

Pennar Industries Ltd.

Initiating Coverage

MARKET DATA

NSE TICKER	PENIND
Networth FY17 (Rs in Crs)	547.7
P/BV Ratio (FY17) (x)	1.5X
EPS (TTM) (Rs.)	4.2
Market Price (Rs.)	64.5
P/E Ratio (TTM) (x)	15.4X
52 Week High (Rs)	79.0
52 Week Low (Rs)	40.0
Market Capitalisation (Rs. Cr)	793.2

AVERAGE DAILY VOLUME (in lakhs)

BSE	0.2
NSE	1.3

SHARE HOLDING PATTERN

Promoter	36.4
FII	10.1
DII	9.1
Public	44.4
Total	100.0

RETURN (%)	3M	6M	12M
Pennar	-10.3	16.9	46.7
Nifty	8.1	10.6	31.3

Harsh Shah (Research Analyst)

harsh.shah@dimensional.in

+91-22-66545231

Pennar Industries Limited (PIL) is one of the leading engineering companies in India manufacturing various steel products like pipes, tubes, industrial components and structures which find applicability across industries like Construction, Solar Energy, Automobiles, Railways, Consumer Durables and Infrastructure.

Presence in fast growing industries and recovery in infrastructure sector to aid strong revenue growth

We expect Pennar Industries to clock a robust growth in revenues of 15.9% CAGR through FY17 to FY20 to Rs. 2,402 cr led by strong growth across all verticals. Higher revenues will also bring in operating leverage gains for the company. This coupled with greater contribution from value added products will also improve company's margins from 9.7% during H1FY18 to 10.8% by FY20.

Systems and Projects Division to continue its strong run

The Systems and Projects Division of Pennar comprises of two business; Solar Module Mounting Structure and components for Railway Wagons & Coaches. Since both these industries are amongst Government focus area, we believe company will continue to perform strongly in this division

Steel Products: Legacy business to remain stable, new products to drive growth and margins

We expect the sales of this division to grow at 14.4% CAGR through FY17 to FY20 to Rs. 447.3 cr driven by significant ramp up in sales of new products and also higher sales of legacy products due to low base. Higher contribution for new value added products would also be margin accretive for the company.

Pennar Engineered Building Systems Ltd.: A good long term growth opportunity

Pre Engineered buildings provide immense benefits compared to the traditional buildings because of which a lot of commercial construction is expected to shift to PEBs. The domestic PEB industry is expected to grow at a healthy rate of 15% CAGR over next 5 years and we expect Pennar to ride this opportunity on the back of its string execution capabilities.

Pennar Enviro: Foray into fledgling business at the right time

Pennar Enviro is involved in the business of Water Treatment Solutions and Fuel additives. We believe that both of these industries present huge growth opportunities for the company going ahead and we expect Pennar Enviro's revenues to grow at 21% CAGR from FY17 to FY20 to Rs. 203 cr

Valuation & View:

At CMP of Rs. 66, shares of Pennar Industries are trading at 13.8X trailing P/E. We are valuing Pennar Industries at 14X FY19 EPS of Rs. 6.3 to arrive at our target price of Rs. 89 for the stock, representing an upside of 58%

	Revenue	EBITDA	EBITDA (%)	PAT	RoE (%)	ROCE (%)	P/E	EV/EVITDA
FY17	1542.2	167.0	10.8	46.7	8.8	16.3	16.6X	5.8X
FY18E	1894.7	186.9	9.8	55.1	9.3	17.4	14.1X	4.9X
FY19E	2165.9	228.8	10.6	75.4	11.2	19.9	10.3X	4.1X
FY20E	2402.2	259.2	10.8	90.0	11.9	21.7	8.6X	3.6X



❖ **About the Company:**

Pennar Industries Limited (PIL) is one of the leading engineering companies in India manufacturing various steel products like pipes, tubes, industrial components and structures which find applicability across industries like Construction, Solar Energy, Automobiles, Railways, Consumer Durables and Infrastructure.

PENNAR INDUSTRIES LTD. (Total Revenue- Rs. 1542.2 cr)

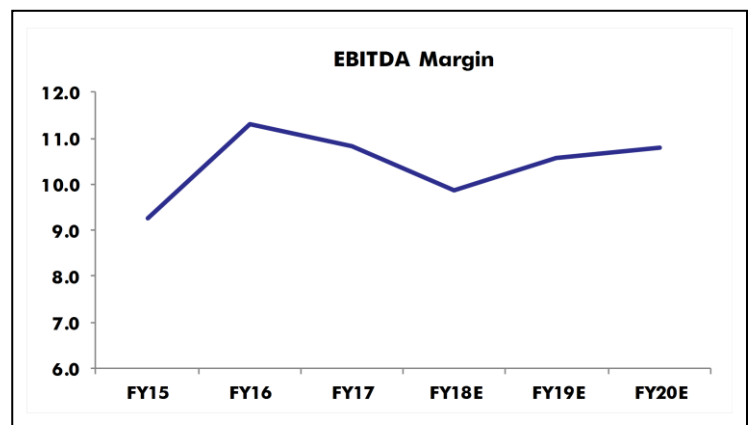
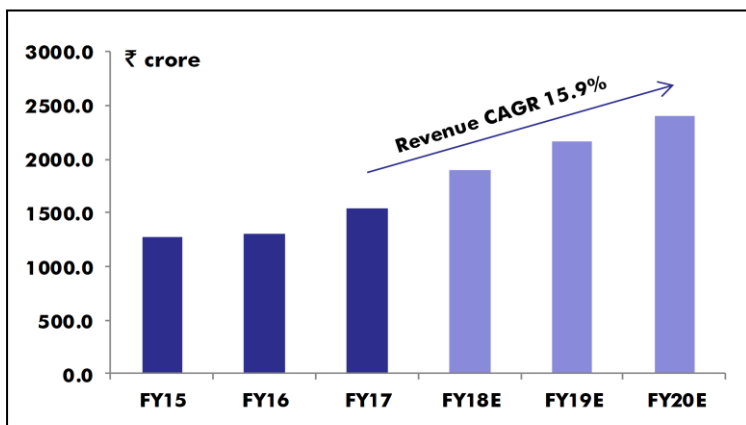
Standalone Entity				Subsidiaries		
Steel Products	Tubes	Systems and Projects	Industrial Components	Pennar PEBS (54% stake)	Pennar Enviro (51% stake)	Pennar Renewables (80.7% stake)
18.3% of Sales	9.1% of Sales	25.7% of Sales	3.4% of Sales	30.8% of Sales	7.0% of Sales	1.6% of Sales
Products: Cold Rolled Steel Strips, Cold Rolled Formed Sections	Products: ERW Tubes, CDW Tubes	Products: Solar Module Mounting Structures, Components for Railway coaches and wagons	Products: Hydraulic Cylinder, Auto Components, White Goods components	Products: Pre- Engineered Buildings, Custom Designed Structures	Products: Water Treatment Solutions, Water Treatment Chemicals, Fuel Additives	Products: Solar Plants

❖ **Key thesis:**

Presence in fast growing industries and recovery in infrastructure sector to aid strong revenue growth

Pennar Industries has presence in many infrastructure linked sectors which are currently at cyclical lows and still recovering from overhangs of Demonetization and GST implementation. With these impacts gradually waning down and company having re-calibrated their new contracts (post GST), it should see sharp growth in remainder of FY18 and then build on it through FY18-FY20. Besides this, Pennar also has strong presence in several fast growing industries like Solar Energy, Water Treatment and Fuel Additives which would gain significant importance in times to come and will present a huge opportunity going ahead.

We expect Pennar Industries to clock a robust growth in revenues of 15.9% CAGR through FY17 to FY20 to Rs. 2,402 cr led by strong growth across all verticals. Higher revenues will also bring in operating leverage gains for the company. This coupled with greater contribution from value added products will also improve company's margins.



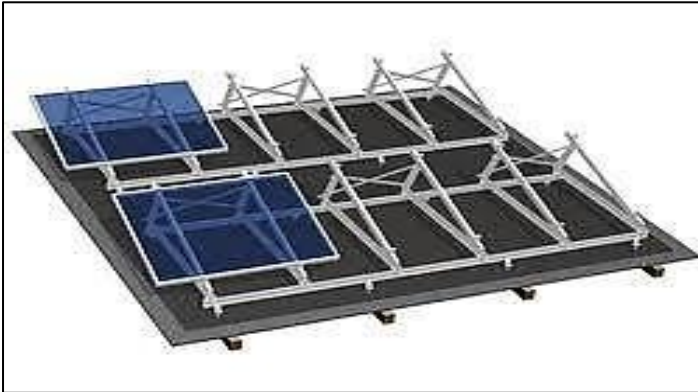
Systems and Projects Division to continue its strong run

The Systems and Projects Division of Pennar comprises of two business; Solar Module Mounting Structure and components for Railway Wagons & Coaches. Since both these industries are amongst Government focus area, we believe company will continue to perform strongly in this division.



Solar Module Mounting Structure (SMMS):

Pennar designs, manufactures and erects Solar Module Mounting Structures to support the Solar PV panels. The structures and structural component manufacturing capacity of Pennar currently stands at 60,000 MT per Annum which translates to approximately 1000 MW worth of Solar capacity. Company's plant is situated at Tarapur which is closer to Gujarat, MP and Rajasthan, the major hub for solar power plants. Pennar enjoys a leadership position in this vertical with market share of 35%.



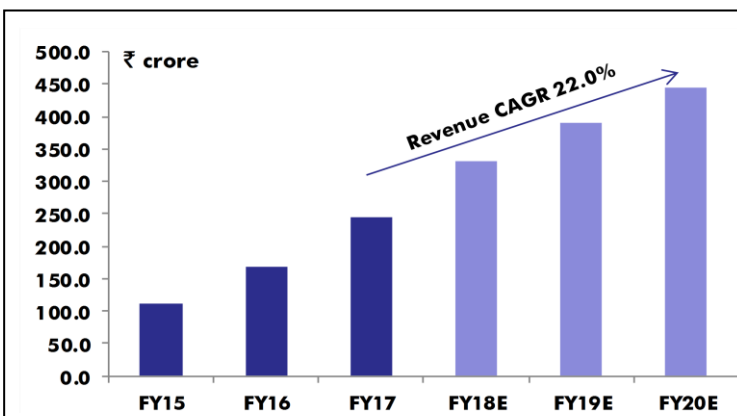
The Steel Structure on which the solar panels are fixed is the Solar Module Mounting Structure as shown in the picture.

Govt.'s thrust on solar sector

Since the arrival of the NDA Government at the Centre, India's solar capacity has more than quadrupled from 2.7 GW in 2014 to 12.3 GW in 2017. In 2015, the Govt. had increased its target for adding solar capacity under the National Solar Mission to 100GW from earlier 20GW by 2022. Out of which nearly 55GW will be Ground Mounted (where SMMS is used) while the remaining 45GW would be rooftop. India's solar potential however stands at 750GW much higher than Government's current target.

To give fillip to renewable energy, the Govt. is also mulling to introduce a fixed-cost component to the tariff for electricity generated from renewable energy sources. The motive behind this is to prevent the distribution companies which avoid procuring electricity generated by such projects, as they will have to pay the fixed tariff component even if they don't buy the electricity contracted for.

With India's grid connected photo-voltaic plants market set to expand for the next few years at a rapid pace, we expect Pennar industries to piggy-back this growth in solar industry and grow this division's revenue considerably. We are factoring in a 22.0% CAGR revenue growth through FY17 to FY22 to Rs. 445.1 cr. While some competition is expected to build up in the medium term, with the Govt. inviting global firms to set up their solar manufacturing capacities in India we expect that Pennar with its leadership position and strong relations with their clients will be able to face the competition.



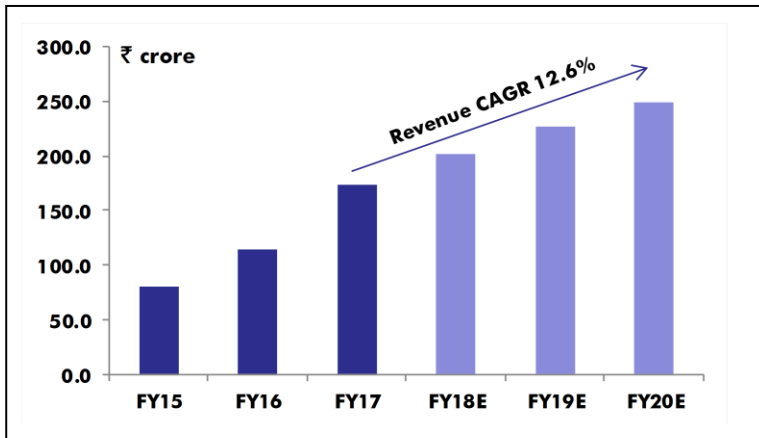
Railways Coaches and Wagons:

Pennar's Railways vertical consists of their Coaches and Wagon Components business. Pennar supplies a variety of different load bearing components such as under body frames, side bars, door frames, etc. in addition to certain critical components for passenger coaches. Its clientele includes all the major coach manufacturers like Integral Coach Factory, Modern Coach Factory, Texmaco Rail & Engineering Ltd., Hindustan Engineering India Ltd., Cimmco Ltd. and BEML Ltd.



The Indian railways will be refurbishing 40,000 coaches over next 6 years with an investment of Rs. 15000 cr. Besides this, Govt. will also be incurring capex to increase its coach manufacturing capacity across India. The Indian Railways' manufacturing capacity from its three factories — Integral Coach Factory, Modern Coach Factory and Rail Coach Factory is expected to be ramped up to 7,000-8,000 coaches annually from the current 4,000 coaches per annum. This augurs well for Pennar Industries which has business relationship with all three companies. For instance, current capacity at Modern Coach Facility (MCF) is ~1050 coaches per annum out of which Pennar supplies components for 360 coaches. The coach manufacturing capacity at MCF itself will be increased to ~2400 coaches per annum.

Thus on the back of increased inflow of orders from coach manufacturers, we expect Pennar's revenue from this division to grow at 12.6% CAGR from FY17 to FY20 to Rs. 249.0 cr



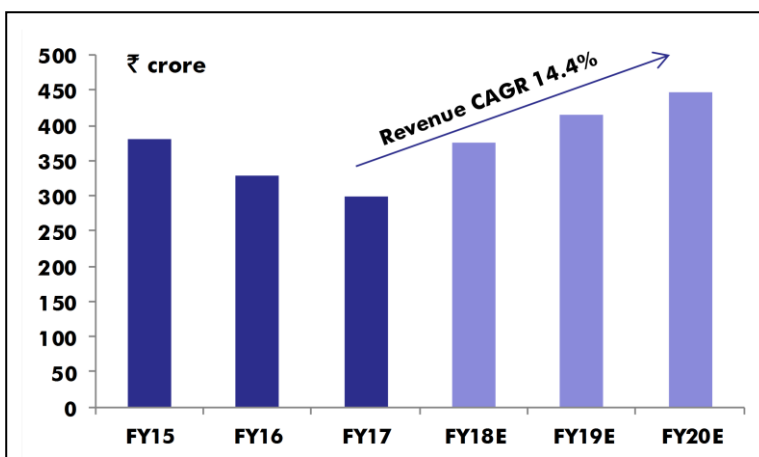
Steel Products: Legacy business to remain stable, new products to drive growth and margins

Under Steel Products division, PIL manufactures various commodity products like Cold Rolled Steel Stripes (CRSS), Cold Rolled Formed Sections (CRFS) and ESP Electrodes.

- Cold Rolled Steel Strips narrow width steel strips which finds applications in many industries like Automobiles (manufacturing of various components like mudguard, rear fender, Panels, Frames, etc.), General Engineering, ACs and refrigerator (doors and side panels, Compressor Shells And Other Accessories).
- CRFS has a range of products servicing the automotive, construction and engineering sectors. While some of these have significant growth opportunities, others are legacy products and subject to low entry barriers, diminishing market share and high competition.
- In recent years the company has also invested significantly to build up capacity for certain value added alloy products which has come on-stream from FY18. Post stabilization this division would foster the growth for this segment.

Majority of the products under this segment are legacy products and doesn't involve much value addition. However, post the expansion of special grade steel products and addition of galvanizing capabilities, company has not only been able to ramp up its sales but also improve its margins for this division. The EBITDA Margins of legacy products is 5-6%, while that of the new products will be north of 10%.

We expect the sales of this division to grow at 14.4% CAGR through FY17 to FY20 to Rs. 447.3 cr driven by significant ramp up in sales of new products and also higher sales of legacy products due to low base (de-growth in FY16 and FY17).










Tubes Division: Capacity Expansion and continued demand to ensure double digit growth.

Pennar’s Tube division provides precision engineered ERW and CDW tubes to a largely India based customer base. In FY17, Pennar clocked revenue of Rs. 155.2 cr from this segment, forming 9.1% of company’s consolidated sales. Tubes is a low margin business (BITDA Margins of 7-9%) and quite a competitive space with many established names in the fray like Jindal Pipe, Surya Roshni, Welspun, APL Apollo, Good Luck India, Gandhi Special Tubes, etc.

End Uses of Tubes & Pipes:

 Infrastructure <ul style="list-style-type: none">• Metros• Buildings• Airports• Ports• Greenhouses• Prefabricated• Smart Cities	 Construction <ul style="list-style-type: none">• Conduit• Support Structures• Fencing• Railings• Cranes• Green Construction	 Automobiles <ul style="list-style-type: none">• Truck & Bus body• Heavy Vehicle Axles	 Energy <ul style="list-style-type: none">• Power• Water Transport• Solar plants• City pipeline	 Agriculture <ul style="list-style-type: none">• Agriculture Implements• Drip Irrigation• Water Distributor• Pump & Water Conveyance
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The Pipe industry can broadly be classified into two categories; Plastic Pipes and Iron/Steel Pipes. Based on their distinct properties, these pipes find different applications, sometimes they are even substituted. PVC Pipes find major applications in Irrigation, Water Transmission (where they are substituted for steel pipes in many instances), plumbing, etc. whereas the Iron/Steel pipes, because of their durability, are used in construction and infrastructure sector. Steel Pipes which are also corrosion resistant are increasingly used in Oil & Gas, power, engineering, Automobiles and structural support system applications.

- **ERW Tube:** Electric Resistance Welded Pipe is made by rolling steel and then welding it. It is a commoditized product with little value addition and EBITDA Margin ranging at 6-8%. ERW pipes have various applications like fencing, line pipe, scaffolding (temporary structure to aid construction workers) etc. Major applications industry wise includes Water pipelines, Agriculture & irrigation (Water mains, industrial water pipe lines, plant piping, deep tube-wells & casing pipes, sewerage piping) Gas pipe lines, LPG and other non-toxic gas lines.
- **CDW Tube:** The CDW Tubes are down-stream products and made from high grade metal and are used in high precision bobbin tubes, cylinder bore tubes for shock absorbed industry, tubes for pressure applications as in boilers and plant fork tube for auto industry. Pennar majorly caters to Two-Wheelers and Four-Wheelers manufacturers who use it in Front Fork Top / Bottom, Steering Column, Two Wheeler Main Frame, Bottom Chassis, Fuel Tank Spacer, etc. These products enjoy slightly better margins of 8-10%

The Pipes and Tubes industry has many levers on its side which would ensure a steady growth over next 5-7 years;

- Higher spending by Government on Railways, Metros and High Speed Trains.
- Fillip to housing construction from Affordable housing.
- Impending pick up in private capex cycle.
- Growth in infrastructure segment on the back of increased investment in telecom, power, energy, airports and ports

In response to strong demand and order inflows, Pennar has invested in expanding its ERW and CDW Tube capacity over last 5-6 months. These capacities have started commercial production and are gradually ramping up. Company is also adding a new line for stainless steel tubes which will be up and running by Q3of FY18. This will also increase company’s addressable market size. Besides this, company is also vying export business. It has picked up international business from Salem steel and others and continues to hunt for more business.

Thus, a combination of capacity expansion in ERW and CDW, investments in stainless steel tube making capacity and targeting international markets for tubes customers will help this division to grow at double digit rates over the next few years. We expect, company’s revenues to grow at 18.6% CAGR over FY17 to FY20 period



Pennar Engineered Building Systems Ltd.: A good long term growth opportunity

Pennar Engineered Buildings Ltd. is Pennar Industries’ subsidiary (holding 54% stake) and is engaged in the business of constructing pre-engg buildings, Custom designed steel structures and provides engineering services.

Pre-Engineered Buildings (PEBs) as a mean of construction has brought significant cost effectiveness and speed to construction. Under Pre Engineered Buildings (PEBs) Pennar designs, manufactures and erects pre-fabricated customized buildings which are ready to install. These structures are increasingly being used for industrial purposes like construction of Factory Buildings, Warehouses, Military Buildings, etc. PEB systems are extensively used in industrial and many other non-residential constructions in Western world. For instance, an estimated 70% of all new commercial buildings in the US are pre-engineered. PEB systems are also used in developed economies for high-rise residential constructions, which is not the case in India. PEB sector is still in its infancy stage in India but is growing at a rapid rate. The industry over the last few years has been witnessing a double digit growth and the total estimated size is close to Rs. 5,000 crore.

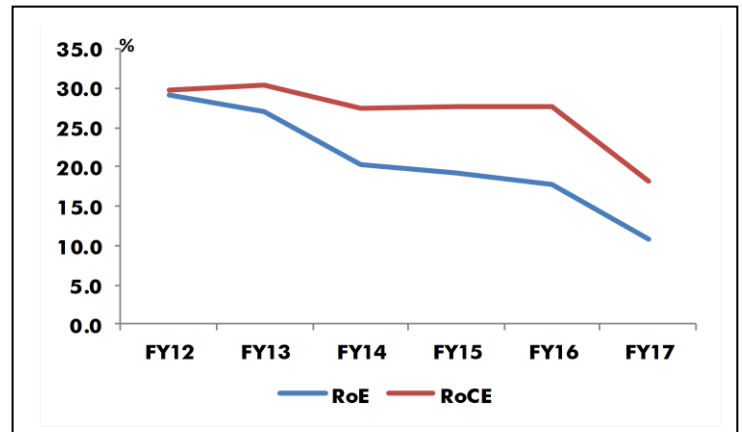
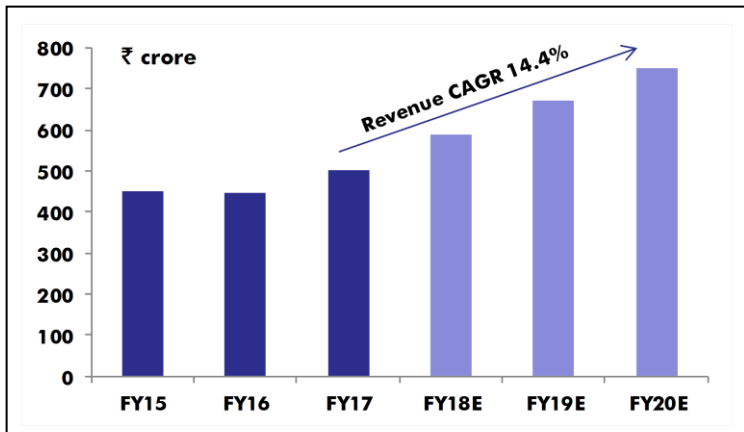
Benefits of Pre-Engineered Buildings compared to conventional buildings:

Feature	Conventional Buildings	Pre-Engineered Steel Buildings
Design	Requires substantial engineering and detailing work, resulting in time overruns.	Has a software design package which reduces design time significantly and also eliminates errors.
Delivery	Average 20-26 weeks	Average 6-8 weeks
Erection simplicity	Connections are complicated and differ from project to project, resulting in long learning curve of erection teams	Standard components connections leading to short learning curve.
Architecture	Special architectural features and designs must be developed for each project which results in higher cost	Good designs can be achieved at low cost using standard architectural features. Traditional wall and fascia materials such as concrete, masonry and wood can also be used.
Future Expansions	Future expansion would be more difficult and costlier	Future expansion is simple and cost effective.

Owing to the above benefits, lot of commercial construction has shifted to PEBs from traditional structures and the trend is expected to continue. The domestic PEB industry is expected to grow at a healthy rate of 15% CAGR over next 5 years. For Pennar Industries, we are factoring in volume growth of 13.0% CAGR over FY17 to FY20 period.

One of the major concerns in this business is rising prices of steel which is a key raw material. Right from the enquiry stage to final execution of the project, the company assumes the price risk and if there is any increase in RM prices, they have to take the hit since in most of the contracts there is not pass through clauses. The company cannot even hedge the prices since they use combination of various steels which makes it difficult for them to hedge. This was one of the reasons that company saw sharp decline in EBITDA margins from 13-14% in FY16 to 6-7% during FY18.

From here on, however we don’t expect steel prices to go up substantially and we believe that company’s margins have bottomed out. Since the new contracts will be on prevailing prices, company’s profitability will improve considerably and it will start seeing better return ratios too, which is a USP of this business. Being an asset light business (Company recovers most of the payment from its client before the final construction begins), it can consistently generate RoE of 20%+. Historically, Pennar has been able to clock ROE of even 20-25% on consistent basis.





Pennar Enviro: Foray into fledgling business at the right time

Pennar Enviro (PE) is an end to end Water Treatment solutions company and it also offers wide range of fuel additives for treatment of solid fuels like Coal and different petroleum fuels. Pennar forayed into these businesses in 2015 with an objective to tap the opportunities in these fast growing industries. It clocked turnover of Rs. 25 cr in FY14 which has ramped up to Rs. 115 cr in FY17. Company’s business is divided into 3 divisions:

- Water Treatment Solutions: Under this division company provides turnkey solutions for Desalination, Effluent Treatment, Water Treatment and Sewage Treatment Plants and works with industrial and municipal clients.
- Water Treatment Chemicals: Pennar also manufactures various Specialty Water Treatment Chemicals under the brand name of “PENNTREAT”. These are used in cooling water treatment, boiler Feed water treatment, raw water/waste water treatment, reverse osmosis membrane treatment, apart from specialty process additives for various process requirements.
- Fuel Additives: Pennar Enviro is also an authorized manufacturer and marketer of Elf Fuel Oil Additives, having a technical collaboration with TOTAL, France (fourth largest petroleum company in the world). Company manufactures additives for Heavy Fuels, Light Oils, Solid Fuel and Industrial & Agro Products. Usage of such additives not only cleanses the fuel but also increases its performance.

Pennar Industries is an integrated player in Water Treatment Chain i.e. besides EPC and O&M work, it also supplies Water Treatment chemicals. This gives them an added advantage compared to its peers, who are majorly present only in EPC and O&M space. Further, the water treatment industry in itself is expected to grow considerably over next 5-7 year period and will provide immense opportunities for players with good execution capabilities. According to a report by High Power Committee of the Govt., an investment of Rs. 5.64 lakh crore is estimated to be required for water supply and sewage treatment over 2011-31 while another Rs. 8 lakh crore is estimated to be needed for O&M services.

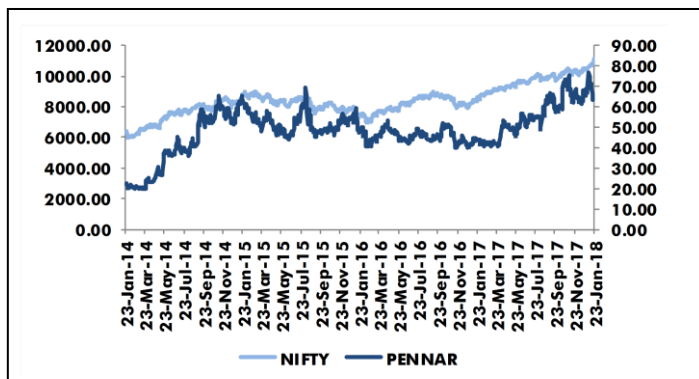
Fuel Additives has gained significance recently in light of increasing pollution in metro cities. Further the implementation of BS VI which also emphasizes on cleaner fuels will open up more opportunities for the company. We believe that both of these industries, Water Treatment and Fuel additives, present huge opportunities for the company going ahead. We expect Pennar Enviro’s revenue to grow at 21% CAGR from FY17 to FY20 to Rs. 203 cr

Note: Pennar Industries is mulling merging both its subsidiaries Pennar Engineered Building and Pennar Enviro with itself with a view to simplify its holding structure and obtain benefits from synergies from similar business. We believe that the merger would be value accretive for the company. The matter is being discussed by Board of independent directors and decision will be made in next 3-4 quarters.

❖ Valuation & View:

We believe that the elusive economic recovery, and thus the capex cycle, is on the anvil and it would augur well for Pennar industries. This coupled with company’s foray into new industries, addition of new production capabilities and expansion of the existing ones would underpin strong revenue growth for Pennar Industries through FY20. We also believe that company’s margins which contracted during first half of FY18 to 9.7% will recover back to 10.8% levels in medium term.

At CMP of Rs. 66, shares of Pennar Industries are trading at 13.8X trailing P/E. We are valuing Pennar Industries at 14X FY19 EPS of Rs. 6.3 to arrive at our target price of Rs. 89 for the stock, representing an upside of 58%.



Risks & Concerns:

- Sharp increase in steel prices will significantly impact company’s profitability.
- Slowdown in Government spending and delay in private sector capex will defer our revenue assumptions.



❖ Financials

Statement of Profit & Loss

Pennar Industries Ltd.- Statement of Profit & Loss					
DESCRIPTION	FY16	FY17	FY18E	FY19E	FY20E
Net Sales	1306.7	1542.2	1894.7	2165.9	2402.2
EXPENDITURE :					
Raw Material Consumed	806.0	924.4	1177.4	1341.4	1488.8
Other Manufacturing Costs	186.9	252.4	301.8	343.0	381.8
Employee Cost	91.0	104.2	116.7	128.4	138.7
Other Operating Expenses	74.8	94.2	111.9	124.3	133.8
EBITDA(Excl OI)	147.9	167.0	186.9	228.8	259.2
EBITDA Margin	11.3%	10.8%	9.9%	10.6%	10.8%
Depreciation	18.9	25.4	27.2	29.8	32.5
EBIT	129.1	141.6	159.7	199.0	226.7
Other Income	3.4	7.3	7.5	7.5	7.5
Interest	38.4	61.0	68.1	68.3	70.7
PBT	94.0	87.9	99.1	138.2	163.5
Provision for Tax	35.8	29.3	33.7	47.0	55.6
Minority Interest	-14.4	-11.9	-10.3	-15.9	-18.0
Profit After Tax	43.9	46.7	55.1	75.4	90.0
Earnings Per Share	3.6	3.9	4.6	6.3	7.5

Balance Sheet

Pennar Industries Ltd.- Balance Sheet					
DESCRIPTION	FY16	FY17	FY18E	FY19E	FY20E
Equity Share Capital	60.2	60.2	60.2	60.2	60.2
Total Reserves	450.8	487.5	576.7	652.1	742.1
Shareholder's Funds	510.9	547.7	636.9	712.2	802.3
Minority Interest	85.2	106.5	116.8	132.7	150.6
Total Borrowings	266.9	307.3	242.0	247.0	240.9
Other Long Term Liabilities	36.1	43.2	46.2	49.0	51.5
Total Non-Current Liabilities	303.0	350.5	288.2	296.0	292.4
Trade Payables	432.4	438.1	518.4	584.5	643.1
Other Current Liabilities	90.3	114.4	140.5	160.7	178.2
Total Current Liabilities	522.7	552.5	659.0	745.2	821.3
Total Liabilities	1421.8	1557.1	1700.8	1886.0	2066.6
Fixed Assets	466.8	470.7	500.7	541.1	580.1
Other Non-Current Assets	16.8	25.1	30.9	35.3	39.2
Total Non-Current Assets	483.7	495.9	531.6	576.4	619.3
Current Investments	33.2	35.3	35.3	35.3	35.3
Inventories	256.7	399.1	452.3	504.4	557.5
Sundry Debtors	383.2	388.4	470.3	529.5	588.6
Cash and Bank	170.9	78.3	58.7	58.7	58.7
Other Current Assets	94.1	160.1	152.6	181.7	207.1
Total Current Assets	938.1	1061.2	1169.2	1309.7	1447.3
Total Assets	1421.8	1557.1	1700.8	1886.0	2066.6



Cash Flow Statement

Pennar Industries Ltd.- Cash Flow					
DESCRIPTION	FY16	FY17	FY18E	FY19E	FY20E
PBT + Depreciation	109.5	106.0	118.8	160.5	188.5
Tax Paid	-35.8	-29.3	-33.7	-47.0	-55.6
Changes in Working Capital	70.9	-66.9	-68.5	-55.9	-62.8
Cash Flow from Operations	144.6	9.8	16.6	57.7	70.2
Cash Flow from Investing	-265.0	-2.7	-61.3	-62.7	-64.1
Proceeds from Equity	52.4	0.0	0.0	0.0	0.0
Free Cash Flow	-68.0	7.1	-44.7	-5.0	6.1
Debt (Repaid)/ Borrowed	113.9	-0.3	-65.3	5.0	-6.1
Opening Cash	6.0	51.9	58.7	58.7	58.7
Closing Cash	51.9	58.7	58.7	58.7	58.7

Ratio Analysis

Pennar Industries Ltd.- Key Ratios					
DESCRIPTION	FY16	FY17	FY18E	FY19E	FY20E
EBITDAM (%)	0.1	0.1	0.1	0.1	0.1
ROE (%)	9.6	8.8	9.3	11.2	11.9
ROCE (%)	15.8	16.3	17.4	19.9	21.7
Inventory Turnover(x)	4.3	3.6	3.5	3.5	3.5
Debtors Turnover(x)	3.6	4.0	4.4	4.3	4.3
Creditors Turnover(x)	3.2	2.7	3.1	3.1	3.0
Fixed Asset Turnover (x)	2.1	2.1	2.5	2.6	2.7
Receivable days	101	91	83	84	85
Inventory Days	85	102	105	104	104
Payable days	116	135	118	120	120
Total Debt/Equity(x)	0.5	0.6	0.4	0.3	0.3
Current Ratio(x)	1.8	1.9	1.8	1.8	1.8
Adjusted P/E Ratio	17.7	16.6	14.1	10.3	8.6
Price/ Book value	1.6	1.5	1.2	1.1	1.0



ANALYST CERTIFICATION

I (Harsh Shah), Research Analyst, author and the name subscribed to this report; hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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