Initiating Coverage

Apcotex Industries Ltd.

Aug 19, 2022

RETAILRESEARCH

Apcotex Industries Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Chemicals	Rs 563.6	Buy in the band of Rs 563-567 & add more on dips at Rs 502	Rs 626	Rs 681.5	2 quarters

HDFC Scrip Code	APCOEQNR
BSE Code	523694
NSE Code	APCOTEXIND
Bloomberg	APCO IN
CMP Aug 18, 2022	563.6
Equity Capital (Rs cr)	10.4
Face Value (Rs)	2
Equity Share O/S (cr)	5.2
Market Cap (Rs cr)	2923
Book Value (Rs)	76
Avg. 52 Wk Volumes	162908
52 Week High	678
52 Week Low	295

Share holding Pattern % (Jun, 2022)	
Promoters	58.2
Institutions	1.6
Non Institutions	40.2
Total	100.0

HDFCsec Retail research stock rating meter

for details about the ratings, refer at the end of the report

* Refer at the end for explanation on Risk Ratings

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Our Take:

Apcotex Industries Limited (AIL) is one of the leading producers of Synthetic Rubber (NBR & HSR) and Synthetic Latex (Nitrile, VP latex, XSB & Acrylic latex) in India. Company is one of the leading producers of emulsion polymer products in India, Synthetic Latexes (various grades of Carboxylated Styrene Butadiene Latex, Styrene Acrylic Latex, Vinyl Pyridine Latex and Nitrile Latex) and Synthetic Rubber (Nitrile Butadiene Rubber, Nitrile Polyblends, NBR Powder and High Styrene Rubber). Company has one of the broadest ranges of emulsion polymer products in India and caters to a wide range of industries. Company has diversified clientele and present across various industries which protects it from any slowdown in a single industry. The major raw materials are petrochemical products, and its business is vulnerable to high volatility in the prices of crude oil as well as its downstream products.

Apcotex has a strong global presence in South East Asia, Middle East & Africa and intends to tap the other Markets. Asia Pacific leads production of the global synthetic rubber industry with the automobile sector leading growth. With the rise in population, large manufacturing base of the automobile industry and availability of competitive labour, India offers great opportunities for synthetic rubber product manufacturers. With increasing R&D investments backed by strong infrastructure, the country is poised to become a leader in rubber products manufacturing in the years ahead.

About 70% of Nitrile Butadiene Rubber (NBR) is imported in India, which creates good potential for Indian manufacturers of Nitrile Rubber. Long-term growth of this segment can be attributed to the growing demand for NBR across automotive, industrial and agricultural applications. Strong management team, extensive experience in the business, long relationship with clientele and investments in R&D are some of the key positives that has yielded fruits to the company vis a vis its competitors and new entrants. Company expects to maintain its key operational metric of EBITDA/ton, topline will start seeing incremental growth when the new capacities will get commissioned in Q3/Q4 of the current financial year. Moreover, upcoming and ongoing new capacity additions, growing export demand for NBR related products (Nitrile & XNBR latex etc.) and improving domestic demand in underlying industries like paper, carpets, construction etc., is expected to drive further growth for the company.

Valuation & Recommendation:

Apcotex will benefit from de-bottlenecking, new products, large capacity expansion, strong growth in ApcoBuild business and higher exports revenue. Management foresees exports contributing to 30-35% of the topline in the next 2-3 years (vs. 21% in FY22). We remain positive on the company on the back of new business segment ApcoBuild and products launched in the past two years which are expected to drive growth in the next 2 years. Company guides for strong double digit revenue growth in the next 2 years. Factoring in the strong performance despite demand destruction caused by COVID- 19, we expect healthy volume and price growth in the upcoming quarters.

We expect revenue/EBITDA/PAT CAGR of 22.5%/26.5%/21% over FY22-24E. We estimate 90bps improvement in operating margin over the next two years on the back of better realisations and operating leverage. At CMP, the stock trades at 27.6x/20x of FY23E/FY24E EPS. We recommend buy on Apcotex Industries in the band of Rs 564-569 and add more on declines at Rs 502 (18x FY24E EPS) for base case target of Rs 626 (22.5x FY24E EPS) and bull case target of Rs 681.5 (24.5x FY24E EPS) over the next two quarters.

Financial Summary

Particulars (Rs cr)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
Total Revenues	307	185	65.5	278	10.5	626	496	541	957	1,139	1,437
EBITDA	49	29	66.4	45	7.6	68	33	70	140	161	223
Depreciation	4	3	9.1	4	0.0	12	13	15	14	18	26
Other Income	2	2	-29.2	2	6.2	8	6	5	8	9	9
Interest Cost	1	1	62.5	1	62.5	2	1	4	3	8	11
Tax	12	6	105.3	12	1.7	15	8	13	32	37	50
APAT	34	22	53.2	31	8.6	47	17	44	99	106	144
EPS (Rs)						9.0	3.2	8.5	19.1	20.4	27.8
RoE (%)						17.8	6.3	15.9	28.2	24.4	27.4
P/E (x)						62.7	176.0	66.1	29.6	27.6	20.2
EV/EBITDA (x)						44.6	90.2	43.2	21.5	18.7	13.5

(Source: Company, HDFC sec)

Q1 FY23 result update

During the quarter, the company reported the highest-ever quarterly revenue. Revenue for the quarter grew 65.5% YoY and 10.5% QoQ at Rs 306cr. Company reported EBITDA of Rs 48.5cr and EBITDA margin of 15.9%. PAT increased 48.5% YoY at Rs 33.6cr. PBT grew 61.5% YoY at Rs 45.3cr.

Company registered 32% volume growth in the quarter. Currently, it is running at full capacity utilization. Exports revenue grew 27% YoY in the quarter and contributed to about 19% of revenue in Q1 FY23.

Sales mix in Q1FY23: Synthetic Latex was at ~55% and Nitrile Rubber at ~45%

Work on both the new expansion projects is running on schedule and is expected to be completed in Q3 FY23. It will take around 3 quarters to ramp up production at these new facilities as approval process would take time. Valia plant may have slower ramp up as Nitrile Latex prices are correcting.

ApcoBuild business continued its growth trajectory with double digit revenue growth during the quarter. Margin remained under pressure due to higher RM prices.

Management guides to maintain EBITDA margin in the range of 14-16% owing to its product placement and judicious customer selection, and strong demand from customers. Company expects to maintain/grow EBITDA/ton. Revenue will start seeing incremental growth when the new capacities sweat from Q1FY24 onwards.

Management indicated that shipping costs and RM prices are likely to remain at elevated levels; although raw material sourcing and supply chain management is a challenge, the company is able to manage to some extent. Company is looking for vendors outside of China in both the local and international markets.

Capex spent on the two projects was Rs 100cr till June 2023.

Q4 FY22 update

Company reported strong performance in the quarter. Out of 48% growth reported by the company, ~24% came from higher volume while the balance was from better realisations. EBITDA margin improved 20bps YoY and 280bps QoQ at 16.3%. This was largely on account of inventory gains as crude oil prices continued to inch up. Company said that it can pass on an increase in RM and other costs to its customers to a certain extent with a 3-6 months lag. Company is facing little pressure on RM cost inflation which forces it to maintain high inventory levels, increased receivables due to high freight costs, and supply chain irregularity. These led to increase in working capital requirement.

Company has completed its de-bottlenecking at the Taloja facility and is using the additional capacity to its full utilisation level. It expects to commission carboxylated styrene butadiene (XNB) Latex plants, one at Taloja and the other at Valia by Q3FY23 at a total capex of Rs.180-190cr. It will take 2-3 quarters to ramp up production at these new facilities. Successful commissioning of the capex and the company's ability to increase the share of new products in its revenue pie will drive growth over the next 2-3 years. For the next two years, the growth engines would be nitrile latex capital expenditure and new products launches. At peak, the additional capacity can do Rs 600cr revenue, which is expected by FY25.

Company has completed major debottlenecking exercise between Jul-Oct 2021 and that led to 10-15% additional growth in capacity. No single industry contributed to more than 20% of revenue.

FY22 business update

Apcotex registered total revenue of Rs 957cr during FY22, as compared to Rs 541cr in the preceding financial year. Company exported its products worth Rs 202.8cr during FY22, approximately 21% of total revenue. It had registered Value and Volume sales growth of about 77% and 35% respectively over the previous financial year, despite Covid-19 related lockdown. Profit before tax (PBT) increased 130% to Rs. 130.4cr as compared to Rs. 56.7cr during the previous financial year, mainly on account of increase in volume sales, introduction of new products, optimization of product and customer mix, adding new geographics, commissioning of capacity de-bottlenecking and cost saving projects. Net Profit surged 124% YoY to Rs. 98.8cr due to strong revenue growth and better operating margin.

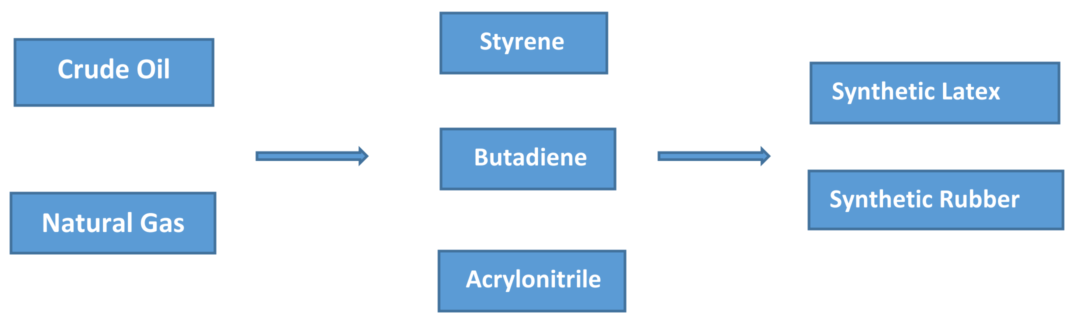
Company remains optimistic about its prospects with all the steps taken over the last 2 years. Business across most of its product segments was strong in FY22 and this is expected to continue. Sales from the new product range of Nitrile Latex for the Gloves industry has picked-up swiftly during the financial year. Company plans to make this product range one of the future growth drivers. It is building new latex capacities at Taloja (multi-purpose latex plant) and Valia (for manufacturing gloves- medical and industrial) which are scheduled to be commissioned during Q3FY23. Company will continue to look for opportunities in new adjacent products as well as opportunities for inorganic growth. Management continues to invest in R&D to develop new products, explore new applications and understand changing customer needs.

Experience of promoters and strong position in domestic synthetic rubber and synthetic latex market

Apcotex was established in 1980 as a division of Asian Paints (India) Limited. In 1991, the division was spun off as a separate company, headed by Mr. Atul Choksey, the former Managing Director of Asian Paints Limited. Mr. Choksey has more than four decades’ experience in the paints and chemicals industry. The current Managing Director of the company, Mr. Abhiraj Choksey, and other management personnel who are experts in the field of chemicals, bring valuable experience to the company. Company enjoys a strong market presence in the Indian synthetic rubber and synthetic latex market and has significant market share in India.

The overall clientele has remained diversified with the top 10 customers contributing ~30-35% of the revenues in the last two years. The products find application in various industries such as paper and paperboards, gloves, textiles, carpet, construction, tyre cord, footwear, automobile, and rice roll. In addition, the company has developed strong relationships with reputed players across these industries.

Emulsion Polymer Value Chain



Diversified revenue mix

Company's Synthetic Latex products are used for tyre cord dipping, paper and paper board coating, carpet backing, concrete modification/water proofing, non-wovens, textile finishing, paints, gloves and a few other specialty applications. Synthetic Rubber finds application in products such as footwear, automotive components, rice rolls, moulded items, v-belts, conveyor belts, hoses, etc. Apart from having a diversified clientele, Apcotex is present across diversified industries which protects Apcotex from any slowdown in a single industry. No single industry contributed more than 20% of revenue.

The acquisition of OMNOVA solutions gave a dominant position in Synthetic Rubber and access to proprietary Nitril Latex manufacturing technology. Apcotex's experience with Styrene and Butadiene, as well as its technique to emulsify oil with water, places considerable barrier to entrance for competitors. Significant client stickiness is result of leading market share across end-user industrial segments and a service driven approach. Emulsion Polymer has a wide range of applications, and its leadership position in Nitrile Rubber indicates that it will have a large scale in the medium to long term.

Synthetic Latex

It is manufactured from downstream petrochemicals unlike natural latex made from natural rubber. It includes Styrene Butadiene latex, VP latex, Styrene Acrylic latex and Nitrile latex. Company derived 55-60% of revenue from Synthetic Latex in FY22. Apcotex's range of Latex are used for Paper/Paperboard Coating, Carpet Backing, Tyre Cord Dipping, Construction, Gloves examination, surgical and industrial use etc.

Paper - Provides excellent wet and dry binding strength; provides high gloss and strength to coated paper.

Carpet - Used in backing of various types of carpets to provide excellent binding strength.

Construction - Provides excellent water impermeability; enhances bonding between new and old concrete.

Tyre Cord - High performance latex for dipping of tyre cords used in bias tyres.

Gloves - For manufacturing of various range of gloves –examination, surgical and industrial.

Speciality - Used in a range of specialty applications such as gaskets, nonwoven fabrics, abrasive paper, textile finishing, cork sheets, etc.

Synthetic Rubber

Synthetic Rubber is basically an artificial elastometer which are mainly polymers synthesized from petroleum by-products. It produces various kinds of Synthetic rubber from cold NBR to hot NBR. Company derived 40-45% of revenue from Synthetic Rubber in FY22. Company's Synthetic Rubber finds application in broad range of products such as Automotive Components, Hoses, Gaskets, Printing and Industrial Rollers, Friction Materials, Belting and Footwear.

Nitrile Rubber (NBR) - NBR is used in the automotive industry as well as several other industrial applications to make fuel and oil handling hoses, seals and various rubber products where ordinary rubbers cannot be used.

NBR Polyblend - Cost effective medium ACN blend used for general purpose automotive and industrial moulded and extruded products, footwear products etc. for general purpose automotive and industrial goods as well as Fire Hoses.

High Styrene Rubber - Provides various degrees of hardness and excellent processibility for Hawaii slippers and Micro-cellular sheets.

NBR Powder - Used in joining sheets, PVC modification, brake pads, friction materials, adhesives and other rubber applications.

Capex Outlook

Apcotex is aiming to double Synthetic Latex capacity from 65,000MT to 1,30,000 MT by FY24 which includes a brownfield expansion plant for Nitrile latex for an additional capacity of 60,000 MT at its Taloja facility which is expected to be fully commissioned by H1FY24. Company also plans to increase capacities for Nitrile Rubber to cater to domestic and export market. Both plants are currently running at around 95-100% capacity utilization, All the expansion plans including which is to be commissioned by Q3FY23 are expected to generate Rs 600-700cr of additional revenue once both the plants are fully-utilized. Management is confident of fully ramping up its new capacities by H2FY24 or H1FY25.

Apcotex is also planning for NDR Capex, for which it has got the Environment clearance. Final call on this project will be taken in the next two quarters.

Emulsion Polymer (Synthetic Latex and Synthetic Rubber) Industry

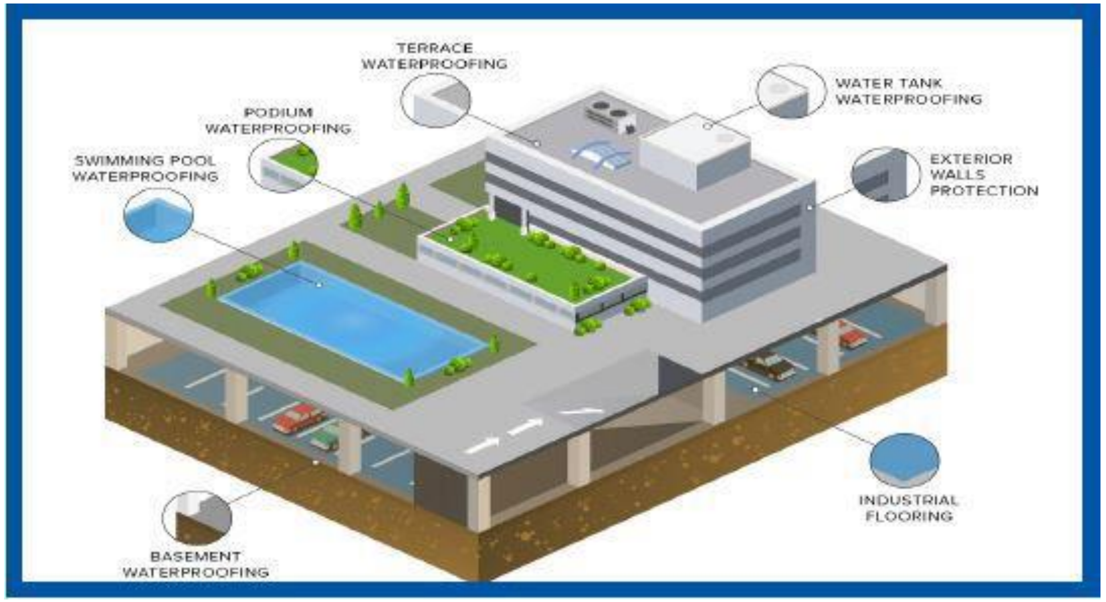
The global synthetic latex polymers market is somewhat fragmented with the presence of regional and global players. The market has witnessed some consolidation as well as a move towards customization of products to cater to the changing customer requirements. Globally, paper, carpet, gloves, paints and construction industries drive the growth for synthetic latex. In India, the major driver for development of the synthetic latex polymers industry is the high growth of end-use industries like paper & paperboard, paints & coatings, adhesives, water proofing/construction, etc. Another impetus comes from the fact that there are no major substitutes to replace synthetic latex polymers in their functional aspects across various application segments.

Nitrile latex for gloves is a new emulsion polymer that the company has developed through R&D. It was successfully scaled up in FY21 and is currently only manufactured by Apcotex in India. The Covid-19 pandemic has accelerated the growth of the gloves industry globally and thus the requirement of Nitrile Latex during the financial year. It is likely to grow at a fast pace for the next few years. Asia Pacific leads production of the global synthetic rubber industry with the automobile sector leading the growth.

With the rise in population, large manufacturing base of the automobile industry and the availability of competitive labour, India offers great opportunities for synthetic rubber product manufacturers. With increasing R&D investments backed by strong infrastructure, the country is poised to become a leader in rubber products manufacturing in the years ahead. Company manufactures specialty synthetic rubbers i.e. Nitrile Butadiene Rubber and High Styrene Rubber. In India, around 70% of Nitrile Butadiene Rubber (NBR) is imported, which creates good potential for Indian manufacturers of Nitrile Rubber. Notwithstanding the recent slowdown due to Covid-19 and other reasons, the long-term growth of this segment can be attributed to the growing demand for NBR across automotive, industrial and agricultural applications.

ApcoBuild Business Segment

India's construction chemicals market is projected to report CAGR of around 15% over the next few years. The total market size is at Rs 5600cr [Source - Construction Chemical Manufacturers Association]. There is growing investment in the country's infrastructure projects by the government as well as private companies. Green building concept-based construction projects, would further propel demand for quality construction chemicals in the coming years. Concrete Admixtures is the largest category in the construction chemical space followed by waterproofing chemicals and Dry Mortars. Increasing urbanization, smart cities and demand for high quality construction coupled with infrastructure spending and low-income housing projects is driving demand for construction chemicals. With the entry of several new companies in this space, it has changed the market dynamics giving reach and penetration for further growth in coming years. Apcotex Industries under the umbrella brand "ApcoBuild" is servicing the construction chemical space in the western region of India so far with a significant presence in Mumbai with large waterproofing contractors and through a network of distributors. Company's core strength is in the waterproofing range of products, due to its high degree of backward integration in manufacturing of high-quality range of polymers and coatings along with repair products. Company reported > 100% growth in segment revenue in FY22 and it is expected to post robust growth in the next 2 years given low base in revenue.



Key Risks

- Volatility in key raw materials prices can adversely impact profitability. Raw material accounts for 70% of the sales, exposing profitability to price fluctuation risks.
- Company faces competition from domestic players in the synthetic latex segment as well as from imports across all its segments. Revenue and profitability were adversely impacted in FY20 by aggressive dumping of NBR by overseas suppliers.

- Any significant slowdown in underlying segment sales of Paper & Carpets, Construction, Auto-ancillary, Footwear etc. can adversely impact overall revenue and profitability.
- Regulatory changes in environmental clearance for upcoming future projects.
- Due to Covid-19 and the war between Ukraine – Russia, many of the containers and the shipping liners were stuck in few countries, which affected the availability of containers and resulted into sharp increase in the container / freight costs during FY22.
- A few key raw materials like Styrene, Acrylonitrile and Butadiene, amongst others are used in several of products. Butadiene is used in all products and it is available from limited manufacturers in India. If there is an issue with the supply of Butadiene may be on account of an unplanned shut-down taken by a supplier, the production of most products would be affected adversely.
- Company is exposed to forex fluctuation risk owing to significant exports and imports; though the same is mitigated by a natural hedge and appropriate forward cover contracts.

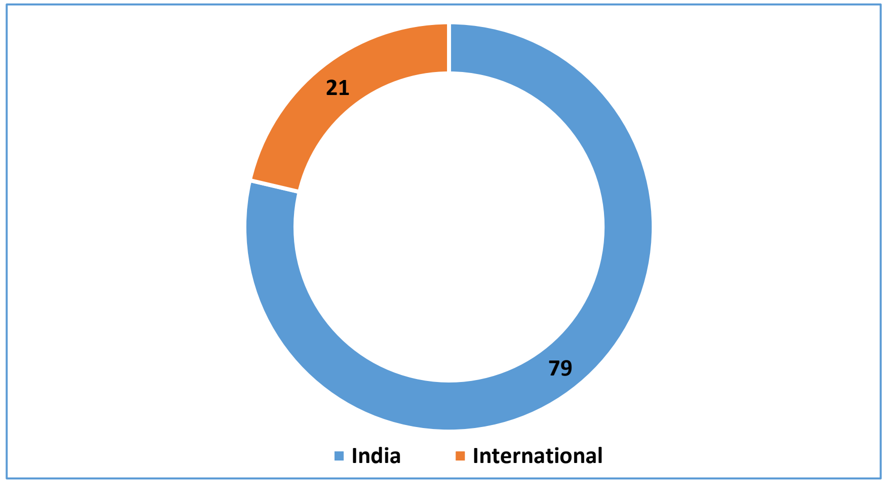
Company Background

Apcotex Industries Limited (AIL) is one of the leading producers of Synthetic Rubber (NBR & HSR) and Synthetic Latex (Nitrile, VPlatex, XSB & Acrylic latex) in India. It was started as a division of Asian Paints in 1980 for producing Vinyl Pyridine latex and Carboxylated Styrene-Butadiene latex in India. It has transformed into niche synthetic latex & rubber producer and is one of the few companies to produce broadest range of emulsion polymers.

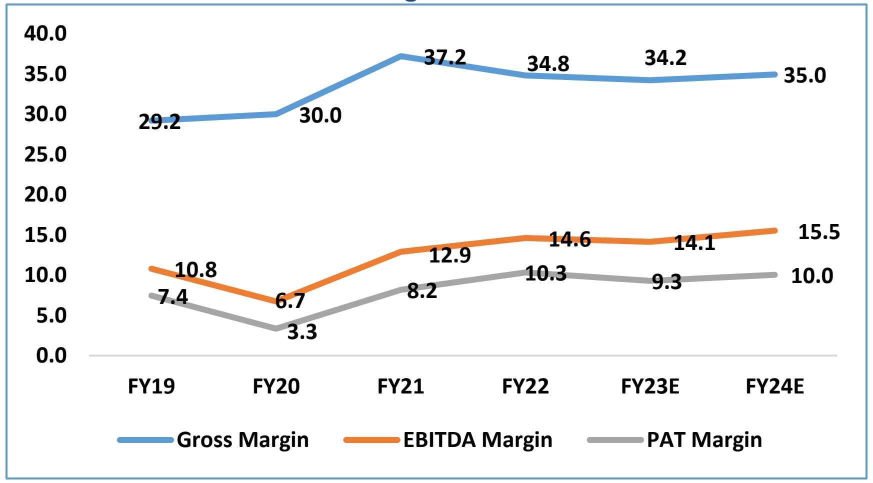
Company's Synthetic Rubber finds application in broad range of products such as Automotive Components, Hoses, Gaskets, Printing and Industrial Rollers, Friction Materials, Belting and Footwear. Apcotex's range of Latex are used for Paper/Paperboard Coating, Carpet Backing, Tyre Cord Dipping, Construction, Gloves examination, surgical and industrial use etc. Apart from having a diversified clientele. It is present across diversified industries which protects from any slowdown in a single industry. Apcotex has a strong global presence in South East Asia, Middle East & Africa and intends to tap the Asian Markets. Company has global presence across geographies and contributed to 21% of sales in FY22. The key countries include Malaysia, Thailand, Vietnam, UAE, Egypt and South Arabia. It manufactures specialty synthetic rubbers i.e. Nitrile Butadiene Rubber (NBR) and High Styrene Rubber (HSR) etc. Various grades of Synthetic Rubber find application in products such as footwear, automotive components, rice rolls, moulded items, v-belts, conveyor belts, hoses, etc.

Its manufacturing plants are strategically located on the western coast of India. The company has two manufacturing facilities - one each at Taloja in Maharashtra and Valia in Gujarat. AIL manufactures synthetic latex and high styrene rubber from the Taloja facility, and nitrile rubber and its allied products from the Valia facility. Over the past several years, Apcotex has developed a strong R&D base, which has enabled to develop, manufacture and export products and compete against global players.

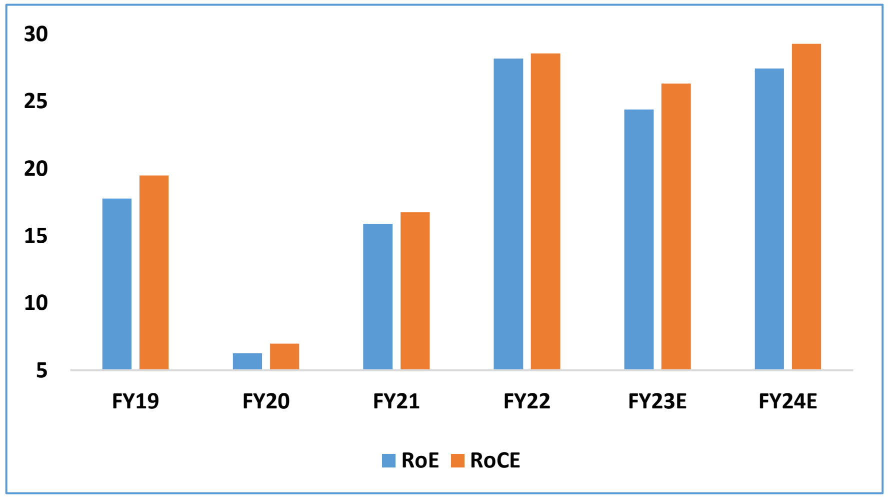
Sales Mix



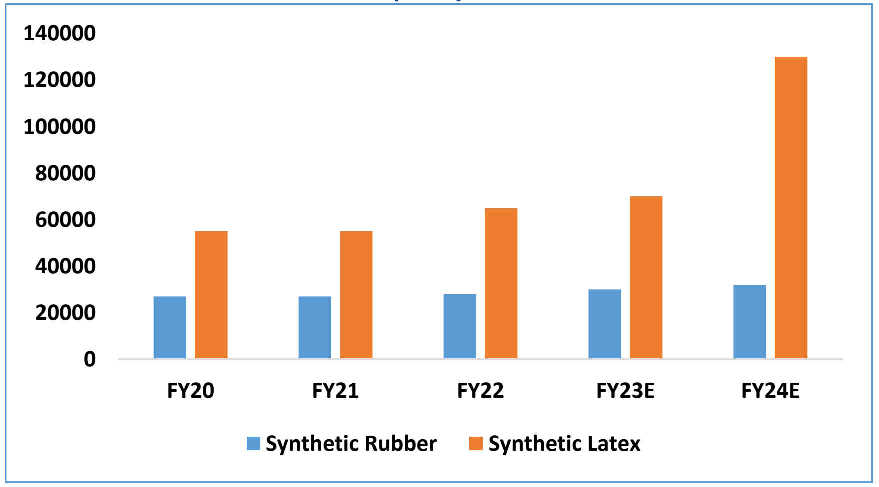
Margin Trend



Robust Return Ratios



Capacity Trend



Financials

Income Statement

(Rs Cr)	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Revenue	626	496	541	957	1139	1437
Growth (%)	18.9	-20.7	9	77	19	26.2
Operating Expenses	558	463	471	817	978	1214
EBITDA	**68**	**33**	**70**	**140**	**161**	**223**
Growth (%)	5.8	-50.6	108.7	100.6	15.1	38.7
EBITDA Margin (%)	10.8	6.7	12.9	14.6	14.1	15.5
Depreciation	12	13	15	14	18	26
EBIT	56	20	55	126	143	197
Other Income	8	6	5	8	9	9
Interest expenses	2	1	4	3	8	11
PBT	62	25	57	130	143	195
Tax	15	8	13	32	37	50
RPAT	**47**	**17**	**44**	**99**	**106**	**144**
Growth (%)	20.7	-64.4	166.3	123.6	7.2	36.3
EPS	9	3.2	8.5	19.1	20.4	27.8

Balance Sheet

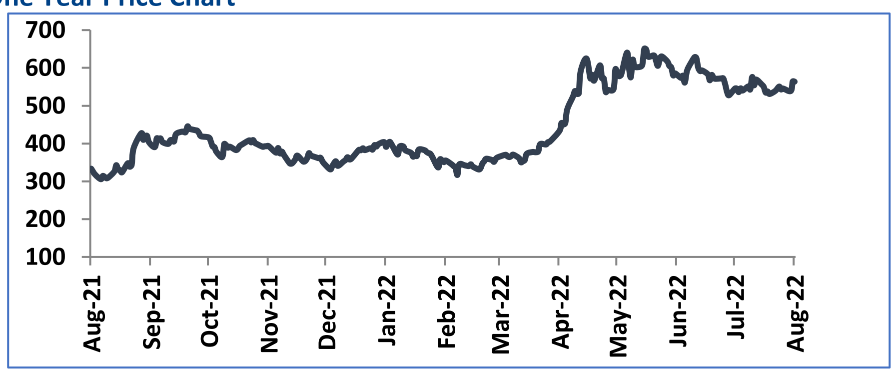
As at March	FY19	FY20	FY21	FY22	FY23E	FY24E
SOURCE OF FUNDS						
Share Capital	10.4	10.4	10.4	10.4	10.4	10.4
Reserves	267	241	295	386	462	569
Shareholders' Funds	**278**	**251**	**305**	**396**	**473**	**580**
Long Term Debt	1	23	6	26	48	70
Net Deferred Taxes	-2	0	3	5	4	3
Long Term Provisions & Others	6	7	7	9	14	19
Total Source of Funds	**283**	**281**	**322**	**437**	**539**	**671**
APPLICATION OF FUNDS						
Net Block	96	143	156	195	290	400
Non-Current Investments	43	33	68	82	82	82
Long Term Loans & Advances	18	9	6	21	23	26
Total Non-Current Assets	**158**	**186**	**231**	**299**	**397**	**509**
Current Investments	26	21	14	15	16	15
Inventories	48	60	56	87	97	127
Trade Receivables	111	89	105	162	206	258
Short term Loans & Advances	0	0	0	0	1	2
Cash & Equivalents	10	16	15	9	18	20
Other Current Assets	19	19	23	30	31	31
Total Current Assets	**215**	**205**	**213**	**304**	**369**	**453**
Short-Term Borrowings	3	19	8	24	60	90
Trade Payables	53	46	81	100	122	152
Other Current Liab & Provisions	35	45	32	39	43	45
Short-Term Provisions	1	1	1	2	3	3
Total Current Liabilities	**91**	**111**	**122**	**165**	**227**	**291**
Net Current Assets	124	95	91	139	142	162
Total Application of Funds	**283**	**281**	**322**	**437**	**539**	**671**

Apcotex Industries Ltd.

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21	FY22	FY23E	FY24E
Reported PBT	62	25	57	130	143	195
Non-operating & EO items	-8	-6	-5	-8	-9	-9
Interest Expenses	2	1	4	3	8	11
Depreciation	12	13	15	14	18	26
Working Capital Change	-16	9	17	-62	6	-19
Tax Paid	-13	-5	-12	-30	-37	-50
OPERATING CASH FLOW (a)	**39**	**37**	**75**	**48**	**130**	**154**
Capex	-23	-50	-24	-68	-115	-135
Free Cash Flow	16	-14	51	-20	15	19
Investments	7	2	-18	-7	-2	-3
Non-operating income	8	6	5	8	9	9
INVESTING CASH FLOW (b)	**-8**	**-42**	**-37**	**-67**	**-108**	**-129**
Debt Issuance / (Repaid)	-14	45	-39	36	25	25
Interest Expenses	-2	-1	-4	-3	-8	-11
FCFE	1	30	9	12	32	33
Share Capital	0	0	0	0	0	0
Dividend/Buyback	-15	-37	-4	-21	-30	-37
FINANCING CASH FLOW (c)	**-30**	**7**	**-47**	**12**	**-12**	**-23**
NET CASH FLOW (a+b+c)	**1**	**1**	**-8**	**-7**	**9**	**2**

One Year Price Chart



Key Ratios

	FY19	FY20	FY21	FY22	FY23E	FY24E
Profitability (%)						
Gross Margin	29.2	30	37.2	34.8	34.2	35
EBITDA Margin	10.8	6.7	12.9	14.6	14.1	15.5
EBIT Margin	8.9	4	10.2	13.1	12.5	13.7
APAT Margin	7.4	3.3	8.2	10.3	9.3	10
RoE	17.8	6.3	15.9	28.2	24.4	27.4
RoCE	19.5	7	16.8	28.6	26.3	29.3
Solvency Ratio						
Net Debt/EBITDA (x)	-0.5	0.1	-0.2	0.2	0.5	0.6
D/E	0	0.2	0.05	0.1	0.2	0.3
Net D/E	-0.1	0	0	0.1	0.2	0.2
PER SHARE DATA						
EPS	9	3.2	8.5	19.1	20.4	27.8
CEPS	11.3	5.8	11.3	21.8	24	32.8
BV	54	48	59	76	91	112
Dividend	3	3	3.5	5	5.5	7
Turnover Ratios (days)						
Debtor days	65	66	71	62	66	66
Inventory days	28	40	39	27	31	32
Creditors days	39	42	73	50	51	51
VALUATION						
P/E	62.7	176	66.1	29.6	27.6	20.2
P/BV	10.5	11.6	9.6	7.4	6.2	5
EV/EBITDA	44.6	90.2	43.2	21.5	18.7	13.5
EV / Revenues	4.8	6.1	5.6	3.1	2.6	2.1
Dividend Yield (%)	0.5	0.5	0.6	0.9	1	1.2
Dividend Payout	33.4	93.7	41.1	26.2	26.9	25.1

HDFC Sec Retail Research Rating description

Green Rating stocks
This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks
This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks
This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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