

# Nucleus Software Exports

## Buy

# DART

DOLAT ANALYSIS & RESEARCH THEMES  
IN-DEPTH • PRECISE • ACTIONABLE

### Management remains hopeful on FI spends on 'purchasing for survival'

Due to COVID-19 spread, Nucleus expects there is potential that some of its clients can come under immense difficulties – pressure of defaults and cash-flow disturbances due to rescheduling (moratorium-led). This coupled with pressure of lower demand for retail loans due to job losses, salary cuts and the general sentiment. As a results financial institution mindset could change from **'purchasing for growth' to 'purchasing for survival'**. While there is an expectation of demand is expected to decline as per various industry experts in CY20, Nucleus **remains hopeful for potential opportunity given archaic systems** used by banking institutions (consequences of decades of investment as new waves of tech came and often went) which is very difficult to maintain, costly and risky. Increased pressures from Central authorities is mounting; for example, in Oct'19, UK published a report following series of **high profile disruptions** in financial services firms that the frequency of disruption and consumer harm because of it; is unacceptable. The **competition from Fintechs** that have built their tech from scratch could take a much customer-oriented, mobile-first, experience-driven approach will also force banks to continue to invest in technology. Overall confidence continues as **Nucleus software enables 200bn\$ of loan management; 26mn transactions processed** per day across 200 customers spread over 50 countries. In FY20, **added about 50 customers** for its FinnOne Neo Cloud.

### Product innovation continues; spends 7% of revenues in R&D

- **FinnOne Neo 4.0 and 4.5:** Launched new releases to offer Gold loans, Overdrafts, and packaged loan application - as a single application with multiple products. The new product has a comprehensive pack of 265 APIs designed to deliver a seamless digital lending experience.
- **Geo tracking application for microfinance:** Launched mFin offers, a specialized solution for microfinance loan application processing.
- **FinnAxia 7.0:** The FinnAxia latest release comes with sophisticated virtual account management (VAM) solution-designed to enable banks to open virtual accounts for corporate customers.

### Order book gives comfort on sustained traction in near term

Order book stood at Rs 4.4bn, implies 18% growth YoY (flat QoQ). In FY20, company won 32 new product order, adding 22 new logos. It also completed 65 product module implementation in FY20. Order book is encouraging but management unsure about timely ramp-up of the order as initially. However, we think on annualized basis it should get normalized.

### Dart View

Despite the clear commentary by banks/IT peers towards investments in digital channel, it can be seen that **the business may take a temporary hit on revenues given slower decision making in the short-term** on new sales and delayed ramp-up in implementations. However, from a medium term perspective we continue to remain positive on its prospects given its superior product offering, tailwinds in cloud-based offerings, healthy order book and strong cross-sell opportunity. **Profitability is likely to remain resilient as company** has taken several cost measures such as compensation cut by Sr mgmt. team, no wage hikes and savings on travel/operational front and maintain our Buy rating with DCF based TP of Rs 390 per share (implies 1x on EV/Sales and 6x on EV/EBIT on FY22E).

CMP	Rs 287
Target / Upside	Rs 390 / 36%
BSE Sensex	37,946
NSE Nifty	11,162

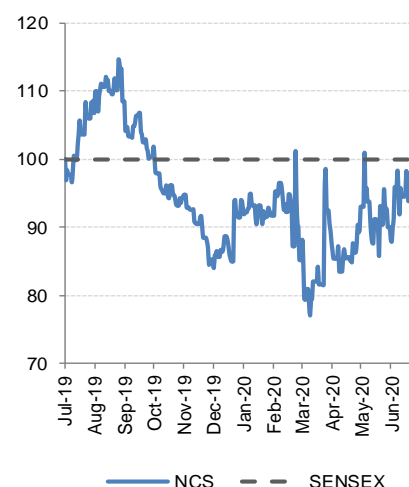
### Scrip Details

Equity / FV	Rs 290mn / Rs 10
Market Cap	Rs 8bn
	US\$ 112mn
52-week High/Low	Rs 348/Rs 156
Avg. Volume (no)	113,718
NSE Symbol	NUCLEUS
Bloomberg Code	NCS IN

### Shareholding Pattern Mar'20(%)

Promoters	67.6
MF/Banks/FIs	1.9
FIIIs	7.7
Public / Others	22.8

### Nucleus Software Relative to Sensex



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**DOLAT CAPITAL**

### Highlights from Managing Director's view on Market Trends:

- **Neo banks and fintech companies** has turbo charged the change unencumbered by legacy technologies, the new entrants have rapidly gained market share. In the UK alone, Accenture's Digital Banking Tracker shows that the **neobanks added more than 6 million customers** in the second half of 2019, **ending the year with 19.6 million customers**.
- In 2019, AT Kearney predicted the **demise of one in ten European banks over the next five years**, as millions of people move to more agile digital challengers. Their research showed that **up to 85 million Europeans will be customers** of these banking models by 2023.
- Gartner has reported that by 2030, **80% of heritage financial firms will go out of business**, become commoditized or exist only formally. While the financial services industry has been powered by 1s and 0s for decades, and it has been leveraging IT to work since the dawn of the IT industry, it is now much more digital.

### CEO's key highlights:

- During the year, **Nucleus recorded more than 30 product orders** and reached a significant milestone by gaining 50th cloud customer, bringing the number of financial institutions company serve to over 200.
- **Product Portfolio:** CEO highlighted that more than **300,00 users from 200 financial institutions across 50 countries** log into Nucleus solutions to provide services for millions of consumers. Customers include the financial services landscape – from banks to non-bank financial companies, from single site to multi-country implementations and from gigantic, global brands to focused, niche players.
- Nucleus added new capabilities in FinnOne Neo including: a comprehensive pack of 265 APIs designed to deliver a seamless digital lending experience, a centralized API management portal API Centre and an enriched extension layer; support for email based underwriter approvals, back dated closures, transfer of loans across branches, products and schemes, and enhanced automation capabilities through sophisticated STP.
- FinnOne Neo now includes capabilities such as Split loans, HEM computation and KYC with Green ID, which have been designed specifically for Australia. Company also added Gold Loans as a new line of business and launched Geo Tracker, a web based location tracking solution to help lenders make data driven decision.
- During the year, Nucleus made great progress with PaySe – the world's first secure online and online digital cash solution. **Which managed 200bn value loan, 26mn transactions**.

## Product launches and Releases

- **FinnOne Neo 4.0 and 4.5:** FinnOne Neo new releases now offers Gold loans, Overdrafts, and packaged loan application - as a single application with multiple products. Latest version offers a robust API pack that can be consumed by various third-party channel and infused AI/ML capabilities for advanced data insights such as Neural networks & text analytics and rich full-fledged suite for credit risk management such as hosting external scorecards, early warning signals, expected credit losses etc. Now, new product has a comprehensive pack of 265 APIs designed to deliver a seamless digital lending experience, with enriched extension layer; support for email based underwriter approvals, back dated closures, transfer of loans across branches, products and schemes, and enhanced automation capabilities through sophisticated STP. Other new capabilities are Split loans, HEM computation and KYC with Green ID, which have been designed specifically for Australia. In FY20, Nucleus added voice assisted loan servicing via Google Home and Chatbots along with a new service channel WhatsApp in FinnOne Neo. It has also introduced an intelligent process controller matrix for loan operations to boost efficiency for bulk processing while raising the security and performance benchmarks to new heights.
- **Geo tracking application for microfinance:** mFin offers specialized solution for microfinance loan application processing. The app provides on the go capabilities to acquire microfinance customers for Joint Liability Groups as well as Self Help Group. During the year, geo tracking application was launched that empowered sales team/collection team in efficient data capture, planning customer visits, and field collection. Similar solution is also launched for mobile collection channel – mCollect.
- **FinnAxia 7.0:** The FinnAxia latest release comes with sophisticated virtual account management (VAM) solution-designed to enable banks to open virtual accounts for corporate customers. The solution results in reduction in the number of physical accounts and helps streamline the corporate accounts receivable process, ensuring faster payee identification, error-free reconciliation, reduced days' sales outstanding (DSO) and improved working capital management. Nucleus has introduced a revolutionary real-time AI-enabled anomaly detection solution, which enables financial institutions to detect fraudulent and duplicate transactions early. In addition to supporting instant payments, FinnAxia is now also SWIFT gpi-enabled allowing businesses to track the status of their transactions in real-time. As corporates also become increasingly dependent on their supply chains, FinnAxia introduced a range of supply chain finance instruments such as dynamic discounting to ensure a disruption-free and a more collaborative ecosystem.

## Awards and Recognition

- Recognized as no.1 leader in Lending Solution category in Indian Domestic Sales League Table 2019 by IBS.
- Won Best Lending Implementation award for its project at Roha Housing Finance by IBS FinTech innovation award.
- Nucleus's client, RattanIndia Finance won the Celent Model Bank award 2020.

**Exhibit 1: Key Changes during the year**

**Key Management** NA

**Directors** Parag Bhise (EVP in Build Area) was appointed as additional Director w.e.f 16 March, 2020

**Auditors** No Change. BSR & Associates, LLP, Chartered Accountants continues to be the Auditors of the company.

**Credit Ratings** The Company does not carry any debt and is not required to obtain a credit rating.

**Pledged Shares** No Change

Source: Company, DART

**Exhibit 2: Key Remuneration (INR Mn)**

Name	Designation	FY20	FY19	YoY change (%)	As a % of Net Income (%)
Vishnu Dusad	MD	6.0	6.2	(3)	0.7
Ravi Pratap Singh	CEO (Ex Director)	28.9	25.9	12	3.2
Parag Bhise	Exe Director	0.6	NA	NA	0.1
Poonam Bhasin	CS	4.4	3.7	19	0.5
Ashish Nanda	CFO	15.0	13.0	15	1.7
Prithvi Haldia	Independent Directors	3.0	2.3	31	0.3
SM Acharya	Independent Directors	2.9	2.1	36	0.3
Elaine Mathias	Independent Directors	3.0	2.2	35	0.3
Prof. Trilochan Sastry	Independent Directors	3.0	2.1	44	0.3
Ritika Dusad	Independent Director	2.3	1.4	64	0.3

Source: DART, Company

No ESOP were issued during the year. KMP ratio of remuneration to MRE is in the range of 8.8x to 42.2x.

**Exhibit 3: Shareholder Pattern**

Category of Shareholder (%)	FY2019	FY2020
<b>Promoters</b>	67.6	67.6
i) Foreign	1.7	1.8
<b>Public Shareholding</b>	<b>30.7</b>	<b>30.6</b>
i) Mutual Funds	1.3	1.4
ii) Banks/Financial Institutions	0.6	0.7
iii) Bodies Corporate/NBFC/Registered with RBI/IEPF	2.2	2.3
iv) Individuals/Clearing Members/Trusts/Directors or Directors relative	18.9	19.4
v) FIs	7.6	6.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: DART, Company

## Related Party Transaction

- No inter-group loans.
- One of the non-executive director is daughter of MD. She has been paid Rs2.3mn.

### Exhibit 4: Related Party Transaction

Remuneration Payable to Non Executive Directors	Amount (INR mn)
Ms Ritika Dusad (Relative to KMP)	
Commission	2.1
Sitting Fees	0.2
<b>Total</b>	<b>2.3</b>

Source: DART, Company

## Financial Analysis

### Profit & Loss

- **Nucleus reported 7.6% YoY revenue** growth due to slower conversion of order wins into revenues as well as some delay in implementations due to slower decision making in general.
- **Geographic Growth:** Australia (5.3% of rev) grew 191% YoY in USD terms. Europe/UK (7.3% of rev) de-grew 24.9% YoY, India (34.7% of rev) grew 21.2% YoY, Far East (10.3% of rev) de-grew 15.1%, South East Asia (20% of rev) de-grew 7.7% YoY, Middle East Africa (14.9% of rev) grew 1.8% YoY. Africa (3.3% of rev) de-grew 20.2% and ROW (4.3% of Rev) grew 1609.9% in USD terms.
- **Vertical Growth:** Total product Revenue (in INR terms) grew at 7.9% YoY (80% of revenue) which constitute own products grew at 8.1% YoY (79% of Rev) while Trading product de-grew at 20.3% YoY (0.5% of Rev). Project and Professional grew 5.7% YoY (20% of Rev).
- **EBITDA / Total Employee** increased to 500bps YoY to 44% and **EBIT/ Total Employees** increased to 300bps YoY to 37%. **EBITDA / Technical employee** increased 600bps YoY to 49% while **EBIT/Technical Employee** increased 400 bps YoY to 42%.
- **EBIT Margin** improved by 110bps to 15.3% YoY on account of control in costs.
- **Net profit** increased by 19.2% YoY. Net Profit margin improved by 170bps YoY to 17.1%. **EPS** grew 19.2% YoY to INR 30.6 per share.

### Balance Sheet

- Cash (inc. of Non-current investment) stands at INR 5bn and Cash per share including non-current investments stands at 193.9 v/s 175 (FY19) and increase of 11% YoY.
- Cash (including non-current investments) to Market cap stands at 68% v/s 52% (FY19).
- **Billed DSO** increased at 63 days' v/s 54 days (FY19) trade receivables stand at INR 902mn v/s INR 711mn (FY19) an increase of 27% YoY.
- **Payable days** also increased by 3 days to 17 days.
- Investments largely remained in the MFs that collectively stood at Rs 4205mn (LY Rs 3588mn), followed by preference shares Rs 505mn (LY Rs 569mn) and Cash balances at Rs 883mn (LY Rs 829mn).

- Net worth stood at Rs5609mn, accreting about Rs523mn during the year (paid about Rs 292mn in Dividend including taxes).

### Cash Flow

- Cash flow generation remains strong in FY20 as well, with Net Income growth of 19% and negative working capital cycle of about 53 days resulting in negative WC change of about Rs65mn for the year.
- FCF generation was also strong at Rs624mn given modest Capex of Rs124mn during the year. FCF/Ni stood at 84% (LY 85%). Some increase in debtors were observed (increased in DSO by 9 days) however, same was offset by higher advances received from customers.
- Cash position remained healthy and saw increase of Rs699mn in total cash equivalents during the year. The gains were led by strong NI growth, negative WC, modest Capex and similar dividend pay-outs (For FY19; For FY20 no dividend announced which will add further cash in FY21).

### Exhibit 5: Changes in Cash Flow and key balance sheet items

Particulars (INR mn)	FY20	FY19	Change Abs
<b>Cashflow Data</b>			
OCF	747	561	186
FCF	624	477	147
Net Income	890	747	143
			<b>Change bps</b>
OCF/Net Income	84	75	883
FCF/Net Income	70	64	626
FCF/OCF	84	85	(149)
<b>Working Capital</b>			
	<b>FY20</b>	<b>FY19</b>	<b>Change Days</b>
WC Days	-53	-51	2
Debtor days	63	54	9
Payable days	17	14	3
Other current liabilities*	186	177	9
* includes advances from clients and deferred revenues			
<b>Fixed Assets</b>			
	<b>FY20</b>	<b>FY19</b>	<b>Change Abs</b>
Capex	124	84	40
Goodwill	0	7	(7)
Intangibles	23	18	5
Acquisition	0	0	0
<b>Networth Accretion</b>			
	5609	5086	523

Source: DART, Company



**Exhibit 6: Breakup of Cash and Equivalents**

Breakup of cash in assets (INR mn)	FY20	FY19	Change Abs
<b>Cash &amp; Cash Equivalents</b>	5773	5074	699
<b>1) Non Current Investments</b>	2309	2483	-174
Equity Shares - Ujjivan	37	87	
Preference Shares (quoted)	150	301	
Preference Shares (unquoted)	210	269	
Investments in bonds (quoted)	871	874	
Investments in MF (quoted)	408	641	
Investments in MF (unquoted)	633	313	
<b>2) Current Investments</b>	2438	1761	678
Investments in MF (unquoted)	2015	1761	
FMP (quoted)	279	0	
Preference Shares (quoted)	89	0	
Preference Shares (unquoted)	56	0	
<b>3) Cash balances</b>	568	445	123
<b>4) Other bank balances</b>	316	384	-69
<b>5) Investment Property</b>	142	0	142

Source: Company, DART

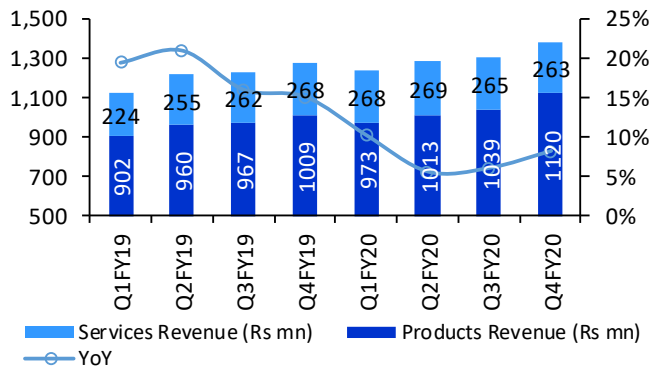
**Exhibit 7: Quarterly and YTD performance trend**

Rs mn	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY19	FY20	YoY (%)
<b>Revenues(US\$ mn)</b>	18.2	17.8	18.3	18.4	19.4	6.6	5.4	70.0	73.9	5.6
<b>Revenue</b>	1,270.0	1,240.5	1,282.2	1,303.3	1,382.3	8.8	6.1	4,840.3	5,208.3	7.6
<b>Operating Expenditure</b>	1,069.2	1,058.3	1,073.7	1,066.9	1,067.4	-0.2	0.0	4,047.9	4,266.3	5.4
Cost of revenues	833.2	823.2	806.2	821.8	771.6	-7.4	-6.1	3,135.3	3,222.8	2.8
as % of sales	65.6	66.4	62.9	63.1	55.8			64.8	61.9	
SG&A expenses	236.0	235.1	267.5	245.1	295.8	25.3	20.7	912.6	1,043.5	14.3
as % of sales	18.6	19.0	20.9	18.8	21.4			18.9	20.0	
<b>EBITDA</b>	200.8	182.2	208.5	236.4	314.9	56.8	33.2	792.4	942.0	18.9
Depreciation	18.5	30.2	32.0	38.9	34.1			36.7	62.2	
<b>EBIT</b>	182.3	152.0	176.5	197.5	280.8	54.0	42.2	693.1	806.8	16.4
Other Income	63.1	62.2	111.0	87.6	100.3			270.9	361.1	
<b>PBT</b>	245.4	214.2	287.5	285.1	381.1	55.3	33.7	964.0	1,167.9	21.2
Total Tax	73.4	48.5	76.6	53.1	99.7			217.4	277.9	
<b>Reported PAT</b>	172.0	165.7	210.9	232.0	281.4	63.6	21.3	746.6	890.0	19.2
<b>Reported EPS</b>	5.9	5.7	7.3	8.0	9.7	63.6	21.3	25.7	30.6	19.2
<b>Margins (%)</b>						(bps)	(bps)			
EBIDTA	15.8	14.7	16.3	18.1	22.8	697	464	16.4	18.1	172
EBIT	14.4	12.3	13.8	15.2	20.3	596	516	14.3	15.5	117
EBT	19.3	17.3	22.4	21.9	27.6	825	569	19.9	22.4	251
PAT	13.5	13.4	16.4	17.8	20.4	681	256	15.4	17.1	166
Effective Tax rate	29.9	22.6	26.6	18.6	26.2	(375)	754	22.6	23.8	124

Source: DART, Company

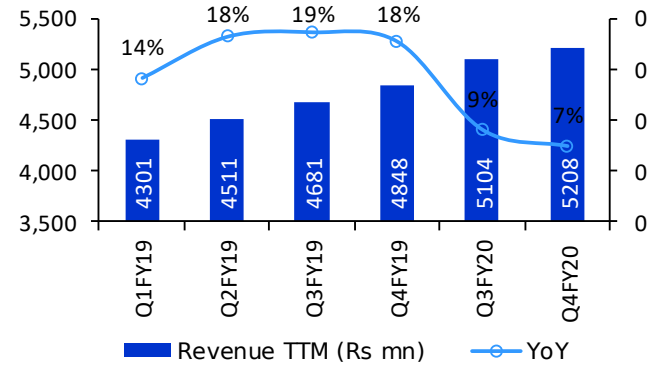
## Charting the story

**Exhibit 8: Growth is driven by Product Revenue**



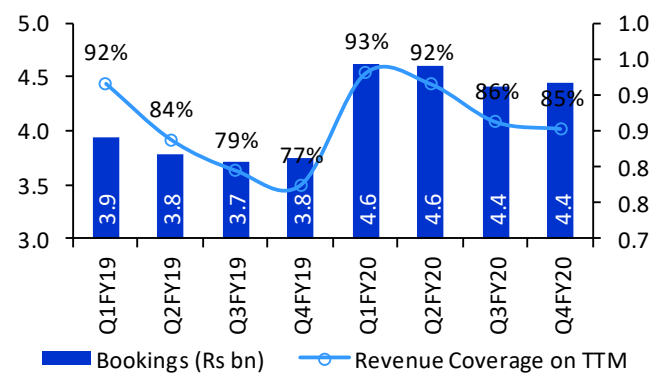
Source: DART, Company

**Exhibit 9: TTM Revenue Growth has slowdown....**



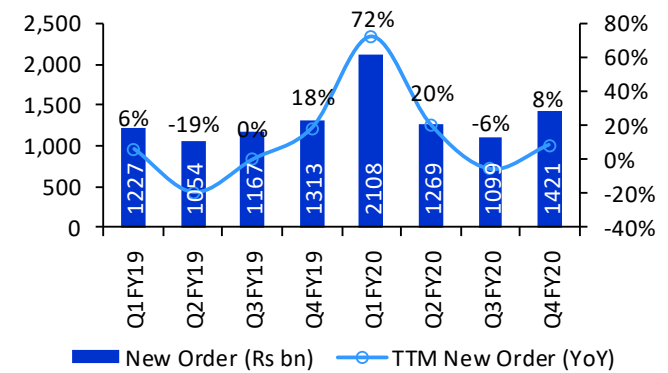
Source: DART, Company

**Exhibit 10: ...as Order Book Coverage has declined**



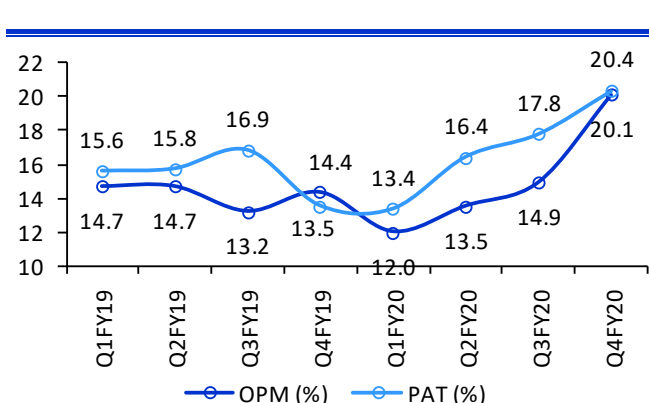
Source: DART, Company

**Exhibit 11: New Order intake has improved**



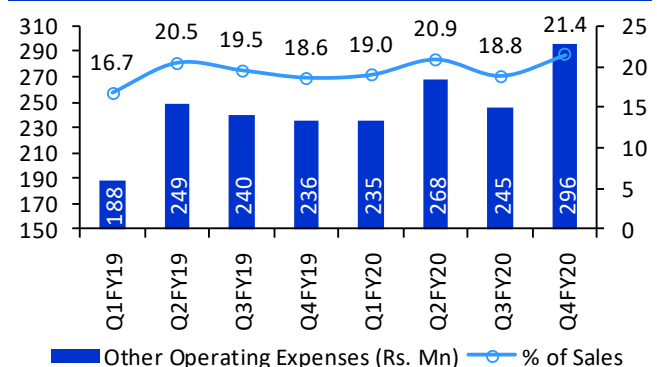
Source: DART, Company

**Exhibit 12: OPM and PAT improving steadily...**



Source: DART, Company

**Exhibit 13: SG&A leverage to control cost going-forward**



Source: DART, Company



**Exhibit 14: Operating Metrics**

Operating Metrics	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
<b>\$ Revenues</b>	1,110	1,126	1,215	1,229	1,278	1,241	1,282	1,303	1,382
QoQ	4.7	1.4	7.9	1.2	3.9	(2.9)	3.4	1.6	6.1
YoY	18.5	19.4	20.9	16.0	15.1	10.2	5.5	6.0	8.2
<b>LTM Revenues rolling</b>	4,118	4,301	4,511	4,681	4,848	4,963	5,030	5,104	5,208
YoY growth	11	14	18	19	18	15	11	9	7
<b>Orders (\$mn)</b>									
Product Business	3432	3436	3310	3320	3280	4058	4166	4057	4055
Services Business	408	505	470	398	473	562	441	346	387
Total	3840	3941	3780	3718	3753	4620	4607	4403	4442
<b>Orders (YoY)</b>									
Product Business	20.4	13.0	(3.2)	(2.1)	(4.4)	18.1	25.9	22.2	23.6
Services Business	13.3	30.8	51.6	(11.6)	15.9	11.3	(6.2)	(13.1)	(18.2)
<b>Revenue segments (\$mn)</b>									
Products	889	902	960	967	1,009	973	1,013	1,039	1,120
<u>Own</u>	880	893	952	961	1,002	965	1,005	1,032	1,117
<u>Trading</u>	9	9	7	6	8	6	8	8	3
SERVICES	221	224	255	262	268	268	269	265	263
<b>Revenue segments (YoY)</b>									
Products	23.4	23.2	21.7	13.8	13.5	7.8	5.5	7.4	10.9
<u>Own</u>	23.9	23.3	21.9	14.1	13.8	8.1	5.5	7.4	11.5
<u>Trading</u>	(12.2)	15.1	(4.5)	(21.6)	(13.7)	(31.1)	5.5	27.2	(63.9)
SERVICES	2.3	6.1	18.2	24.9	21.4	19.6	5.5	1.0	(2.1)
<b>Geography segments (\$mn)</b>									
India	352	368	379	341	402	347	429	459	570
Far east	160	146	160	161	165	143	122	145	126
South east asia	277	276	280	296	277	295	265	248	234
Europe /U.K.	111	114	119	137	134	138	101	75	65
Middle east	150	165	192	214	192	210	186	180	201
Africa	29	27	55	53	81	54	41	36	40
Australia	28	26	24	25	19	37	67	88	81
Rest of the world	4	5	4	2	2	15	72	72	65
<b>Geography segments (YoY)</b>									
India	26.9	37.0	20.8	2.6	14.1	(5.6)	13.2	34.7	41.9
Far east	7.1	(1.2)	3.6	0.7	3.1	(2.1)	(24.1)	(9.6)	(23.2)
South east asia	51.5	33.0	43.5	34.9	0.0	7.0	(5.7)	(16.1)	(15.6)
Europe /U.K.	(5.1)	2.9	17.1	54.6	20.3	20.7	(15.4)	(45.2)	(51.7)
Middle east	10.7	17.1	23.8	22.0	28.2	27.6	(3.4)	(16.2)	4.9
Africa	(6.3)	27.1	152.1	38.5	174.5	104.9	(26.1)	(31.7)	(49.9)
Australia	24.2	(1.6)	(9.4)	(4.1)	(32.5)	44.0	178.1	249.0	333.2
Rest of the world	(80.8)	(77.1)	(89.0)	(88.5)	(45.2)	223.4	1,792.1	3,013.0	2,739.1
<b>Total Employees</b>	1,851	1,971	2,082	2,072	2,054	2,058	2,128	2,125	2,137
Net Addition	4	120	111	(10)	(18)	4	70	(3)	12

Source: DART, Company

### Profit and Loss Account

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Revenue</b>	<b>4,840</b>	<b>5,208</b>	<b>5,172</b>	<b>5,699</b>
<b>Total Expense</b>	<b>4,048</b>	<b>4,266</b>	<b>4,302</b>	<b>4,689</b>
COGS	3,135	3,223	3,311	3,625
Employees Cost	0	0	0	0
Other expenses	913	1,044	990	1,064
<b>EBIDTA</b>	<b>792</b>	<b>942</b>	<b>870</b>	<b>1,010</b>
Depreciation	99	135	147	160
<b>EBIT</b>	<b>693</b>	<b>807</b>	<b>723</b>	<b>851</b>
Interest	4	11	0	0
Other Income	275	372	354	379
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>964</b>	<b>1,168</b>	<b>1,077</b>	<b>1,230</b>
Tax	217	278	271	310
RPAT	747	890	806	920
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>747</b>	<b>890</b>	<b>806</b>	<b>920</b>

### Balance Sheet

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
<b>Sources of Funds</b>				
Equity Capital	290	290	290	290
Minority Interest	0	0	0	0
Reserves & Surplus	4,795	5,318	5,774	6,343
<b>Net Worth</b>	<b>5,086</b>	<b>5,609</b>	<b>6,064</b>	<b>6,634</b>
Total Debt	0	0	0	0
Net Deferred Tax Liability	1	1	1	1
<b>Total Capital Employed</b>	<b>5,086</b>	<b>5,610</b>	<b>6,065</b>	<b>6,635</b>

### Applications of Funds

Net Block	465	428	381	331
CWIP	0	0	0	0
Investments	0	0	0	0
<b>Current Assets, Loans &amp; Advances</b>	<b>6,388</b>	<b>7,206</b>	<b>7,708</b>	<b>8,363</b>
Inventories	0	0	0	0
Receivables	711	902	992	1,124
Cash and Bank Balances	5,074	5,773	6,163	6,656
Loans and Advances	314	302	306	311
Other Current Assets	289	229	247	272
<b>Less: Current Liabilities &amp; Provisions</b>	<b>1,767</b>	<b>2,024</b>	<b>2,024</b>	<b>2,060</b>
Payables	123	150	127	139
Other Current Liabilities	1,645	1,874	1,897	1,921
<i>sub total</i>				
Net Current Assets	4,621	5,181	5,684	6,303
<b>Total Assets</b>	<b>5,086</b>	<b>5,610</b>	<b>6,065</b>	<b>6,634</b>

E – Estimates

### Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
<b>(A) Margins (%)</b>				
Gross Profit Margin	35.2	38.1	36.0	36.4
EBIDTA Margin	16.4	18.1	16.8	17.7
EBIT Margin	14.3	15.5	14.0	14.9
Tax rate	22.6	23.8	25.2	25.2
Net Profit Margin	15.4	17.1	15.6	16.1
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	64.8	61.9	64.0	63.6
Employee	0.0	0.0	0.0	0.0
Other	18.9	20.0	19.1	18.7
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	177.7	72.0	0	0
Inventory days	0	0	0	0
Debtors days	54	63	70	72
Average Cost of Debt	0	0	0	0
Payable days	9	11	9	9
Working Capital days	348	363	401	404
FA T/O	10.4	12.2	13.6	17.2
<b>(D) Measures of Investment</b>				
AEPS (Rs)	25.7	30.6	27.7	31.7
CEPS (Rs)	29.1	35.3	32.8	37.2
DPS (Rs)	9.0	0.0	10.0	10.0
Dividend Payout (%)	35.0	0.0	36.1	31.6
BVPS (Rs)	175.1	193.1	208.8	228.4
RoANW (%)	15.4	16.6	13.8	14.5
RoACE (%)	15.4	16.9	13.8	14.5
RoAIC (%)	1696.7	(1072.9)	(554.0)	(1426.9)
<b>(E) Valuation Ratios</b>				
CMP (Rs)	287	287	287	287
P/E	11.2	9.4	10.3	9.1
Mcap (Rs Mn)	8,333	8,333	8,333	8,333
MCap/ Sales	1.7	1.6	1.6	1.5
EV	3,259	2,560	2,170	1,677
EV/Sales	0.7	0.5	0.4	0.3
EV/EBITDA	4.1	2.7	2.5	1.7
P/BV	1.6	1.5	1.4	1.3
Dividend Yield (%)	3.1	0.0	3.5	3.5
<b>(F) Growth Rate (%)</b>				
Revenue	17.5	7.6	(0.7)	10.2
EBITDA	35.1	18.9	(7.6)	16.1
EBIT	34.3	16.4	(10.4)	17.7
PBT	20.7	21.2	(7.8)	14.2
APAT	19.4	19.2	(9.5)	14.2
EPS	19.4	19.2	(9.5)	14.2

### Cash Flow

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
CFO	561	747	486	574
CFI	(284)	(291)	(220)	(260)
CFF	(255)	(334)	4	29
FCFF	477	624	386	464
Opening Cash	423	445	568	838
Closing Cash	445	568	838	1,181

E – Estimates



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