

May 3, 2017

## EPC Industrie (EPCIND)

₹ 170

### Well placed to play MIS opportunity...

- EPC Industrie (EPC) is a micro-irrigation system (MIS) player manufacturing drip and sprinkler irrigation system domestically
- EPC has a promoter pedigree of the M&M group, which is a leading farm equipment player with a good brand recall
- Of the total MIS industry size of ~₹ 4000 crore, EPC realises sales of ~₹ 200 crore, thereby commanding a market share of ~5%
- FY14-17 has been largely muted for EPC given distress in the rural economy amid deficient monsoons in 2014 & 2015 and change in subsidy disbursement mechanisms by various state governments
- Going forward, however, with the government's thrust on augmenting penetration of water conservation and efficiency driven MIS domestically we believe the industry will witness high double digit growth in next three years thereby benefiting EPC Industrie
- It is a play on the huge MIS opportunity. Penetration is at ~8 million hectares (MH) vs. medium term potential of ~17 MH. Currently, we are annually adding ~1 MH to MIS penetration (~₹ 4000 crore)
- Immediate demand will stem from mandatory drip irrigation installation for sugarcane growing farmers in Maharashtra, which is one of the key markets for EPC Industrie
- For full year FY17, net sales were at ₹ 202 crore, flat YoY with corresponding EBITDA, PAT at ₹ 12.4 crore, ₹ 9.8 crore, respectively

#### Drive towards efficiency; niche segment; strong government thrust

Micro irrigation system (MIS) is essentially an irrigation technique wherein a regulated quantum of water is applied to the most critical part of the plant i.e. roots. The benefits of MIS vis-à-vis traditional method of irrigation include: increase in crop yield (~20-30%) and savings of labour (~30-50%), water (~30-40%) & power (~20-40%). The current domestic industry size of MIS is pegged at ~₹ 4000 crore with penetration merely at ~11% [8 million hectares (MH) out of the net irrigated area of ~70 MH]. The medium term potential of MIS is pegged at ~17 MH. The domestic industry has grown at a CAGR of 15% in FY09-14. Since then, it has faced challenges due to subdued farm incomes amid muted monsoon activity (CY14 & CY15) and change in subsidy disbursement mechanisms by various state governments. Going forward, over FY17-20E, it is expected to grow at 20% CAGR. Recent government initiatives that will help in this pursuit are: increase in Centre's share of subsidy for MIS to ₹ 3400 crore in FY18E vs. ₹ 2340 crore in FY17E (up 45.3% YoY) and proposal to set up a fund under Nabard for MIS with an initial corpus of ₹ 5000 crore. MIS is essentially a niche segment with oligopolistic industry structure. The main players are Jain Irrigation, Netafim India and EPC.

#### Strong parentage (M&M); balance sheet strength to grow, retain BUY!!!

Micro-irrigation is essentially an efficient way of irrigating the farmlands and is core to the government's vision of doubling farm income by 2022. EPC expects to clock sales of ~₹ 300 crore in the next two or three years out of the current gross block amounting to ₹ 65 crore. It is a debt free company as of FY17. We have built in sales CAGR of 19.5% in FY17-19E, and expect the company to clock ~390 bps margin improvement in FY17-19E, albeit on a lower base (EBITDA margins in FY17 were at 6.1%). We expect PAT to grow to ₹ 22.1 crore in FY19E vs. ₹ 9.8 crore in FY17. We value EPC at ₹ 210, i.e. 2.0x MCap/sales on FY19E sales of ₹ 288 crore. Per se, the company is a rare play on the MIS theme that can create wealth from a three to five year perspective, given trajectory of farmer awareness on MIS & subsequent capitalisation of opportunity by EPC.

Rating matrix		
Rating	:	Buy
Target	:	₹ 210
Target Period	:	12-18 months
Potential Upside	:	24%

What's changed?	
Target	Changed from ₹ 200 to ₹ 210
EPS FY18E	Changed from ₹ 8.0 to ₹ 5.8
EPS FY19E	Introduced at ₹ 8.0
Rating	Unchanged

Key financials				
₹ Crore	FY16	FY17	FY18E	FY19E
Net Sales	202.5	201.7	242.1	288.1
EBITDA	11.7	12.4	21.8	28.8
Net Profit	9.2	9.8	16.0	22.1
EPS (₹)	3.3	3.5	5.8	8.0

Valuation summary				
	FY16	FY17	FY18E	FY19E
P/E	50.8	48.0	29.3	21.2
Target P/E	62.8	59.3	36.2	26.2
EV / EBITDA	38.1	36.6	20.1	14.6
P/BV	3.8	3.5	3.1	2.7
RoNW	7.5	7.3	10.7	12.8
RoCE	7.3	6.9	12.7	15.1

Stock data	
Stock Data	
Market Capitalization	₹ 469.9 Crore
Total Debt (FY17)	₹ 0.2 Crore
Cash and Investments (FY17)	₹ 17.2 Crore
EV	₹ 452.9 Crore
52 week H/L	190 / 122
Equity capital	₹ 27.6 Crore
Face value	₹ 10
MF Holding (%)	2.0
FII Holding (%)	0.0

Stock data				
	1M	3M	6M	12M
EPC Industrie	16.1	13.7	6.3	17.7
Jain Irrigation	18.5	17.8	4.2	81.7

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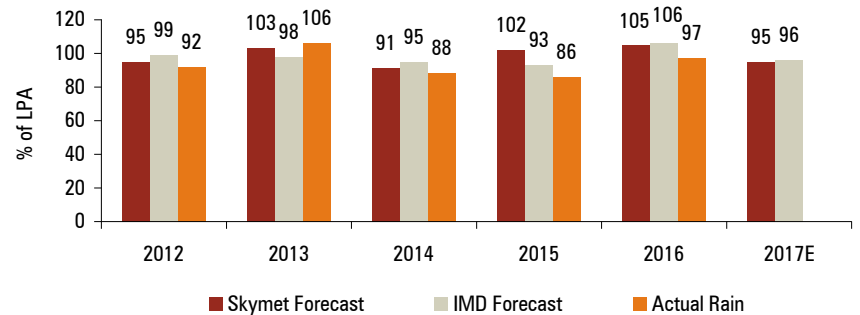
Normal monsoons are significant, more so domestically, as ~55% of the Indian population is still dependent on agriculture for livelihood amid ~45% irrigation penetration pan India

Another encouraging development is the reduction in probability of El Niño occurrence from 50% earlier to ~30% currently with its incidence only expected in the later part of the monsoon season

## IMD predicts normal monsoon at 96% of LPA

In the backdrop of below normal monsoon forecasts i.e. 95% of long period average (LPA) made by private weather monitoring agency Skymet earlier in the year, the Indian Meteorological Department (IMD) cleared the ambiguity with near normal monsoon forecast (96% of LPA) for upcoming monsoon season 2017. According to senior officials at the IMD, although there does exist neutral El Niño conditions (30% probability) in the Pacific Ocean, positive dipole movement in the Indian Ocean is expected to counter the Pacific move and result in normal rainfall in monsoon 2017. This is likely to result in robust farm production. Consequently, there may be an increase in farm income, which will boost rural demand, thereby benefiting all agri input companies, including EPC.

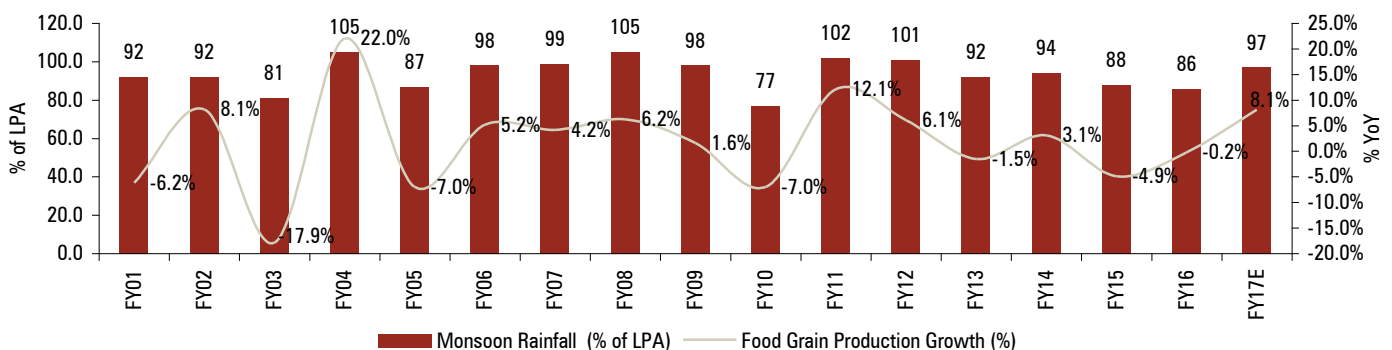
**Exhibit 1: Monsoon forecast trend**



Source: Indian Meteorological Department (IMD), Skymet, ICICIdirect.com Research

Domestically, farm income in FY17E is expected to perk up robustly tracking record food grain production, which is expected at 272 million tonne (MT), up 8.1% YoY largely driven by normal monsoon in 2016. Therefore, given the direct correlation of monsoons with food grain production and the forecast of near normal monsoon 2017, we expect domestic food grain production to further inch up in FY18E. With the government's thrust on doubling farm income by 2022 amid a series of structural reforms both at the production efficiency level and marketing farm produce level, we expect normal monsoons to act as a shot in the arm for the domestic agriculture sector, which will certainly lift farm sentiments and consequent rural demand.

**Exhibit 2: Food grain production vs. Monsoon**



Source: Reuters, ICICIdirect.com Research

Going forward, the next monsoon forecast by IMD in June 2017 would be keenly watched as it will provide more clarity on the upcoming monsoon season 2017 and month wise distribution of upcoming rainfall. This will help analyse its subsequent effect on the domestic agriculture sector and the overall domestic economy.

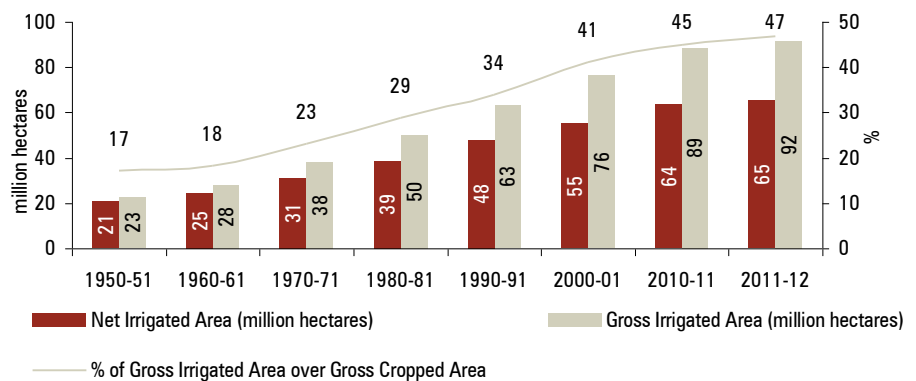
## Company Analysis

EPC, a Mahindra & Mahindra (M&M) subsidiary, is a micro-irrigation system (MIS) and component manufacturer based out of Nashik, Maharashtra. The company was acquired by M&M in February 2011 and has been well capitalised over the years by M&M (net cash of ~₹ 8 crore in FY14 vis-à-vis net debt of ~₹ 30 crore in FY10). EPC commands a market share of ~5% (sales of ₹ 200 crore in FY17) out of the total industry size, which is pegged at ~₹ 4000 crore as of FY17. The company recently ventured into the greenhouse farming & agri pumps segment with the aim of becoming a total agri solutions player domestically. As of FY17, EPC is registered in 15 states under subsidy programme in India. The company has more than 900 channel partners and 18 regional offices

### Irrigation in India

India has traditionally been a monsoon driven agrarian economy with domestic farmers depending heavily on south west monsoon (June-September) for their produce. In India, south west monsoons account for ~75% (887 mm) of total annual rainfall (1186 mm). However, with the aim of reducing the farmer's dependency on monsoons and increasing the crop yield, the central government over a period of time, has been increasingly promoting the usage of irrigation. As a result, the net irrigated area has increased from 21 MH in 1950-51 to 65 MH in 2011-12.

**Exhibit 3: Irrigated area trend domestically**



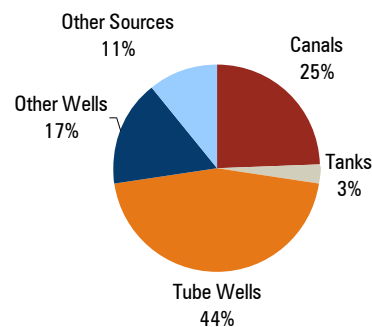
The gross irrigated area, on the other hand, has increased from 23 MH in 1950-51 to 92 MH in 2011-12 with total irrigation penetration in India at 47% as of 2011-12 (17% as of 1950-51)

Source: Ministry of Agriculture, ICICIdirect.com Research

### Sources of irrigation

Currently, as of 2011-12, tubewells form the majority source of irrigation, accounting for ~44% of total water requirements for irrigation. It is followed by canals, which constitute 25%, wells which constitute 17% and other sources including tanks that comprise the balance 14%.

**Exhibit 4: Source of Irrigation (million hectares, % share)**



Source: Ministry of Agriculture, ICICIdirect.com Research

### Drawbacks

The present irrigation scenario in India is full of drawbacks, which make it inefficient for farmers to operate in the long term on a sustainable basis. The drawbacks include:

- Wastage of water with consequent decline in the natural water table
- Wastage of electricity with farmers being subsidised the power costs
- Soil erosion with non optimal application of water

### Micro-Irrigation: environmental friendly way of increasing crop yield, reducing inefficiencies

Micro irrigation system (MIS) is essentially an irrigation technique wherein regulated quantum of water is applied to the most critical part of the plant i.e. roots. It is implemented through the drip & sprinkler irrigation techniques. Drip is used for widely placed crops like sugarcane, watermelon, onion, cotton, banana, vegetables, etc, while sprinkler is used for closely placed crops like wheat, groundnut, maize, bajra, etc. The benefits of MIS vis-à-vis traditional method of irrigation include: increase in crop yield (~20-30%) and savings of labour (~30-50%), water (~30-40%) & power (~20-40%).

### Farmer centric Budget 2017-18; focused to double farm income by 2022

Union Budget 2017-18 delivered on its expectations with a clear focus on achieving its vision to double farm income by 2022. Due emphasis was given to both productivity and farm realisations. Total allocation towards agriculture & farmer welfare was increased 16% YoY to ₹ 41,855 crore in FY18E. Notably, a sizable increase in allocation to the insurance scheme to ₹ 9000 crore (up 64% YoY) and irrigation scheme (PMKSY) to ₹ 7377 crore (up 28% YoY) was encouraging. Moreover, the government increased allocation towards subsidy under farm mechanisation to ₹ 525 crore in FY18E (vs. ₹ 358 crore in FY17E). Furthermore, agricultural credit in 2017-18 was fixed at record levels of ₹ 10 lakh crore (up 11% YoY). This will boost farm productivity & consequent farm income thereby benefiting all agri-input companies, including EPC.

### Government Support: National Mission on Micro-Irrigation (NMMI)

Given the savings arising out of using MIS, a wide array of incentives is being provided by the central & state governments towards its implementation. The central government, in the past, has been promoting MIS through its flagship programme National Mission on Micro Irrigation (NMMI). It has been providing a subsidy of 50% (40% central government's share + 10% state government's share) of the cost of MIS to farmers (cap of 5 hectares per farmer). However, as of now, on the back of highly lucrative payback period (one or two years) and with the aim of increasing the farmer base benefiting out of it, the subsidy share is reduced to 35% (25% central government's share + 10% state government's share). This, however, does not cap the share of the state governments, which are free to incentivise their local farmers. From April 1, 2014, NMMI has been subsumed under the National Mission on Sustainable Agriculture (NMSA) and is now being implemented as on farm water management (OFWM).

For FY18E, Centre's share of subsidy for MIS has been increased to ₹ 3400 crore vs. ₹ 2340 crore in FY17E (up 45.3% YoY). It has also been proposed to set up a fund under Nabard for MIS with initial corpus of ₹ 5000 crore

**Exhibit 5: Central government assistance for MIS**

₹ crore	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17P	FY18E
Budget Outlay	550	500	430	1000	1150	1500	1342	1121	1800	2340	3400
Actual Expenditure	411	470	480	972	1227	1203	1271	1000	1556	1990	

Source: Ministry of Agriculture, ICICIdirect.com Research

### Way forward for MIS in India

The medium term potential of MIS in India is pegged at ~17 MH (~₹ 11000 crore) with long term potential at ~70 MH. Out of the 70 MH of opportunity, sprinkler share is envisaged at ~60% (42.5 MH) while the drip share is envisaged at ~40% (27 MH).

**Exhibit 6: MIS opportunity- India**

Crop	Sprinkler (MH)	Drip (MH)	Total (MH)
Cereals	27.6	0	27.6
Pulses	4.2	0	4.2
Oilseeds	1.1	3.8	4.9
Cotton	2.6	7	9.6
Vegetables	2.5	3.6	6.1
Spice & Condiments	1.2	1.4	2.6
Flowers, medicinal plants	0	0	0
Sugarcane	3.3	4.3	7.6
Fruits	0	3.9	3.9
Plantation Crops	0	3	3
<b>Total</b>	<b>42.5</b>	<b>27</b>	<b>69.5</b>

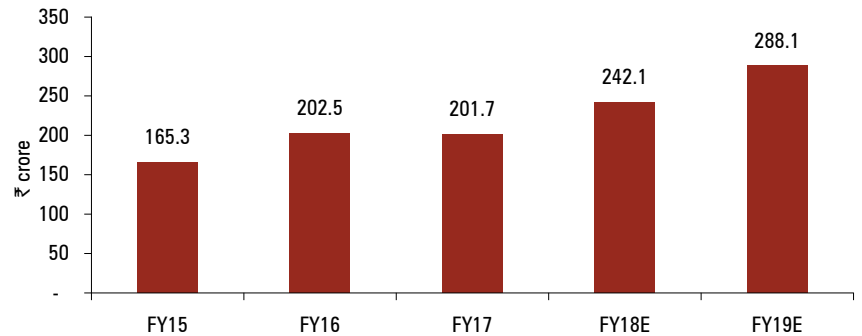
*Source: Ministry of Agriculture, ICICIdirect.com Research*

Currently, state governments are also giving a strong thrust to MIS with Maharashtra making it mandatory for all cane producers to switch to drip irrigation in the next two years post which their produce would not be procured for crushing if it is not produced using drip technique. The Tamil Nadu government also promotes MIS through 100% subsidy to farmers opting for it. The only dampener for the MIS Industry in India is the low farmer awareness and delay in subsidy release by the state governments. However, given the benefits arising out of usage of MIS and low penetration, the industry is poised for an exciting growth journey ahead.

### Revenues to grow at 19.5% CAGR in FY17-19E

We expect EPC to clock robust revenue growth of 19.5% CAGR in FY17-19E primarily on a pick-up in MIS activity domestically.

**Exhibit 7: Revenue trend**

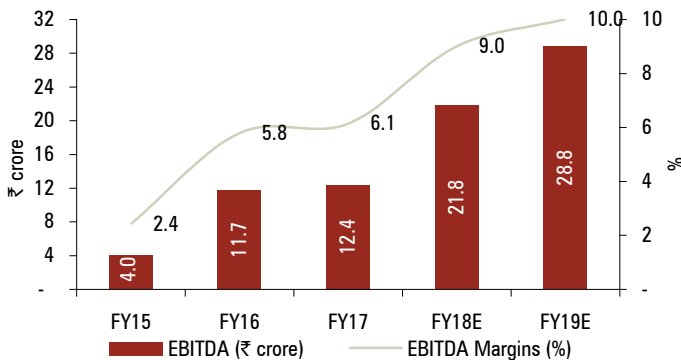


Source: Company, ICICIdirect.com Research

### Margin expansion to drive EBITDA & PAT, going forward

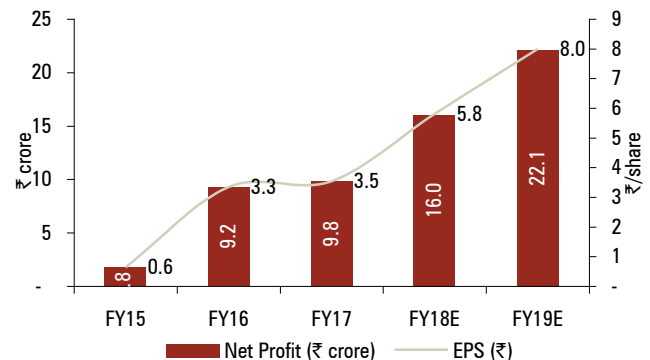
We expect EBITDA to grow at a healthy rate in FY17-19E on account of expansion in margins by 390 bps over FY17-19E, albeit on a lower base. We expect EPC to clock EBITDA of ₹ 28.8 crore in FY19E with corresponding EBITDA margins expected at 10.0% in FY19E. PAT is also expected to grow at a healthy rate in FY17-19E with FY19E PAT expected at ₹ 22.1 crore with corresponding EPS of ₹ 8.0/share.

**Exhibit 8: EBITDA & EBITDA margins trend**



Source: Company, ICICIdirect.com Research

**Exhibit 9: PAT & EPS trend**

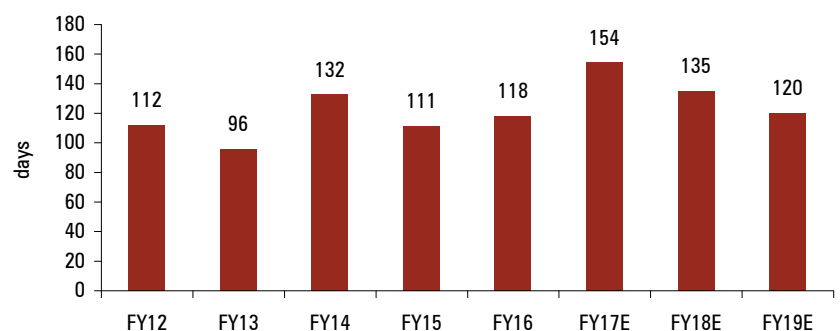


Source: Company, ICICIdirect.com Research

The working capital cycle got stretched in FY17 with net working capital days coming in at 154 days. This was largely tracking a muted demand environment. However, given healthy farm income and rectification of subsidy disbursal mechanism by various state governments, we expect the working capital cycle to improve, going forward. We expect net working capital days at 135 days in FY18E and further at 120 days in FY19E

### Working capital to improve as subsidy mechanisms gets streamlined

**Exhibit 10: Net working capital days**



Source: Company, ICICIdirect.com Research



## Outlook and valuation

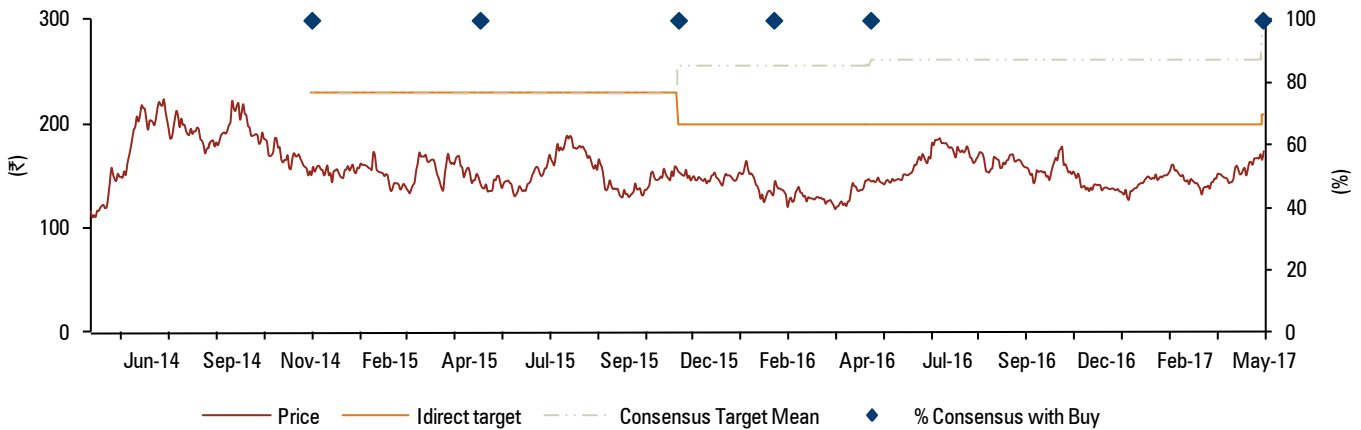
Micro-irrigation is essentially an efficient way of irrigating the farmlands and is core to the government's vision of doubling farm income by 2022. The company expects to clock sales of ~₹ 300 crore in the next two or three years out of the current gross block amounting to ₹ 65 crore. EPC is a debt free company as of FY17. We have built in sales CAGR of 19.5% in FY17-19E, and expect the company to clock ~390 bps margin improvement in FY17-19E, albeit on a lower base (EBITDA margins in FY17 at 6.1%). We expect PAT to grow to ₹ 22.1 crore in FY19E vs. ₹ 9.8 crore in FY17. We value EPC at ₹ 210, i.e. 2.0x MCap/sales on FY19E sales of ₹ 288 crore. Per se, EPC is a rare play on the MIS theme that can create wealth from a three to five year perspective, given the trajectory of farmer awareness on MIS & subsequent capitalisation of opportunity by EPC.

**Exhibit 11: Valuation Summary**

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	202.5	22.5	3.3	450.0	50.8	38.1	7.5	7.3
FY17	201.7	-0.4	3.5	5.8	48.0	36.6	7.3	6.9
FY18E	242.1	20.0	5.8	63.9	29.3	20.1	10.7	12.7
FY19E	288.1	19.0	8.0	37.9	21.2	14.6	12.8	15.1

Source: Company, ICICIdirect.com Research

### Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research; \*IDirect Coverage on EPC Industrie was initiated on Nov 2014

### Key events

Date/Year	Event
2001	On account of working capital crunch (increase in announced subsidy by government without corresponding increase in grants), EPC filed for BIFR in 2001
2006	In 2006, it reached a one-time settlement (OTS) with its lenders and came out of BIFR in 2007
2007	The company received a total investment of ₹ 40 crore, in 2007, from New York-based PE player Credit Renaissance Partners LLC
2011	Mahindra acquired EPC and made its foray into micro irrigation in February 2011 (through preferential issuance of equity shares @ ₹ 66/share). Credit Renaissance Partners' LLC stake got reduced from 43.6% to 32.4%
2013	In FY13, through a rights issue (3:5; @ ₹ 40/share; total amount raised was ₹ 40 crore) M&M increased its stake further from 38.1% to 54.8%
2014	In FY14, EPC clocked a topline of ₹ 175 crore; EBITDA margins of 6% and PAT of ₹ 7.7 crore
2015	In FY15, EPC reported a subdued performance in Q2FY15 & Q3FY15 primarily on the delay in finalisation of scheme by state governments. For FY15, the National Mission on Micro Irrigation (NMMI) got subsumed under National Mission on Sustainable Agriculture (NMSA)
2016	Central Govt. has increased funds allocation for micro-irrigation to ₹ 2340 crore in FY17 from ₹ 1800 crore in FY16
2017	Budget FY2017-18 set up a dedicated Micro Irrigation Fund in NABARD to achieve 'per drop more crop' with an initial corpus of ₹ 5000 crore

Source: Company, ICICIdirect.com Research

### Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Mahindra Group	31-Mar-17	54.7	15.1	0.0
2	SCIL Ventures, Ltd.	31-Mar-17	2.3	0.6	0.0
3	SBI Funds Management Pvt. Ltd.	31-Mar-17	2.0	0.6	0.0
4	Iyer (Rajashekar Swaminathan)	31-Mar-17	1.6	0.4	0.0
5	Agrawal (Mukul Mahavir Prasad)	31-Mar-17	1.2	0.3	0.0
6	Adi Financial Advisors, L.L.P.	31-Mar-17	1.1	0.3	0.0
7	Amundi Asset Mgmt Singapore Ltd.	30-Nov-15	0.0	0.0	-0.2
8	DHFL Pramerica Asset Managers Pvt. Ltd.	30-Apr-16	0.0	0.0	-0.1

### Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	54.8	54.8	54.8	54.7	54.7
FII	0.0	0.0	0.0	0.0	0.0
DII	1.1	1.2	1.5	2.0	2.0
Others	44.2	44.1	43.8	43.3	43.3

Source: Reuters, ICICIdirect.com Research

### Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
NA			NA		

Source: Reuters, ICICIdirect.com Research



## Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Net Sales	202.5	201.7	242.1	288.1	
Other Operating Income	2.2	0.1	0.0	0.0	
<b>Total Operating Income</b>	<b>204.7</b>	<b>201.9</b>	<b>242.1</b>	<b>288.1</b>	
Growth (%)	21.0	-1.4	19.9	19.0	
Raw Material Expenses	121.6	114.4	134.4	159.9	
Employee Expenses	21.1	23.2	25.4	28.8	
Other Operating Expense	50.3	51.9	60.5	70.6	
<b>Total Operating Expenditure</b>	<b>193.0</b>	<b>189.5</b>	<b>220.3</b>	<b>259.3</b>	
<b>EBITDA</b>	<b>11.7</b>	<b>12.4</b>	<b>21.8</b>	<b>28.8</b>	
Growth (%)	NM	5.6	76.0	32.2	
Depreciation	2.7	3.1	2.7	2.8	
Interest	0.5	1.6	1.0	1.6	
Other Income	2.4	1.9	1.9	3.2	
PBT	11.0	9.6	20.1	27.6	
Exceptional Item	0.0	0.0	0.0	0.0	
Total Tax	1.8	-0.2	4.0	5.5	
<b>PAT</b>	<b>9.2</b>	<b>9.8</b>	<b>16.0</b>	<b>22.1</b>	
Growth (%)	NM	5.8	63.9	37.9	
EPS (₹)	3.3	3.5	5.8	8.0	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Profit after Tax	9.2	9.8	16.0	22.1	
Add: Depreciation	2.7	3.1	2.7	2.8	
(Inc)/dec in Current Assets	-19.3	-23.3	-8.0	-15.7	
Inc/(dec) in CL and Provisions	5.9	4.7	5.3	11.3	
Others	0.5	1.6	1.0	1.6	
<b>CF from operating activities</b>	<b>-1.0</b>	<b>-4.2</b>	<b>17.0</b>	<b>22.0</b>	
(Inc)/dec in Investments	0.0	-4.5	0.0	-20.0	
(Inc)/dec in Fixed Assets	-0.8	0.0	-2.0	-2.0	
Others	-1.3	-0.8	0.0	0.0	
<b>CF from investing activities</b>	<b>-2.0</b>	<b>-5.3</b>	<b>-2.0</b>	<b>-22.0</b>	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-0.2	-0.1	0.0	0.0	
Dividend paid & dividend tax	0.0	0.0	0.0	0.0	
Inc/(dec) in Share Cap	0.5	-0.5	0.0	0.0	
Others	-0.9	-0.8	-1.0	-1.6	
<b>CF from financing activities</b>	<b>-0.6</b>	<b>-1.4</b>	<b>-1.0</b>	<b>-1.6</b>	
<b>Net Cash flow</b>	<b>-3.5</b>	<b>-10.8</b>	<b>14.1</b>	<b>-1.6</b>	
Opening Cash	27.0	23.5	12.7	26.8	
<b>Closing Cash</b>	<b>23.5</b>	<b>12.7</b>	<b>26.8</b>	<b>25.2</b>	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
<b>Liabilities</b>					
Equity Capital	27.6	27.6	27.6	27.6	
Reserve and Surplus	96.4	106.5	122.5	144.6	
<b>Total Shareholders funds</b>	<b>124.0</b>	<b>134.1</b>	<b>150.2</b>	<b>172.3</b>	
Total Debt	0.3	0.2	0.2	0.2	
Deferred Tax Liability	0.0	0.0	0.0	0.0	
Minority Interest / Others	1.1	0.0	0.0	0.0	
<b>Total Liabilities</b>	<b>125.4</b>	<b>134.3</b>	<b>150.4</b>	<b>172.5</b>	
<b>Assets</b>					
Gross Block	67.3	66.7	68.7	70.7	
Less: Acc Depreciation	38.2	41.2	43.9	46.7	
Net Block	29.1	25.5	24.8	24.0	
Capital WIP	0.0	0.6	0.6	0.6	
<b>Total Fixed Assets</b>	<b>29.1</b>	<b>26.1</b>	<b>25.4</b>	<b>24.6</b>	
Investments	0.0	4.5	4.5	24.5	
Inventory	27.8	32.5	36.5	43.4	
Debtors	75.7	92.4	99.5	106.6	
Loans and Advances	8.3	9.0	7.3	8.6	
Other Current Assets	2.1	3.3	1.9	2.3	
<b>Cash</b>	<b>23.5</b>	<b>12.7</b>	<b>26.8</b>	<b>25.2</b>	
<b>Total Current Assets</b>	<b>137.4</b>	<b>149.9</b>	<b>172.0</b>	<b>186.1</b>	
Current Liabilities	38.0	39.6	46.4	55.2	
Provisions	5.5	8.6	7.1	9.5	
Current Liabilities & Prov	43.5	48.2	53.5	64.8	
<b>Net Current Assets</b>	<b>93.9</b>	<b>101.7</b>	<b>118.5</b>	<b>121.4</b>	
Others Assets	2.4	2.0	2.0	2.0	
<b>Application of Funds</b>	<b>125.4</b>	<b>134.3</b>	<b>150.4</b>	<b>172.5</b>	

Source: Company, ICICIdirect.com Research

Key ratios					
(Year-end March)	FY16	FY17	FY18E	FY19E	
<b>Per share data (₹)</b>					
EPS	3.3	3.5	5.8	8.0	
Cash EPS	4.3	4.6	6.8	9.0	
BV	44.9	48.5	54.3	62.3	
DPS	0.0	0.0	0.0	0.0	
Cash Per Share (Incl Invst)	8.5	4.6	9.7	9.1	
<b>Operating Ratios (%)</b>					
EBITDA Margin	5.7	6.1	9.0	10.0	
PAT Margin	4.5	4.8	6.6	7.7	
Inventory days	50.2	58.8	55.0	55.0	
Debtor days	136.3	167.2	150.0	135.0	
Creditor days	68.5	71.6	70.0	70.0	
<b>Return Ratios (%)</b>					
RoE	7.5	7.3	10.7	12.8	
RoCE	7.3	6.9	12.7	15.1	
RoIC	9.0	8.0	16.0	21.2	
<b>Valuation Ratios (x)</b>					
P/E	50.8	48.0	29.3	21.2	
EV / EBITDA	38.1	36.6	20.1	14.6	
EV / Net Sales	2.2	2.2	1.8	1.5	
Market Cap / Sales	2.3	2.3	1.9	1.6	
Price to Book Value	3.8	3.5	3.1	2.7	
<b>Solvency Ratios</b>					
Debt/EBITDA	0.0	0.0	0.0	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	3.2	3.1	3.2	2.9	
Quick Ratio	2.5	2.4	2.5	2.9	

Source: Company, ICICIdirect.com Research

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