

## SRF

## All segment remains buoyant except speciality chemicals

India Equity Research | Miscellaneous

SRF's Q4FY18 operational results were broadly in line with our estimates. However, the PAT miss (by 22%) was due to the sharp jump in interest and depreciation owing to commissioning of the new packaging film unit. Management commentary on further delays in pick up in speciality chemicals business (now expected in H2FY19 vs. FY19 earlier) continues to exert pressure on the stock. Factoring in higher interest and depreciation, we trim FY19/20E EPS by 10%/3%. However, strong growth outlook in refrigerant gas business, stable margins in technical textiles and capex-led growth in packaging film business will support earnings CAGR of 26% over FY18-20E. Maintain 'BUY' with our SoTP-based TP of INR2,168.

### EBITDA in line, PAT miss on higher interest cost and depreciation

SRF's Q4FY18 performance was operationally in-line with 22% YoY revenue growth to INR16bn and EBITDA growth of 26% to INR2.7bn (vs. est of INR2.8bn). However, commissioning of the new packaging film unit led to the sharp jump in interest cost (86% to INR425mn) and depreciation (18% YoY to INR861mn) leading to PAT growth of only 4% to INR 1.2bn, which missed our estimates by 22%.

### Strong margins across segments; specialty chem remains a drag

EBIT margins of technical textiles and packaging film units at 13.6%/13.7% was ahead of estimates. However, slow revenue pick up in chemicals segment due to poor contribution from speciality chemical extended weakness in segment margins at 17.5% (below our est. of 19%). In chemicals, refrigerant gas growth remains solid led by volume growth in HFC gases and strong realisation across products. With significant capex of ~12bn in FY18 we expect capex to moderate over FY19-20 resulting into debt reduction.

### Outlook and valuations: Positive; maintain 'BUY'

Weak management commentary about slow pick up in speciality chemical business poses near term concerns. However, we believe that SRF's leadership position in refrigerant gas and significant capex in specialty chemicals will drive its return ratios going ahead. Other segments like technical textiles and packaging film business continue to generate strong cash flows and we reiterate 'BUY' with our SoTP-based target price of INR2.168.

| Financials (Consolidated) |        |        |         |        |         |        | (INR mn) |        |
|---------------------------|--------|--------|---------|--------|---------|--------|----------|--------|
| Year to March             | Q4FY18 | Q4FY17 | YoY (%) | Q3FY18 | QoQ (%) | FY18   | FY19E    | FY20E  |
| Net Revenues              | 16,123 | 13,258 | 21.6    | 13,971 | 15.4    | 55,890 | 64,402   | 72,402 |
| EBITDA                    | 2,726  | 2,157  | 26.4    | 2,316  | 17.7    | 9,526  | 12,508   | 15,047 |
| Adj. Profit               | 1,190  | 1,147  | 3.8     | 1,152  | 3.3     | 4,617  | 5,626    | 7,377  |
| Dil. EPS (INR)            | 20.7   | 20.0   | 3.8     | 20.1   | 3.3     | 80.4   | 98.0     | 128.5  |
| Dil. P/E (x)              |        |        |         |        |         | 23.9   | 19.6     | 15.0   |
| EV/EBITDA (x)             |        |        |         |        |         | 14.3   | 10.5     | 8.6    |
| ROAE (%)                  |        |        |         |        |         | 13.7   | 14.9     | 17.2   |

#### EDELWEISS RATINGS

| Absolute Rating                     | BUY             |
|-------------------------------------|-----------------|
| Investment Characteristics          | Growth          |
| MARKET DATA (R: SRFL.BO, B: SRF IN) |                 |
| CMP                                 | : INR 1,924     |
| Target Price                        | : INR 2,168     |
| 52-week range (INR)                 | : 2,447 / 1,415 |
| Share in issue (mn)                 | : 57.4          |
| M cap (INR bn/USD mn)               | : 111 / 1,885   |
| Avg. Daily Vol. BSE/NSE ('000)      | : 207.6         |

#### SHARE HOLDING PATTERN (%)

|  | Current | Q3FY18 | Q2FY18 |
|--|---------|--------|--------|
| Promoters *                                      | 52.4    | 52.4   | 52.4   |
| MF's, FI's & BKs                                 | 10.7    | 10.7   | 10.6   |
| FII's  | 19.8    | 19.8   | 19.2   |
| Others   | 17.1    | 17.1   | 17.8   |
| * Promoters pledged shares (% of share in issue) | :       |        | NIL    |

#### PRICE PERFORMANCE (%)

|           | BSE Midcap Index | Stock  | Stock over Index |
|-----------|------------------|--------|------------------|
| 1 month   | (5.2)            | (11.0) | (5.8)            |
| 3 months  | (4.3)            | 3.2    | 7.5              |
| 12 months | 7.8              | 8.2    | 0.5              |

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May 18, 2018

### Q4FY18 conference call: Key highlights

#### Technical textile to remain steady cash flow generator

In Q4FY18, technical textile segment witnessed improvement in EBIT margin by 350bps to 13.6%, driven by higher volume growth and cost improvement measures. Going ahead, management expects this segment to remain a stable cash cow as it will benefit from healthy volumes and cost efficiencies.

#### Refrigerant drives growth of chemicals division

Chemical revenue grew 11% YoY led by healthy growth in refrigerant segment even as specialty chemical segment's growth remained subdued. Growth of refrigerant segment was led by improving volumes and healthy realisations as domestic air conditioning market grew ~12% following the rising shift towards HFC refrigerants, where SRF is a dominant player. R22 growth was also strong because of issues in China. Further, passenger vehicle sales recorded growth of 8% in FY18, aiding volume growth. During the quarter, the newly commissioned chloromethanes plant at Dahej also achieved 100% capacity utilisation.

#### Specialty chemicals' revenue to grow 40-50% in FY19

The company is witnessing mild recovery in the agro market and anticipates positive uptick in demand from customers in FY19. It is confident of gradual pick-up in revenues of specialty chemicals business and anticipates 40-50% YoY growth by end of FY19. The confidence comes from large existing customers for whom SRF has also put up dedicated plants.

#### Packaging films benefitting from capacity expansion

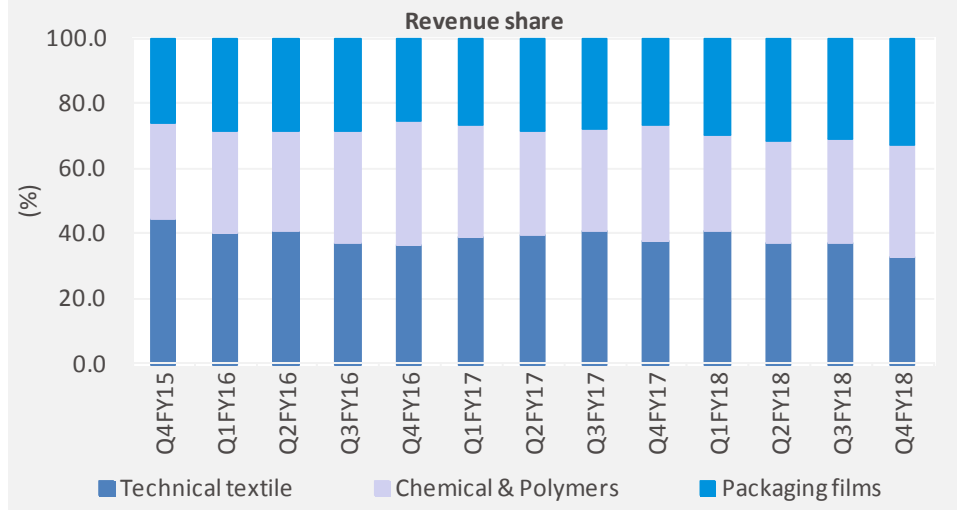
In Q4FY18, segment revenue increased by 39% YoY to INR5.3bn, surpassing our estimate led by the newly commissioned BOPET and BOPP film plants, which are currently running at optimum utilisation. Further, despite volatile domestic market conditions in South Africa, the unit continues to increase its domestic share. While for BOPET the company is seeing increasing demand and higher margins, BOPP is likely to remain under pressure led by unfavourable demand supply scenario as another two lines are expected to be added in near term. To drive further growth in this business, in 2018, the Board had approved setting up of a BOPET film line and a Metallizer in Hungary at an estimated cost of Euro58mn.

#### Strong capex to continue

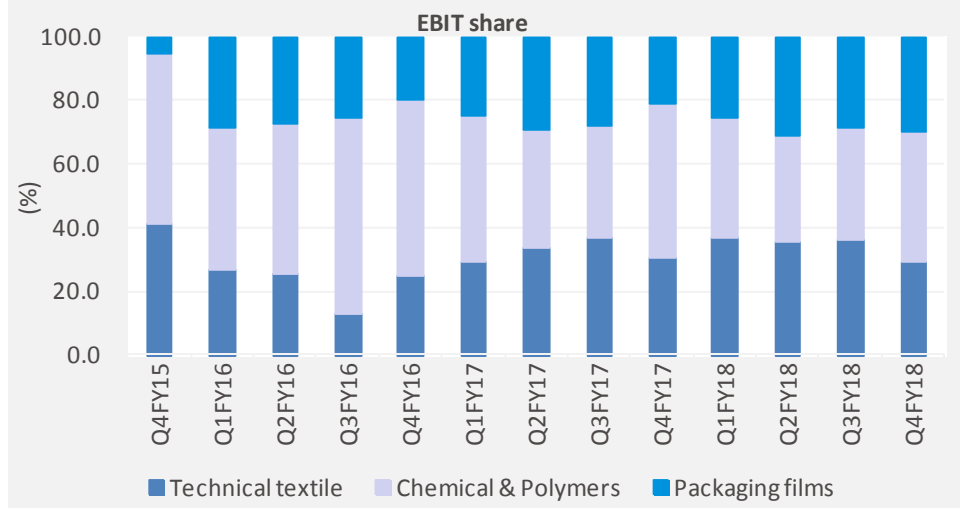
In FY18, management completed capex of INR12bn and for FY19 company plans to incur capex of INR6-7bn of which majority will be spent on chemicals segment. Following is the latest capex announcements by the company:

- Setting up of a BOPET film line and a Metallizer in Eastern Europe at an estimated cost of Euro58mn.
- Three capex in chemicals business at a cost of around INR810mn is aimed at augmenting existing product lines and cost management measures.
- Installation of a dipping line brought from SRF's overseas erstwhile operations in Dubai, UAE at its manufacturing plant in Gwalior for additional cash outflow of INR320mn.

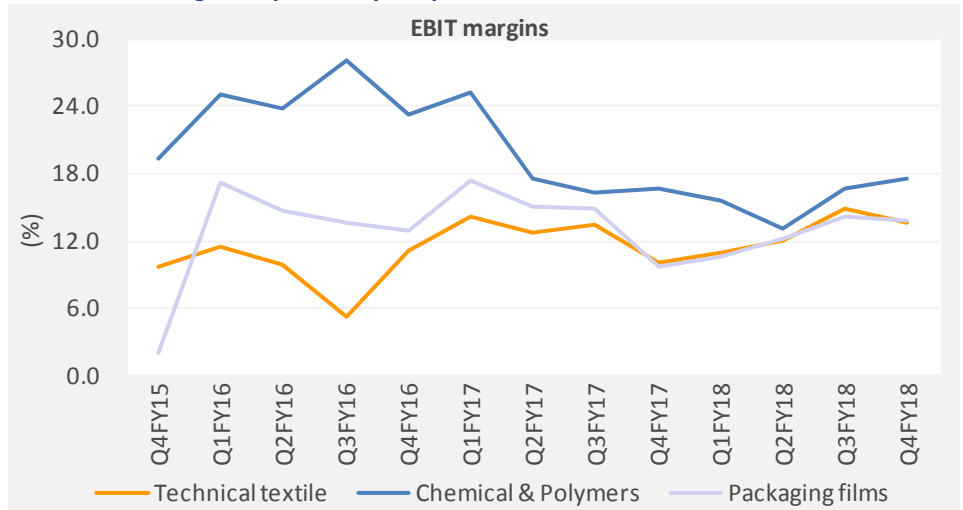
**Chart 1: C&P share stood at 35% in Q4FY18 lower than 36% in Q4FY17**



**Chart 2: C&P EBIT share was lower at 41% in Q4FY18 vs. 48% in Q4FY17**



**Chart 3: C&P margins improved by 90bps YoY/QoQ**



Source: Company, Edelweiss research

## Miscellaneous

### Financial snapshot

(INR mn)

| Year to March               | Q4FY18 | Q4FY17 | % change | Q3FY18 | % change | FY18   | FY19E  | FY20E  |
|-----------------------------|--------|--------|----------|--------|----------|--------|--------|--------|
| Net revenues                | 16,123 | 13,258 | 21.6     | 13,971 | 15.4     | 55,890 | 64,402 | 72,402 |
| Staff costs                 | 1,249  | 1,212  | 3.0      | 1,199  | 4.2      | 4,740  | 5,214  | 5,736  |
| Direct costs                | 8,875  | 6,995  | 26.9     | 7,351  | 20.7     | 30,320 | 33,556 | 37,725 |
| Other expenses              | 3,272  | 2,893  | 13.1     | 3,105  | 5.4      | 11,304 | 13,124 | 13,895 |
| EBITDA                      | 2,726  | 2,157  | 26.4     | 2,316  | 17.7     | 9,526  | 12,508 | 15,047 |
| Depreciation                | 861    | 730    | 18.0     | 770    | 11.8     | 3,158  | 3,767  | 3,967  |
| EBIT                        | 1,865  | 1,428  | 30.6     | 1,546  | 20.6     | 6,368  | 8,741  | 11,080 |
| Interest                    | 425    | 228    | 86.4     | 239    | 78.0     | 1,239  | 1,517  | 1,242  |
| Other income                | 130    | 259    | (49.7)   | 209    | (37.7)   | 688    | 700    | 700    |
| Add: Exceptional items      | 64     | 185    | (65.3)   | 211    | (69.5)   | -      | -      | -      |
| Profit before tax           | 1,634  | 1,644  | (0.6)    | 1,727  | (5.4)    | 5,817  | 7,924  | 10,538 |
| Provision for taxes         | 395    | 352    | 12.4     | 415    | (4.8)    | 1,200  | 2,298  | 3,161  |
| Minority interest           |        |        |          |        |          |        |        |        |
| Associate profit share      |        |        |          |        |          |        |        |        |
| Profit- Discontinued Ops    |        |        |          |        |          |        |        |        |
| Reported net profit         | 1,239  | 1,292  | (4.1)    | 1,312  | (5.6)    | 4,617  | 5,626  | 7,377  |
| Adjusted Profit             | 1,190  | 1,147  | 3.8      | 1,152  | 3.3      | 4,617  | 5,626  | 7,377  |
| Diluted shares (mn)         | 57     | 57     |          | 57     |          | 57     | 57     | 57     |
| Adjusted Diluted EPS        | 20.7   | 20.0   | 3.8      | 20.1   | 3.3      | 80.4   | 98.0   | 128.5  |
| <b>As % of net revenues</b> |        |        |          |        |          |        |        |        |
| Direct costs                | 55.0   | 52.8   |          | 52.6   |          | 54.2   | 52.1   | 52.1   |
| Employee cost               | 7.7    | 9.1    |          | 8.6    |          | 8.5    | 8.1    | 7.9    |
| Other expenses              | 20.3   | 21.8   |          | 22.2   |          | 20.2   | 20.4   | 19.2   |
| EBITDA                      | 16.9   | 16.3   |          | 16.6   |          | 17.0   | 19.4   | 20.8   |
| Reported net profit         | 7.4    | 8.6    |          | 8.2    |          | 8.3    | 8.7    | 10.2   |
| Tax rate                    | 24.2   | 21.4   |          | 24.0   |          | 20.6   | 29.0   | 30.0   |

### Change in Estimates

|                           | FY19E  |        |          | FY20E  |        |          | Comments  |
|---------------------------|--------|--------|----------|--------|--------|----------|---|
|                           | New    | Old    | % change | New    | Old    | % change |   |
| Net Revenue               | 64,402 | 64,180 | 0.3      | 72,402 | 72,246 | 0.2      |   |
| EBITDA                    | 12,508 | 12,789 | (2.2)    | 15,047 | 14,949 | 0.7      |   |
| EBITDA Margin             | 19.4   | 19.9   |          | 20.8   | 20.7   |          |   |
| Adjusted Profit After Tax | 5,626  | 6,250  | (10.0)   | 7,377  | 7,573  | (2.6)    | On account of higher interest and depreciation expenses |
| Net Profit Margin         | 8.7    | 9.7    |          | 10.2   | 10.5   |          |   |
| Capex                     | 7,000  | 7,000  | 0.0      | 7,000  | 7,000  | 0.0      |   |

## Company Description

SRF is a multi-business entity manufacturing chemical-based industrial intermediates. It commenced operations as Shri Ram Fibres in 1970 when its parent company DCM decided to set up a separate entity to manufacture nylon tyre cord fibres. Its business portfolio covers technical textiles, fluorochemicals, chloromethanes, specialty chemicals, engineering plastics and packaging films. SRF does business with 75 countries and has 9 facilities in India and 2 each in Thailand and South Africa. The company's business is divided into 3 divisions: (1) technical textiles, (2) chemical & polymers; and (3) packaging films.

## Investment Theme

**Car/refrigerator sales to spur fluorochems; R&D to drive specialty:** Capacity utilisation in SRF's fluorochemicals business is anticipated to surge, riding spurt in sales of refrigerators & cars and import substitution. Moreover, R&D investments, cornerstone of SRF's commendable success in high entry barrier specialty chemicals, have yielded handsome dividends—filed 30 process patents in FY17, taking the tally to 111 patents filed till date and commercialised more than 40 products—leading to 18% revenue CAGR over FY12-17. With a strong products pipeline and focused capex (INR25bn to be incurred over next three-four years), we expect the division to post strong revenue CAGR of 17% over FY17-20E, and catapult its revenue/EBITDA share going forward.

**Technical textiles - Cash cow; Packaging - Consumption growth play:** SRF has been channelising technical textiles' ~INR2.2bn/year FCF to finance incremental capex in other divisions. We estimate packaging films to clock 18% revenue CAGR over FY17-20, led by capacity addition.

## Key Risks

Limited product life cycle: There is a risk of early phase out of the molecule due to availability of a substitute or development of some other molecule in the other market.

Pace of launch of new molecules: SRF faces inventory risk as the timing of launch of a molecule is determined by client campaign. Also, this leads to volatility risk on quarterly basis as when a molecule is launched profitability shoots up significantly.

## Financial Statements

## Key Assumptions

| Year to March                     | FY17  | FY18   | FY19E | FY20E |
|-----------------------------------|-------|--------|-------|-------|
| <b>Macro</b>                      |       |        |       |       |
| GDP(Y-o-Y %)                      | 6.6   | 6.5    | 7.1   | 7.6   |
| Inflation (Avg)                   | 4.5   | 3.8    | 4.5   | 5.0   |
| Repo rate (exit rate)             | 6.3   | 6.0    | 6.0   | 6.5   |
| USD/INR (Avg)                     | 67.1  | 64.5   | 65.0  | 66.0  |
| <b>Company</b>                    |       |        |       |       |
| Capex (INR mn)                    | 6,740 | 13,327 | 7,000 | 7,000 |
| Technical Textile                 | 6     | 4      | 2     | 2     |
| Chemicals & Polymers              | 5.0   | 6.1    | 20.0  | 20.0  |
| Packaging Films                   | 3.6   | 26.5   | 20.0  | 15.0  |
| Technical Textile EBIT margins    | 12.6  | 13.0   | 12.5  | 12.5  |
| Chemicals & Polymers EBIT margins | 19.0  | 16.2   | 19.0  | 23.0  |
| Packaging Films EBIT margins      | 14.0  | 12.9   | 12.5  | 12.5  |
| Debtor days                       | 44    | 44     | 41    | 45    |
| Inventory days                    | 114   | 108    | 107   | 103   |
| Payable days                      | 115   | 112    | 120   | 119   |

## Income statement

(INR mn)

| Year to March            | FY17   | FY18   | FY19E  | FY20E  |
|--------------------------|--------|--------|--------|--------|
| Net revenue              | 48,218 | 55,890 | 64,402 | 72,402 |
| Materials costs          | 24,184 | 30,320 | 33,556 | 37,725 |
| Employee costs           | 4,338  | 4,740  | 5,214  | 5,736  |
| Other Expenses           | 10,002 | 11,304 | 13,124 | 13,895 |
| Total operating expenses | 38,524 | 46,365 | 51,895 | 57,356 |
| EBITDA                   | 9,694  | 9,526  | 12,508 | 15,047 |
| Depreciation             | 2,834  | 3,158  | 3,767  | 3,967  |
| EBIT                     | 6,860  | 6,368  | 8,741  | 11,080 |
| Less: Interest Expense   | 1,018  | 1,239  | 1,517  | 1,242  |
| Add: Other income        | 730.1  | 688.00 | 700.00 | 700.00 |
| Profit Before Tax        | 6,572  | 5,817  | 7,924  | 10,538 |
| Less: Provision for Tax  | 1,422  | 1,200  | 2,298  | 3,161  |
| Reported Profit          | 5,150  | 4,617  | 5,626  | 7,377  |
| Adjusted Profit          | 5,150  | 4,617  | 5,626  | 7,377  |
| Shares o /s (mn)         | 57     | 57     | 57     | 57     |
| Adjusted Basic EPS       | 89.7   | 80.4   | 98.0   | 128.5  |
| Diluted shares o/s (mn)  | 57     | 57     | 57     | 57     |
| Adjusted Diluted EPS     | 89.7   | 80.4   | 98.0   | 128.5  |
| Adjusted Cash EPS        | 128.8  | 129.0  | 163.6  | 197.5  |
| Dividend per share (DPS) | 12.0   | 15.0   | 20.0   | 25.0   |
| Dividend Payout Ratio(%) | 16.1   | 22.4   | 23.9   | 22.8   |

## Common size metrics

| Year to March      | FY17 | FY18 | FY19E | FY20E |
|--------------------|------|------|-------|-------|
| Materials costs    | 50.2 | 54.2 | 52.1  | 52.1  |
| Staff costs        | 9.0  | 8.5  | 8.1   | 7.9   |
| S G & A expenses   | 20.7 | 20.2 | 20.4  | 19.2  |
| Depreciation       | 5.9  | 5.7  | 5.8   | 5.5   |
| EBITDA margins     | 20.1 | 17.0 | 19.4  | 20.8  |
| Interest Expense   | 2.1  | 2.2  | 2.4   | 1.7   |
| Net Profit margins | 10.7 | 8.3  | 8.7   | 10.2  |

## Growth ratios (%)

| Year to March   | FY17 | FY18   | FY19E | FY20E |
|-----------------|------|--------|-------|-------|
| Revenues        | 5.0  | 15.9   | 15.2  | 12.4  |
| EBITDA          | 0.7  | (1.7)  | 31.3  | 20.3  |
| PBT             | 12.4 | (11.5) | 36.2  | 33.0  |
| Adj. net profit | 19.8 | (10.3) | 21.9  | 31.1  |
| EPS             | 19.8 | (10.3) | 21.9  | 31.1  |

| Balance sheet            |               | (INR mn)      |               |               |  |
|--------------------------|---------------|---------------|---------------|---------------|--|
| As on 31st March         | FY17          | FY18          | FY19E         | FY20E         |  |
| Share capital            | 584           | 584           | 584           | 584           |  |
| Reserves & Surplus       | 31,242        | 35,061        | 39,343        | 45,041        |  |
| Shareholders' funds      | 31,827        | 35,645        | 39,928        | 45,625        |  |
| Long term borrowings     | 14,319        | 19,073        | 19,073        | 14,073        |  |
| Short term borrowings    | 9,644         | 8,508         | 8,508         | 8,508         |  |
| Total Borrowings         | 23,962        | 27,580        | 27,580        | 22,580        |  |
| Long Term Liabilities    | 596           | 676           | 966           | 1,086         |  |
| Deferred tax (net)       | 2,840         | 2,914         | 2,914         | 2,914         |  |
| <b>Sources of funds</b>  | <b>59,225</b> | <b>66,816</b> | <b>71,388</b> | <b>72,205</b> |  |
| Gross Block              | 78,059        | 88,075        | 95,663        | 102,663       |  |
| Net Block                | 43,193        | 50,048        | 53,869        | 56,903        |  |
| Capital work in progress | 2,586         | 5,588         | 5,000         | 5,000         |  |
| Intangible Assets        | 857           | 1,168         | 1,168         | 1,168         |  |
| Total Fixed Assets       | 46,635        | 56,804        | 60,037        | 63,071        |  |
| Non current investments  | 251           | 1             | 1             | 1             |  |
| Cash and Equivalents     | 2,669         | 2,184         | 6,657         | 3,858         |  |
| Inventories              | 8,381         | 9,584         | 10,069        | 11,319        |  |
| Sundry Debtors           | 6,569         | 6,807         | 7,728         | 10,136        |  |
| Loans & Advances         | 566           | 460           | 833           | 715           |  |
| Other Current Assets     | 4,513         | 7,793         | 4,963         | 4,354         |  |
| Current Assets (ex cash) | 20,029        | 24,643        | 23,593        | 26,524        |  |
| Trade payable            | 8,089         | 10,442        | 11,557        | 12,993        |  |
| Other Current Liab       | 2,270         | 6,374         | 7,344         | 8,256         |  |
| Total Current Liab       | 10,359        | 16,816        | 18,901        | 21,249        |  |
| Net Curr Assets-ex cash  | 9,670         | 7,826         | 4,692         | 5,275         |  |
| <b>Uses of funds</b>     | <b>59,225</b> | <b>66,816</b> | <b>71,388</b> | <b>72,205</b> |  |
| BVPS (INR)               | 554.3         | 620.8         | 695.4         | 794.6         |  |

| Free cash flow        |              | (INR mn)       |              |              |  |
|-----------------------|--------------|----------------|--------------|--------------|--|
| Year to March         | FY17         | FY18           | FY19E        | FY20E        |  |
| Reported Profit       | 5,150        | 4,617          | 5,626        | 7,377        |  |
| Add: Depreciation     | 2,834        | 3,158          | 3,767        | 3,967        |  |
| Interest (Net of Tax) | 797          | 983            | 1,077        | 869          |  |
| Others                | 236          | (1,353)        | (1,077)      | (869)        |  |
| Less: Changes in WC   | 2,564        | (1,924)        | (3,424)      | 463          |  |
| Operating cash flow   | 6,454        | 9,330          | 12,817       | 10,880       |  |
| Less: Capex           | 6,740        | 13,327         | 7,000        | 7,000        |  |
| <b>Free Cash Flow</b> | <b>(286)</b> | <b>(3,998)</b> | <b>5,817</b> | <b>3,880</b> |  |

| Cash flow metrics   |  | FY17    | FY18     | FY19E   | FY20E   |
|---------------------|--|---------|----------|---------|---------|
| Year to March       |  |         |          |         |         |
| Cash flow from ops  |  | 6,454   | 9,330    | 12,817  | 10,880  |
| Financing cash flow |  | (2,844) | 2,585    | (1,344) | (6,680) |
| Investing cash flow |  | (6,133) | (13,077) | (7,000) | (7,000) |
| Net cash Flow       |  | (2,523) | (1,163)  | 4,473   | (2,799) |
| Capex               |  | (6,740) | (13,327) | (7,000) | (7,000) |
| Dividend paid       |  | (829)   | (1,034)  | (1,344) | (1,680) |

| Profitability and efficiency ratios |  | FY17 | FY18 | FY19E | FY20E |
|-------------------------------------|--|------|------|-------|-------|
| Year to March                       |  |      |      |       |       |
| ROACE (%)                           |  | 14.0 | 11.9 | 14.4  | 17.4  |
| ROAE (%)                            |  | 17.3 | 13.7 | 14.9  | 17.2  |
| Inventory Days                      |  | 114  | 108  | 107   | 103   |
| Debtors Days                        |  | 44   | 44   | 41    | 45    |
| Payable Days                        |  | 115  | 112  | 120   | 119   |
| Cash Conversion Cycle               |  | 43   | 40   | 28    | 30    |
| Current Ratio                       |  | 2.2  | 1.6  | 1.6   | 1.4   |
| Gross Debt/EBITDA                   |  | 2.5  | 2.9  | 2.2   | 1.5   |
| Gross Debt/Equity                   |  | 0.8  | 0.8  | 0.7   | 0.5   |
| Adjusted Debt/Equity                |  | 0.8  | 0.8  | 0.7   | 0.5   |
| Net Debt/Equity                     |  | 0.7  | 0.7  | 0.5   | 0.4   |
| Interest Coverage Ratio             |  | 6.7  | 5.1  | 5.8   | 8.9   |

| Operating ratios     |  | FY17 | FY18 | FY19E | FY20E |
|----------------------|--|------|------|-------|-------|
| Year to March        |  |      |      |       |       |
| Total Asset Turnover |  | 0.8  | 0.9  | 0.9   | 1.0   |
| Fixed Asset Turnover |  | 1.1  | 1.2  | 1.2   | 1.3   |
| Equity Turnover      |  | 1.6  | 1.7  | 1.7   | 1.7   |

| Valuation parameters    |  | FY17  | FY18   | FY19E | FY20E |
|-------------------------|--|-------|--------|-------|-------|
| Year to March           |  |       |        |       |       |
| Adj. Diluted EPS (INR)  |  | 89.7  | 80.4   | 98.0  | 128.5 |
| Y-o-Y growth (%)        |  | 19.8  | (10.3) | 21.9  | 31.1  |
| Adjusted Cash EPS (INR) |  | 128.8 | 129.0  | 163.6 | 197.5 |
| Diluted P/E (x)         |  | 21.5  | 23.9   | 19.6  | 15.0  |
| P/B (x)                 |  | 3.5   | 3.1    | 2.8   | 2.4   |
| EV / Sales (x)          |  | 2.7   | 2.4    | 2.0   | 1.8   |
| EV / EBITDA (x)         |  | 13.6  | 14.3   | 10.5  | 8.6   |
| Dividend Yield (%)      |  | 0.6   | 0.8    | 1.0   | 1.3   |

## Additional Data

### Directors Data

|                   |                        |                    |                        |
|-------------------|------------------------|--------------------|------------------------|
| Arun Bharat Ram   | Chairman               | Ashish Bharat Ram  | Managing Director      |
| Kartik Bharat Ram | Dy Managing Director   | K. Ravichandra     | Director               |
| Vellayan Subbiah  | Non-Executive Director | Vinayak Chatterjee | Non-Executive Director |
| Pramod Bhasin     | Non-Executive Director | Tejpreet S. Chopra | Non-Executive Director |
| L. Lakshman       | Non-Executive Director | Meenakshi Gopinath | Non-Executive Director |

Auditors - Deloitte Haskins & Sells

*\*as per last available data*

### Holding – Top10

|                                  | Perc. Holding |                               | Perc. Holding |
|----------------------------------|---------------|-------------------------------|---------------|
| Amansa Holdings                  | 7.27          | Mirae Asset Global Investment | 1.27          |
| DSP Blackrock                    | 5.20          | Dimensional Fund Advisors     | 1.23          |
| Stiching Dep Apq                 | 1.84          | Kotak Mahindra                | 1.18          |
| Sundaram Asset Mgmt              | 1.55          | Norges Bank                   | 0.97          |
| UTI Unit & Charitable & Religion | 1.50          | Blackrock                     | 0.71          |

*\*as per latest available data*

### Bulk Deals

| Data              | Acquired / Seller | B/S | Qty Traded | Price |
|-------------------|-------------------|-----|------------|-------|
| No Data Available |                   |     |            |       |

*\*as per last available data*

### Insider Trades

| Reporting Data    | Acquired / Seller | B/S | Qty Traded |
|-------------------|-------------------|-----|------------|
| No Data Available |                   |     |            |

*\*as per last available data*

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Aditya Narain

Head of Research

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### Coverage group(s) of stocks by primary analyst(s): Miscellaneous

AIA Engineering, Apar Industries Ltd, Aarti Industries, Agro Tech Foods, Balkrishna Industries, CCL Products India, Essel Propack, Orient Refractories, Supreme Industries, Solar Industries, SRF, Vesuvius India, VIP Industries

#### Recent Research

| Date      | Company                 | Title  | Price (INR) | Recos |
|-----------|-------------------------|--|-------------|-------|
| 16-May-18 | <b>AIA Engineering</b>  | Robust volume surge drives growth;<br><i>Result Update</i> | 1,510       | Buy   |
| 15-May-18 | <b>Aarti Industries</b> | All - round growth imminent;<br><i>Result Update</i>       | 1,301       | Buy   |
| 14-May-18 | <b>Solar Industries</b> | Growth drivers intact;<br><i>Result Update</i>             | 1,069       | Buy   |

#### Distribution of Ratings / Market Cap

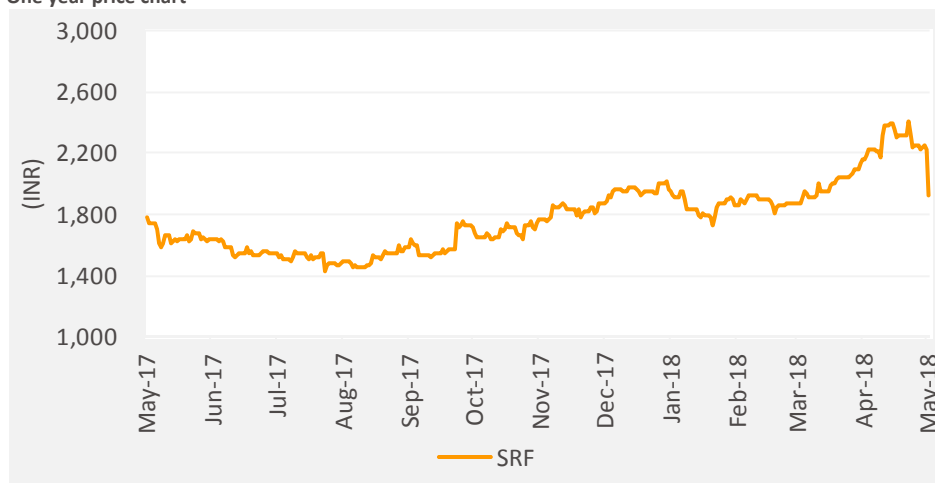
##### Edelweiss Research Coverage Universe

|                        | Buy    | Hold                   | Reduce | Total |
|------------------------|--------|------------------------|--------|-------|
| Rating Distribution*   | 161    | 67                     | 11     | 240   |
| * 1stocks under review |        |                        |        |       |
|                        | > 50bn | Between 10bn and 50 bn | < 10bn |       |
| Market Cap (INR)       | 156    | 62                     | 11     |       |

#### Rating Interpretation

| Rating        | Expected to                                     |
|---------------|---|
| <b>Buy</b>    | appreciate more than 15% over a 12-month period |
| <b>Hold</b>   | appreciate up to 15% over a 12-month period     |
| <b>Reduce</b> | depreciate more than 5% over a 12-month period  |

One year price chart



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