

BSE SENSEX  
29,398

 S&P CNX  
9,085

**CMP: INR619**
**TP: INR760 (+23%)**
**Buy**

**Stock Info**

	VATW IN
Bloomberg	
Equity Shares (m)	55.0
52-Week Range (INR)	644/450
1, 6, 12 Rel. Per (%)	23/7/-2
M.Cap. (INR b)/ (USD b)	33.6/0.5
Avg Val ( INR m)	64.6
Free float (%)	71.2

**Financials Snapshot (INR b)**

Y/E March	2017E	2018E	2019E
Net Sales	31.8	39.1	43.6
EBITDA	2.9	3.7	4.2
Adj PAT	1.4	1.9	2.2
EPS(INR)	26.5	34.5	40.3
EPS Gr.%	62.0	30.5	16.7
BV/Sh.INR	194.0	219.0	248.2
RoE (%)	8.9	16.7	17.3
RoCE (%)	12.8	14.7	15.2
Payout (%)	23.6	23.6	23.6

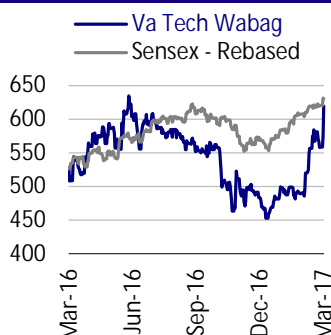
**Valuations**

P/E (x)	23.4	17.9	15.4
P/BV (x)	3.2	2.8	2.5
EV/EBITDA	11.9	9.3	8.0
Div Yld (%)	0.6	1.3	1.5

**Shareholding pattern (%)**

As On	Dec-15	Sep-15	Dec-14
Promoter	29.0	29.0	29.1
DII	25.0	22.5	21.7
FII	27.4	28.1	28.6
Others	18.7	20.5	20.7

FII Includes depository receipts

**Stock Performance (1-year)**

**Order inflow visibility improving**
**Margins to rise on closure of legacy projects**

- n **'Namami Gange' projects gaining traction:** The Executive Committee (EC) of the National Mission for Clean Ganga has recently approved 20 projects worth INR19b across Uttarakhand, Bihar, Jharkhand and Delhi under the Namami Gange program (<http://pib.nic.in/newsite/PrintRelease.aspx?relid=159210>). This comes on the back of project awards of INR11b during February 2017, and in our view, signals a quickening of the pace of awards under this program. A BJP government in three (Uttarakhand, Uttar Pradesh, and Jharkhand) out of the five states through which the Ganga passes would aid better center-state coordination and support quicker implementation. The government has allocated INR200b over FY16-19 towards this program. Of this, INR127b is earmarked for "new initiatives" and the remaining INR73b for completion of legacy projects. We estimate the opportunity for equipment suppliers/contractors for sewerage and industrial treatment plants at INR90b.
- n **Supreme Court directive on mandatory effluent treatment plants a medium-term positive:** Polluting industrial units across the country would be shut down if they lack functional primary effluent treatment plants (PETPs) to stop the release of untreated waste into water bodies within three months after notice (<http://www.newindianexpress.com/nation/2017/feb/22/industries-to-be-shut-for-want-of-effluent-treatment-plants-supreme-court-1573626--1.html>). VATW is unlikely to participate in small ETPs, but should participate in projects of INR1b-3b in industrial clusters. If local civic bodies decide to set up common ETPs, it would lead to more complex and larger size projects, where competition is lower. VATW would benefit from such a trend.
- n **Margins to improve on closure of legacy projects and pickup in domestic execution:** VATW's margins were under pressure during the last two years due to (i) provisions on AI Gubrah's project for potential liquidated damages (LD) on delays – with the completion of this project, we do not expect further LD post the INR0.63b booked in 3QFY17, (ii) low-margin Turkey STP O&M contract for INR3b – this is expected to be completed by 4QFY17, and (iii) execution of AP Genco's Rayalseema electromechanical BOP order (INR2.8b in order book as of 3QFY17) – this is scheduled for completion in 1HFY18. We expect EBITDA margin to trend higher from FY17, with the completion of low-margin projects and execution of domestic orders (+70% YoY) won in FY16.
- n **Reiterate Buy:** VATW trades at 18x FY18E and 15x FY19E EPS. Our projections factor in 20% CAGR in sales and 34% CAGR in adjusted PAT over FY16-19. Strong revenue growth is likely to be supported by a 20% rise in the order book, while margin expansion is likely to reflect higher share of domestic orders and completion of low margin orders from AP Genco and Turkey sewerage treatment plant. We value the stock at 19x FY19E EPS of INR40 (in line with its five-year average at 19.1x) to arrive at a target price of INR760.

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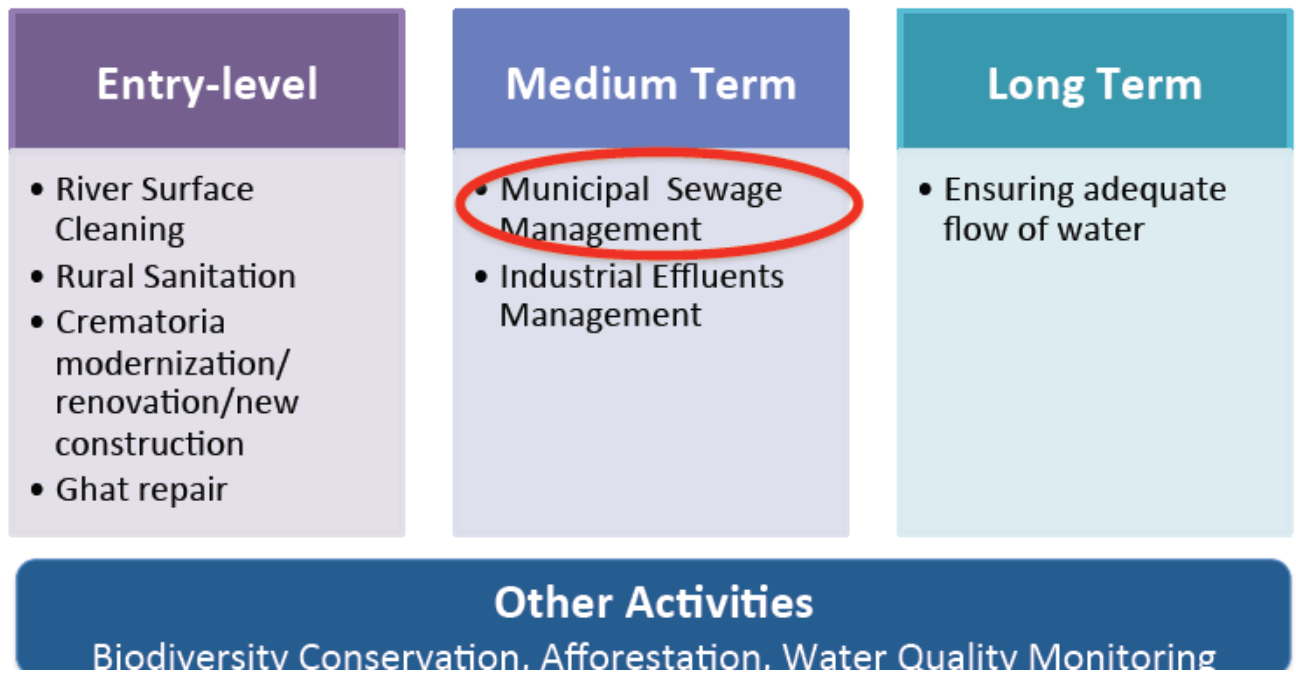
**Investors are advised to refer through important disclosures made at the last page of the Research Report**

 Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Namami Gange program on “fast track” project implementation**

- n The government launched the Namami Gange program to clean the River Ganga and all of its tributaries under one aegis. It has allocated INR200b over four years up to 2019, of which INR127b has been earmarked for “new initiatives” and the remaining INR73b for the completion of legacy projects. The exhibit below highlights the activities to be taken up under new initiatives.

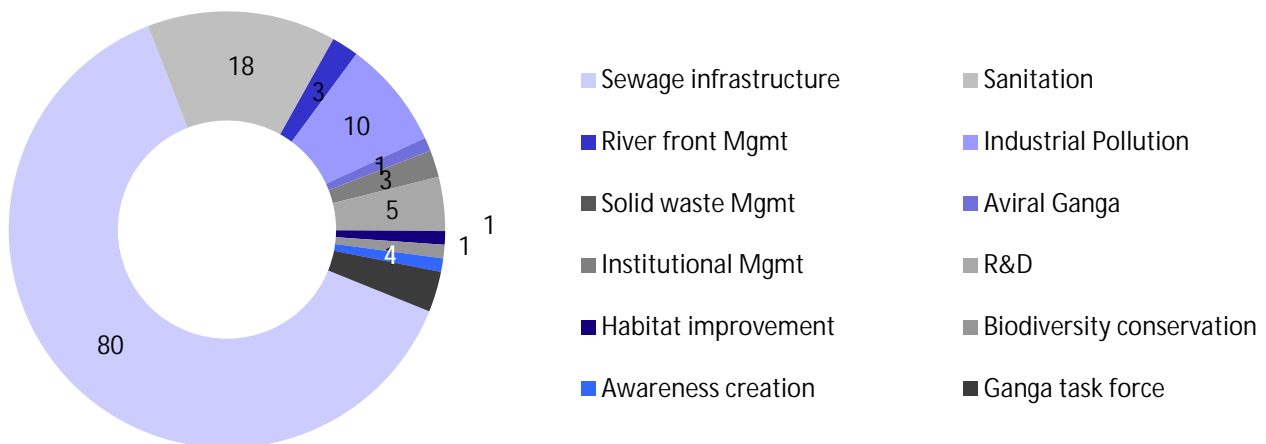
**Exhibit 1: Programs to be implemented under ‘new initiatives’ of the ‘Namami Gange’ program**



Source: NMCG, Motilal Oswal

- n After streamlining prevailing challenges and finalizing the Namami Gange framework (refer to Annexure 1), the government is now focusing on facilitating faster implementation. Through this program, the government plans to add new sewage treatment capacity and raise sewerage capacity by 4,000MLD.

**Exhibit 2: Financial outlay for the Namami Gange program (INR127b for new initiatives)**



Source: Industry Reports, MOSL

**Exhibit 3: Sewerage treatment gap in the Ganga Main Stem**

State	Total Capacity (MLD)	Gap (MLD)
Uttarakhand	122	130
Uttar Pradesh	2,204	1,330
Bihar	338	568
Jharkhand	12	640
West Bengal	638	1,319
<b>Total</b>	<b>3,314</b>	<b>3,987</b>

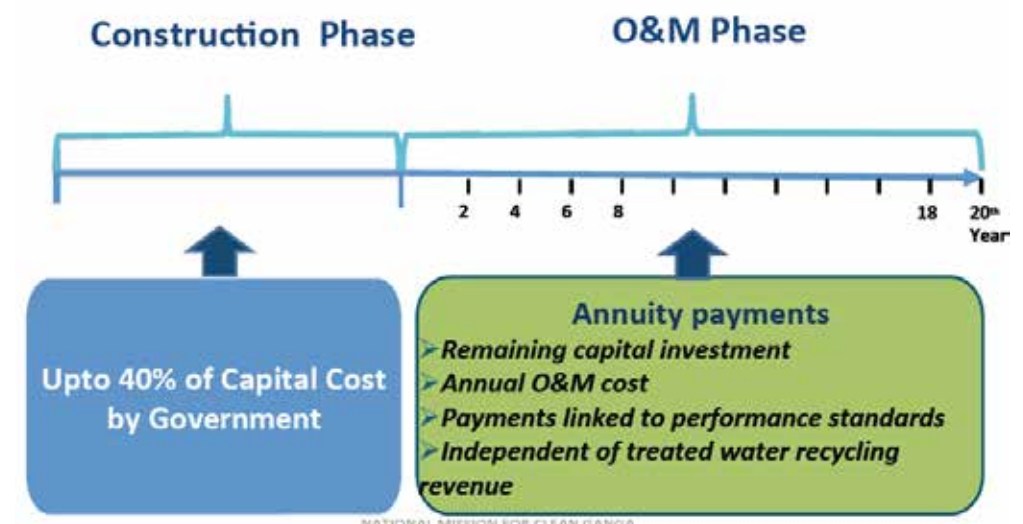
Source: NMCG, MOSL

- n To address the gap in sewerage capacity, 4,000MLD of sewerage treatment plants (STPs) need to be created. For this, the government has budgeted INR80b. Another INR10b needs to be spent for abatement of industrial pollution from factories around the main Ganga stem.

**Projects to be implemented primarily on hybrid annuity model**

- n The government would implement projects under the hybrid annuity model, where the concessionaire would initially bring in 100% investment. The government would reimburse 40% on commissioning. The remaining 60% capex, along with interest, would be paid as annuities until the end of the concession period. Reimbursement of O&M expenditure would be linked to the achievement of performance standards. The hybrid annuity model is expected to eliminate business risks in projects and encourage higher number of private players to participate in these projects.

**Exhibit 4: Hybrid annuity model for implementation of the Namami Gange program**



Source: NMCG

### Sale of treated water to enhance project viability

- n National Mission for Clean Ganga (NMCG) entered into an MoU with the Ministry of Railways for the use of treated water. The government has made it mandatory for power plants to purchase water from sewerage treatment plants located within a radius of 50km. Though sale of treated water has not been considered in bid valuations, it could improve a project's viability and create an option value for the developer.

### Concessionaires expected to be finalized from 4QFY17

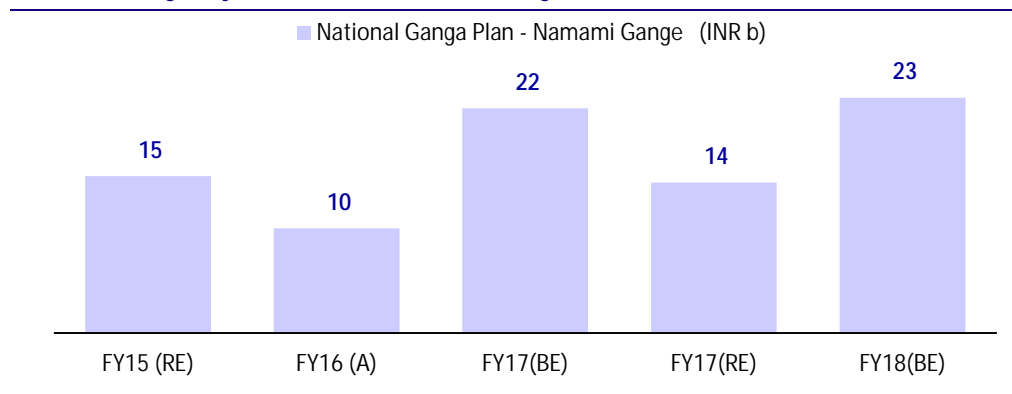
- n With the necessary framework in place, NMCG intends to expedite the ordering process for the Namami Gange project by finalizing the sewerage treatment plant concessionaries by 4QFY17. Completion of construction is expected by FY19.

### Exhibit 5: Timeline for awarding Namami Gange project orders

Mar-16	*Issuance of RFP for transaction advisory services *Creation of special purpose vehicle
Apr-16	Arrival of condition study reports
Jun-16	Appointment of transaction advisors
Dec-16	Output from transaction advisors (projects)
Q417 onwards	Hiring of concessionaires

Source: Industry, Motilal Oswal Research

### Exhibit 6: Budgetary allocation for Namami Gange



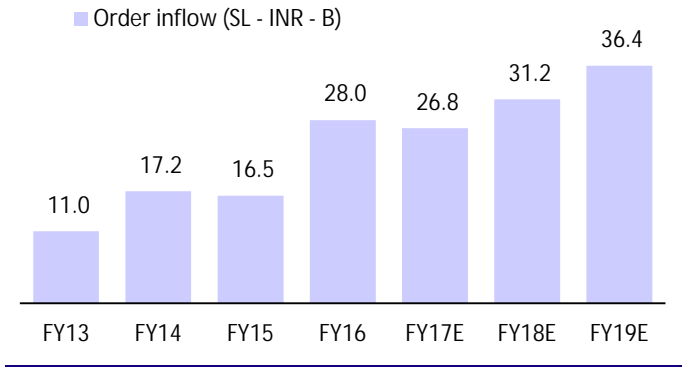
Source: India Budget

### FY16 orders at an all-time high of INR51b; on track to meet FY17 guidance of INR40-42b (our estimate: INR41b)

- n With the finalization of two large orders worth INR13b in 4QFY16, namely (1) INR6b order from Chennai Metro Water Supply and Sewerage Board for a 45MLD water reclamation plant, and (2) INR7.2b (USD108m) contract from Polgahawela, Sri Lanka, for an integrated water supply scheme in Allawa, Polgahawella and Pothuhera, VATW beat its FY16 order inflow guidance of INR35b-37b. Despite a challenging environment, VATW won orders of INR51b in FY16, an increase of 68%. This could be ascribed to VATW's multiple geography presence.

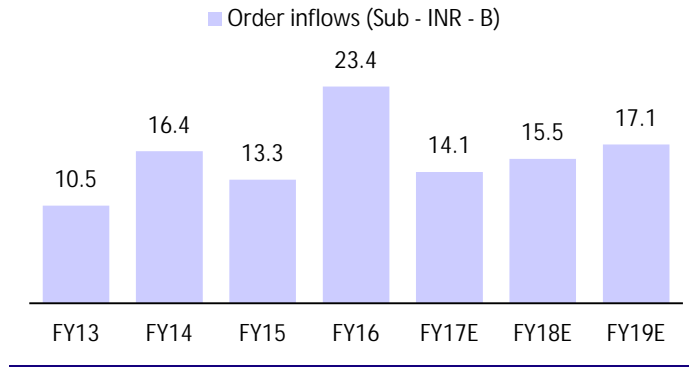
- Key orders won during FY17 are (a) WTP including O&M at Guheshwori, Nepal: INR1.4b, (b) Long Phu 1 industrial water treatment plant: INR1.3b, (c) Las Esculusas water treatment plant: INR2.6b, (d) integrated water supply, Barmer: INR6b, and (e) Desal & STP, Saudi Arabia: INR5.6b.

**Exhibit 7: Standalone order book to witness traction on finalization of delayed orders**



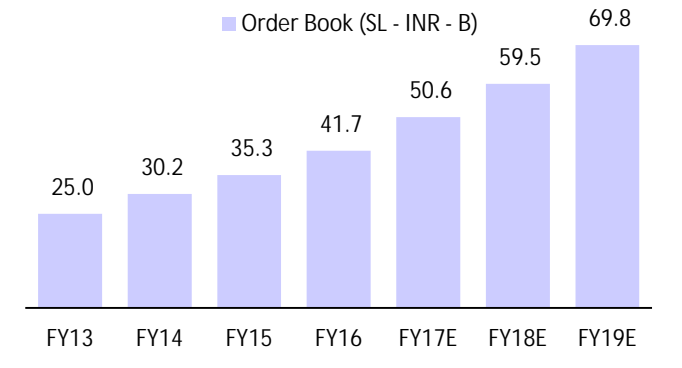
Source: MOSL, Company

**Exhibit 8: Post strong inflows in FY16, subsidiaries' order inflow to stabilize at INR16b-17b**



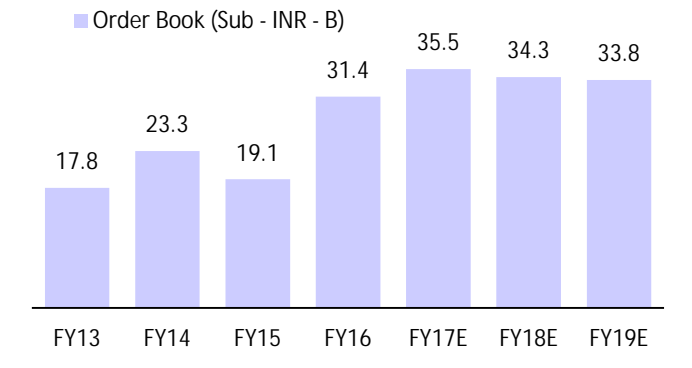
Source: MOSL, Company

**Exhibit 9: Order book provides strong revenue visibility**



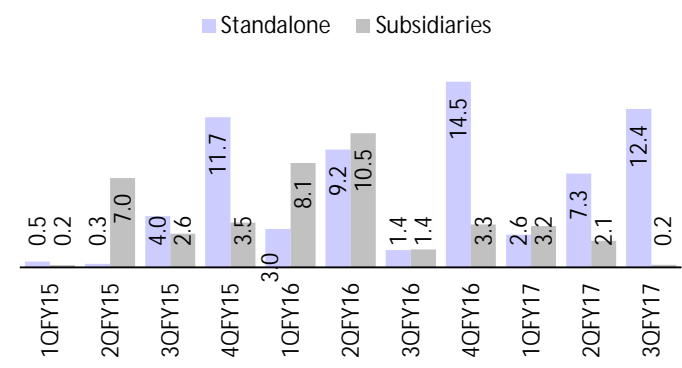
Source: MOSL, Company

**Exhibit 10: Robust order book for subsidiaries**



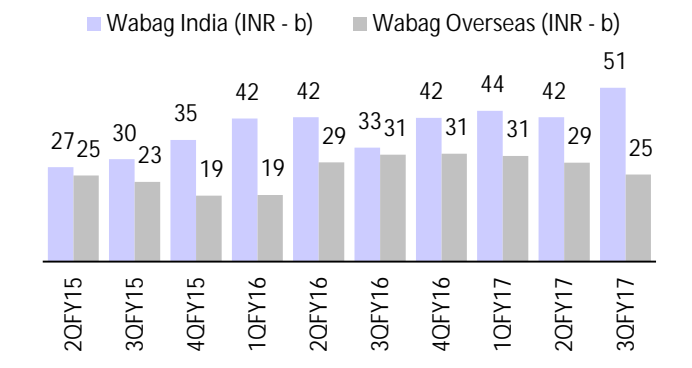
Source: MOSL, Company

**Exhibit 11: Overseas projects supported order inflow for FY16**



Source: Company, MOSL

**Exhibit 12: Order backlog provides robust medium-term revenue visibility**



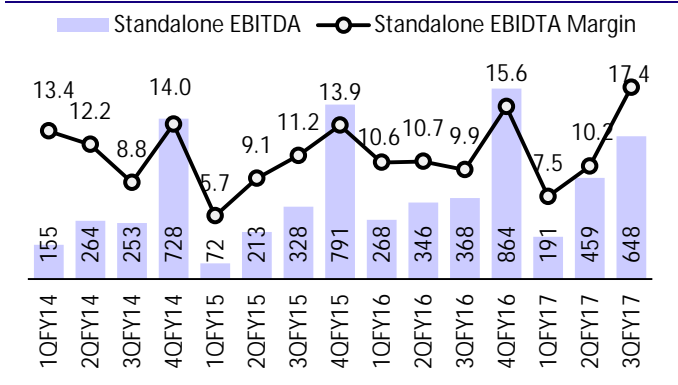
Source: Company, MOSL

- n Key orders expected to be finalized in FY17/FY18 include: (i) Nemelli desalination expansion (150MLD, INR17b-20b including O&M), (ii) Tuticorin desalination plant (100MLD); (iii) Pattipulam desalination plant (200MLD), and (iv) Mumbai sewerage treatment plants (four plants at a cost of INR16b). These projects have been delayed due to various reasons such as funding, land acquisition and lack of clearances. We now expect these projects to be finalized during FY17/1HFY18.

**Margins to improve on closure of legacy projects and pickup in domestic execution**

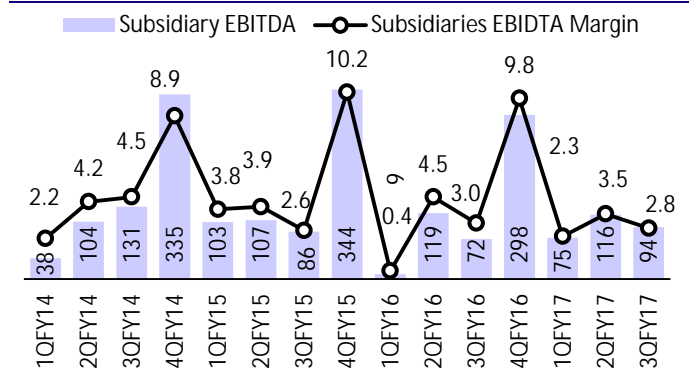
- n VATW’s margins were under pressure during the last two years due to (i) provisions on Al Gubrah’s project for potential LD and cost overruns for delay in project completion – with the completion of this project, no further provisions would be booked, (ii) low-margin Turkey STP O&M contract for INR3b – this is expected to be completed by 4QFY17, and (iii) execution of AP Genco’s Rayalseema electromechanical BOP order (INR2.8b in order book as of 3QFY17) – this is scheduled for completion in 1HFY18. We expect EBITDA margin to trend higher from FY17, with the completion of low-margin projects and execution of domestic orders (+70% YoY) won in FY16.

**Exhibit 13: Standalone margin improvement, led by better execution of projects in hand and efficiency in procurement**



Source: MOSL, Company

**Exhibit 14: Subsidiaries’ margins under pressure, led by execution of low-margin Turkish project**



Source: MOSL, Company

**Execution to remain robust, led by strong order inflow and commencement of delayed projects**

- n We expect VATW to post a robust CAGR of 20% in revenue over FY16-19, led by the 73% increase in order inflow to INR51.4b in FY16 and recommencement of delayed projects with the easing of project-related issues.
- n Subsidiary revenues declined 14% in FY16 as the Al Gubrah, Oman project got completed in the previous year and a few projects were still in the design and engineering stage. We expect overseas revenue to see positive growth(+18% YoY in 9M17 and 20% for FY17e), as quite a few projects enter the construction stage while others, which were stuck, see a revival in execution. We expect subsidiaries to capitalize on key orders like Dangote (Nigeria, INR2.2b), AMAS (Bahrain, INR5.9b), Petronas (Malaysia, INR15b) and Desal & STP (Saudi Arabia, INR5.6b).

**Exhibit 15: Status of key projects in the order book**

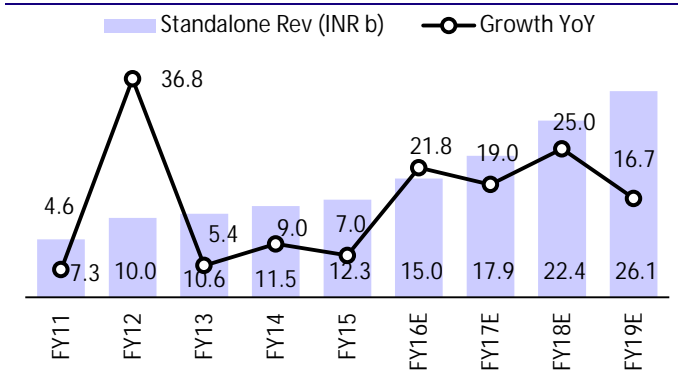
Name of company	Order size	Date	MLD	Status of commissioning
Orissa Sewerage Board Sewerage treatment plant	3,250	Q114	100	✓ Delayed due to agitation against the project – execution has begun
Bangalore Water supply Board - Waste water treatment	2,500	Q314	90	✓ NA
Istanbul Waste water treatment O&M for entire city	3,040	Q215	NA	✓ On track and to be complete by end CY16
Al Karj Phase 3. Saudi Arabia 200MLD WWTP	1,840	Q215	200	✓ NA
60MLD Valenzuela STP Phillipines including O&M	1,849	Q315	60	✓ Construction work started, Soil needs to be strengthened post the recent earth quake and project is progressing
140MLD STP in Dinapur, Varanasi in JV(JICA funded)	2,200	Q315	140	✓ Delayed on farmer agitation but on track now
TSGENCO and APGENCO BoP EPC order	7,320	Q415		✓ Kakatiya commissioned and Rayalseema boiler light up done in Dec '16 and synchronize in Mar'17
West Bengal WTP of 147MLD arsenic treatment plant	1,980	Q415	147	✓ On track - no issues seen
STP for Al Madina AL Shamaliya (Bahrain)	5,877	Q116	40	✓ Basic engineering has been done and civil works along with order of key eqt. being done
Dangote Fertilizers, Nigeria (Raw Water Treatment Plant) – delayed	2,200	Q116	60	✓ Initially delayed but with LC opened the order is on track. Advanced stage of engineering and order of supplies going at a good pace
ETP plant for Petronas, Malaysia	15,000	Q216		✓ On schedule for completion; 60% model review and expediting dispatch to site. Piling is done and civil works started
Municipal wastewater plant of 145MLD, Turkey	1,494	Q316	145	✓ On Track
Wastewater recycling plant and transmission line, Chennai	6,000	Q416	45	✓ <b>Won in March, 16 – on hold as advances yet not received</b>
Polgahawela Sri Lanka order for water treatment and distribution pipelines	7,236	Q416		✓ <b>Won in March, 16 – work to start from Q417 once down payments are received</b>
Las Esculusas Water treatment plant, Equador	2,626	Q217	230	✓ On track – not part of order book but will be part of orders
Integrated water supply scheme, Barmer	5,950	Q317	150	✓ Won in Q317 and work to start from Q4
Desalination & STP -Saudi Arabia	5,580	Q317	150	✓ Won in Q317 and work to start from Q4

Source: MOSL, Company

- n A large part of the orders won in FY16/1FYH17 would enter execution phase in 2HFY17/FY18, which would augment VATW's revenue over the next two years. We also expect VATW's revenue to be aided by strong growth in subsidiaries' revenue (CAGR of 20% over FY16-19). We expect subsidiaries to capitalize on key orders like Dangote (Nigeria, INR2.2b), AMAS (Bahrain, INR5.9b), Petronas (Malaysia, INR15b) and Desal & STP (Saudi Arabia, INR5.6b).

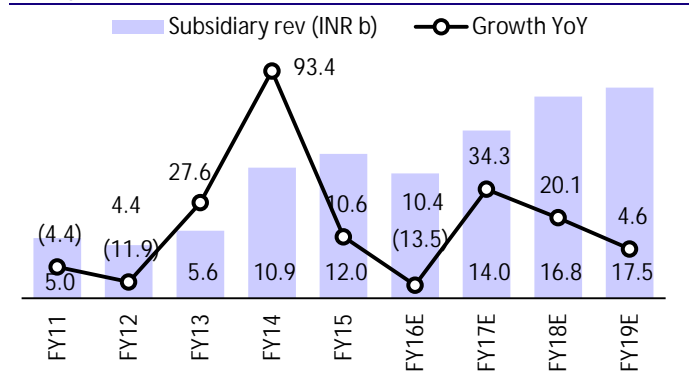


**Exhibit 16: Standalone revenue to see strong growth on domestic order wins**



Source: MOSL, Company

**Exhibit 17: Subsidiaries' revenue to register strong growth, led by execution of available orders in hand**



Source: MOSL, Company

**Valuation and view**

VATW trades at 18x FY18E and 15x FY19E EPS. Our projections factor in 20% CAGR in sales and 34% CAGR in adjusted PAT over FY16-19. Strong revenue growth is likely to be supported by a 20% rise in the order book, while margin expansion is likely to reflect higher share of domestic orders and completion of low margin orders from AP Genco and Turkey sewerage treatment plant. We value the stock at 19x FY19E EPS of INR40 (in line with its five-year average at 19.1x) to arrive at a target price of INR760.

## **Annexure: Framework of Namami Gange program**

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### **Scope of work for Namami Gange project**

- n Sewerage treatment plant (STP)/CETP operation of the entire city/town
- n O&M of existing STPs
- n Rehabilitation/upgrade of STPs in disuse/underuse
- n Creation of requisite additional infrastructure (I&D networks and STPs)
- n O&M period of up to 20 years
- n Possible bunching of smaller cities/towns for viability

### **Preparatory activities initiated by NMCG**

- n Continued exhaustive condition assessment studies in priority towns by CPSUs
- n EOI for appointment of transaction advisors
- n Recognizing treated water recycling potential/opportunities in three towns
- n MoU with Ministry of Railways for re-use of treated water
- n MoUs with Ministries of Power, Petroleum, and Industries being worked out
- n Creation of SPV

### **Payment security mechanism**

- n Payments to be effected by SPVs
- n Separate accounting having two-year liabilities
- n Set aside through budgetary support
- n Additional funding through clean ganga initiative
- n Fund or multilateral funding, if necessary

### **Role and responsibilities of various stakeholders**

#### **SPV**

- n Facilitate hiring of concessionaires
- n Finance capital cost for construction/rehabilitation of STP
- n Cover O&M cost during the concession period through performance-based payments for quality of treated water
- n Create enabling framework for the development of a treated water market

#### **State government**

- n Provide necessary approvals, land for the WWT plant
- n Participate in the evaluation process for selecting concessionaires
- n Ensure tariff structure/guidelines in place to promote the re-use of treated waste water
- n Enabling reforms

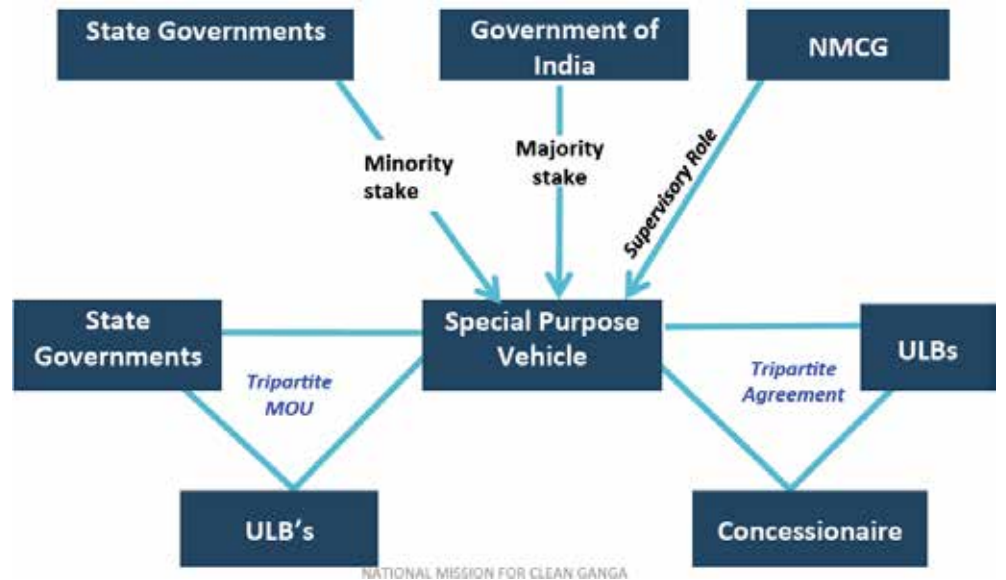
#### **ULBs**

- n Delegate requisite powers and mandate SPV for implementing investments
- n Participate in the evaluation process for the selection of concessionaires
- n Implement user tariffs to cover O&M costs

**Concessionaire**

- n Build infrastructure
- n Operate STPs during the concession period
- n Maintain prescribed quality of treated water
- n Participate in market development for treated wastewater

**Exhibit 18: Institutional arrangement for the implementation of the 'Namami Gange' program**



Source: NMCG, MOSL

## Key operating metrics

(INR million)	FY13	FY14	FY15	FY16E	FY17E	FY18E	FY19E
<b>Order Intake</b>	<b>21,550</b>	<b>33,539</b>	<b>29,767</b>	<b>51,401</b>	<b>40,926</b>	<b>46,744</b>	<b>53,462</b>
% YoY	21.5%	55.6%	-11%	72.7%	-20.4%	14.2%	14.4%
Standalone	11,028	17,150	16,461	28,044	26,796	31,201	36,364
Overseas	10,522	16,389	13,306	23,357	14,130	15,543	17,098
<b>Revenues</b>	<b>16,022</b>	<b>22,301</b>	<b>24,284</b>	<b>25,421</b>	<b>31,841</b>	<b>39,121</b>	<b>43,609</b>
% YoY	11.4%	39.2%	8.9%	4.7%	25.3%	22.9%	11.5%
Standalone	10,411	11,400	12,201	15,028	17,882	22,359	26,084
Overseas	5,611	10,901	12,083	10,392	13,959	16,761	17,524
<b>EBIDTA Margins (Adjusted)</b>	<b>8.5%</b>	<b>9.0%</b>	<b>8.4%</b>	<b>8.4%</b>	<b>9.1%</b>	<b>9.4%</b>	<b>9.6%</b>
Standalone	11.8%	12.3%	11.5%	12.3%	12.7%	12.8%	12.7%
Overseas	2.5%	5.5%	5.3%	2.9%	4.4%	4.8%	5.0%
<b>EPS (INR/sh)</b>							
Standalone	15.5	18.4	17.5	19.5	25.7	31.2	35.8
Subsidiaries	0.8	5.4	3.1	-3.2	0.8	3.3	4.5
Consolidated	16.3	23.7	20.6	16.3	26.5	34.5	40.3
<b>NWC (Days)</b>							
Standalone	69	68	79	116	106	96	96
Standalone	80	123	132	180	180	180	180
<b>Net Cash / (Debt) (INR M)</b>							
Standalone	2,127	674	657	(1,154)	(1,981)	(2,923)	(3,299)
Consolidated	3,003	2,119	1,305	(190)	(701)	(362)	89
<b>ROE(%)</b>	<b>13.3</b>	<b>14.6</b>	<b>12.6</b>	<b>9.7</b>	<b>8.9</b>	<b>16.7</b>	<b>17.3</b>
<b>ROCE(%)</b>	<b>13.1</b>	<b>16.4</b>	<b>13.3</b>	<b>9.5</b>	<b>12.8</b>	<b>14.7</b>	<b>15.2</b>

Source: MOSL, Company

## Financials and valuation

### Income statement - Consolidated

(INR Million)

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
<b>Net Sales</b>	<b>14,382</b>	<b>16,022</b>	<b>22,301</b>	<b>24,284</b>	<b>25,421</b>	<b>31,841</b>	<b>39,121</b>	<b>43,609</b>
Change (%)	17	11	39	8.9	4.7	25.3	22.9	11.5
Raw Materials	10,422	11,747	16,979	19,098	19,889	24,964	30,774	34,413
Staff Cost	1,883	2,088	2,217	2,006	2,177	2,640	3,158	3,436
Other Mfg. Expenses	830	821	1,099	1,136	1,207	1,348	1,519	1,573
<b>EBITDA</b>	<b>1,248</b>	<b>1,366</b>	<b>2,005</b>	<b>2,044</b>	<b>2,148</b>	<b>2,889</b>	<b>3,669</b>	<b>4,187</b>
% of Net Sales	8.7	8.5	9.0	8.4	8.4	9.1	9.4	9.6
Depreciation	86	109	150	109	205	225	246	266
Interest	255	220	252	392	472	496	514	532
Other Income	204	299	214	146	115	179	130	147
<b>PBT</b>	<b>1,111</b>	<b>1,336</b>	<b>1,816</b>	<b>1,688</b>	<b>1,585</b>	<b>2,347</b>	<b>3,040</b>	<b>3,535</b>
Tax	379	456	526	566	689	876	1,128	1,309
Rate (%)	34	34	29	34	43	37	37	37
Minority Int	(6)	(7)	3	4	6	29	29	29
<b>Adjusted PAT</b>	<b>737</b>	<b>887</b>	<b>1,288</b>	<b>1,118</b>	<b>890</b>	<b>1,442</b>	<b>1,883</b>	<b>2,197</b>
Extra-ordinary Inc.(net)	-	16	(154)	-17	33	-533	0	0
<b>Reported PAT</b>	<b>737</b>	<b>903</b>	<b>1,134</b>	<b>1,101</b>	<b>923</b>	<b>909</b>	<b>1,883</b>	<b>2,197</b>
Change (%)	40	22	25	-3	-16	-2	107	17

### Balance Sheet - Consolidated

(INR Million)

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Share Capital	109	109	109	109	109	109	109	109
Reserves	6,314	7,048	8,305	8,919	9,809	10,466	11,829	13,420
<b>Net Worth</b>	<b>6,423</b>	<b>7,156</b>	<b>8,414</b>	<b>9,028</b>	<b>9,918</b>	<b>10,575</b>	<b>11,938</b>	<b>13,529</b>
Loans	1,248	822	1,583	1,806	3,773	3,973	4,173	4,373
Deffered Tax Liability	(104)	(112)	(70)	-199	-48	-48	-48	-48
Minority Interest	10	19	28	49	82	44	5	-33
<b>Capital Employed</b>	<b>7,576</b>	<b>7,885</b>	<b>9,954</b>	<b>10,684</b>	<b>13,726</b>	<b>14,545</b>	<b>16,069</b>	<b>17,821</b>
<b>Net Fixed Assets</b>	<b>507</b>	<b>511</b>	<b>1,192</b>	<b>1,919</b>	<b>1,779</b>	<b>1,106</b>	<b>1,046</b>	<b>966</b>
Capital WIP	180	478	692	6	24	635	635	635
Investments	36	33	232	377	277	277	277	277
<b>Curr. Assets</b>	<b>16,912</b>	<b>17,770</b>	<b>22,135</b>	<b>23,152</b>	<b>27,931</b>	<b>32,897</b>	<b>39,138</b>	<b>43,841</b>
Inventory	499	405	350	470	976	1,223	1,502	1,675
Debtors	11,127	11,464	13,875	14,807	17,682	21,275	25,068	27,944
Cash & Bank Balance	3,983	3,825	3,702	3,112	3,584	3,272	3,812	4,463
Loans & Advances	871	1,156	1,004	1,158	1,254	1,571	1,930	2,151
Other Current Assets	433	921	3,204	3,606	4,436	5,556	6,826	7,609
<b>Current Liab. &amp; Prov.</b>	<b>10,062</b>	<b>10,909</b>	<b>14,298</b>	<b>14,765</b>	<b>16,262</b>	<b>20,370</b>	<b>25,027</b>	<b>27,898</b>
Current Liabilities	8,639	9,320	12,564	12,876	14,804	18,543	22,782	25,396
Provisions	1,424	1,588	1,734	1,889	1,459	1,827	2,245	2,502
<b>Net Current Assets</b>	<b>6,850</b>	<b>6,862</b>	<b>7,837</b>	<b>8,388</b>	<b>11,669</b>	<b>12,527</b>	<b>14,111</b>	<b>15,944</b>
<b>Application of Funds</b>	<b>7,576</b>	<b>7,885</b>	<b>9,954</b>	<b>10,684</b>	<b>13,726</b>	<b>14,545</b>	<b>16,070</b>	<b>17,822</b>

## Financials and valuation

### Ratios - Consolidated

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
<b>Consolidated EPS</b>	13.6	16.3	23.7	20.6	16.3	26.5	34.5	40.3
Growth (%)	10	20	45.1	-13.2	-20.7	62.0	30.5	16.7
Cash EPS	15	18	26.5	22.6	20.1	30.6	39.0	45.2
Book Value	118	132	155	166	182	194	219	248
DPS	3	7	4	4	4	4	8	10
Payout (incl. Div. Tax.)	25	43	16.5	19.4	24.5	23.6	23.6	23.6
<b>Valuation (x)</b>								
P/E (consolidated)					37.9	23.4	17.9	15.4
Cash P/E					30.8	20.2	15.9	13.7
EV/EBITDA					15.8	11.9	9.3	8.0
EV/Sales					1.3	1.1	0.9	0.8
Price/Book Value					3.4	3.2	2.8	2.5
Dividend Yield (%)					0.6	0.6	1.3	1.5
<b>Profitability Ratios (%)</b>								
RoE	12.2	13.3	14.6	12.6	9.7	8.9	16.7	17.3
RoCE	13.0	13.1	16.4	13.3	9.5	12.8	14.7	15.2
RoIC	26.1	23.2	29.0	20.0	12.7	16.6	19.9	20.8
<b>Turnover Ratios</b>								
Debtors (Days)	282	261	227	223	254	244	234	234
Inventory (Days)	13	9	6	7	14	14	14	14
Creditors. (Days)	219	212	206	194	213	213	213	213
<b>Leverage Ratio</b>								
Debt/Equity (x)	0	0	0.2	0.20	0.4	0.4	0.3	0.3

### Cash Flow Statement - Consolidated

(INR Million)

Y/E March	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
PBT before EO Items	1,111	1,352	1,611	1,671	1,619	1,814	3,040	3,535
Depreciation	86	109	150	109	205	225	246	266
Interest	5	(60)	68	148	-	-	-	-
Direct Taxes Paid	(360)	(343)	(566)	(550)	(689)	(876)	(1,128)	(1,309)
(Inc)/Dec in WC	(1,636)	(1,152)	(838)	(2,566)	(2,810)	(1,170)	(1,044)	(1,182)
Others	(116)	939	699	1,243	1	-	-	-
<b>CF from Operations</b>	<b>(911)</b>	<b>845</b>	<b>1,124</b>	<b>56</b>	<b>(1,674)</b>	<b>(7)</b>	<b>1,113</b>	<b>1,311</b>
(Inc)/Dec in FA	(226)	(419)	(1,033)	(287)	(186)	(186)	(186)	(186)
<b>Free Cash Flow</b>	<b>(1,136)</b>	<b>425</b>	<b>91</b>	<b>(232)</b>	<b>(1,860)</b>	<b>(193)</b>	<b>927</b>	<b>1,125</b>
(Pur)/Sale of Investments & Others	2,266	1,402	694	254	824	700	700	700
<b>CF from Investments</b>	<b>2,041</b>	<b>983</b>	<b>(338)</b>	<b>(33)</b>	<b>638</b>	<b>514</b>	<b>514</b>	<b>514</b>
(Inc)/Dec in Net Worth	13	32	15	196	256	(38)	(38)	(38)
(Inc)/Dec in Debt	821	(426)	761	224	1,967	200	200	200
Interest Paid	(111)	(73)	(82)	(148)	183	-	-	-
Dividend Paid	-	(187)	(217)	(250)	(255)	(251)	(520)	(607)
<b>CF from Fin. Activity</b>	<b>723</b>	<b>(654)</b>	<b>477</b>	<b>21</b>	<b>2,151</b>	<b>(89)</b>	<b>(358)</b>	<b>(445)</b>
<b>Inc/Dec of Cash</b>	<b>1,853</b>	<b>1,173</b>	<b>1,262</b>	<b>44</b>	<b>1,115</b>	<b>418</b>	<b>1,269</b>	<b>1,380</b>
Add: Beginning Balance	2,130	2,651	2,439	3,068	2,469	2,854	2,543	3,083
<b>Closing Balance</b>	<b>3,983</b>	<b>3,824</b>	<b>3,701</b>	<b>3,112</b>	<b>3,583</b>	<b>3,272</b>	<b>3,812</b>	<b>4,463</b>

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