

## Results Watch

## March Quarter, FY10 Results Update

Financial Highlights Particulars				Rs crs		
	Q4 FY10	Q4 FY09	% Change	FY10	FY09	% Change
<b>Net Sales</b>	<b>278.3</b>	<b>234.9</b>	<b>18.5%</b>	<b>910.4</b>	<b>975.6</b>	<b>-6.7%</b>
Raw Material Consumed	225.5	198.8	13.4%	711.1	802.1	-11.3%
Purchase of Traded Goods	0.3	0.1	520.0%	0.5	1.2	-59.0%
Employee Expenses	4.7	5.0	-7.2%	18.9	17.5	7.8%
Other Expenses	32.5	29.2	11.3%	117.8	112.5	4.7%
<b>TOTAL EXPENDITURE</b>	<b>262.9</b>	<b>233.1</b>	<b>12.8%</b>	<b>848.3</b>	<b>933.2</b>	<b>-9.1%</b>
<b>EBIDTA</b>	<b>15.3</b>	<b>1.8</b>	<b>737.7%</b>	<b>62.1</b>	<b>42.4</b>	<b>46.7%</b>
<i>EBIDTA Margin</i>	<i>5.5%</i>	<i>0.8%</i>	<i>--</i>	<i>6.8%</i>	<i>4.3%</i>	<i>--</i>
Depreciation	3.5	3.2	10.7%	14.7	11.6	26.9%
<b>EBIT</b>	<b>11.8</b>	<b>-1.3</b>	<b>982.1%</b>	<b>47.5</b>	<b>30.8</b>	<b>54.1%</b>
<i>EBIT Margin</i>	<i>4.25%</i>	<i>-0.6%</i>	<i>--</i>	<i>5.2%</i>	<i>3.2%</i>	<i>--</i>
Interest	11.7	17.0	-31.1%	44.4	56.6	-21.6%
Other Income	3.1	26.4	88.3%	14.2	19.7	28.0%
Tax	0.6	-8.7	-107.0%	3.0	-7.4	-141.2%
Extraordinary Items	0.0	-26.4	100.0%	-9.2	-20.0	-54.0%
<b>Reported Profit After Tax</b>	<b>2.6</b>	<b>-9.6</b>	<b>127.3%</b>	<b>5.1</b>	<b>-18.7</b>	<b>127.1%</b>
<i>PAT Margin</i>	<i>0.9%</i>	<i>-4.1%</i>	<i>--</i>	<i>0.6%</i>	<i>-1.9%</i>	<i>--</i>
Diluted EPS (Unit Curr.)	0.4	2.8	84.4%	2.3	--	--

## Segment Results

Segmental Revenues	Q4 FY10	Q4 FY09	% Change	FY10	FY09	% Change
Cables	262.4	221.4	18.5%	855.6	899.7	-4.9%
Stainless Steel Wires	15.7	12.5	25.7%	54.1	73.0	-26.0%
Others	0.2	1.1	-81.5%	0.8	2.9	-73.1%
<b>Net Revenue from Operations</b>	<b>278.3</b>	<b>234.9</b>	<b>18.4%</b>	<b>910.4</b>	<b>975.6</b>	<b>-6.7%</b>
Segmental Profits	Q4 FY10	Q4 FY09	% Change	FY10	FY09	% Change
<b>Profit/Loss Before Interest and Tax</b>	<b>19.3</b>	<b>4.0</b>	<b>383.3%</b>	<b>72.7</b>	<b>51.1</b>	<b>42.2%</b>
Cables	19.4	3.4	-466.4%	70.1	51.4	36.4%
Stainless Steel Wires	0.2	0.4	62.8%	3.1	-0.3	1217.9%
Others	-0.2	0.2	233.3%	-0.5	0.1	933.3%
Other Income	0.0	21.0	100.0%	0.0	0.0	--
Less: Interest	11.7	17.0	-31.1%	44.4	56.6	-21.6%
Other Un-allocable Expenditure	4.4	0.0	--	11.1	0.6	1626.6%
<b>Net Profit/Loss Before Tax</b>	<b>3.2</b>	<b>8.1</b>	<b>-60.0%</b>	<b>17.3</b>	<b>-6.1</b>	<b>-382.5%</b>

## Analysis

- KEI has seen revenue growth of 18.5% from Rs. 234.9 crs in Q4 FY09 to Rs 278.3 crs in Q4 FY10. Majority of the revenues are contributed by cable segment.
- EBIDTA of the company has seen a growth of 737.7%, EBIDTA Margins has gone up to 5.5% in the current quarter as compared to the 0.8% in the corresponding quarter last year, a rise of 470 bps. This has happened mainly on account of better raw material cost management. Raw material to sales ratio has gone down from 84.6% last year to 81% during the quarter. Employee expenses decreased by 7.2%. EBIDTA margin stood at 6.8% for the FY10.
- EBIT margins from cables segment has significantly improved from 1.5% last year to 7.4% during the quarter where as margins from SS wires declined to 1%.
- PAT margin has improved to 0.9% during the quarter from the loss of 4.1% last year.
- The Company has repurchased and cancelled 1100 Foreign Currency Convertible Bonds (FCCBs) of the Face Value of USD 5,000 each, during the year.
- KEI allotted 30,00,000 equity shares to promoters upon conversion of equivalent number of Warrants during the quarter.

### About the Company

KEI manufactures high and low tension cables, control and instrumentation cables, house wires and stainless steel wires. KEI is one of the few companies in the country to manufacture speciality cables including braided cables, fire survival and zero halogen cables.

KEI services clients across twenty four countries by leveraging its technical, designing and customization prowess to suit different temperatures. KEI is also aggressively expanding its presence in the domestic retail segment with an aim to 'Power Homes'. Currently, it generates 80% of its revenues from institutional clients.

The above analysis and data are based on last available prices and not official closing rates.

SKP Research is also available on Bloomberg, Thomson First Call & Investext Myiris, Moneycontrol and ISI Securities

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