price (50:50)			117
Current stock price			92
Upside/(Downside)			27%

- With a weighted average 12-month target price of Rs109/share, indicating a potential upside of 22% from current levels, we initiate the company with a "BUY" recommendation with 12-15 month's investment horizon.

Income Statement					Ratio Analysis				
Date End	FY11	FY12	FY13E	FY14E	Category	FY11	FY12	FY13E	FY 14E
(Rs.mn)									
Net Sales	11887	16841	22145	28679	Margin Ratio				
Cost of Goods Sold	9210	13609	17778	23033	EBIDTA Margin	16.3%	12.7%	14.3%	14.2%
Gross income	2678	3231	4367	5646	Operating Margin	11.8%	8.0%	9.3%	10.3%
Expenditure	761	1098	1215	1574	Adjusted net profit margin	7.7%	6.2%	6.4%	7.3%
EBIDTA	1916	2133	3152	4072	Profitability Ratios				
Depreciation	531	793	1099	1132	ROCE	19.2%	10.4%	14.9%	18.9%
EBIT	1385	1340	2054	2940	RONW	23.3%	18.9%	20.4%	23.3%
Other Income	21	79	123	141	ROA	14.7%	9.4%	11.1%	14.8%
Financial Charges	111	121	331	395	Du Point Analysis				
1x items	4	0	0	0	PAT / PBT	0.71	0.80	0.76	0.77
Profit before Tax	1291	1298	1846	2686	PBT / EBIT	0.93	0.97	0.90	0.91
Tax	308	186	369	537	EBIT / Net Sales	0.12	0.08	0.09	0.10
MI & Share of associates	-76	-72	-72	-72	Net Sales / Total Assets	1.29	1.16	1.39	1.61
Reported Net Profit	906	1040	1405	2077	Total Assets / Equity	2.34	2.65	2.31	2.00
Other Adjustment*	4	0	0	0	ROE	23.3%	18.9%	20.4%	23.3%
Adjusted Net Profit	910	1040	1405	2077	Valuation Ratios				
No of Equity Shares (in mn.)	257	262	262	262	EV/EBITDA	14.34	14.28	9.51	7.27
Reported EPS (before MI)	3.82	4.24	5.63	8.19	EV/ Net Sales	2.33	1.81	1.36	1.03
Adjusted EPS	3.54	3.96	5.35	7.92	Leverage Ratios				
(Rs.mn)									
Balance Sheet					Turnover Ratios				
as at 31st March					Liquidity Ratios				
	FY11	FY12	FY13E	FY 14E	Debt-Equity Ratio	0.85	1.34	1.00	0.75
Share Capital	257	263	263	263	Debt-Asset Ratio	0.36	0.51	0.43	0.38
Reserves	4229	5232	6610	8648	Turnover Ratios				
Networth	4486	5494	6873	8911	Fixed Assts	1.40	1.87	2.23	2.81
Long term borrowings	1242	4689	4811	4010	Working Capital	-8.77	12.31	10.92	10.15
Long term provision	6	9	14	19	Inventory	22.05	20.40	25.19	22.67
Minority Interest	213	285	285	285	Total Assets	1.29	1.16	1.39	1.61
Total Loan	1461	4983	5109	4313	Liquidity Ratios				
Current Liability	2928	3462	3218	3772	Current Ratio	0.61	1.54	1.78	1.93
Sundry Creditors	261	290	390	379	Quick Ratio	0.43	1.30	1.51	1.60
Deff Tax Lia.	264	610	663	787	Interest Coverage	12.43	11.11	6.21	7.44
Total Liab.	9139	14549	15863	17783	Cashflow statement				
Net Block	3817	8999	9888	10187	Net profit after tax	1022	1039	1476	2149
Other non current assets	0	0	0	0	Depreciation	531	793	1099	1132
Capital WIP	3354	69	84	102	Other adjustments	101	94	5	5
Total Fixed Assets	7172	9069	9972	10289	Change in w. capital	264	(1794)	(655)	(797)
Goodwill	0	0	0	0	Net cash from Opr. Act.(A)	1918	132	1924	2489
Investment	163	1266	1268	1275	Net cash from invt. Act.(B)	(2024)	(3743)	(2030)	(1449)
Long-term loans and advances	22	149	155	200	Net cash from fin. Act.(c)	(53)	3903	96	(840)
Sundry Debtors	903	2104	2420	3292	Inc/(dec) in cash	(160)	292	(9)	200
Loans & Advances	139	221	265	358	Cash at the beginning	364	204	498	489
Inventories	535	825	877	1262	Cash at the end	205	498	489	688
Cash Balance	205	498	489	688					
Current Assets	1782	4066	4468	6018					
Total Net Assets	9139	14549	15863	17783					

* Other Adjustment = Share in Profits/(Losses) of Associates (net) + Share of loss transferred to minority + Preacquisition profits adjusted against goodwill

BNK Capital Group

CORPORATE OFFICE

**Mayfair Tower, 2 Palm Avenue,
Kolkata 700 019, India**

Phone: 91-33-22810560/61/62 Fax: 91-33-22800457

MUMBAI OFFICE

**1st Floor, Buona Casa, Sir PM Road,
Homji Street, Fort, Mumbai- 400001.**

Phone: 91-22-22705389 Fax: 91-22-22702410

E-mail: research@bnkcapital.com

Email: corporate@bnkcapital.com

URL: www.bnkcapital.com

Other Offices at: Mumbai, Jaipur, Chennai, Ahmedabad, New Delhi



www.bnkcapital.com

BNK Capital Group is a Financial Services supermarket that, under the umbrella of its group companies, offers the following services:

**Equities
Commodities
Derivatives**

**Currency Trading
Depository
Distribution**

**International Trading
Debts
Category –I Merchant Banker**

Disclaimer:

This material is for personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is based on information considered by us as reliable but do not represent that it is necessarily complete and accurate. Opinions expressed here are based on information available at the time of preparation of this matter. We do not accept any responsibility for any error of judgment, omission or commission.

Disclosure: The Company and the Analyst do not hold shares in the above Company.

For private circulation only