L.G.Balakrishnan&Bros Ltd	
No. of shares (m)	15.7
Mkt cap (Rs crs/$m)	1712/263.9
Current price (Rs/$)	1091/16.8
Price target (Rs/$)	1324/20.4
52 W H/L (Rs.)	1144/545
Book Value (Rs/$)	349/5.4
Beta	0.9
Daily volume (avg. monthly)	13260
P/BV (FY18e/19e)	3.2/2.8
EV/EBITDA (FY18e/19e)	8.9/7.6
P/E (FY18e/19e)	19.9/16.5
EPS growth (FY17/18e/19e)	3.4/31.0/21.0
OPM (FY17/18e/19e)	12.3/13.3/14.0
ROE (FY17/18e/19e)	15.3/17.4/18.1
ROCE(FY17/18e/19e)	13.3/15.0/16.6
D/E ratio (FY17/18e/19e)	0.3/0.2/0.1
BSE Code	500250
NSE Code	LGBBROSLTD
Bloomberg	LGBB IN
Reuters	LBG.BO

Shareholding pattern	%
Promoters	47.7
MFs / Banks / FIs	14.7
FPIs	0.6
Govt. Holding	-
Public & others	37.0
Total	**100.0**

As on Dec 31, 2017

Recommendation

BUY

Analyst

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Company Brief

L G Balakrishnan (LGB) manufactures roller chains and undertakes metal forming,including warm & cold forging, fine blanking and machined parts.

Quarterly Highlights

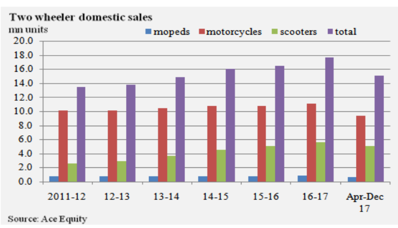
- Spurred by sturdy off take of its value-enhancing metal forming business (+22.7%), LGB's revenue growth in Q3 rose at the highest rate (19.8%) in at least ten quarters , resurrecting its revenue share to 18.6% from just 16.3% a year ago; 9MFY18's at 18.3% Vs 17% in the same period a year ago. Buttressed by higher margins in its effervescent transmission business (11.4% Vs 7.3%) as well as metal forming business (14.1% Vs 6.1%), PBT (adjusted) rose by unyielding 88.4% and post tax earnings by no less vivacious 88.3%.
- Yet, if it would not was demonetization of high currency notes in Q3 last fiscal, this outcome would have looked far less spirited as EBIT of transmission business stood at 8.1% in Q3FY16 and that of metal forming business at 10.1%. Nonetheless, metal forming business 9MFY18 EBIT all but equaled that of FY17's. Remarkable recovery instigated by LGB's transmission business EBIT in 9MFY18 (32.5% growth) - and EBIT margin surged to 10.3% Vs 8.2% - helped it post 37.5% in PBT and PAT by 30.3%.
- Restrained operating expenses (excluding raw material costs - as raw material to sales ratio surged by 200 bps 45.6% in 9MFY18) coupled with decent revenue growth helped post nearly 90bps expansion in OPMs. Outperforming broader demand trends in Indian two wheeler industry (read: motorcycles), LGB's transmission business revenues rose in double digits. LGB's Board has granted in principle approval for merger of its wholly owned subsidiary, BCW V Tech India Pvt Ltd, w.e.f April 1, 2017.
- The stock currently trades at 19.9x FY18e EPS of Rs 54.68 and 16.5x FY19e EPS of Rs 66.18. Spurred by higher than estimated margins of both transmission and metal forming businesses, LGB's current fiscal's EPS has been revised upwards by 11.2% and next fiscal's by 14.6%. Improved earnings thus would buoy return on capital - ROE projected at 18.1% in FY19 from 15.3% in FY17 - and quicker working capital conversion. Emerging strongly from twin blows of demonetization and GST, rural discretionary spending is expected to rise, thus boosting demand for two-wheelers. On balance we maintain our buy rating on the stock with revised target of Rs 1324 (previous target: Rs 808) based on 20x FY19 earnings (forward PEG: ~1), over a period of 6-9 months.

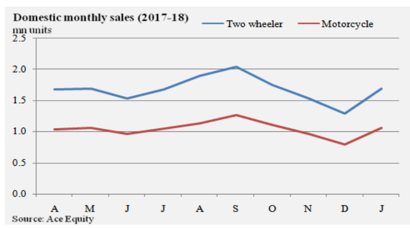
Consolidated (Rs crs)	FY15	FY16	FY17	FY18e	FY19e
Income from operations	1172.98	1205.30	1282.70	1446.91	1616.41
Other Income	8.80	3.92	9.94	9.59	10.54
EBITDA (other income included)	151.08	141.60	167.71	201.75	236.81
Profit after MI & associate profit	65.97	63.37	65.51	85.83	103.88
EPS(Rs)	42.03	40.38	41.74	54.68	66.18
EPS growth (%)	9.9	-3.9	3.4	31.0	21.0

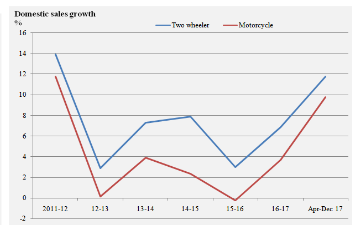
Outlook & Recommendation

Two wheeler industry

Riding on a strong economic recovery post demonetization and GST enforcement in Q3 last year, SIAM expects Indian automobile industry to post slightly better outcome next fiscal. Driven largely by higher off take of utility vehicles (14-15% growth in FY19) and near modest sale of cars (8-9%), Indian passenger vehicle industry is projected to grow at 8-10%; 8.1% growth in domestic off take in passenger vehicle logged in April-December 2017. The voluminous two wheeler industry would more or less toe its recent growth trend to post 11-13% growth in dispatches (11.8% in April-December 2017) with motorcycles dispatches expected to rise by 9-11% (9.8%) and scooters 13-16% (18.5%).



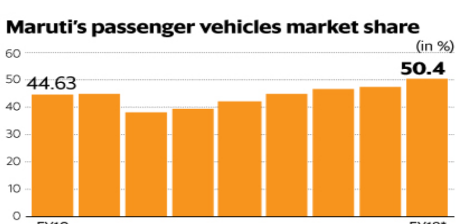


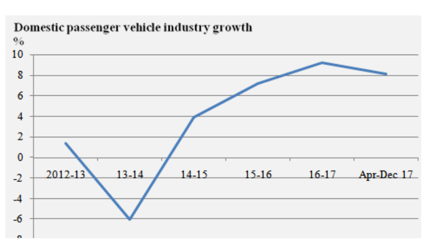


Large untapped market for scooters in north east and some of the eastern states like Orissa, Bihar and Chhattisgarh - where vehicle penetration is awfully low - coupled with renewed demand for some of the southern states could animate the Indian scooter demand, reckons SIAM. Yet caution is buzzword for the Indian consumer industry barely remains oblivious to rise in interest rates - emerging mainly from inflation, higher commodity prices - particularly crude oil, and vagaries of monsoons. SIAM asserts that although couple of successive good monsoon years has put rural economy on strong footing, seldom Indian economy experiences three successive good monsoon years.

Prodded by dream run of its iconic scooter brand 'Activa', Honda Motorcycle & Scooter India (HMSI) published a stunning 20% growth in domestic dispatches in April-Dec 2017, helping it surpass 5m sales in 2017; its sight set at 6m unit sales in 2017-18. New capacity expansion, new product launches and envious market penetration in tier II and tier III markets hastened Honda's pursuit to 5m annual sales mark. Milestones were not reserved for Hero Honda too logged record volumes in CY17 - over 7m for the first time ever, powering its focus on the premium segment and scooters. It recently launched three updated motorcycles in 2018 models of Super Splendor, Passion Pro and the Passion XPro and has been rolling out these models pan - India in a phased manner from January.

According to some media reports, Maruti Suzuki has set its sight on annual sales of 2.5 units by 2025 from 1.5m in 2016-17, thus nudging its tier I auto component suppliers to ramp up their investments in and around its Gujarat plant, amid disruptive changes in Indian passenger vehicle industry ranging from tightening regulations on safety and emission and global outcry over cutting down on dependence on fossil fuels and thus vehicular pollution. IHS Market, a global forecasting firm, expects the Indian car market to grow in double digits for the next two years.

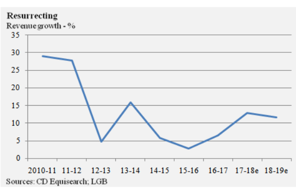


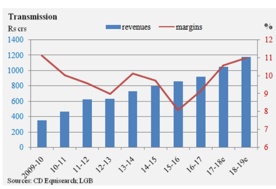


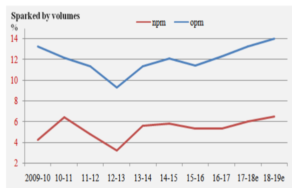
Financials & Valuation

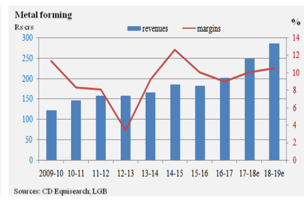
Thanks to prodigious base effect - emanating from demonetization of high currency Indian notes sometime in November 2016 - the Indian two-wheeler industry grew by a dazzling 33.4% in January with scooter and most notable motorcycle segment growing by 48.3% and 28.6% respectively. Not unsurprisingly, Indian motorcycle segment growth has relentlessly perked in last few quarters from 3.44% in Q1 to 7.7% in H1 to 9.9% in Apr-Jan period. Passenger vehicle segment trends barely differed for its dispatches growth rose from an abysmal 4.4% in Q1 to a modest 9.2% in H1 to 8.1% in April-December period.

Powered by double digit two wheeler industry growth in FY19 and a fairly stable outlook for passenger vehicle industry (8-10% growth estimated), LGB has ramped up capex this fiscal, channelizing funds - nearly Rs 100 crs($15.4m) - in automation to replacement of assets to erection of new capacities involving both transmission and metal forming businesses. Wherefore, its transmission business revenues would grow by a sober 12% next fiscal and value enriching metal forming's by 15% with the former undoubtedly evincing not run-of-the-mill rise. Yet unflinching dependence on automobile industry - that too mainly on two wheelers - has no puny impact on business risk evaluation.

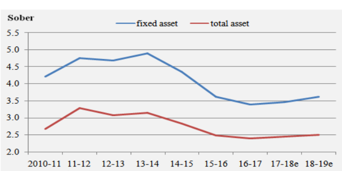


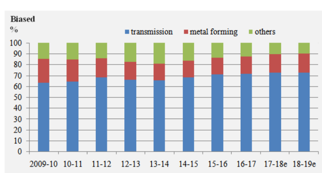


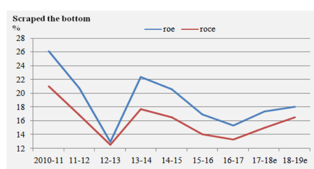




Animated by richer product mix and higher volumes of machining products - for four wheelers - LBG's metal forming business margins stunningly rose to 14.1% in Q3 from 8.2% in Q2 and a terrible 6.1% in Q3 of last fiscal and revenues rose by a blistering 22.7% (y-o-y) , though not exactly comparable due to previous year's sales gross of excise. Though metal forming business margin is estimated to slightly improve next fiscal piggybacking on stable demand for four wheelers and favorable product mix - peddles over 300 different products. Still its margins has dreadfully vacillated - not impervious to swaying fortunes of Indian automobile industry - over the years from 3.4% in FY13 to 12.6% in FY15 to 9% in FY17.







The stock currently trades at 19.9x FY18e EPS of Rs 54.68 and 16.5x FY19e EPS of Rs 66.18. Increased business automation would not help it put a lid of manpower costs - up by just 7.4% in 9MFY18 - but also prop up margins through rollout of valued added products. Yet alienation to subtleties of auto industry demand trends - arising from monsoons or interest rates or consumer spending or inflation - remain arduous as ever. All thanks to improved economic outlook and anticipation of normal monsoons, auto industry dispatches would be barely austere. Termination of Tata Motors dealership agreement by the end of current fiscal would help stem losses. Weighing odds, we maintain our buy rating on the stock with revised target of Rs 1324 (previous target: Rs 808) based on 20x FY19 earnings (forward PEG: ~1), over a period of 6-9 months. For more info refer to our May report.

Risks & Concerns

Dreary automobile sector

As the automobile sector forms a bulk of LGB's revenue, slow pick up in two wheeler sales could impact its volumes. Lower than expected moderation in interest rates would further jeopardize resurrection in auto demand.

Margin pressure

Plethora of factors imperil margins including rising raw material costs, acute power shortages, pricing pressure by clients (read OEMs) and import of auto components from low cost locations.

Cross Sectional Analysis

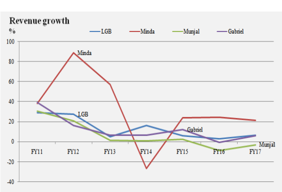
Company	Equity*	CMP	Mcap*	Sales	PAT*	OPM[a]	NPM[a]	Int Cov.	ROE[a]	Mcap / sales	P/BV	P/E
Gabriel India	14	**158**	**2269**	1732	92	9.2	5.3	73.6	19.6	1.3	4.6	24.8
LG Bala	16	**1091**	**1712**	1291	74	13.1	5.7	10.9	15.0	1.3	3.1	23.2
Minda Corp	42	**192**	**4014**	3290	112	**6.8**	1.8	2.9	20.2	1.2	6.6	36.0
Munjal Showa	8	**223**	**892**	1519	57	6.2	3.8	271.1	11.0	0.6	1.6	15.6

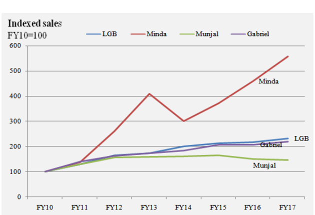
*figures in crores; a:calculations on ttm basis
Companies not truly comparable due to product dissimilarity

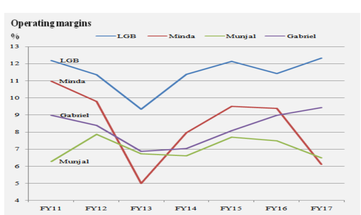
Gabriel India, auto parts supplier to entrenched OEMs -spanning two wheelers, three wheelers, passenger vehicles and commercial vehicles - including Bajaj Auto, Maruti Suzuki, Tata Motors, Honda Cars, Volkswagen, General Motors, has seen no meagre trans formation over the last few years for revenue share of its passenger vehicle segment has increased from 26% in FY15 to 31% in 9MFY18, while that of 2W/3W has perceptibly declined from 63% to 57%; though its channel mix barely budged - OE unchanged at some 86%. Plans are afoot to vigorously embrace product development at its commercial vehicles, railways and aftermarket segments - for Indian Railways LHB coach supplies commenced last fiscal, while enhancing capacity at its all encompassing 2/3 wheeler segment. Despite 15% annual growth in exports last fiscal perpetuated by enhanced presence in North America and Africa through entry in to new markets like Honduras, Guatemala and Kenya, exports revenue share still stood at sub 5%.

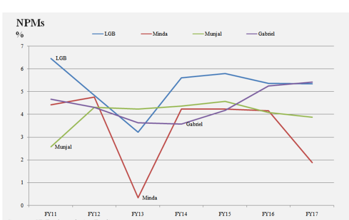
After struggling for two years ending FY17 - when sales declined 11.2% and post tax earnings by nearly a fourth - Munjal Showa reported flattish earnings in 9MFY18 on 5.4% growth in sales. Operating profit also flat lined in 9M resulting in 37 bps lower OPMs, though the decline was severe in Q3 as PBT fell by over 25%, partly on lower other income; post tax earnings too slid 22.7%.

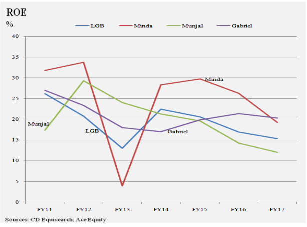
No small shift in its product mix has been demonstrated in last few years for Minda Corp's commercial & off-hghway vehicle segment revenue share has gradually increased from 18% in FY15 to 23% in FY17 to 32.7% in 9MFY18, largely offset by plunge in share of passenger vehicle segment - 32% to 18.8%. Driver information and telematics system accounted for bulk of order inflows of Rs 2850 crs so far this fiscal (57.2%) followed by safety, security and restraint system (33.7%). Orders for wiring harness, instrument cluster and telematics clogged its driver information and telematics system order book, while orders for die castings and FT cap and lock set (for two wheelers) swamped safety, security and restraint system order tally. Unveiling of moat enriching third die casting plant in February would further its reach in global aluminium die-casting market.











Financials

Quarterly Results -Standalone

Figures in Rs crs

	Q3FY18	Q3FY17	% chg.	9MFY18	9MFY17	% chg.
Income from operations	**333.46**	**278.28**	**19.8**	**960.10**	**840.95**	**14.2**
Other Income	1.46	1.37	6.7	2.68	3.32	-19.1
Total Income	**334.92**	**279.65**	**19.8**	**962.78**	**844.26**	**14.0**
Total Expenditure	284.78	245.09	16.2	828.98	733.59	13.0
PBIDT (other income included)	**50.14**	**34.56**	**45.1**	**133.80**	**110.68**	**20.9**
Interest	2.13	3.03	-29.7	7.43	10.23	-27.4
Depreciation	13.64	12.55	8.7	39.44	36.47	8.1
PBT	**34.37**	**18.98**	**81.1**	**86.94**	**63.98**	**35.9**
Tax	11.90	6.24	90.8	30.01	19.79	51.7
PAT	**22.47**	**12.74**	**76.4**	**56.93**	**44.19**	**28.8**
Extraordinary Item	-	0.49	**-100.0**	-	0.49	-100.0
Adjusted Net Profit	**22.47**	**12.25**	**83.4**	**56.93**	**43.70**	**30.3**
EPS (F.V. 10)	14.32	7.80	83.4	36.27	27.84	30.3
Equity	15.70	15.70	-	15.70	15.70	-

Segment Results

Figures in Rs crs

	Q3FY18	Q3FY17	% chg.	9MFY18	9MFY17	% chg.
Segment Revenue						
Transmission	268.37	249.74	7.5	784.25	741.75	5.7
Metal forming	62.18	50.68	22.7	182.63	158.96	14.9
Others	2.91	10.85	-73.2	29.18	36.92	-21.0
Total	**333.46**	**311.29**	**7.1**	**996.06**	**937.63***	**6.2**
Segment EBIT						
Transmission	30.66	18.34	67.2	80.63	60.83	32.5
Metal forming	8.74	3.07	185.0	17.07	12.32	38.5
Others	-1.73	0.67	-358.2	-0.23	2.76	-108.4
Total	**37.66**	**22.07**	**70.6**	**97.47**	**75.92**	**28.4**
Interest	2.13	3.03	-29.7	7.43	10.23	-27.4
Unallocable exp	1.17	0.07	1659.4	3.10	1.71	81.1
PBT	**34.37**	**18.98**	**81.1**	**86.94**	**63.98**	**35.9**

- Excise duty included

Financials

Income Statement - Consolidated

Figures in Rs crs

	FY15	FY16	FY17	FY18e	FY19e
Income from operations	**1172.98**	**1205.30**	**1282.70**	**1446.91**	**1616.41**
Growth (%)	5.8	2.8	6.4	12.8	11.7
Other Income	8.80	3.92	9.80	9.58	10.52
Total Income	**1181.78**	**1209.22**	**1292.50**	**1456.49**	**1626.93**
Total Expenditure	1030.70	1067.63	1124.79	1254.74	1390.12
EBITDA (other income included)	**151.08**	**141.60**	**167.71**	**201.75**	**236.81**
Interest	17.70	17.89	15.53	11.05	10.02
EBDT	**133.38**	**123.71**	**152.18**	**190.70**	**226.78**
Depreciation	39.47	45.93	52.69	57.73	66.28
Tax	20.49	12.92	29.97	45.21	54.57
Net profit	**73.42**	**64.86**	**69.52**	**87.76**	**105.94**
Minority interest	2.79	2.28	4.22	2.44	2.56
Associate profit	0.58	0.91	1.05	0.50	0.50
Net profit after MI&AP	**71.21**	**63.50**	**66.35**	**85.83**	**103.88**
Extraordinary item	5.24	0.12	0.84	0.00	0.00
Adjusted Net Profit	**65.97**	**63.37**	**65.51**	**85.83**	**103.88**
EPS (Rs.)	42.03	40.38	41.74	54.68	66.18

Segment Results

Figures in Rs crs

	FY15	FY16	FY17	FY18e	FY19e
Segment Revenue					
Transmission	799.78	859.47	919.78	1048.89	1174.75
Metal forming	184.60	180.91	201.26	247.73	284.89
Others	188.61	164.93	161.66	150.30	156.77
Net sales	**1172.98**	**1205.30**	**1282.70**	**1446.91**	**1616.41**
Segment EBIT					
Transmission	77.85	69.37	84.13	111.06	129.22
Metal forming	23.29	18.14	18.10	24.88	29.91
Others	3.87	12.22	15.78	11.26	14.95
Sub Total	**105.00**	**99.73**	**118.01**	**147.20**	**174.09**
Unallocable exp (net of income)	-6.61	4.07	2.86	3.18	3.56
Interest	17.70	17.89	15.53	11.05	10.02
PBT	**93.91**	**77.78**	**99.62**	**132.97**	**160.51**

Consolidated Balance Sheet

Figures in Rs crs

	FY15	FY16	FY17	FY18e	FY19e
SOURCES OF FUNDS					
Share Capital	15.70	15.70	15.70	15.70	15.70
Reserves	348.95	400.60	465.66	544.92	633.68
Total Shareholders Funds	**364.65**	**416.30**	**481.36**	**560.61**	**649.37**
Minority Interest	12.79	15.32	16.92	19.36	21.92
Long term debt	99.31	94.88	91.58	71.04	35.47
Total Liabilities	**476.74**	**526.49**	**589.86**	**651.00**	**706.76**
APPLICATION OF FUNDS					
Gross Block	586.02	691.35	755.92	862.94	937.94
Less: Accumulated Depreciation	270.01	310.79	349.33	407.06	473.34
Net Block	**316.01**	**380.56**	**406.59**	**455.88**	**464.60**
Capital Work in Progress	36.54	10.22	13.95	12.00	12.00
Investments	17.60	18.52	19.57	20.07	20.57
Current Assets, Loans & Advances					
Inventory	230.55	227.88	232.58	220.96	236.42
Sundry Debtors	146.55	152.52	175.50	196.56	218.18
Cash and Bank	7.33	8.04	18.99	28.97	34.13
Other Assets	24.05	32.82	23.13	22.23	23.70
Total CA & LA	**408.48**	**421.26**	**450.21**	**468.72**	**512.44**
Current liabilities	305.23	309.94	292.47	297.86	293.96
Provisions	7.18	2.03	0.31	0.31	0.31
Total Current Liabilities	**312.41**	**311.97**	**292.78**	**298.17**	**294.27**
Net Current Assets	96.07	109.30	157.43	170.55	218.17
Net Deferred Tax (net of liability)	-16.51	-18.49	-16.33	-16.93	-17.71
Other Assets (Net of liabilities)	27.03	26.39	8.65	9.44	9.13
Total Assets	**476.74**	**526.49**	**589.86**	**651.00**	**706.76**

Cash Flow Statement

Figures in Rs crs

	FY17	FY18e	FY19e
Net Income **(a)**	69.52	87.76	105.94
Non cash exp. & others (b)	**48.79**	**53.23**	**61.03**
Depreciation	52.69	57.73	66.28
Profit / loss on sale of assets	-1.20	-	-
Others	-2.70	-4.49	-5.25
(Increase) / decrease in NWC (c)	**22.40**	**4.79**	**-29.51**
Inventory	-4.71	11.63	-15.47
Change in assets (net of liabilities)	27.10	-13.62	-14.05
Operating cash flow (a+b+c)	**140.71**	**145.79**	**137.45**
Proceeds on sale of assets	1.87	-	-
Purchase of fixed assets	-91.18	-102.23	-78.55
Investments	-	-	-
Others	5.50	10.12	7.96
Investing cash flow (d)	**-83.81**	**-92.11**	**-70.60**
Net borrowings	-43.55	-26.55	-46.81
Dividends paid	-2.15	-13.22	-15.11
Financing cash flow (e)	**-45.70**	**-39.78**	**-61.93**
Net change (a+b+c+d+e)	11.20	13.90	4.93

Key Financial Ratios

	FY15	FY16	FY17	FY18e	FY19e
Growth Ratios					
Revenue (%)	5.8	2.8	6.4	12.8	11.7
EBIDTA (%)	13.4	-2.0	17.7	21.2	17.4
Net Profit (%)	9.8	-3.9	3.4	31.0	21.0
EPS (%)	9.9	-3.9	3.4	31.0	21.0
Margins					
Operating Profit Margin (%)	12.1	11.4	12.3	13.3	14.0
Gross Profit Margin (%)	10.8	10.3	11.8	13.2	14.0
Net Profit Margin (%)	5.8	5.4	5.4	6.1	6.6
Return					
ROCE (%)	16.6	14.1	13.3	15.0	16.6
ROE (%)	20.6	16.9	15.3	17.4	18.1
Valuations					
Market Cap / Sales	0.7	0.6	0.8	1.2	1.1
EV/EBIDTA	7.2	6.0	6.5	8.9	7.6
P/E	13.1	10.8	14.9	19.9	16.5
P/BV	2.5	1.7	2.1	3.2	2.8
Other Ratios					
Interest Coverage	5.9	5.3	7.3	13.0	17.0
Debt-Equity Ratio	0.5	0.4	0.3	0.2	0.1
Current Ratio	1.3	1.4	1.5	1.5	1.6
Turnover Ratios					
Fixed Asset Turnover	4.3	3.6	3.4	3.5	3.6
Total Asset Turnover	2.8	2.5	2.4	2.4	2.5
Debtors Turnover	8.0	8.1	7.8	7.8	7.8
Inventory Turnover	4.7	4.7	4.9	5.5	6.1
Creditors Turnover	6.3	5.8	5.6	5.8	6.1
WC Ratios					
Debtor Days	45.5	45.3	46.7	46.9	46.8
Inventory Days	77.6	78.4	74.7	66.0	60.0
Creditor Days	58.4	63.2	65.0	63.4	59.5
Cash Conversion Cycle	64.7	60.4	56.4	49.5	47.3
Cash Flows (Rs crs)					
Operating Cash Flow			140.7	145.8	137.4
FCFF			67.7	61.0	73.5
FCFE			13.3	27.1	20.0

Cumulative Financial Data

Figures in Rs crs	FY11-13	FY14-16	FY17-19e
Income from operations	2584	3487	4346
Transmission revenues	1718	2389	3143
Metal forming revenues	461	531	734
Transmission to total (%)	67	69	72
Transmission EBIT	163	221	324
Transmission EBIT margin (%)	9.5	9.3	10.3
Operating profit	280	406	576
EBIT	201	295	428
PBT	145	241	392
PAT	121	189	255
Dividends	26	36	45
OPM (%)	10.8	11.6	13.3
NPM (%)	4.7	5.6	6.0
Interest coverage	3.6	5.5	11.7
ROE (%)	20.1	19.6	16.7
ROCE (%)	16.4	15.7	14.8
Debt-equity ratio*	0.7	0.4	0.1
Fixed asset turnover	4.7	4.0	3.6
Total asset turnover	2.9	2.7	2.4
Debtors turnover	8.5	8.4	7.8
Inventory turnover	4.8	4.8	5.4
Creditors turnover	7.2	6.7	6.0
Debtors days	43.0	43.4	46.7
Inventory days	75.8	75.3	67.4
Creditor days	51.0	54.4	60.7
Cash conversion cycle	67.8	64.4	53.5
Dividend payout ratio (%)	21.1	18.2	17.9

FY11-13 implies two years ending fiscal 13; *as on terminal year;

Scantier expansion of metal forming business in FY14-16 pummeled its consolidated revenue share to 15.2% in FY14-16 period from 17.9% in the preceding three year period (see table), while that of transmission business zoomed 200 bps to 68.5%; though transmission business EBIT margin slightly shrank – 9.3% Vs 9.5% in FY11-13 period (see table). Despite talk of improving demand for automobiles in general, particularly for passenger cars, LGB's transmission revenues would rise by a displeasing 31.6% in FY17-19 period (see table), way off from 39% in FY14-16 period, yet with a high revenue share at 72.3%. Sparked by expanding margins of rather subdued metal forming business, overall OPMs would rise to 13.3% in FY17-19 e period from 11.6% in the previous three year period.

Late recovery of earnings in current fiscal after dreadful impact of demonetization savaged Indian automobile industry in FY17, would barely help support vociferous return on capital expansion.- ROE estimated to decline to 16.7% in FY17-19 period from 19.6%. Faster repayment of long term capital would stymie financial leverage. Increased sales would buoy outstanding debtors – debtors days to rise to 46.7 from 43.4 in FY14-16 period and 43.0 in FY11-13 period.

Financial Summary – US dollar denominated

million $	FY15	FY16	FY17	FY18e	FY19e
Equity capital	2.5	2.4	2.4	2.4	2.4
Shareholders funds	55.8	60.3	70.0	81.9	95.3
Total debt	28.3	26.8	20.7	16.6	9.4
Net fixed assets (incl CWIP)	53.8	56.5	62.7	70.0	71.3
Investments	2.8	2.8	3.0	3.1	3.2
Net current assets	15.3	16.5	22.2	24.0	31.0
Total assets	73.7	76.9	86.8	95.9	104.2
Revenues	191.8	184.1	191.2	223.1	249.2
EBITDA	23.6	21.6	24.8	31.1	36.5
EBDT	20.7	18.9	22.5	29.4	35.0
PBT	14.3	11.9	14.7	20.5	24.8
Profit after MI & associate profit	10.8	9.7	9.8	13.2	16.0
EPS($)	0.69	0.62	0.62	0.84	1.0
Book value ($)	3.6	3.8	4.5	5.2	6.1
Operating cash flow			21.7	22.5	21.2
Investing cash flow			-12.9	-14.2	-10.9
Financing cash flow			-7.0	-6.1	-9.5

income statement figures translated at average rates; balance sheet and cash flow at year end rates; projections at current rates (Rs 64.85/$). All dollar denominated figures are adjusted for extraordinary items.

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buy: >20%	accumulate: >10% to ≤20%	hold: ≥-10% to ≤10%	reduce: ≥-20% to <-10%	sell: <-20%

Exchange Rates Used- Indicative

Rs/$	FY14	FY15	FY16	FY17
Average	60.5	61.15	65.46	67.09
Year end	60.1	62.59	66.33	64.84

All $ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.