

CMP : Rs.164

Reco : BUY

Target : Rs.196

STOCK INFO

| | |
|-------------------------|-------------|
| BSE | 532400 |
| NSE | KPIT |
| Bloomberg | KPIT IN |
| Reuters | KPIT.BO |
| Sector | IT-Software |
| Face Value (Rs) | 2 |
| Equity Capital (Rs Mn) | 157 |
| Mkt Cap (Rs Mn) - Full | 16,250 |
| 52w H/L (Rs) | 14540 |
| Avg Daily Vol (BSE+NSE) | 189,746 |

SHAREHOLDING PATTERN

| | % |
|------------------------|-------|
| (as on 30th Sep. 2011) | |
| Institutions | 38.89 |
| Others, Incl Public | 34.39 |
| Promoters | 26.72 |

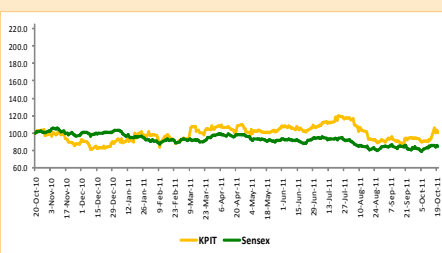
Source: BSE

STOCK PERFORMANCE (%) 1m 3m 12m

| | | | |
|------------|---|-----|-----|
| KPIT | 8 | -15 | 1 |
| BSE SENSEX | 4 | -8 | -15 |

Source: Capitaline, IndiaNivesh Research

KPIT CUMMINS v/s BSE SENSEX



Source: Capitaline, IndiaNivesh Research

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KPIT Cummins Infosystems Ltd (KPIT) reported week quarterly numbers, much below our and consensus estimates. However, net income was above our estimates (up 51.3% QoQ), due to higher other income. The company's rupee revenue expanded only by 2.8% sequential, due to flat dollar revenue. Despite this, its EBITDA margin expanded to 13.6% in Q2FY12 VS 12.6% in Q1FY12. Additionally, its partnership with PACCAR to launch Technical Center in Pune looks positive in long run. However, continuous deferment of Revolo launch raises concern over its commercial launch before Q4FY12.

| Quarterly Performance: (Consolidated) | | | | | | |
|---------------------------------------|-------|----------|----------|----------|---------|---------|
| | Units | Q2 FY12E | Q1 FY12A | Q2 FY11A | Q-o-Q % | Y-o-Y % |
| Sales | Mn | 3,250 | 3,161 | 2,349 | 2.8 | 38.3 |
| Software Development Expens | Mn | 2,132 | 2,124 | 1,510 | 0.4 | 41.2 |
| Gross Profit/(Loss) | Mn | 1,118 | 1,037 | 840 | 7.8 | 33.2 |
| Selling and Marketing Expens | Mn | 256 | 259 | 193 | -1.3 | 32.5 |
| General and Admin Expenses | Mn | 419 | 381 | 282 | 9.9 | 48.3 |
| EBITDA | Mn | 444 | 397 | 364 | 11.7 | 21.8 |
| Interest | Mn | 13 | 10 | 3 | 24.8 | 318.6 |
| Depreciation | Mn | 116 | 94 | 84 | 22.4 | 38.2 |
| Profit After Dep. & Int. | Mn | 315 | 293 | 278 | 7.7 | 13.6 |
| Other Income | Mn | 110 | 22 | -6 | 390.1 | NM |
| Profit Before Tax | Mn | 425 | 315 | 272 | 35.0 | 56.5 |
| Tax | Mn | 88 | 71 | 34 | 23.7 | 156.9 |
| Profit After Tax | Mn | 338 | 244 | 237 | 38.3 | 42.1 |
| Minority Interest | Mn | 1 | 3 | - | -61.0 | 0.0 |
| Profit After Minority Interest | Mn | 336 | 241 | 237 | 39.5 | 41.6 |
| Exceptional Item | Mn | -28 | - | - | 0.0 | 0.0 |
| PAT | Mn | 365 | 241 | 237 | 51.3 | 53.6 |
| Adjusted PAT | Mn | 255 | 219 | 243 | 16.5 | 4.7 |
| EPS | Rs. | 4.5 | 3.0 | 2.9 | 49.4 | 54.8 |
| O/Shares | No | 81 | 80 | 82 | 1.3 | -0.7 |

| | Margin | Basis Points (BPS) | | | | |
|----------|--------|--------------------|------|------|-------|--------|
| EBITDA % | P% | 13.6 | 12.6 | 15.5 | 108.4 | -185.3 |
| PBT % | P% | 13.1 | 10.0 | 11.6 | 311.9 | 152.2 |
| PAT | P% | 11.2 | 7.6 | 10.1 | 359.7 | 111.5 |
| Tax % | P% | 20.6 | 22.5 | 12.6 | 867.6 | 941.6 |

Source: Company Filings; IndiaNivesh Research; Bloomberg

Revenue Performance: flat revenue from top clients; resulted in below expectation performance

- KPIT Cummins Infosystems Ltd (KPIT) reported Q2 FY12 revenue of Rs. 3.25 bn (\$70 mn; Up 0.4% QoQ), up 2.8% QoQ and 38.3% YoY, below our and consensus estimate of Rs.3.35 bn and 3.34 bn, respectively.
- However, during the quarter KPIT divested the diversified financial services (DFS) business, excluding that its dollar and rupee revenue grew by 4.6% QoQ (to \$70.16) and 7.1% QoQ (to Rs.3.24 bn).

Revenue Reconciliation

| | USD. Mn | | | Rs. Mn | | |
|---------------|---------|--------|-------|--------|--------|-------|
| | Q2FY12 | Q1FY12 | QoQ % | Q2FY12 | Q1FY12 | QoQ % |
| Total Revenue | 70.38 | 70.09 | 0.4 | 3250 | 3161 | 2.8 |
| DFS Revenue | 0.22 | 3.01 | -92.7 | 10 | 136 | -92.5 |
| Core Revenue | 70.16 | 67.08 | 4.6 | 3240 | 3025 | 7.1 |

Source: Company Filings; IndiaNivesh Research

- The revenue growth from Cummins was 12% QoQ, partially offset by flat revenue from other top clients.
- KPIT fixed price contract contribution declined (28% VS 32% in Q1 FY12) and

it contribution from onsite revenue increased (47% VS 44% in Q1 FY12) in current quarter. This further indicates that company is signing new deals, which are at initial level of project life-cycle.

Operating Performance: muted due to low revenue base

- EBITDA increased to Rs. 444 mn (Up 11.7% QoQ; Up 21.8% YoY) in Q2 FY12 as compared to Rs. 397 mn in Q1 FY12, significantly below our and street estimate of Rs. 477 mn and Rs.454 mn, respectively. The double-digit sequential growth in EBITDA was due to employee cost rationalization (*declined to 65.5% VS 67.2% as % of Rev*). However, EBITDA missed our estimates, primarily due to lower revenue base.
- EBITDA margin grew by 108 bps to 13.6% in Q2 FY12 against 12.6% in Q1 FY12 due to lower employee cost (as % of Rev) and 1.3% QoQ decline in the SG&A expenditures.

Net Profit: expanded due to significant increase in other income

- The company reported net profit of Rs. 365 mn (up 51.3% QoQ; Up 53.6% YoY) in Q2 FY12 against Rs. 241 mn in Q1 FY12, above our and street estimate of Rs. 318 mn and Rs. 307 mn, respectively. The significant increase in net profit was due to higher EBITDA, other income (Up 390% QoQ) and lower tax rate (*20.6% in Q2FY12 VS 22.5% in Q1FY12*).
- Excluding other income, adjusted net profit grew by 16.5% QoQ to Rs.255 mn against 219 mn in Q1 FY12, significantly below our and street estimates.
- Reported net margin expanded by 359.7 bps (11.2% in Q2 FY12 VS 7.6% in Q1 FY12) and adjusted net margin grew by 92 bps (7.8% in Q2 FY12 VS 6.9% in Q1 FY12).

Other Key Highlights

- Attrition moderated from 23% in last quarter to 20% in the current quarter.
- Net employee Addition in Q2FY12 was 160, but total employee base remained constant (*6055 VS 6054 in Q1 FY12*) due to the divesture of DFS business.
- Won 4 larger deals in the current quarter, all are ~\$100 mn (U.S = 3, Europe =1), these deals may witness ramp-up by Q4 FY12.
- The company is likely to deploy ~200 employees for PACCAR, which will contribute to the revenue from FY13 onwards.
- Revolo launch is again deferred, management has mentioned the launch date in December, but we believe the commercial launch will be done only in FY13. As there are lots of regulatory hurdles, which need to be taken care of before the launch.

Outlook & Valuations: Remain invested; business fundamentals remain strong

At CMP of Rs. 164/share the stock is trading at 12.6x and 9.8x its FY12e and FY13e EPS estimate, which looks attractive after factoring FY13 numbers. We maintain BUY rating with target price of Rs. 196/share, giving upside potential of 16% from current level. We like the recent multi-million multi-year deal wins. Additionally, management commentary does not indicate any slow down across geography and verticals. Further, partnership with PACCAR is long-term positive for the company revenue growth. The integration of SYSTIME (additionally 50% stake) is likely to start by 2H FY12 (*contributed Rs.28 million to the bottom line in Q2FY12*), will boost bottom-line going-forward. However, we believe the launch of REVULO might take more than expected time due the regulatory and product specific hurdles. We do not see any problem in the core business, all future guidance (*PAT Rs. 1150-1200 million*) remains on the track.

Business Metrics

Table - Revenue Analysis As Per SBU Mix

| | Q1 FY11 | Q2 FY11 | Q3 FY11 | Q4 FY11 | Q1 FY12 | Q2 FY12e |
|--------------------------------------|--------------|--------------|--------------|-------------|-------------|--------------|
| LOB/SBU Mix (as % of Revenue) | | | | | | |
| Integrated Enterprise Solutions | 31.7 | 27.0 | 31.6 | 30.5 | 33.9 | 30.5 |
| Auto & Engineering | 26.9 | 26.9 | 26.6 | 26.9 | 26.5 | 27.6 |
| Semiconductor Solutions Group | 4.1 | 3.6 | 2.3 | 2.8 | 2.0 | 3.3 |
| SAP | 30.8 | 34.6 | 31.5 | 30.5 | 29.2 | 30.6 |
| Global Business Solutions | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Total | 101.5 | 100.0 | 100.0 | 98.7 | 99.6 | 100.0 |

| LOB/SBU Mix (Rs. Mn) | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Integrated Enterprise Solutions | 635 | 633 | 865 | 905 | 1070 | 991 |
| Auto & Engineering | 540 | 632 | 728 | 800 | 839 | 896 |
| Semiconductor Solutions Group | 83 | 84 | 64 | 83 | 63 | 108 |
| SAP | 617 | 813 | 862 | 907 | 922 | 995 |
| Global Business Solutions | 160 | 188 | 219 | 238 | 253 | 260 |
| Total | 2,035 | 2,349 | 2,737 | 2,934 | 3,147 | 3,250 |

| LOB/SBU Mix (Q-o-Q %) | | | | | | |
|---------------------------------|------------|-------------|-------------|------------|------------|------------|
| Integrated Enterprise Solutions | 1.8 | -0.3 | 36.6 | 4.7 | 18.2 | -7.4 |
| Auto & Engineering | 1.1 | 17.0 | 15.2 | 10.0 | 4.8 | 6.8 |
| Semiconductor Solutions Group | 16.1 | 1.0 | -23.7 | 30.5 | -24.0 | 71.2 |
| SAP | 5.7 | 31.8 | 6.0 | 5.3 | 1.6 | 7.9 |
| Global Business Solutions | 1.8 | 17.1 | 16.5 | 8.6 | 6.4 | 2.8 |
| Total | 3.3 | 15.4 | 16.5 | 7.2 | 7.3 | 3.3 |

| LOB/SBU Mix(Y-o-Y %) | | | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Integrated Enterprise Solutions | -29.7 | -29.1 | -12.5 | 45.0 | 68.5 | 56.5 |
| Auto & Engineering | 19.9 | 34.9 | 47.5 | 49.9 | 55.4 | 41.9 |
| Semiconductor Solutions Group | -13.8 | -30.5 | -29.4 | 16.6 | -23.7 | 29.4 |
| SAP | 353.1 | 536.3 | 625.4 | 55.4 | 49.4 | 22.3 |
| Global Business Solutions | 12.8 | 17.3 | 39.6 | 50.8 | 57.6 | 38.3 |
| Total | 17.8 | 32.8 | 48.1 | 48.8 | 54.6 | 38.3 |

Table - Revenue Analysis As Per SBU Client Mix

| | | Q1 FY11 | Q2 FY11 | Q3 FY11 | Q4 FY11 | Q1 FY12 | Q2 FY12e |
|------------------------------------|----|---------|---------|---------|---------|---------|----------|
| No. of Customers Added | No | 3 | 3 | 5 | 3 | 4 | 4 |
| No. of STAR Customers | No | 28 | 28 | 28 | 28 | 28 | 29 |
| No. of Active Customers | No | 144 | 147 | 152 | 155 | 159 | 163 |
| Customers with run rate of >\$1Mn. | No | 35 | 39 | 40 | 40 | 48 | 51 |

| Top Client - Cummins (as % of Rev) | | | | | | | |
|---|----|-------|-------|-------|-------|-------|-------|
| Cummins (in Rs. Mn) | Mn | 489.3 | 540.4 | 658.9 | 625.9 | 652.8 | 733.9 |
| Sequential (Q-o-Q%) | P% | -0.2 | 10.4 | 21.9 | -5.0 | 4.3 | 12.4 |

| Star Customers - Non Cummins (as % of Rev) | | | | | | | |
|---|----|-------|-------|-------|---------|---------|---------|
| Non Cummins (in Rs. Mn) | Mn | 736.0 | 793.2 | 963.3 | 1,307.1 | 1,202.5 | 1,235.1 |
| Sequential (Q-o-Q%) | P% | -5.4 | 7.8 | 21.4 | 35.7 | -8.0 | 2.7 |
| Per Customer Revenue (in Rs. Mn) | Mn | 27.3 | 29.4 | 35.7 | 48.4 | 44.5 | 44.1 |
| Sequential (Q-o-Q%) | P% | -5.4 | 7.8 | 21.4 | 35.7 | -8.0 | -1.0 |

| Top 10 Client Billing (as % of Rev) | | | | | | | |
|--|----|---------|---------|---------|---------|---------|---------|
| Non Cummins (in Rs. Mn) | Mn | 1,102.1 | 1,291.0 | 1,400.8 | 1,645.9 | 1,556.9 | 1,563.7 |
| Per Customer Revenue (in Rs. Mn) | Mn | 110.2 | 129.1 | 140.1 | 164.6 | 155.7 | 156.4 |
| Sequential (Q-o-Q%) | P% | 15.2 | 17.1 | 8.5 | 17.5 | -5.4 | 0.4 |

| | | | | | | | |
|------------------------|----|------|-------|-------|------|------|------|
| Repeat Business | P% | 90 | 90 | 90 | 90 | 90 | 90 |
| Repeat Business | Mn | 1805 | 2115 | 2464 | 2675 | 2845 | 2925 |
| Sequential (Q-o-Q%) | P% | 1.78 | 17.12 | 16.51 | 8.57 | 6.37 | 2.82 |
| New Business | Mn | 201 | 235 | 274 | 297 | 316 | 325 |
| Per New Client Revenue | Mn | 67 | 78 | 55 | 99 | 79 | 81 |

Table - Revenue Analysis As Per Geographic

| | Q1 FY11 | Q2 FY11 | Q3 FY11 | Q4 FY11 | Q1 FY12 | Q2 FY12e |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Geographical Mix (as % of Rev) | | | | | | |
| USA | 65.7 | 66.9 | 69.3 | 68.3 | 64.2 | 68.1 |
| Europe | 21.7 | 19.9 | 20.6 | 18.9 | 21.0 | 20.1 |
| Rest of World | 12.5 | 13.2 | 10.2 | 12.9 | 14.8 | 11.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

| Geographical Mix (Rs. Mn) | | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| USA | 1319 | 1572 | 1896 | 2029 | 2028 | 2215 |
| Europe | 436 | 467 | 563 | 561 | 665 | 654 |
| Rest of World | 251 | 311 | 279 | 382 | 468 | 382 |
| Total | 2006 | 2349 | 2737 | 2972 | 3161 | 3251 |

| Geographical Mix (Q-o-Q %) | | | | | | |
|-----------------------------------|------------|-------------|-------------|------------|------------|------------|
| USA | -0.5 | 19.2 | 20.6 | 7.0 | -0.04 | 9.19 |
| Europe | -1.2 | 7.0 | 20.6 | -0.3 | 18.6 | -1.7 |
| Rest of World | 23.2 | 23.9 | -10.3 | 37.0 | 22.4 | -18.4 |
| Total | 1.8 | 17.1 | 16.5 | 8.6 | 6.4 | 2.8 |

| Geographical Mix (Y-o-Y %) | | | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| USA | 37.4 | 56.8 | 68.0 | 53.1 | 53.8 | 40.9 |
| Europe | -30.7 | -22.5 | 6.7 | 27.0 | 52.5 | 40.1 |
| Rest of World | 79.9 | 88.0 | 45.3 | 87.5 | 86.3 | 22.8 |
| Total | 16.1 | 32.7 | 48.2 | 50.8 | 57.6 | 38.4 |

Table - Revenue Analysis As Per Industry Mix

| | Q1 FY11 | Q2 FY11 | Q3 FY11 | Q4 FY11 | Q1 FY12 | Q2 FY12e |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Industry/Vertical Mix (as % of Rev) | | | | | | |
| Manufacturing | 79.2 | 78.3 | 72.6 | 68.7 | 70.2 | 68.6 |
| BFSI | 4.6 | 3.6 | 3.0 | 3.2 | 3.0 | 4.0 |
| Energy & Utilities | 7.8 | 6.4 | 6.6 | 5.0 | 6.5 | 6.0 |
| Others | 8.4 | 11.7 | 17.8 | 23.3 | 20.3 | 21.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.2 | 100.0 | 100.0 |

| Industry/Vertical Mix (Rs. Mn) | | | | | | |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Manufacturing | 1589 | 1840 | 1987 | 2041 | 2218 | 2229 |
| BFSI | 92 | 86 | 83 | 95 | 95 | 130 |
| Energy & Utilities | 157 | 150 | 182 | 147 | 205 | 194 |
| Others | 169 | 274 | 486 | 693 | 643 | 697 |
| Total | 2006 | 2349 | 2737 | 2976 | 3161 | 3250 |

| Industry/Vertical Mix (Q-o-Q %) | | | | | | |
|--|------------|-------------|-------------|------------|------------|------------|
| Manufacturing | 2.4 | 15.8 | 8.0 | 2.7 | 8.6 | 0.5 |
| BFSI | -10.2 | -6.7 | -3.3 | 15.0 | -0.3 | 37.1 |
| Energy & Utilities | 5.3 | -4.2 | 21.1 | -18.9 | 39.4 | -5.4 |
| Others | 0.2 | 62.4 | 77.7 | 42.4 | -7.2 | 8.4 |
| Total | 1.8 | 17.1 | 16.5 | 8.7 | 6.2 | 2.8 |

| Industry/Vertical Mix (Y-o-Y %) | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Manufacturing | 11.2 | 20.1 | 28.6 | 31.5 | 39.5 | 21.2 |
| BFSI | -30.5 | -34.4 | -37.3 | -6.8 | 3.4 | 52.0 |
| Energy & Utilities | NM | NM | 149.7 | -0.9 | 31.2 | 29.5 |
| Others | 0.6 | 156.0 | 396.8 | 312.1 | 281.4 | 154.5 |
| Total | 16.1 | 32.7 | 48.2 | 51.0 | 57.5 | 38.3 |

Source: Company Filings; IndiaNivesh Research

Table -1 Income Statement (Rs. Million)

| Y/e 31 March | FY10A | FY11A | FY12e | FY13e | FY14e |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue (USD Mn) | 154 | 224 | 281 | 288 | 298 |
| Revenue (Rs) | 7316 | 10065 | 12659 | 15758 | 17886 |
| COGS | 4090 | 6437 | 8255 | 9807 | 10461 |
| Gross Profit/Loss | 3226 | 3628 | 4404 | 5951 | 7425 |
| Margin % | 44.1 | 36.0 | 34.8 | 37.8 | 41.5 |
| SG&A | 1611 | 2106 | 2627 | 3388 | 3846 |
| EBITDA | 1614 | 1521 | 1778 | 2563 | 3580 |
| Margin % | 22.1 | 15.1 | 14.0 | 16.3 | 20.0 |
| Depreciation | 308 | 411 | 413 | 552 | 626 |
| EBIT | 1306 | 1110 | 1365 | 2012 | 2954 |
| Margin % | 17.9 | 11.0 | 10.8 | 12.8 | 16.5 |
| Interest Exp | 27 | 34 | 42 | 47 | 54 |
| Other Income/(Exp) | -253 | 26 | 132 | - | - |
| PBT | 1,026 | 1,102 | 1,455 | 1,964 | 2,900 |
| Margin % | 14.0 | 10.9 | 11.5 | 12.5 | 16.2 |
| Tax | 169 | 155 | 330 | 491 | 725 |
| Tax % | 16.5 | 14.1 | 22.7 | 25.0 | 25.0 |
| Others | - | - | - | - | - |
| PAT | 857 | 947 | 1,125 | 1,473 | 2,175 |
| Margin % | 11.7 | 9.4 | 8.9 | 9.3 | 12.2 |
| EPS | 10.8 | 11.6 | 12.8 | 16.8 | 24.8 |
| O/Shares | 79 | 81 | 88 | 88 | 88 |

Source: IndiaNivesh Research; Company Filings

Table-3 Free Cash Flow Statement (Rs. Million)

| Y/e 31 March | FY10A | FY11A | FY12e | FY13e | FY14e |
|--------------------------------------|--------------|--------------|-------------|--------------|--------------|
| Operating Cash Flow: | | | | | |
| Net Profit Before Tax | 1026 | 1102 | 1455 | 1964 | 2900 |
| Add: Non cash & non Op Exp | 432 | 419 | 323 | 599 | 680 |
| Add: Change in Working Capital | -169 | -1076 | -498 | -709 | -547 |
| Add: Tax | -213 | -155 | -330 | -491 | -725 |
| Net Cash Flow From Operations | 1076 | 282 | 1040 | 1316 | 2254 |
| Add: Capex | -238 | -1013 | -705 | -552 | -626 |
| Add: Others | -1197 | -33 | 0 | 0 | 0 |
| Free Cash Flow | -359 | -764 | 336 | 765 | 1628 |
| Net Cash Flow From Investing | -1435 | -1046 | -705 | -552 | -626 |
| Financing Cash Flow: | | | | | |
| Repayment of loan | -237 | -11 | 0 | 0 | 0 |
| Dividend paid | -55 | -95 | -113 | -147 | -217 |
| Others | 159 | 0 | 0 | 0 | 0 |
| Net Cash Flow From Financing | -132 | -106 | -113 | -147 | -217 |
| Exchange Difference | -37 | 0.0 | 132.5 | 0.0 | 0.0 |
| Net Inc/(Dec) In Cash | -528 | -870 | 356 | 617 | 1,411 |
| Beginning Year Balance | 1581 | 1052 | 182 | 538 | 1155 |
| Closing Year Balance | 1,052 | 182 | 538 | 1,155 | 2,566 |

Source: IndiaNivesh Research; Company Filings

Table-2 Balance Sheet (Rs. Million)

| Y/e 31 March | FY10A | FY11A | FY12e | FY13e | FY14e |
|----------------------------|-------------|-------------|-------------|-------------|--------------|
| Liability: | | | | | |
| Share holders equity | 3871 | 4723 | 5736 | 7062 | 9019 |
| Long-Term Debt | 1108 | 1097 | 1097 | 1097 | 1097 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| Def-tax Liability | 51 | 51 | 51 | 51 | 51 |
| Total | 5030 | 5871 | 6884 | 8210 | 10167 |
| Assets: | | | | | |
| Gross Block | 2800 | 3813 | 4518 | 5069 | 5695 |
| Accum Dep | 1278 | 1689 | 2103 | 2654 | 3280 |
| Net Block | 1522 | 2124 | 2415 | 2415 | 2415 |
| Goodwill | 950 | 974 | 974 | 974 | 974 |
| Investments | 747 | 756 | 756 | 756 | 756 |
| Current Assets: | | | | | |
| Sundry Debtors | 1388 | 2237 | 2813 | 3502 | 3975 |
| Cash & Bank | 1052 | 182 | 538 | 1156 | 2566 |
| Loans & Advances | 677 | 906 | 1139 | 1418 | 1610 |
| Total | 3117 | 3325 | 4491 | 6076 | 8151 |
| Current Liability: | | | | | |
| Sundry Creditors | 644 | 1014 | 1311 | 1547 | 1651 |
| Provisions | 230 | 230 | 230 | 230 | 230 |
| Others | 432 | 63 | 79 | 102 | 115 |
| Total | 1306 | 1307 | 1619 | 1878 | 1996 |
| Net Working Capital | 1811 | 2017 | 2871 | 4197 | 6155 |
| Total | 5030 | 5871 | 7016 | 8342 | 10300 |

Source: IndiaNivesh Research; Company Filings

Table-4 Ratio Analysis

| Y/e 31 March | FY10A | FY11A | FY12e | FY13e | FY14e |
|--------------------------------------|-------|-------|-------|-------|-------|
| Sales Growth Rate (G) (%) | -7.8 | 37.6 | 25.8 | 24.5 | 13.5 |
| Change in Earnings Per Share (%) | 28.5 | 7.8 | 18.4 | 31.0 | 37.1 |
| Earnings Per Share | 10.8 | 11.6 | 12.8 | 16.8 | 24.8 |
| Free Cash Flow Per Share | -4.5 | -9.4 | 3.8 | 8.7 | 18.5 |
| Capital Expenditure Per Share | 3.0 | 12.5 | 8.0 | 6.3 | 7.1 |
| Sales Per Share | 92.2 | 123.7 | 144.1 | 179.3 | 203.6 |
| Book Value Per Share | 63.4 | 72.2 | 78.3 | 93.4 | 115.7 |
| Shares Outstanding (Mn) | 79 | 81 | 88 | 88 | 88 |
| EBITDA (P) (%) | 22.1 | 15.1 | 14.0 | 16.3 | 20.0 |
| EBIT (%) | 17.9 | 11.0 | 10.8 | 12.8 | 16.5 |
| PAT (%) | 11.7 | 9.4 | 8.9 | 9.3 | 12.2 |
| Return on Total Capital Employed (%) | 17.2 | 16.3 | 16.5 | 18.1 | 21.5 |
| Days in Receivables | 69 | 69 | 69 | 69 | 69 |
| Days in Payables | 57 | 58 | 58 | 58 | 58 |
| Fixed Asset Turnover | 4.8 | 4.7 | 5.2 | 6.5 | 7.4 |
| Debt/Total Capital (%) | 22.2 | 18.8 | 16.0 | 13.4 | 10.8 |
| Current Ratio | 2.4 | 2.5 | 2.8 | 3.2 | 4.1 |
| Sales/Working Capital | 4.0 | 5.0 | 4.4 | 3.8 | 2.9 |
| Price to Earnings Ratio | 15.2 | 14.1 | 12.8 | 9.8 | 6.6 |
| Price to Sales Ratio | 1.8 | 1.3 | 1.1 | 0.9 | 0.8 |
| PEG | NM | 0.4 | 0.5 | 0.4 | 0.5 |

Source: IndiaNivesh Research; Company Filings



Trust.....we earn it.

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