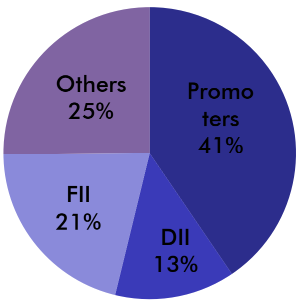
Date: 15th December 2015
Recommendation: BUY
CMP: 109
Target Price: 130

Radico Khaitan Limited
Initiating Coverage

MARKET DATA	
NSE TICKER	RADICO
Networth (₹Cr) (31/09/2015)	869
P/BV Ratio (FY16E) (x)	1.6
EPS (FY16E) (₹)	4
Market Price (₹)	109
P/E Ratio (FY16E) (x)	25
52 Week High (20/11/2015)	130
52 Week Low (01/12/2014)	77
Market Capitalization (₹Cr)	~1450

AVERAGE MONTHLY VOLUME ('000)	
BSE	47
NSE	239

SHARE HOLDING PATTERN



Return (%)	3M	6M	12M
RKL	22	26	14
Sensex	-2	-5	-9

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From its inception as a distillery in 1943, today Radico Khaitan is the 3rd largest IMFL spirits company in India. With a pan India presence, it has a market share of ~10%. It has 33 bottling units spread across India with a total capacity of 150 mn. litres.

Premium Brands will be future growth drivers

Radico Khaitan has set premiumisation as a key strategy; it started with the launch of Magic Moments in 2006 and has periodically introduced brands into premium and super premium segment. Despite of industry related challenges, the volume in premium segment grew by 22% CAGR in FY10-15 period against 3% growth in regular brands. The volume contribution from prestige & above category increased to 21% in FY15 from 10% in FY10. Volume contribution in H1FY16 of premium products stood at 25% compared to 21% in H1FY15 while the overall volumes have declined. Management expects it to increase to ~30% by FY18. As per industry standards, Gross profit/case in the premium segment is ~5x the regular segment.

State control-Distribution and price hike remain a key challenge

Pricing is a concern for the sector. Most state governments permit price hikes only once a year. The profitability of the sector has got hit due to inflationary trend in the input prices and inability to pass on low price hike from States. Accordingly, PAT margin for Radico fell from 8% in FY11 to 4% in FY15. However, we expect that the industry would be able to negotiate better price than it was in last 5 years. Also, Indian liquor market is a complex structure with an array of duties & taxes different in State (as liquor is State subject) which has created inefficiency.

Strong industry prospects

Per capita consumption in India is significantly lower compared to other countries. Many international players (Pernod Ricard, Seagrams etc.) are trying to penetrate the Indian market. Radico can be a potential partner for entry of such players.

Key Risks: Price hike delays; volatility in RM

Volatility in raw material prices, delays in price hike remain key risk for Radico Khaitan as it would impacts its profitability. Also, the recent mandate of higher blending of ethanol with fuel may increase molasses price which is a major input for manufacturing ENA.

Financial outlook & Valuation

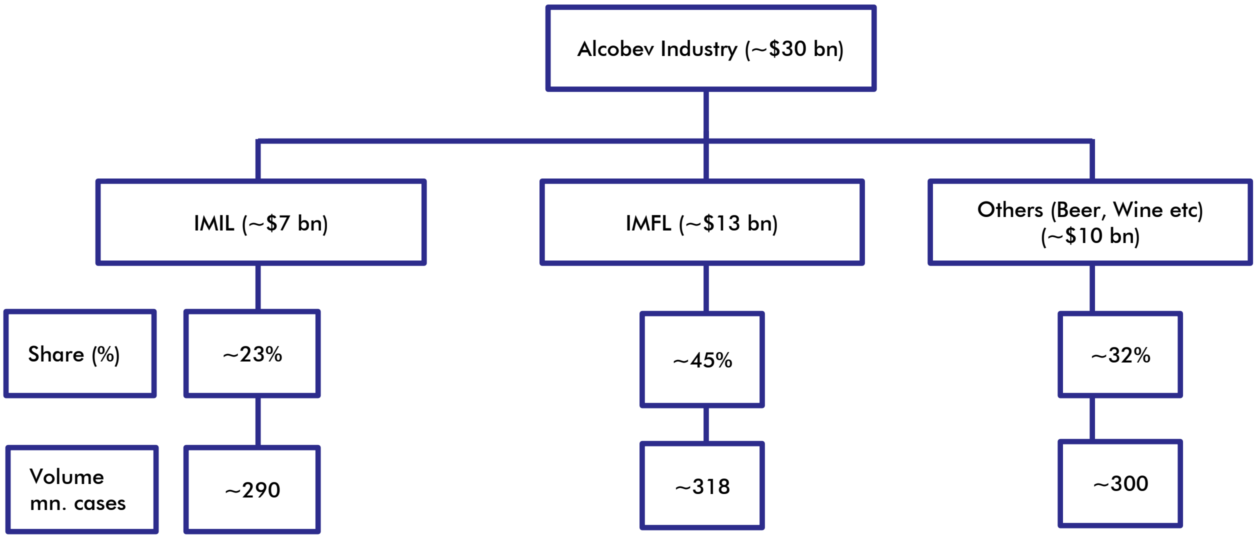
We expect RKL's Net Sales & PAT (excl. other income) to grow at a CAGR ~9% & ~20% by FY18 primarily on account of premiumization of products & anticipation of price hike. ROE & ROA expected to be 10% & 4% respectively by FY17.EPS to increase to ₹9 per share in FY18 from ₹5 per share in FY15 excluding the effect of other income.
We have valued RKL's inter corporate deposits at cost basis which is ₹13 per share. Along with the Radico NV Distilleries Maharashtra Ltd, a 36% JV of RKL, we value RKL at **₹130** per share by **Mar'16** & recommend a **BUY** rating on the stock. We assigned P/E of 20x on FY17EPS valuing ₹111 per share. We have assigned 2x multiple to the equity (₹28crs) of Radico NV Distilleries Maharashtra Ltd. valuing it ₹4 per share.

Financial summary:

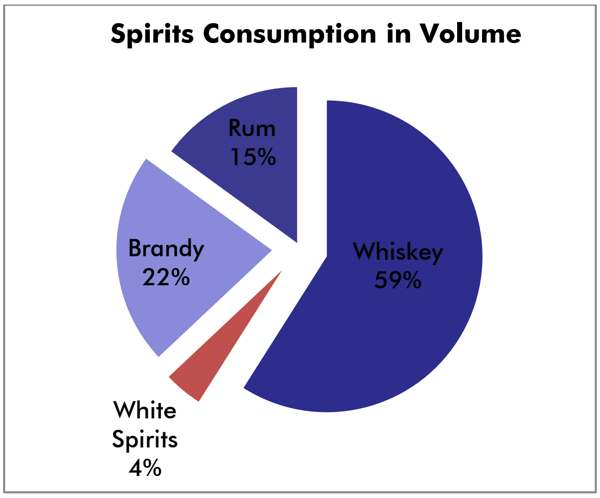
Rs. Cr	Net Sales	Growth (%)	EBITDA	EBITDA (%)	PAT	EPS	P/E	ROE	ROCE
FY14	1452		189	13%	71	5	20	9%	12%
FY15	1488	3%	166	11%	68	5	21	8%	11%
FY16E	1592	7%	195	12%	57	4	25	7%	10%
FY17E	1747	10%	240	14%	88	7	16	10%	13%
FY18E	1924	10%	283	15%	118	9	12	12%	15%

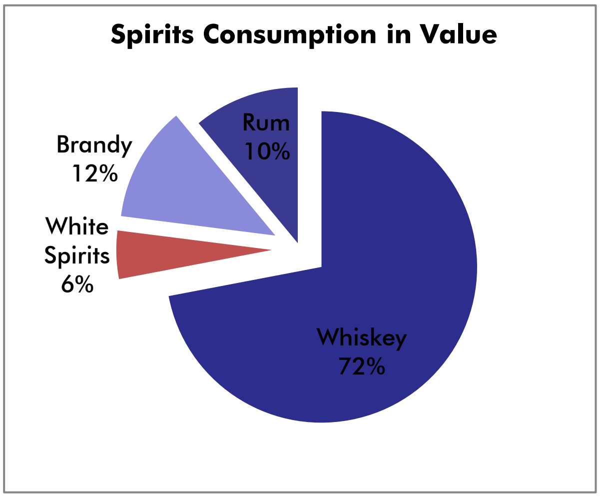
Snapshot of Indian Alcobev Industry

The Indian alcoholic beverages industry is one of the largest markets in the world with a market size of around $30 bn, growing at 4% per annum. The market is divided into broadly three categories; IMIL, IMFL and Beer. While the market is equally divided in terms of volume, the IMFL constitutes ~45% of the market share by value. Geographically, Southern India contributes ~ 60% market share by volume in IMFL segment, followed by North with ~16% and Eastern India with ~11%. The drinking habit in India is influenced largely by religious and social restrictions.



Source: Industry, DSPL





Source: Industry, DSPL

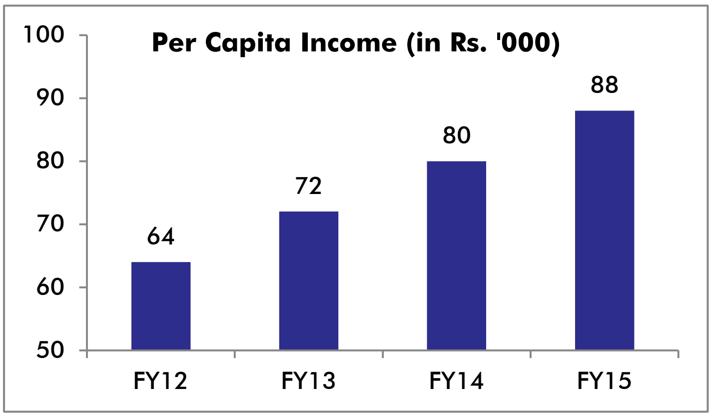
The Indian spirits industry is experiencing a structural shift from the volume based growth to a value based, as a result large spirit manufacturers are focused on premium / super premium category brands and vacating the non-profitable regular brands. Traditionally, brown spirits (includes whisky, brandy and dark rum) had been major contributors towards the overall IMFL sales. According to Euro monitor, IMFL volume is expected to reach 2.9 bn litres/331 mn cases in 2018; representing 7.9% CAGR growth between 2014-18 periods. With the structural change the value growth should be higher than volume growth and may result in consolidation of the industry.

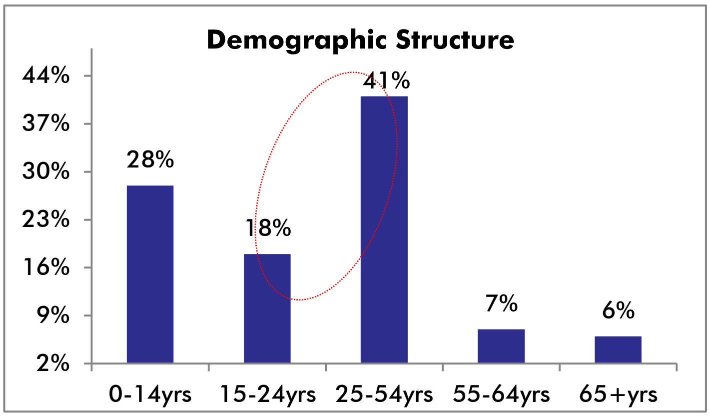
Seasonality: The liquor industry faces seasonality in sales. Traditionally Q3 is the best quarter for the industry due to higher sales as a result of the winter. Q1 & Q2 (summer) sees an increase in beer sales and a decrease in hard liquor sales and Q4 involves depletion of stocks resulting in lower sales.

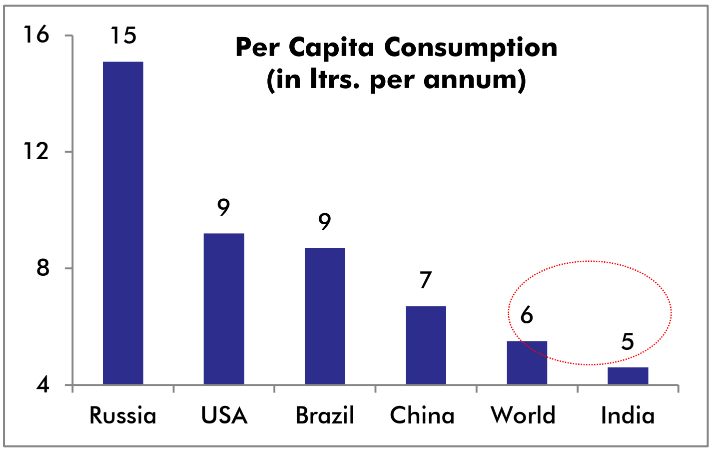
Key Industry Growth Drivers

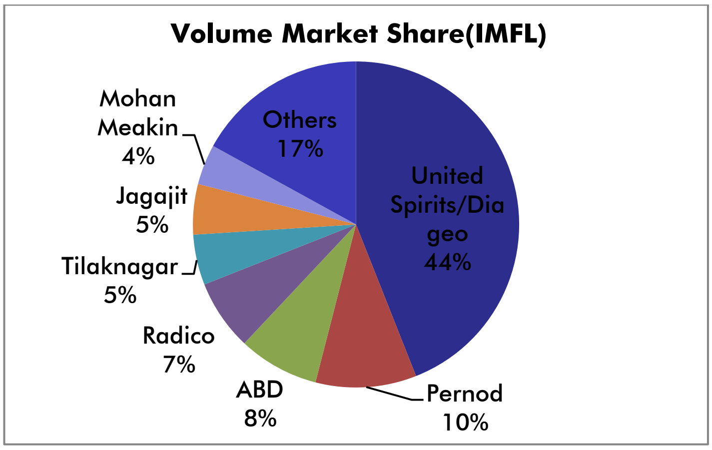
India is one of the largest liquor markets in the world and one of the fastest growing markets on back of favourable demographics and economy. Following factors are expected to fuel the liquor demand in domestic market.

- **Favourable demographics:** India has favourable demographics with ~60% of Indians falling in the 15-55 years age group. Currently, over 825 mn Indians are of drinking age and another 82 mn are expected to be added in next five years.
- **Rise in disposal income:** More Indians are now moving towards the upper / middle-income group. The per capita income is witnessing a continuous growth, from just over Rs.27, 000 in 2006 to over Rs.87, 000 in 2015. The Indian economy is likely to maintain GDP growth above 7%; Rising income levels and urbanization is expected to change the lifestyle of the people & boost alcoholic consumption.
- **Changing social norms:** Over the years, consumption of alcohol has become more socially acceptable. The acceptability is visible during social events; increasing consumption by women and youngsters in public. The per capital consumption in India is lowest in the world; with increasing social acceptability there is a huge scope for per capital consumption to rise.
- **High entry barriers:** Indian liquor industry is characterized by high entry barriers; liquor is a state subject hence different state is a separate market. The restrictions may entail from sourcing of raw material to selling of final product, unusual tax structure. This has led to few players in the market where United Spirits / Diageo enjoys over 45-50% of market share in terms of volume followed by Pernod Ricard, Allied Blended Distillers, Radico Khaitan, Tilaknagar Industries etc.







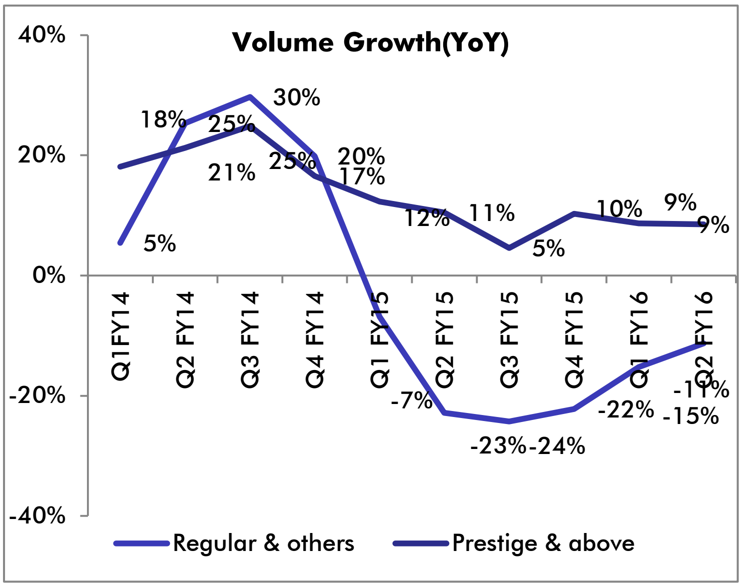


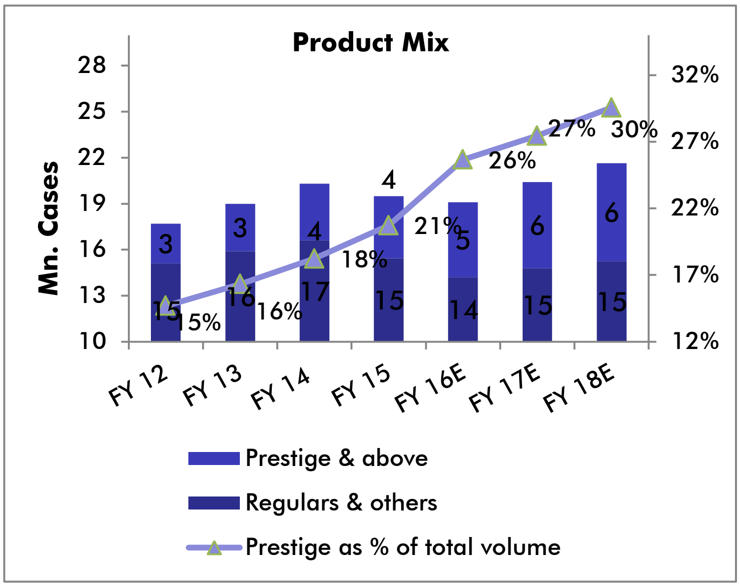
Source: Industry, DSPL

Investment Rationale

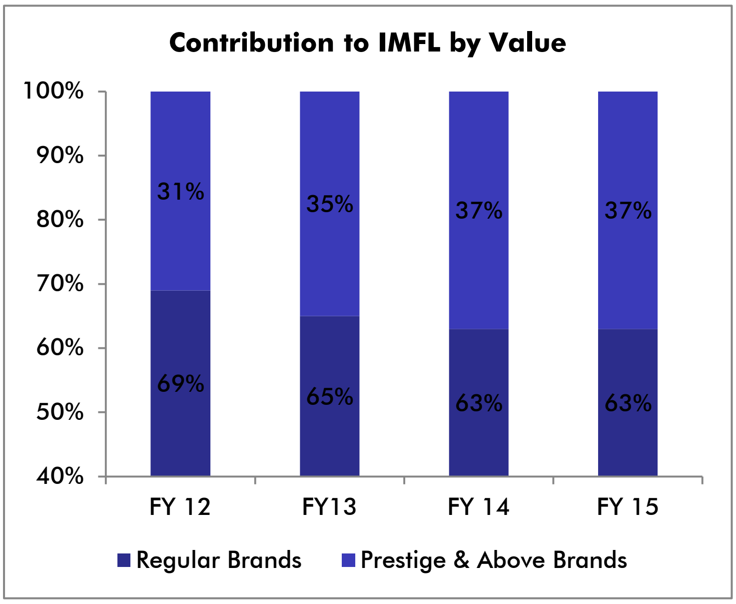
Premiumisation is on track

Radico Khaitan has set premiumisation as a key strategy; it started with the launch of Magic Moments in 2006 and has periodically introduced brands into premium and super premium segment. Despite of industry related challenges the volume in premium segment grew by 25% CAGR in FY10-14 period against 6.1% growth in regular brands. The volume contribution from prestige & above category increased to 21% in FY15 from 10% in FY10.





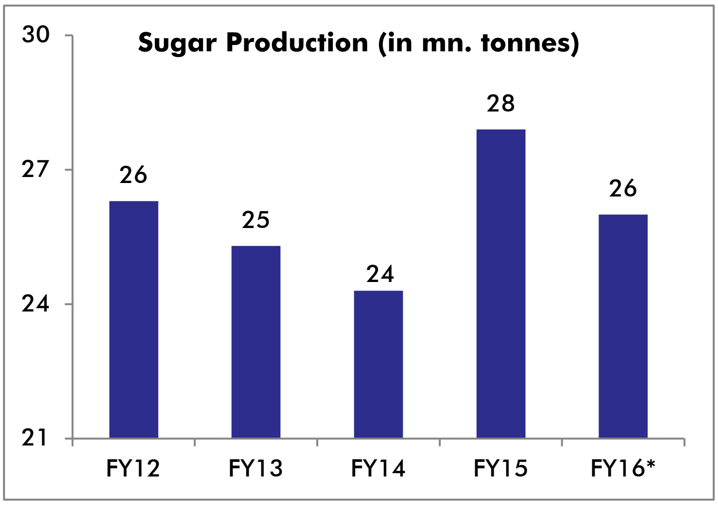
In FY15, Prestige & above brands had 37% value contribution in spite of only 21% of volume contribution to IMFL revenue. Going ahead, premiumisation will be vital for the company as gross profit/case is **4-5x** that of the regular brands. The management expects premium / super premium segment to contribute ~30-32% of the total IMFL volume by FY 17-18. Lower EBITDA margin from the regular & other brands have forced the industry to shift from of the regular to premium brands.

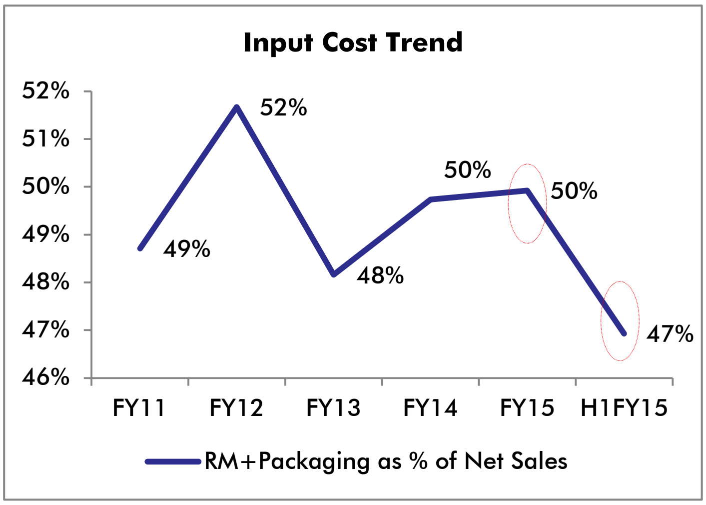


Source: Company, DSPL

Moderating Input Prices

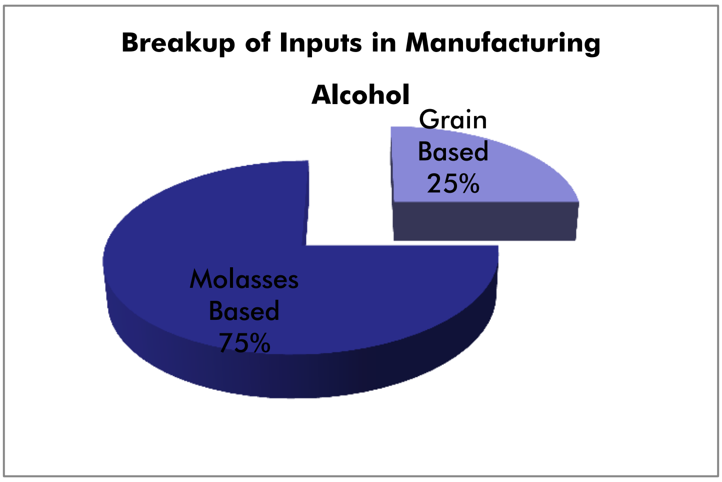
Extra Neutral Alcohol (ENA) is a key raw material required for manufacture of alcohol. ENA rates have been increasing in the past few years due to lower sugarcane production & government focus on ethanol blending. This can be co-related by the sugar Production which begun to decline in FY13-14 & accordingly in FY14-15 the input cost rose from 48% to 50% of net sales. From the past quarter, prices have stabilized/moderated largely due to a bumper sugar cane production & falling crude prices which made ethanol blending unviable at high ENA rates. RKL has a capacity to store 3 months' equivalent of its molasses requirements which insulates it against the short term fluctuations in molasses prices.

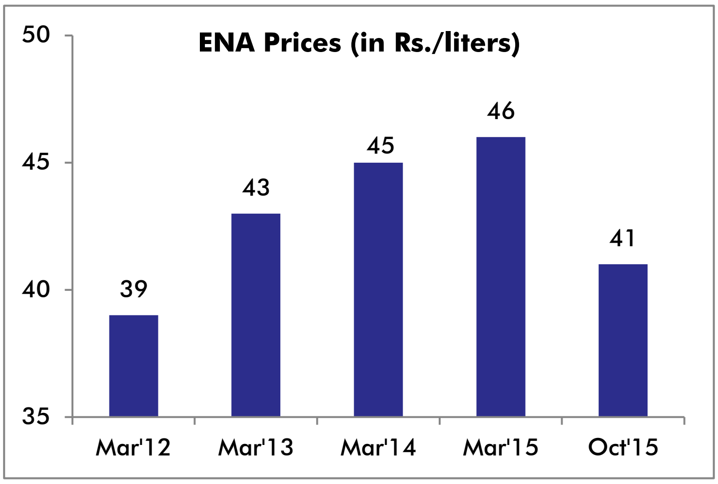




Expected Production b/w Oct.2015 to May 2016

Government has recently made 10% ethanol blending mandatory from next fiscal. This move may increase the molasses prices in the market which is a major input material for RKL. Any increase in molasses prices will have a negative impact on the profitability of the company.





Source: Company, DSPL

Impending Price Hike

RKL is focusing on achieving price increases in various regional markets in which it operates. Any price increases achieved will help to improve the revenues as well as profitability. The industry has been negotiating price hikes in various states; TASMAC (state controlled distribution body of Tamil Nadu) has authorized a substantial price increase after seven years. The increase in realization (price hike and premiumisation) will improve the operating margins going ahead.

Our communication with few liquor companies suggests that industry's pricing environment to likely get better going ahead due to the following reasons:-

1) No significant price hikes since last two years whereas RM costs for RKL increased 10-20% in the same period.

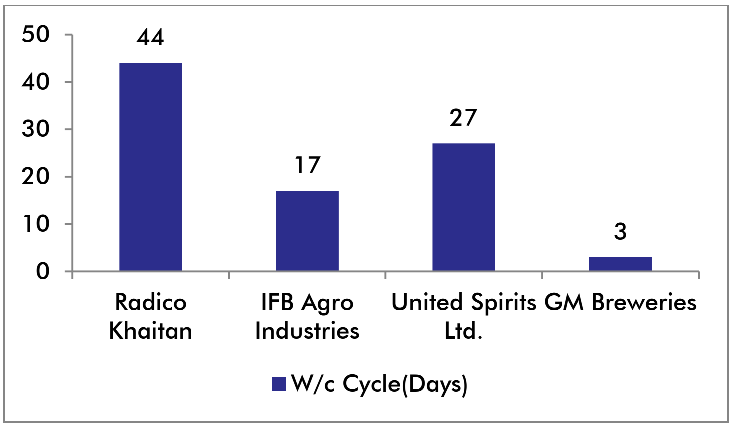
2) The industry leader – United Spirits/Diageo – in its efforts to deleverage their balance sheet & turn it efficient at operating level would shift focus to profitability over volume growth, which in would lead to increased scope for other liquor companies to hike prices.

CSD registration

CSD contributes ~15% of total liquor is sold by RKL. A prior registration is required to sell brands through CSD outlets. The registration process is a lengthy process. It has stringent policies on quality, supply chain and fee structure. CSD sale is crucial for driving growth in South India (60% of IMFL consumption). RKL has second largest distribution network in the country with an established brands. It has 18 products registered with CSD across categories and one of the largest providers of branded IMFL to CSD.

High working capital business

RKL has high working capital requirements compared to its peers. It has receivable days of 54 compared to 33 & 8 of United Spirits & IFB Agro Industries.



Source: DSPL

Rise in Per Capita Income-7th Pay Commission

The recent Seventh Central Pay Commission's recommendation of a 23.55% hike in pay, allowances and pensions (increase of Rs.102,000 crs.) for central government employees & pensioners w.e.f 1st April, 2016 is expected to boost liquor demand. The income rise will have a positive effect on the liquor consumption as consumers will have extra disposable income for expenditure.

Key Risks

Regulatory Environment

Liquor is largely a state subject in India, as a result most states have their own policy regarding licensee, taxes etc. This has led to high level of taxes and increase in price point for consumers. The high level of taxes has hurt the industry's growth despite low penetration. Pricing of the liquor is also regulated in majority of States. Any significant change in tax rates will increase the cost of IMFL and cause adverse impact on the volumes.

Particulars	Open Model	Auction Model	Government corporation	Liquor prohibition
State/UT	Maharashtra, Goa, Assam, J&K, WB, Meghalaya, Tripura, Arunachal Pradesh	Punjab, HP, Haryana, UP, Rajasthan, MP, Bihar, Chandigarh	Tamil Nadu, Andhra Pradesh, Kerala, Delhi	Manipur, Mizoram, Gujarat, Nagaland and Lakshadweep
Significance	License is granted for pre-defined period & fee. Companies are allowed to appoint distributors. No limit on no. of wholesale and retail vendors.	The government fixes a floor price for the shops and the bidders have to quote prices. The license would go to the highest bidder, and the bid price would have to be paid in equated monthly installments. Distributors set up their own retail network.	The State govt. agencies control wholesale & retail. The agencies buy alcohol directly from companies. It has final say in deciding on entry of brand into state.	
Pricing	Market determined	Determined by bidding syndicate	State determined	

Source: Industry

Prohibitively high inter-state duties in India, compel national liquor players to set up owned or contract breweries in every state. This pressurizes margins due to inability to leverage economies of scale. Some states, however, are more difficult to operate in due to higher government stranglehold like Tamil Nadu and Kerala. In these states, since the government dictates pricing, limiting pricing action commensurate with raw material inflation, players face immense margin pressure; margins are typically low to mid-single digit.

Competition from international players

Looking at the high growth potential in the Indian market many international companies are trying to penetrate the Indian market, which may impact market share of the existing players. The international companies like Pernod Ricard and Diageo are focusing on premium brands and leaving low margin regular brands / slots for other companies, which may adversely impact their financials

Fluctuations in raw material prices

As major raw material is derived from sugarcane or other grains, the prices are affected by production of particular crops and government's procurement prices. On the other hand price increase of liquor product is a state subject and sometimes the companies do not receive the price increase for a long time, which impacts their operating profits.

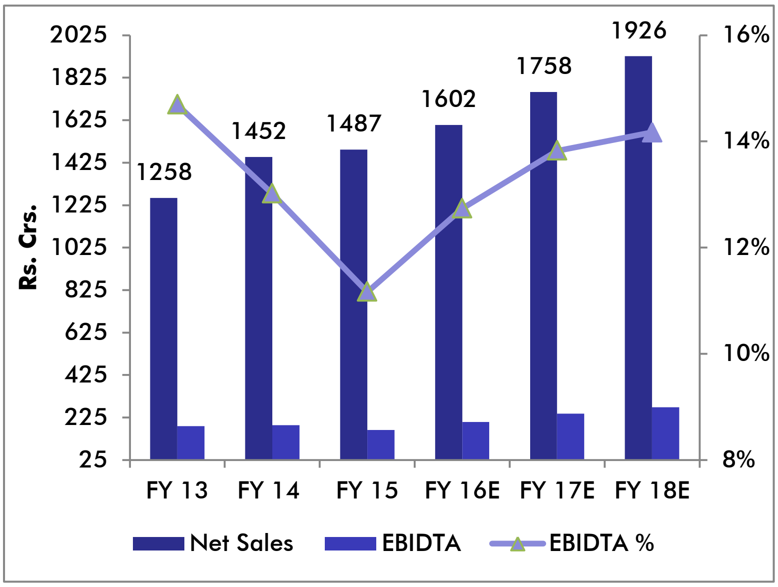
Change in legal drinking age

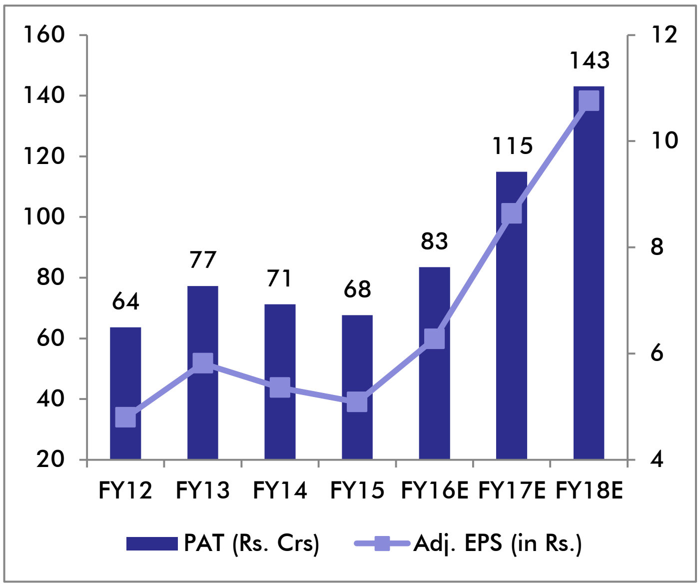
Any Government regulation aimed to increase the legal drinking age in India can have an adverse impact on the volume demand of IMFL.

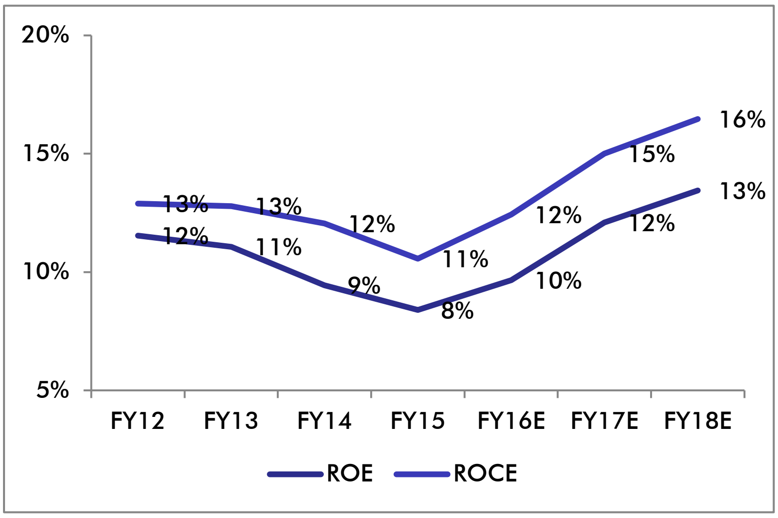
Financial Outlook

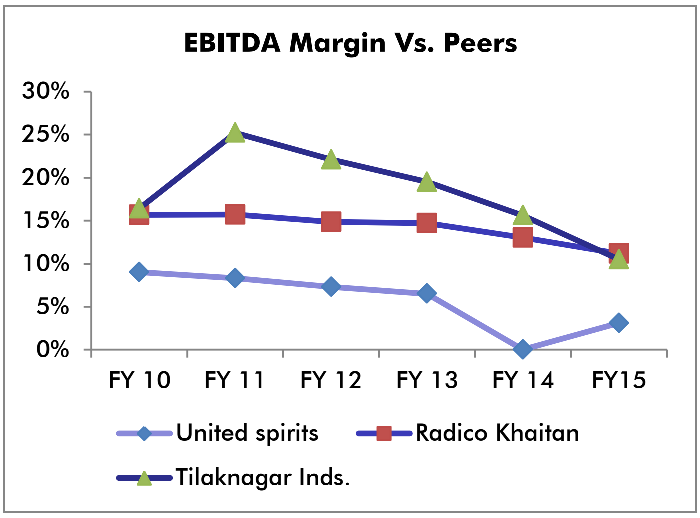
We expect the overall industry outlook to improve as a result of revival in economy, stable input prices and increase in price realization. We believe that one should look at the liquor industry as contrarian investment. RKL is better placed compared to its peers in terms of established brands, distribution network and focus on premium brands. We expect RKL's Net Sales & PAT to grow at a CAGR ~9% & ~29% by FY18 primarily on account of premiumisation of products & anticipation of price hike. ROE & ROA expected to be 12% & 5% respectively by FY17.EPS to double in FY18 to ₹11 per share from ₹5 per share in FY15.

EBITDA margin has declined over the last few years due to inability to pass on the higher input prices & duties to the consumers. However, going forward, with stable input prices and higher share of premiumisation, we expect operating margin to improve to 14-15% by FY18.









Source: Company, DSPL

Valuation

We have valued RKL's inter corporate deposits at cost basis which is ₹13 per share. Along with the Radico NV Distilleries Maharashtra Ltd, a 36% JV of RKL, we value RKL at **₹130** per share by **Mar'16** & recommend a **BUY** rating on the stock. We assigned P/E of 20x on FY17EPS (core operating income) valuing ₹111 per share. We have assigned 2x multiple to the equity (₹28crs) of Radico NV Distilleries Maharashtra Ltd. valuing it ₹4 per share.

Peer Comparison

Company Name	Year End	Current Mcap (Rs. Cr)	Net Sales	PAT Margin	EBITDA Margin	ROE	ROCE	P/E(x)
United Spirits	Mar'15	45,450	8,049	-10%	3%	-68%	-17%	NM
Radico Khaitan	Mar'15	1,500	1,488	5%	11%	8%	11%	22
Tilaknagar Industries	Mar'15	295	551	-4%	11%	-8%	5%	NM

Financial metrics of major liquor companies in India

EBITDA/Case

Sr. No.	Company Name	FY11	FY12	FY13	FY14	FY15	CAGR
1	ABD	Not Avail.	22	27	37	Not Avail.	29%
2	Pernod India	221	367	347	388	Not Avail.	21%
3	Radico Khaitan	92	96	97	93	111	5%
4	Tilaknagar Industries	105	111	124	108	104	0%
5	United Spirits	113	89	88	-20	32	-27%
	Average	**104**	**80**	**84**	**54**	**82**	**-6%**

Profit/Case

Sr. No.	Company Name	FY11	FY12	FY13	FY14	FY15	CAGR
1	ABD	157	180	215	232	250	12%
2	Tilaknagar Industries	430	420	545	512	664	11%
3	Pernod India	484	545	547	559	647	8%
4	Radico Khaitan	588	647	662	713	764	7%
5	United Spirits	730	740	849	879	791	2%
	Average	**478**	**506**	**564**	**579**	**623**	**7%**

Ratios CAGR & Average for last 3 & 5 Years

CAGR Ratio (%)	Last 3 Year	Last 5 Year	Last Year
Revenue (CAGR)	9%	12%	3%
EBITDA (CAGR)	-1%	5%	-12%
PBT (CAGR)	0.1%	12%	-18%
PAT (CAGR)	2%	10%	-5%
EPS (CAGR)	2%	10%	-5%
RoE (AVERAGE)	10	10	9
RoCE (AVERAGE)	12	12	11
EBITDA (%) (AVERAGE)	8	8	7
P/E (AVERAGE)	22	24	22
P/B (AVERAGE)	2	2	2
Debt / Equity (AVERAGE)	1	1	1
Interest Coverage Ratio (AVERAGE)	2	3	2

Source: DSPL

Company Description

Radico Khaitan Ltd is an India-based spirits company engaged in the manufacture of liquor. The company has three distilleries and one JV with total capacity of 150mn litres and 33 bottling units spread across the country. The company is one of the largest providers of branded IMFL to the Canteen Stores Department (CSD), which has significant entry barriers. RKL's brands include After Dark Whisky, Magic Moments Vodka, Morpheus Brandy, Contessa Rum, Old Admiral Brandy and 8 PM. Its liquor business also includes rectified spirit, country liquor and IMFL. Its alcohol products include rectified spirit, silent spirit, cane juice spirit, malt spirit, grain spirit and ethanol. The company's PET division produces a range of PET bottles and jars for industries, such as pharmaceutical, cosmetics, home and personal care, edible oil and confectionery.

Profile of Board Members

Name	Designation	Profile
Mr. Lalit Khaitan	Chairman & Managing Director	An eminent industrialist, Dr. Khaitan has been at the helm of affairs of the Company for more than 50 years. He is the Patron Member of PHD Chamber of Commerce and Industry and Chairman of PHD Chamber of Commerce and Industry (U.P. Committee). Dr. Khaitan is recipient of several award one of which includes the, 'Indira Gandhi National Unity Award', instituted by All India National Unity Conference, presented by the Ex-President of India, Giani Zail Singh.
Mr. Abhishek Khaitan	Managing Director	Mr. Khaitan has a Bachelor's Degree in Engineering in Industrial Production and qualifications in Managerial Finance and Managerial Accounting an alumnus of Harvard University, U.S.A. He joined Radico Khaitan in 1997, and supervised the establishment of the company's Marketing Division in the same year.
Mr. Karna S Mehta	Non-executive/ Independent	Mr. Mehta is a leading Chartered Accountant and is the Managing Partner of the firm of Chartered Accountants, M/s. S.S. Kothari Mehta & Co., having vast experience in the field of Finance and Accounting. He is on the Board of Directors of number of leading Indian Companies. He is also a Member of Managing Committees of several associations, including PHD Chamber of Commerce & Industry, FICCI, Assocham and CII.
Mr. Ashutosh Patra	Non-executive/ Independent	Mr. Patra is an eminent Supreme Court Lawyer and a leading legal expert. He is holding key position in the leading law firm M/s. O.P. Khaitan & Co. Mr. Patra has been in the legal practice for over 35 years.
Mr. K.P.Singh	Whole Time Director	Mr. Singh, a qualified technocrat, has over 40 years of experience in the liquor industry and has been associated with Radico Khaitan Ltd. for over a decade. He oversees the operations of the Company and heads its Distillery Unit at Rampur.
Mr. Sarvesh Srivastava	Non-executive/ Independent	Mr. Srivastava is a Member of the Institute of Chartered Accountants of India since 1985. He has developed his private practice with primary emphasis on various aspects of Indian Taxation and Company Law matters including conduct of statutory audits, tax audits and special investigation for various organizations including corporate entities, banks, insurance companies, societies, trusts and other non-profit entities
Mrs. Shailja Saraf	Non-executive Non-Independent	Mrs. Saraf carries rich experience in handling the sales & exports of various products in overseas, duty free market and overseas joint venture and collaborations

Source: Company

Radico Khaitan-Product Portfolio with different Price Points

Radico Khaitan's Brand Portfolio with Positioning

Segment	Whisky	Rum	Brandy	Vodka	Gin
Super Premium > Rs. 550			Morpheus, Morpheus Blue	Verve, Verve Flavored	
Premium Rs. 450 - 550	After Dark				
Semi Premium Rs. 350 - 450			Brihan's Gold, Napolean	Magic Moments, Magic Moments Remix	
Delux Rs. 275 - 350	Whytehall	Bermuda White, Contessa White	Old Admiral, 8PM Excellency		
Regular Rs. 225 - 275	8PM, Old Admiral	Contessa, Bermuda, Lord Nelson, Old Admiral	Brihans Grape, Whitefield	Special Appointment, Red Russian	Contessa, Blue Bird, Goa Dry Gin

Effective use of celebrity endorsements

The company has used celebrity endorsements to create brands. It has used "surrogate advertising" such as of water, soda, CDs or cassettes to create brands.

Brand	Segment	Celebrity
8PM	Whisky	Mallika Sherawat
Magic Moments	Vodka	Hrithik Roshan
Contessa	Rum	Arjun Rampal

Public Shareholders owning more than 5% as on 30th Sep'15

Major Non-Promoter Share Holders	Shareholding (%)
HSBC GIF Mauritius Ltd	7.5
Reliance Growth Fund	9.4

Source: Company, DSPL

Profit & Loss

(Rs Crs.)	FY14	FY15	FY16E	FY17E	FY18E
Net sales	**1,452**	**1,488**	**1,592**	**1,747**	**1,924**
YoY (%)		**2.5%**	**7.0%**	**9.8%**	**10.1%**
Total expenses					
Raw Material Cost	430	477	501	549	606
Employee costs	93	107	120	126	133
Other Manu. Cost	302	292	311	335	360
EBITDA	**189**	**166**	**195**	**240**	**283**
YoY (%)		**-12.1%**	**17.5%**	**23.0%**	**18.0%**
EBIDTA (%)	**13.0%**	**11.2%**	**12.3%**	**13.7%**	**14.7%**
Depreciation	39	38	39	40	42
EBIT	**150**	**128**	**156**	**200**	**242**
Interest	85	90	81	78	82
Other income	41	50	10	10	10
PBT	**106**	**87**	**86**	**133**	**169**
Less: Taxation	35	19	29	44	52
Effective tax rate (%)	33.0%	22.4%	33.5%	33.3%	30.5%
Recurring PAT	**71**	**68**	**57**	**88**	**118**
YoY (%)		**-5.1%**	**-15.8%**	**55.3%**	**33.0%**
PAT (%)	**4.9%**	**4.5%**	**3.6%**	**5.1%**	**6.1%**
Exp. items (net of tax)	0	0	0	0	0
Reported PAT	**71**	**68**	**57**	**88**	**118**

Balance Sheet

(Rs Crs.)	FY14	FY15	FY16E	FY17E	FY18E
Equity capital	27	27	27	27	27
Reserves	754	802	846	921	1,023
Net worth	**781**	**829**	**873**	**947**	**1050**
Total borrowings	904	849	743	687	684
Minority Interest	0	0	0	0	0
Non Curr Liabilities	76	78	81	86	98
Curr. Liabilities	255	331	469	505	562
Total liab.	**2,016**	**2,087**	**2,166**	**2,225**	**2,394**
Net block	579	574	560	545	528
Investments	58	48	50	50	50
Others	139	146	196	192	190
Current assets					
Inventories	210	213	230	255	294
Debtors	523	478	528	579	655
Cash	15	10	3	-14	-29
Other Curr. assets	491	619	600	619	706
Total assets	**2,016**	**2,087**	**2,166**	**2,225**	**2,394**

Key Ratios

	FY14	FY15	FY16E	FY17E	FY18E
Recurring EPS (Rs)	5.4	5.1	4.3	6.6	8.8
Reported EPS (Rs)	5.4	5.1	4.3	6.6	8.8
Book value (Rs)	58.0	61.6	65.6	71.2	79.0
Dividend per share (Rs)	0.8	0.8	0.9	0.9	1.0
Net Debt Equity Ratio	1.0	0.8	0.7	0.6	0.6
Payable Days	15	14	14	14	15
Debtor Days	63	54	55	55	57
Inventory Days	25	24	24	24	25
ROCE (%)	12.0%	10.6%	10.1%	12.9%	14.9%
Recurring ROE (%)	9.4%	8.4%	6.7%	9.7%	11.8%
ROA (%)	3.7%	3.3%	2.7%	4.0%	5.1%
Div Yield (%)	7.0%	12.0%	10.0%	10.0%	10.0%
Valuation Ratios					
PE (x)	20.3	21.4	25.5	16.4	12.3
Cash P/E (x)	20.3	21.4	25.5	16.4	12.3
Price/book value (x)	1.9	1.8	1.7	1.5	1.4
Market cap/sales (x)	1.3	1.7	0.9	0.8	0.8
EV/sales (x)	1.9	2.2	1.4	1.2	1.1
EV/EBITDA (x)	7.7	8.1	11.2	8.9	7.5
Earnings growth					
EBITDA (%)	2%	-12%	18%	23%	18%
EPS (%)	-8%	-5%	-16%	55%	33%
PAT (%)	-8%	-5%	-16%	55%	33%

Cash Flow

(Rs Crs.)	FY14	FY15	FY16E	FY17E	FY18E
Pre Tax Profit	106	87	86	133	169
Depn and w/o	39	38	39	40	42
Change in working cap	(229)	(9)	90	(59)	(146)
Taxes Paid	(24)	(18)	(27)	(39)	(41)
Others	158	83	32	82	85
Op. Cash flow	**50**	**182**	**219**	**156**	**110**
Capex (Net)	(83)	(33)	(25)	(25)	(25)
Investments	0	10	(2)	0	0
Inv. Cash flow	**(83)**	**(23)**	**(27)**	**-25**	**-25**
Dividend	(12)	(13)	(13)	(14)	(15)
Fresh Equity	(0)	73	0	0	0
Others	(6)	(80)	0	0	0
Debt	135	(55)	(106)	(57)	(3)
Interest	(85)	(90)	(81)	(78)	(82)
Fin. Cash flow	**32**	**(164)**	**(200)**	**-148**	**-100**
Net change in cash	(0.7)	(5.0)	(7.4)	(17)	(15)
Opening cash	16.0	15.3	10.3	2.9	(14.4)
Closing cash	**15.3**	**10.3**	**2.9**	**(14.4)**	**(29.2)**

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