HDFC securities

Equity Research

Pick of the week

RETAIL **DESK**

RADICO KHAITAN LTD

HDFC securities

PICK OF THE WEEK
Sep 11, 2017

Industry	CMP	Recommendation	Add on dips to	Sequential Targets	Time Horizon
Breweries & Dist.	Rs. 176	Buy at CMP and add on declines	Rs. 152-158	Rs. 207-224	3-4 Quarters

HDFC Scrip Code	RADKHAEQNR
BSE Code	532497
NSE Code	RADICO
Bloomberg	RDCK IN
CMP Sep 08 2017	175.95
Equity Capital (Rs Cr)	26.6
Face Value (Rs)	2
Eq- Share O/S (Cr)	13.31
Market Cap (Rs Cr)	2340.8
Book Val (FY17-Rs)	79.3
Avg.52 Wk Volume	9,50,000
52 Week High	178.7
52 Week Low	101.5

Shareholding Pattern % (June 30, 17)	
Promoters	40.5
Institutions	31.5
Non Institutions	28.0
Total	100.0

FUNDAMENTAL ANALYST
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Established in 1943, Radico Khaitan Ltd. (RKL) is one of the largest players in the Indian IMFL industry. Formerly known as Rampur Distillery it was bought in 1972 by Dr. Lalit Khaitan and his father as part of their family business. In 1999, RKL launched and started marketing its own brands with different and new concepts. It became the first company to conceptualize the innovative idea of offering scotch blended whisky and the first company to position 8-PM as India's premium whisky. Today, Radico Khaitan operates three distilleries and one JV (two distilleries) with total ENA capacity of 157 mn ltrs. It also has 23 bottling units spread across the country in addition to 5 of its own.

Investment Rationale

- Worst seems to be over for the industry in terms of regulation / raw material prices
- Favorable pricing environment expected for IMFL industry
- Relaxation of bans (by State Govts/Supreme court) to be positive for volume growth
- Shift towards premium products to drive higher margins
- Debt reduction will help rein interest expense
- Attractive takeover target for MNCs wanting presence in India.

Concerns

- Change in taxation policies and Regulatory environment
- Raw material price volatility
- Competition from international players
- Seasonality in business

View and Valuation

The imposition of highway liquor sales ban by Supreme Court, demonetization and implementation of GST disrupted the volume growth over the last few quarters but are now events of the past. Relaxation given by Supreme Court and Kerala government are positives for volume growth. RKL is also expecting price increases to be effected soon as input costs had risen significantly in the past due to low sugar production in SS2016-17. RKL has undertaken significant capital expenditure in the past for up-gradation and maintenance of plant & machinery and has sufficient capacity to meet its organic growth for the next 5 years.

It is utilizing the recurring cash flow to pare down debt and aims to repay its entire long-term debt by FY19 which should reduce interest expenses and result in PAT margin expansion in the coming years. Shift towards premium products should provide a cushion in case of raw material price increase and could otherwise lead to margin expansion. RKL could come out of flat Sales/PAT scenario (witnessed over FY13-FY17) due to a combination of macro and micro factors listed below.

KEY HIGHLIGHTS

- ***RKL is one of the largest players in the Indian IMFL industry operating 5 distilleries with total ENA capacity of 157 mn ltrs. It also has 28 bottling units spread across the country***
- ***Worst seems to be over for the industry as flattish/negative Sales/PAT trend would reverse with volume pick-up, price increases and raw material prices under control***
- ***RKL has been focusing on increasing the share of premium products in its portfolio over the last few years. Share of premium products has increased to 28% in Q1FY18***
- ***Relaxation of bans and difficulty in ensuring total prohibition to be volume accretive for RKL***
- ***Favorable demographics in India to drive IMFL consumption by 4.7%/8.4% CAGE in volume/value terms over CY17-21.***

We feel investors could buy the stock at the CMP and add on dips to Rs.152-158 band (~18x FY19E EPS) for sequential targets of Rs 207 (24x FY19E EPS) and Rs 224 (26x FY19E EPS) over the next 3-4 quarters. At the CMP of Rs.176 the stock trades at 20.5x FY19E EPS.

Financial Summary

Particulars (Rs Cr)	Q1FY18	Q1FY17	YoY-%	Q4FY17	QoQ-%	FY16	FY17	FY18E	FY19E
Net Sales	411.3	428.4	*-4.0*	393.0	*4.7*	1651.8	1679.9	1774.2	1857.2
EBITDA	62.0	57.1	*8.5*	46.9	*32.2*	187.7	212.1	235.1	258.2
PAT	25.7	22.0	*16.7*	16.6	*54.4*	78.1	80.7	93.2	114.5
Diluted EPS (Rs)	1.9	1.7		1.3		5.9	6.1	7.0	8.6
P/E (x)						30.0	29.0	25.1	20.4
EV / EBITDA (x)						17.5	14.7	12.9	11.4
RoE (%)						11.4	12.6	13.3	13.9

Source: (Company, HDFC sec)

Company Profile:

Starting its journey in 1943, Radico Khaitan Ltd stands tall amongst the key players of the Indian alcoholic beverage industry today. After entering the IMFL world in 1999, the company has been able to achieve good progress through constant innovation and tapping on emerging business opportunities.

RKL is among the bigger players in the Indian spirits industry. It operates one of the largest alcohol manufacturing plant in the country having multiple facilities like molasses based alcohol, grain based alcohol, Malt Spirit, Ethanol, Liquor Bottling, Captive Power Generation, Captive bottle printing plant, Malt & Grain spirit Maturation & Bio composting. The company has three distilleries and one JV (Radico NV Distilleries Maharashtra – 36% stake – two distilleries) with total capacity of 157 mn ltrs.

<u>Manufacturing Facilities of the company:</u>

- It has a modern molasses based super fine quality alcohol plant at Rampur with a capacity to produce 75 mn ltrs per annum (molasses based) with DCS based multi pressure distillation. This plant has the facility to produce triple distilled extra neutral alcohol directly from fermented wash.
- Grain based alcohol plant at Rampur with a capacity of 27 mn ltrs per annum having own milling facility of multiple grains.
- Malt Spirit production plant at Rampur with a capacity of 0.5 mn ltrs per annum, along with the equivalent maturation facility to mature spirits in 5000 casks of oak wood barrels of 200 ltrs each.
- Tie-ups with 23 bottling plants in addition to 5 of its own. Its bottling plants have fully automatic high speed bottling lines with the capacity to bottle 10 mn cases of 12 bottles of 750 ml each in a year.
- 100% In-house power generation facility of 7 MW with the own bio gas generated from the plant effluents at Rampur.

- In its 36% JV at Aurangabad, it has 2 distilleries with molasses based alcohol capacity of 40 mn ltrs and grain based alcohol capacity of 15 mn ltrs.

Location	Distilleries	Molasses	Grain	Malt	Total
		Capacity (mn ltrs)			
Rampur	3	75	27	0.5	102.5
Aurangabad	2	40	15	0	55
Total	**5**	**115**	**42**	**0.5**	**157.5**

Business Overview:

Radico Khaitan manufactures whisky, rum, brandy, vodka and gin. With the successful launch of its first brand – 8-PM which sold more than a million case in the first year of its launch – RKL adopted the 'premiumization' strategy. It saw great success with the launch of 'Magic Moments' vodka in 2005 and it expanded its portfolio with flavoured versions of Magic Moments vodka called 'Magic Moments Remix', Morpheus Brandy, M2 Verve Vodka, M2 Verve flavoured vodka and After Dark.

While expanding its product portfolio and presence in the Indian market, RKL also continued to foster global ties. The company achieved a milestone in 2002, after scoring a successful collaboration for importing, distributing and marketing of Carlo Rossi - The no.1 bottled table wine brand in the world from the house of Ernest & Julio Gallo.

Having laid a strong foundation of global ties and exports in the last few years, RKL is growing at a very healthy pace. The company gained strength from the grand success of its products in the Indian market which became a core support system that triggered the company's global expansion. Many brands from the straddle of Radico are now available in more than 50 countries world-wide and are being appreciated and consumed not only by the Indian Diaspora but also by the locals. The company is now focusing on increasing its presence in a number of developed markets in America and Asia Pacific. However, even as the company plans to focus on premiumization of portfolio along with developing new products to meet the local aspirations and requirements. Investments will continue in brand building as well as opening up newer countries.

Key brands of the company

Whiskey	Vodka	Rum	Brandy	Ready-to-drink
8PM	**Magic Moments**	Contessa	Old Admiral	**Electra**
Royal Whytehall	**Magic Moments Remix**	**8PM Bermuda**	**8PM Excellency**	
After Dark	**Verve**	**1965**	**Morpheus**	
RISM		**Pluton Bay**		
Regal Talons				

Brands in bold denote prestige brands while others are regular.

A small portion of sales by RKL involves sale of PET containers to pharma companies and sale/export of bulk ENA.

Investment Rationale:

Worst seems to be over for the industry in terms of regulation / raw material prices

- Few states like Tamil Nadu, Kerala, Karnataka and MP had banned the sale of alcohol. Though the volumes of the industry were hit there was not a major contraction as it is difficult to implement total prohibition given the resource constraints faced by states. Some states are yet to implement the ban while others have diluted the effect.
- Supreme Court also relaxed its highway liquor ban within city limits.
- De-growth in volumes is likely to halt and expected to pick up FY18 onwards.
- Raw material prices which impacted margins in FY17 are expected to remain soft due to better monsoons this year. The index of molasses sub-component in manufactured products for the calculation of WPI rose to 166.2 in FY17 vs 137.2 in FY16 and 145.0 in FY15. It is expected that the index value in FY18 will come in lower.
- Flattish/negative Sales/PAT trend would reverse with volume pick-up, price increases and raw material prices under control.

Favorable pricing environment expected for IMFL industry

Liquor, like cigarettes, is on the negative list for consumption, and among the commodities on which imposition or increasing the taxes is relatively easier. As a result the industry in India has to face plethora of taxes and higher government regulations. Liquor being a state subject is taxed differently in every state (with their own distribution models) and the companies have to lobby to the government for increase in prices. This results in lower pricing flexibility and thus poor financial performance.

In the last few years the liquor companies in India have been facing pressure at the operating levels due to high competition and firm ENA prices. Approvals for price increase are delayed and is a cumbersome process. However, the industry has lobbied state governments for increase in prices of liquor which is expected to be approved in the near term. Also molasses/ENA prices were higher last year due to drought in Maharashtra and the industry had to take a hit. Due to better monsoons this year prices of molasses and in turn ENA are likely to remain soft.

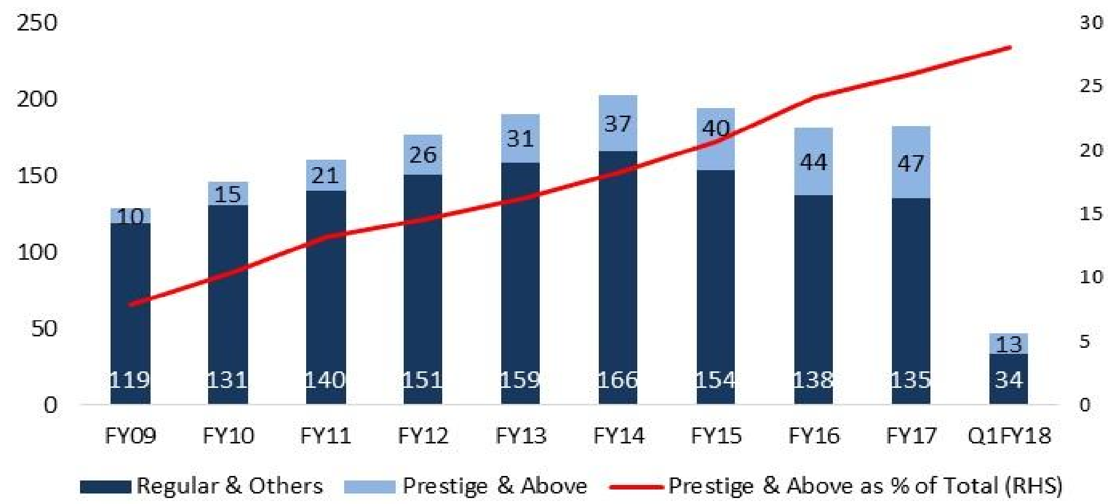
Relaxation of bans to be positive for volume growth

Supreme Court, which had banned the sale of alcohol within 500 mtrs of highways in Dec-16, provided some relaxation by allowing states to de-notify highways within city limits. Country liquor being cheaper is consumed more on highways. RKL sells country liquor only in the State of UP and as such was not impacted much by this ban. Besides the state were already taking measures like shifting stores to other location or increasing the motorable distance from highways to beyond 500 mtrs. Kerala also relaxed it earlier ban by allowing sale of alcohol in 3* and 4* hotels against only in 5* hotels earlier. In Tamil Nadu only 10-15% of the stores have been closed despite electoral promise of banning prohibition by AIADMK in 2016. MP became the fourth state to ban alcohol after Kerala, Bihar and Tamil Nadu, but hasn't mentioned any timeline to implement the same. MP however, accounts for only a small proportion of revenues of RKL. Tax revenues from alcohol amount to a significant portion of state budgets and hence it may practically be difficult to ensure total prohibition.

Shift towards premium products to drive higher margins

RKL has been focusing on increasing the share of premium products in its portfolio over the last few years. It has in fact discontinued its lower margin products in some of the markets due to higher costs (and lower margins) and the cumbersome and time consuming process of increasing prices. In the last three years while the Prestige & Above category has grown by 9% CAGR in volume terms, the Regular & Other category has de-grown by 7% CAGR. in the IMFL segment, the share of Prestige & Above brands like Magic Moments Vodka and Morpheus Premium Brandy, and the balance from regular and others brands like Old Admiral Brandy, Contessa Rum, 8 PM Whisky etc. has been increasing continuously. In FY17, Prestige & Above brands accounted for 26% of the company's volumes as compared to 18.3% in FY14. RKL earns higher margins of 800-900 bps on Prestige & Above brands at the EBITDA level compared to regular bands. This is evident from the fact that despite a flattish growth in topline in FY17, EBITDA/ PAT improved by 12.9% / 3.3% respectively. With the changing demographics and the company's focus on premium brands, we expect margins of the company to improve going forward.

Increasing volume share of Prestige & Above Brands (in mn cases)



(Source: Company, HDFC Sec)

Debt reduction will help rein interest expense

The company has sufficient capacity for its requirement and has no plans in the near term for any expansion. The company has not made any acquisitions and growing organically by launching its own brands. The current capacities can support ~30 mn cases against sales of ~18.3 mn in FY17. The company is utilizing ~90% of its distillery capacity and sells surplus ENA to other IMFL manufacturers in India/abroad. As the in-house requirement increases, RKL would reduce outside sales. In the meanwhile the management is utilizing its excess cash flows to pare down its debt levels. Over the last 3 years, the company has reduced its debt by Rs 105 cr. The management intends to repay its entire long term debt of Rs.248 cr by FY19. The reduction in debt would strengthen the balance sheet and could also trigger a rating upgrade enabling the company to borrow at lower rates. Reduction in debt combined with the falling interest rates would help in reducing interest payout and increase PAT margins of the company. However the interest costs are falling at a slower pace as the ECB loans carrying lower interest rate are being repaid first as per their repayment schedule.

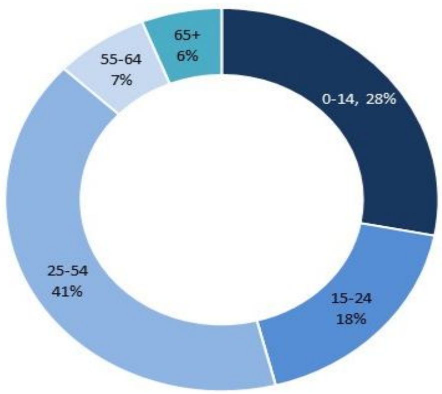
Debt-Equity Ratio

(Source: Company, HDFC Sec)

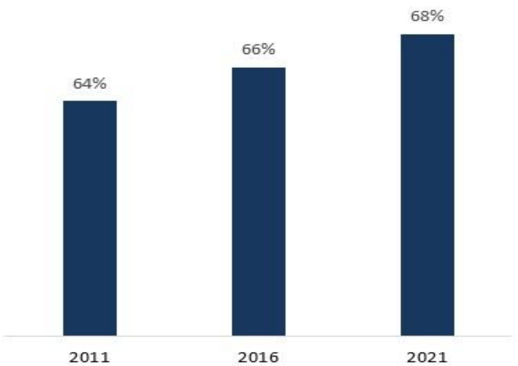
Favorable Demographics

India is a young country and getting younger by the day. As per KPMG-Euromonitor May 2017 report the median age of Indian population is 28 years. The demographic profile of India is skewed towards a younger population with the age group of 15-55 years constituting ~60%. The number of people getting added to the legal drinking age is rising every year. The younger generation is more focused on quality of lifestyle and willing to pay for premium products. As per the report ~66% of the population was within legal drinking age which is expected to rise to 68% by 2021.

Age-wise population distribution



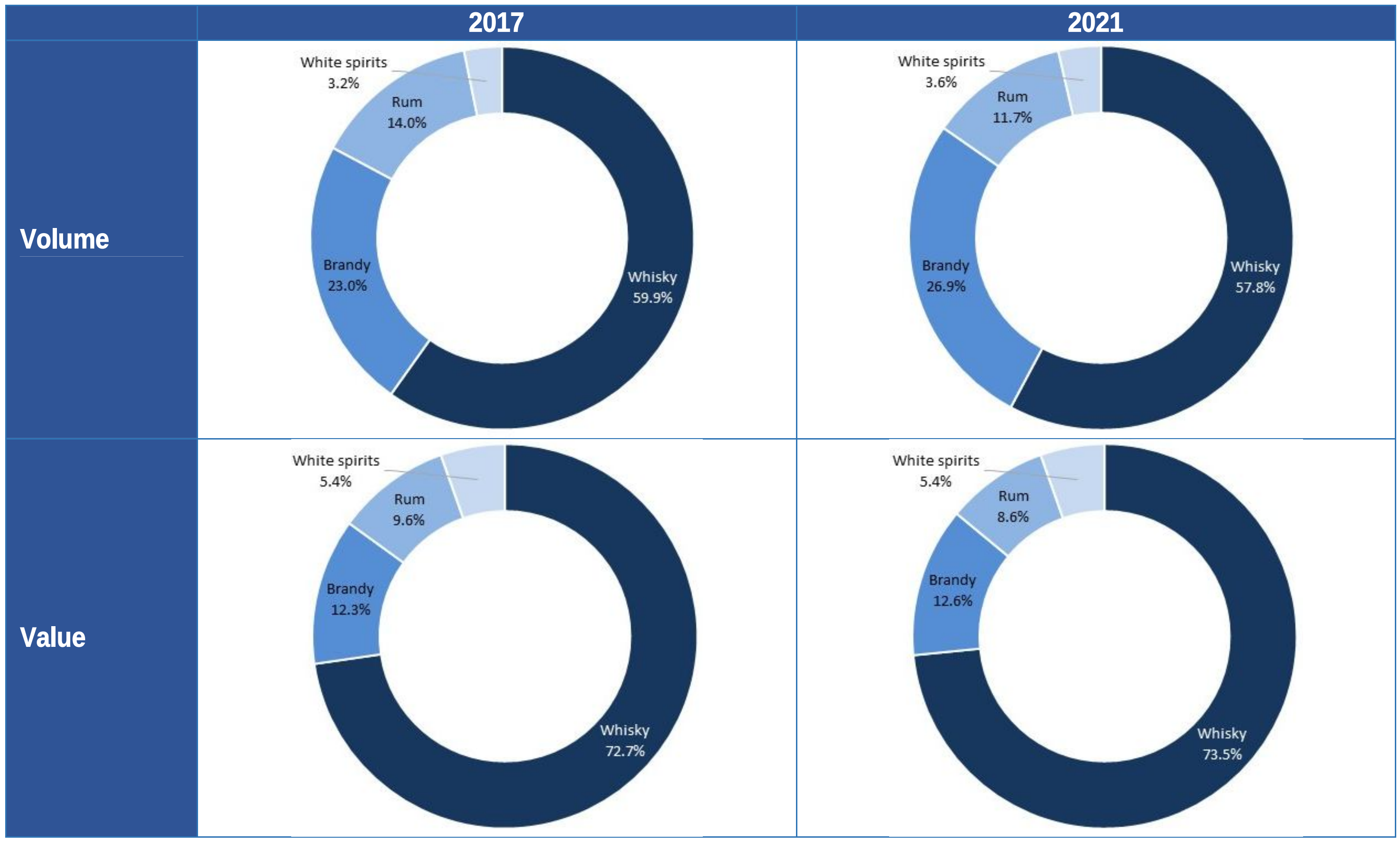
Population within legal drinking age



(Source: KPMG-Euromonitor Report, HDFC Sec)

According to the same report, the consumption of IMFL is expected to increase by CAGR of 4.7% in volume terms from 302 mn cases to 363 mn cases and 8.4% in value terms from Rs 2188 bn to Rs 3021 bn over CY17-FY21. Blended Scotch and Single Malt Scotch are expected to lead the growth with value CAGR of 13.2% each. Of the total Vodka volume in CY16, 55.4% was in the premium and super premium category, up from 41.4% in CY11. The Vodka industry volume is expected to grow by CAGR of 7.6% and 8.2% in volume and value terms respectively over CY17-21. RKL has a market share of 54% of the overall Vodka market.

IMFL is expected to increase by CAGR of 4.7% in volume term and 8.4% in value terms



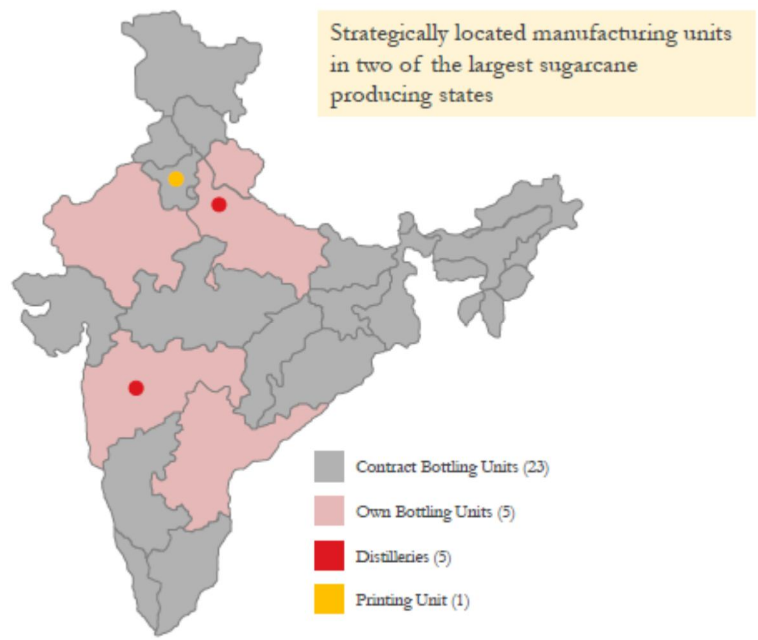
(Source: KPMG-Euromonitor Report, HDFC Sec)

Pan-India distribution and bottling network

RKL has been able to make the transition from being a manufacturer of Extra Neutral Alcohol to being a company with a portfolio of successful brands. Consistently superior quality, a wide range of products, innovative packaging, pricing to suit all pockets, a nation-wide distribution network, effective advertising, and popular events and promotions, all these elements have resulted in making up a winning marketing mix. Today, RKL has a pan-India manufacturing and distribution network covering over 90% of retail outlets. Its products are being sold through over 55,000 retail and 5,000 on-premise outlets.

The company has 28 bottling units spanning almost the entire country, of which 5 belong to the company and 23 are contract bottling units. RKL's strategic bottling units are spread across the country in order to avoid the high taxes levied on inter-state movement of finished and in-process liquor.

Bottling units spread across the country



(Source: Company)

Strong portfolio of brands

Over the years RKL has built a strong portfolio of brands with some of the brands being market leaders in their respective segments. It has brands across the spectrum from regular to premium/super premium categories.

Prestige Brands	Description
Magic Moments	Launched in 2005, Magic Moments is the market leader in India in the premium vodka category; Premium vodka industry in India has grown at a 5 year volume CAGR of 7% over FY11-16

Morpheus	Launched in 2009, Morpheus Brandy is the market leader in the super premium brandy category
After Dark	Launched in 2011, After Dark is well positioned in the fast growing premium whisky segment in India
Verve	Capitalizing on the success of Magic Moments, the Company launched Verve super premium vodka in 2012
Electra	RKL launched Magic Moments Electra, a premium ready-to-drink product in in June 2015 in three unique flavors (Cranberry, Apple and Orange) after extensive research It has gained significant traction within a few months of its launch in the North and North Eastern states.
Rampur Indian Single Malt, Regal Talons, Pluton Bay	These brands were launched in FY17 and are yet to make a mark for the company.

Attractive takeover target for MNCs wanting presence in India.

Due to the favourable demographics of India many MNCs are looking to enter the Indian liquor market. RKL could become a potential takeover target as the company has ready manufacturing plants, pan-India distribution network, license to manufacture and sell liquor and bottling tie-ups. Diageo took a majority stake in United Spirits at a steep premium to market price.

Risks & Concerns:

Change in taxation policies and Regulatory environment

The alcohol industry is highly regulated in India through high excise duties, restrictive sale licenses and a ban on direct advertising. Any policy formulated by the state or central Government in areas such as production, distribution, marketing or taxation may have an adverse impact on the company.

Raw material price volatility

Extra Neutral Alcohol (ENA) is a key raw material for the production of alcoholic beverages. ENA is produced from the by-product molasses in the sugar manufacturing process or from grains. Higher ENA prices in the past couple of years had impacted margins of breweries. Although ENA prices are expected to remain benign in the current year on back of better monsoon and higher sugarcane production, higher ethanol blending (in fuels) target of 10% set by the Government could limit the availability and price fall.

Competition from international players

As the liquor consumption in India is significantly lower as compared to other countries, many international manufacturers are trying to penetrate the Indian market. The shift towards premiumization will allow them to introduce their premium brands thereby increasing competition and impacting the market share of existing players.

Seasonality in business (Q3 is the best and Q4 is the worst)
Sales in the liquor industry has traditionally been seasonal. The highest consumption is witnessed in the winter months and as such Q3 is the best quarter for the industry. Summer months of Q1 & Q2 witness an increase in beer sales and a decrease in hard liquor sales and Q4 involves depletion of stocks resulting in lower sales.

High working capital requirements
Higher debtor days from government controlled markets drive high working capital intensity for the sector. IMFL players are required to pay duties upfront at the time of sale while they receive payments after three-four months in case of government controlled states.

Income tax rate could rise in FY18 and beyond (to 34% from 27%in FY17) due to expiry of tax benefits on certain units. This could lead to slower increase in PAT compared to increase in PBT.

Introduction of GST could result in fall in margins due to increase in GST on inputs (which are not offsettable).

View and Valuation

The imposition of highway liquor sales ban by Supreme Court, demonetization and implementation of GST disrupted the volume growth over the last few quarters but are now events of the past. Relaxation given by Supreme Court and Kerala government are positives for volume growth. RKL is also expecting price increases to be effected soon as input costs had risen significantly in the past due to low sugar production in SS2016-17. RKL has undertaken significant capital expenditure in the past for up-gradation and maintenance of plant & machinery and has sufficient capacity to meet its organic growth for the next 5 years.

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We feel investors could buy the stock at the CMP and add on dips to Rs.152-158 band (~18x FY19E EPS) for sequential targets of Rs 207 (24x FY19E EPS) and Rs 224 (26x FY19E EPS) over the next 3-4 quarters. At the CMP of Rs.176 the stock trades at 20.5x FY19E EPS.

Peer Comparison (FY17):

Company (FY16)	CMP (Rs)	Mkt Cap (Rs Cr)	Oper Inc (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EBITDA (%)	PAT (%)	EPS (Rs)	BV (Rs)	P/E (x)	P/B (x)	Debt/Eq (x)
Radico Khaitan	176.1	2344	1679.9	212.1	80.6	12.6	4.8	6.1	78.5	29.1	2.3	0.8
United Spirits	2538.7	36894	8817.5	635.7	100.1	7.2	1.1	6.9	122.9	368.5	20.7	2.3
United Breweries	783.2	20708	4729.2	642.1	229.9	13.6	4.9	8.7	88.3	90.1	8.9	0.2

Financial Statements (figures for FY16 and FY17 are restated as per IndAS)

Income Statement

Particulars	FY15	FY16	FY17	FY18E	FY19E
Income from operations	**1488.4**	**1651.8**	**1679.9**	**1774.2**	**1857.2**
Cost of materials consumed	719.6	893.8	921.4	958.1	986.2
Employee Cost	119.5	128.3	140.3	148.1	152.3
Other expenses	371.6	363.8	325.5	432.9	460.6
Total expenses	1318.0	1464.1	1467.8	1539.1	1599.1
EBITDA	**170.4**	**187.7**	**212.1**	**235.1**	**258.2**
Depreciation	38.3	43.1	41.7	39.5	40.0
Other Income	177.1	183.5	190.1	216.8	240.5
EBIT	45.0	38.9	19.6	21.3	22.3
Finance Cost	89.9	84.7	80.4	75.7	67.0
Profit Before Tax	87.1	98.7	109.7	141.2	173.4
Tax Expenses	19.5	25.3	29.1	48.0	59.0
Profit after tax	**67.6**	**73.4**	**80.6**	**93.2**	**114.5**
Adj. PAT	**67.6**	**78.1**	**80.7**	**93.2**	**114.5**
EPS	5.1	5.9	6.1	7.0	8.6

Cash Flow statement

Particulars	FY15	FY16	FY17	FY18E	FY19E
Profit Before Tax	87.1	103.4	109.8	141.2	173.4
Depreciation	38.3	43.1	41.7	39.5	40.0
Others	74.5	141.5	59.2	69.7	61.6
Change in working capital	68.7	-241.3	54.1	19.8	-10.4
Tax expenses	-18.3	-20.8	-15.1	-48.0	-59.0
CF from Operating activities	**250.4**	**-36.3**	**249.7**	**222.2**	**205.6**
Net Capex	-49.3	-42.9	-17.9	-20.0	-25.0
Other investing activities	42.3	93.8	21.6	-25.0	0.0
CF from Investing activities	**-82.9**	**80.8**	**4.9**	**-45.0**	**-25.0**
Proceeds from Eq Cap	0.0	0.0	0.0	0.0	0.0
Borrowings / (Repayments)	-70.3	11.1	-140.9	-85.0	-60.0
Dividends paid	-12.5	-12.8	-12.8	-14.4	-17.6
Interest paid	-89.7	-85.1	-80.3	-75.7	-67.0
CF from Financing activities	**-172.4**	**-86.6**	**-233.6**	**-175.0**	**-144.6**
Net Cash Flow	**-4.9**	**-42.1**	**21.0**	**2.1**	**36.0**

Balance Sheet

Particulars	FY15	FY16	FY17	FY18E	FY19E
EQUITY AND LIABILITIES					
Share Capital	26.6	26.6	26.6	26.6	26.6
Reserves and Surplus	802.7	950.7	1017.5	1096.3	1193.2
Shareholders' Funds	**829.3**	**977.3**	**1044.1**	**1122.9**	**1219.8**
Long Term borrowings	436.9	339.7	248.1	148.1	68.1
Deferred Tax Liabilities (Net)	71.5	55.0	69.3	69.3	69.3
Other Long Term Liabilities	0.7	1.2	0.8	1.1	1.2
Long Term Provisions	5.9	7.2	8.4	9.2	9.5
Non-current Liabilities	**515.0**	**403.0**	**326.6**	**227.7**	**148.1**
Short Term Borrowings	412.4	620.1	550.9	565.9	585.9
Trade Payables	124.2	176.0	185.3	184.7	188.3
Other Current Liabilities	163.6	115.2	87.3	134.8	125.3
Short Term Provisions	42.5	33.7	40.2	44.4	45.6
Current. Liabilities	**742.7**	**944.9**	**863.7**	**929.8**	**945.1**
TOTAL	**2087.0**	**2325.2**	**2234.4**	**2280.4**	**2313.0**
ASSETS					
Fixed Assets					
Net Block	**572.8**	**729.4**	**703.8**	**684.0**	**669.5**

Financial Ratios

Particulars	FY15	FY16	FY17	FY18E	FY19E
EPS (Rs)	5.1	5.9	6.1	7.0	8.6
Cash EPS (Rs)	8.0	9.1	9.2	10.0	11.6
BVPS (Rs)	62.3	73.5	78.5	84.4	91.7
PE (x)	34.6	30.0	29.0	25.1	20.4
P/BV (x)	2.8	2.4	2.2	2.1	1.9
Mcap/Sales (x)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	18.7	17.5	14.7	12.9	11.4
EBITDAM (%)	11.4	11.4	12.6	13.3	13.9
EBITM (%)	11.9	11.1	11.3	12.2	12.9
PATM (%)	4.5	4.7	4.8	5.3	6.2
ROCE (%)	10.5	10.1	10.6	11.8	13.0
RONW (%)	8.4	8.6	8.3	8.6	9.8
Current Ratio (x)	1.8	1.4	1.4	1.4	1.4
Quick Ratio (x)	1.5	1.1	1.1	1.1	1.1

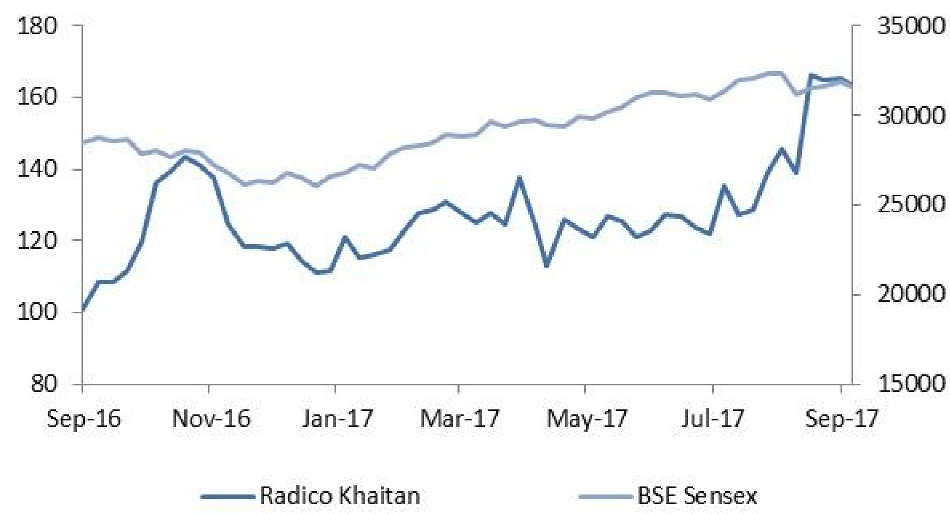
Capital work-in-progress	0.8	1.9	2.2	2.5	2.0
Non current Investments	48.1	169.6	169.6	169.6	169.6
Long-Term Loans and Advances	143.9	56.2	63.3	66.9	70.0
Other Non-current Assets	2.2	57.5	48.3	51.0	53.4
Non-current Assets	**194.2**	**283.2**	**281.2**	**287.5**	**293.0**
Current Investments	50.0	50.0	50.0	75.0	75.0
Inventories	213.0	274.1	293.0	291.7	279.9
Trade Receivables	477.8	610.9	624.0	631.9	636.0
Cash and Bank Balances	10.3	12.7	14.1	16.2	52.2
Short-Term Loans and Advances	513.4	168.2	153.7	170.1	178.1
Other Current Assets	54.7	194.7	112.4	121.5	127.2
Current Assets	**1319.3**	**1310.6**	**1247.2**	**1306.4**	**1348.4**
TOTAL	**2087.0**	**2325.2**	**2234.4**	**2280.4**	**2313.0**

Debt-Equity (x)	1.0	1.0	0.8	0.6	0.5
Debtor days	123	121	129	129	125
Inventory days	107	98	106	111	106
Creditor days	64	61	67	70	69

(Source: Company, HDFC sec)

One year Forward PE

One year Price chart



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