TCI Express Ltd

April 15, 2019

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Kunal Bhatia/ Nidhi Babaria

.

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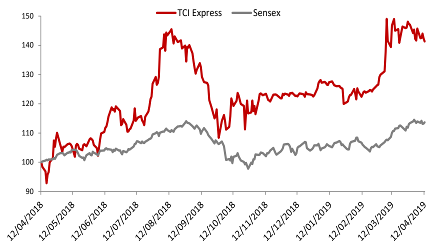
ACCUMULATE	
Current Price	696
52 Week Range	766.20/441
Target Price	794
Upside	14%

Key Share Data	
Market Cap (Rs.bn)	26.72
Market Cap (US$ mn)	386.09
No of o/s shares (mn)	38.29
Face Value	2
Monthly Avg. vol (BSE+NSE)	25,476
BSE Code	540212
NSE Code	TCIEXP
Bloomberg	TCIEXP IN

Price performance



% Shareholding	Dec-18	Sep-18
Promoters	66.97	66.97
Others	33.03	33.03
Total	**100.0**	**100.0**

The ongoing consumption boom in India is just the beginning and is likely to continue for a very long period of time. Last mile distribution will continue to play an important role in this and TCI Express is very well positioned to capture this opportunity. TCI Express has grown at a CAGR of 15.5% over FY16-FY18 and we expect it to go grow at 19% CAGR over FY18-FY22. Valuations are at 21 times FY21. We recommend an **Accumulate.**

$180bn Opportunity annually in Road logistic sector; 86% of TCI's revenue comes from Surface Express: Current Indian logistics market is ($300Bn) ~14.4% of total GDP ($2.3Tn), of which Road covers 60% of total transportation which is $180Bn of which ~90% is unorganized. TCI Express claims to carry $9 billion (in value) i.e. ~5% market share. Company is confident to grow at 20-22% in coming years, with GST in place, E-way bill on track in few states and huge government spending in roads.

GST gives push for ~95% unorganized in surface express to organized market: Surface express is $5Bn market, TCI Express is at ($0.13Bn) Rs885 cr. where organized caters 5%. TCI Express being one of the few organized players in this segment gets huge market to cover.

2000 branches in 5 years (~24% CAGR) mainly to carter to 50% of business that comes from SME: TCI Express has a large client base (200,000+) of corporates and mainly SME's. SME business growth comes from the visibility of branches and its network which is expected to grow from 680 branches in 9MFY19 to 1000 branches in 2 years and 2000 branches in next 3 years. These 680 branches are servicing 40,000 pick-up and delivery locations, covering 670 (i.e.99%) of 675 districts in India supported with 28 sorting centers, 500 express routes, 2,500 feeder routes and access to ~5,000 vehicles which supports this network infrastructure and gives a strong competitive edge that TCI enjoys in the surface express space.

Margins support a) Fragmented client base: not a single client contributes more than 1% of revenue which helps the company to maintain pricing discipline and garner rich margins; **b) increasing capacity utilization will drive operating leverage:** Un-utilized capacity @ 15% from 20% few years back is expected to remain steady and reduce further with economic revival that too will support margins

Asset light model to reduce the risk of business: Company has leased out 5000+ vehicles through 1500 vendor, taking various measures to reduce the risk like i) not more then 3-4 vehicles to be sourced through same vendor, ii) payment made on km-run basis to vendors, without any linkage to utilization levels/tonnage carried; iii) replacement of vehicle every 6-7 years with a strict due diligence of vendors financial standing and iv) security deposit before entering into any contract.

Rate cuts gives benefit to clients: Pre-GST all taxes put together for organized players like TCI Express was 15% and for un-organized at 5%, post GST TCI Express is at 18% however this now can be claimed back as in-put credit which was earlier not possible, hence the differential of cost for the client has reduced.

28 sorting centers current would form major part of capex of ~400crs in next 5 years and reduce lease rentals costs: Currently 30% is owned and 70% is leased where the target is to own more of the sorting centers and increasing the current capacity of 2.2mn sqft to 3mn sqft in next 5 years.

Valuation: We expect TCI Express to post topline and bottom-line CAGR of ~19% &27.5% over FY18-FY22E (In 4 years revenue's to double (2x) and profit would be ~3x). Company's ROE & ROCE is at 28% & 35% as on FY18 which is expected to be at ~40% ROCE by FY21E. At CMP of Rs 696 TCI Express trades at 27.7x FY20E EPS of Rs 25.1 and 21.3x its FY21e EPS of Rs 32.60. We recommend investors to **Accumulate** TCI Express with a target price of Rs. 794 i.e, upside of 14% based on our weighted average target price model giving 70% weightage to PE method and 30% weightage to EV/EBITDA.

FINANCIALS

Year	Net Sales	%growth	EBIDTA	OPM%	PAT	%growth	EPS	PE(x)	RoE%	RoCE%
FY17	7,502.7	13.1	619.0	8.3	374.9	31.7	9.8	71.0	23.3	30.0
FY18	8,850.8	18.0	906.5	10.2	584.0	55.8	15.3	45.6	28.2	34.6
FY19E	10,444.0	18.0	1,210.1	11.6	731.5	25.3	19.1	36.4	27.6	37.3
FY20E	12,532.8	20.0	1,577.3	12.6	961.0	31.4	25.1	27.7	28.1	39.0
FY21E	15,039.3	20.0	2,038.5	13.6	1,248.4	29.9	32.6	21.3	28.2	39.9

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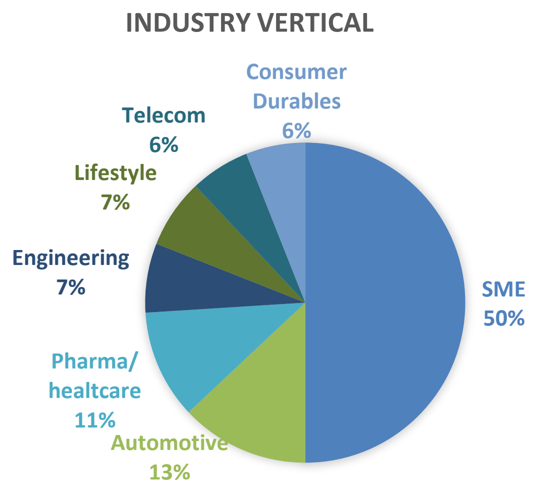
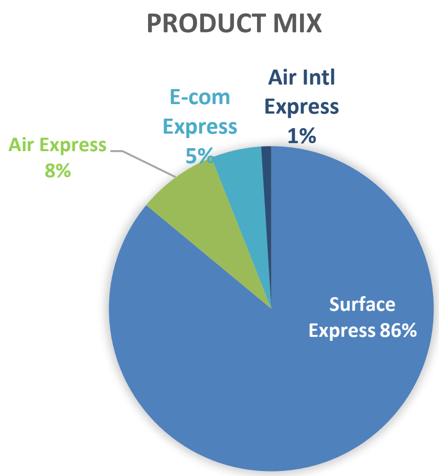
Company Background:

TCI Express was founded in 1996 as Express division in Transport Corporation India Ltd. In August 2016 the division was demerged from the parent company as TCI Express effective from 1st April 2016. TCI Express issued one equity share (FV Rs 2) to existing shareholders of TCI ltd for every two equity shares (FV Rs 2). This was done with the vision to maintain leadership in door-to-door express, on time delivery and customer service above all. The wide spectrum of TCI Express services includes Surface Express, Domestic and International Air Express, E-Com Express, Priority Express and Reverse Express which are spread across multiple industry segments such as Automobile spare parts, Pharmaceuticals, retail, e-commerce, Telecom and 50% Revenue contributor are SMEs. Overall both the sectors (50% co-operate client and SME) share the same Industrial break-up (as shown in table). Company provides services for Surface Express and Air Express in B2B and Last Mile Express in B2C division. The company is leader in door-to-door express logistics covering 99% of districts in India with global presence in 202 countries.





List of Costumer:

Automobile	Pharma	Electrical	Retail	Telecom & Engineering	E-commerce
Hero	Dr. Reddy's Lab	BEL	Siyaram	Microsoft	Flipcart
Tata Motors	Cipla	Havells	ITC	BHEL	Naptol
Maruti-Suzuki	Abbott	Cummins	Adidas	Reliance Jio	Homeshop18
Chevrolet	Intas	L&T	Raymond	Siemens	Shopclues
Force	Neon Lab	Panasonic	Lifestyle	NRB	

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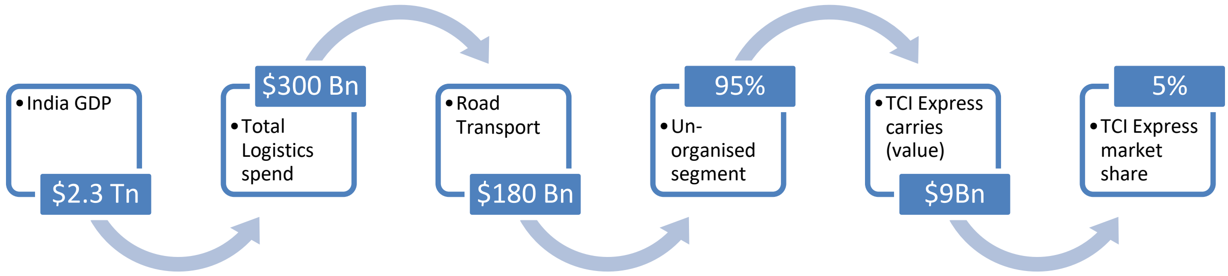
Industry Background:

India is known by its highways. Roads and national highways denote an important route in a system of roads, railway lines and water ways for the country. The increasing domestic supply necessitates the presence of a good transport infrastructure. India through road-ways carries ~60% of its freight, which is growing rapidly. Initiatives such as Bharatmala to improve road infrastructure bode well for last-mile transportation and hinterland connectivity, besides improving average truck speed.

Indian Surface Express Industry: Indian express industry has grown at 15% CAGR over past 5 years and is estimated to grow ~2x of GDP. The express industry is further classified into two segments - B2B (business to business) and B2C (business to consumer). B2B segment is ~60% of the domestic express business and B2C is the remaining 40%. Within B2C ecommerce forms the larger portion i.e. ~ 70% followed by BFSI and other document deliveries belonging to education, telecom etc. Factors like improved road infrastructure, GST, E-Way bill and Infrastructure status to support the growth for over Industry.



Bharatmala Pariyojana programme: During fiscal FY18 government had approved the biggest highway construction plan so far in the country, to develop approximately 125,000 km of roads in 2 phases. Under the Phase -I, the government plans to develop 84,000 km of road infrastructure at an investment of Rs. 7.5 trillion (till date approval for Rs. 3 trillion is granted) over 2018-22. Work on 8,500km worth Rs 2 trillion has already started. In FY20 large projects worth Rs. 2trillion is planned of which Rs. 1 trillion will be for Mumbai Delhi Greenfield expressway.

Advantage of GST and Bharatmala project:

- No entry Tax, to save transit time and cost (to be claimed as input credit).
- 80% of unorganized market gives huge space to grow.
- Improvement in economies of scale for transporter and manufacturer.
- Increase in productivity and rise in efficiency levels in Logistics sector would benefit through reduction in freight time by 30-40% and logistics cost to reduce by 20-30%
- Improvement in road quality and removal of check post leading to faster turnaround time.

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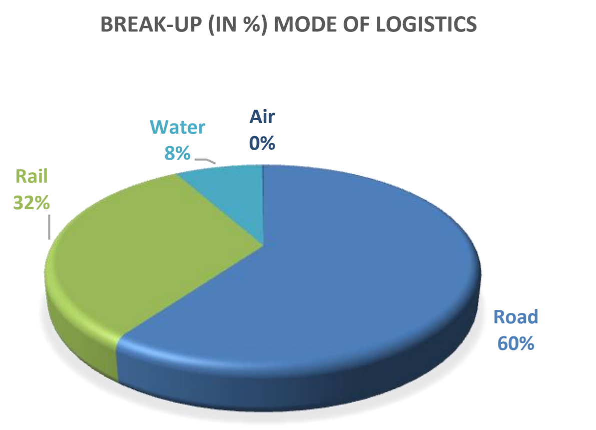

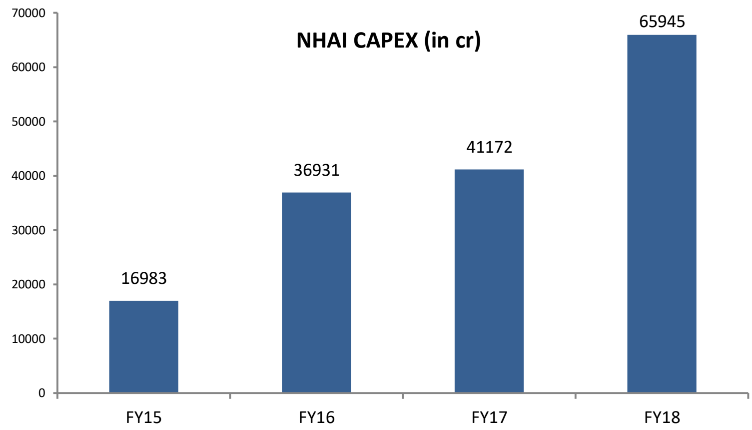

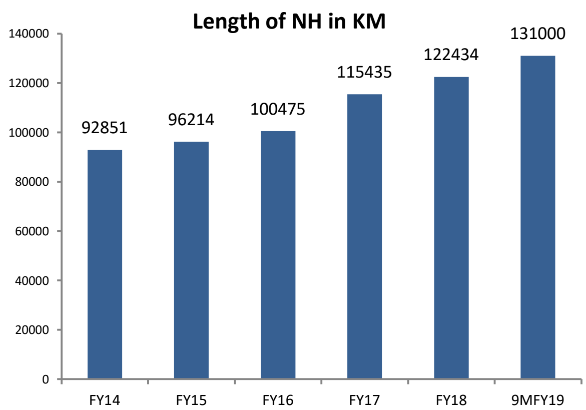

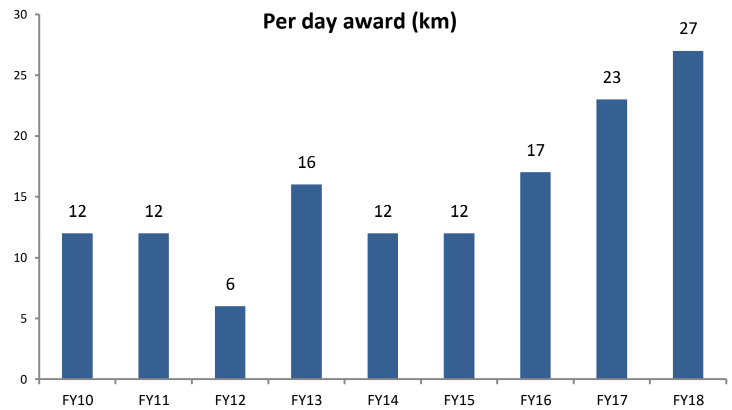

Micro, Small and Medium Enterprises (MSME) contributes 33.4% of India's manufacturing output and 40% to the exports from the country. This sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last 5 decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth.

Classification	Manufacturing Enterprises. (Investment limit in Plant & Machinery)
Micro	Rs. 2.5 million / Rs. 25 lakh
Small	Rs.50 million / Rs. 5 crore
Medium	Rs 100 million / Rs 10 crore

Source: CII

Approximately 98.5% of the industries fall under the category of MSMEs in India,

- As of today 63.4 million units is contributed by MSME and 4000 by large industries
- Accounts for 6.11% of the manufacturing GDP (overall manufacturing GDP contributes 18.1% to total GDP)
- Accounts for 95% of total 6.3cr entrepreneurs in India.
- Provides employment to over 120 million persons (40% of India’s workforce)
- Accounts for 16% of bank lending

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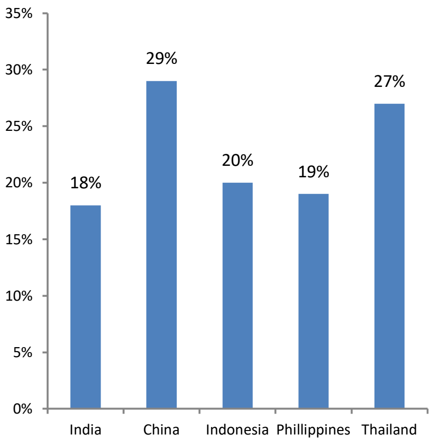
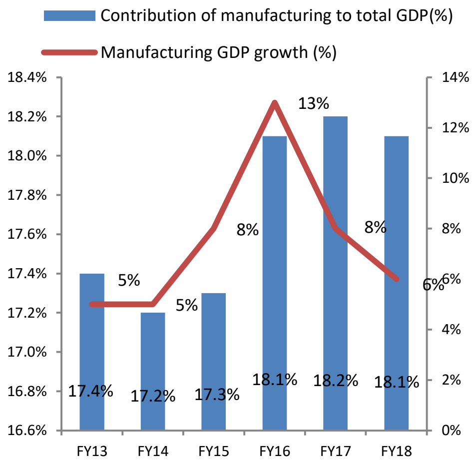
- The budgetary allocation to MSME for the year 2018-19 was Rs. 3,790 crores
- The sector has consistently maintained a growth rate of over 10%

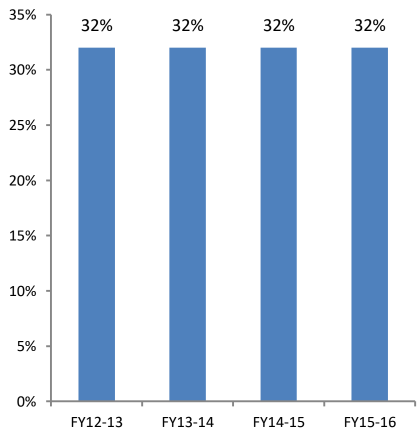
Manufacturing to GDP contribution of Asian countries higher than India



Manufacturing contribution to GDP



Share of MSME in GVA (%)



Business Model:

TCI Express is predominantly B2B (95% of revenue) Express Logistics company involved into door-to-door pick-up and delivery of parcels (0kg-40kg) in a time bound manner mainly via Surface Transport (86% of total revenue). It differs from Blue Dart Express Ltd. in few ways. Blue Dart is mainly in to transportation of documents where weight of single consignment can be as low as 25-30 grams or lower and secondly mainly into Air express cargo.

Business Segment:

TCI's revenue breakup:

TCI Express reported Rs. 8.8BN in FY18 of which 95% is in B2B and 5% in B2C.

B2B services can be classified as:

A. **Surface Express:** These service carters 90% of B2B clients which include door-step pickup and delivery of consignments via 40,000 pickup and delivery points. Besides this, it even has value added services like COD (cash on delivery), POD (proof of delivery), DACC (delivery against Consignee copy), ODA (out of delivery area) service, SMS alert, MTO service etc.
B. **Domestic Air express:** For time sensitive deliveries of goods within 24hours in Metros and within 48 hours in mini metros and other A class cities. Sunday and Holiday services, late pick-up and deliveries are some of the categories which is done through 24 gateways in domestic market. TCI's domestic air express connects 34 domestic airports.
C. **International Air Express:** Time sensitive delivery for small packages and commercial shipment across globe in 202 countries is done through agent network. Services cover are Airport-to-Airport, Door-to-Airport and Door-to-Door deliveries.

B2C services can be classified as:

E-Commerce Express service: Here key services include bulk movement vendor to sorting center and sorting center to customer with cash collection**.** They provide city distribution through GPS enabled fleet of route vehicles for on time delivery with value added services like COD, RTO, Online tracking of shipment, etc.

Strong domestic presence across India with focus on asset light model: Company owns 680 branches (majority on rent) across India, with 40,000 pick- up and drop services. It has presence in 202 countries, through agent network in international market and 24 air gateways in domestic market. The company follows asset light model which runs through 5000 containerized vehicles. It even has hub and spoke model which has presence across four corners of the country with 28 sorting centers. Currently 3000+ professionals are employed with the company. Vehicles running on long hauls (plying between sorting centers) are hired on 1-year lease and are paid on per KM basis. Diesel price is a pass through. Remaining vehicles which connect the initial / end customer to sorting center (short haul) are either deployed on commission basis or per kg basis.

Diversified Customer Base across various sectors: Company has diversified customer based across all industry and various segments. Automotive industry cover 13% where they do only auto ancillary, Pharma/ Health care is another 11% where they even have service for cold-chain, Lifestyle and engineering covers another 7% each, consumer durables and telecom are another 6% each and with 50% in SME completes the services for the business. Today micro, small and medium enterprise SME contributes 45% to country's GDP and has an important role to play in India's future economy, where TCI Express is mainly focused.

1) **Business sourcing:**
50% of business comes from large corporate clients where company finalizes the customer on a mutual agreement based on area and services. Performance within budgeted price is the key deciding factor for securing contract. Typical contract duration is 12 months. Remaining 50% of business comes from MSME and unorganized players where relationship holds the key. A significant chunk of this 50% revenue is repeat in nature without any formal contract between parties. In a typical year, company deals with close to 2,00,000 customers out of which 90-95% are repeat customers. Thus, in a given year, 50% revenue is won through competitive pricing.

Diesel price impact on pricing: Company's pricing of its services is such that diesel cost accounts for 50% of direct costs and 38% of top line of the company. Company has introduced diesel fuel surcharge which is calculated on the fuel average increase over say a period of one month. So, because of this company is able to pass on the increase in fuel charge for about 80% of clients. Rest 20% of clients are gradually increasing and is expected to reach the target by year end. Over all fuel charges have increased by ~25% from May-18 to November-18 whereas company's profitability has grown +40% in H1FY19, which indicates company, is able to pass on the price in a very effective way.

Customer's rates are revised twice in a month, according to average of diesel price hike while company revises price hike with truckers with a lag of 30-45 days giving a positive arbitrage for TCI Express. The price hike reflects in the form of reduced discounts rates (to Card rate) to customers with 12-month business contract. Repeat customers with whom company has no formal contract are always at much higher rates (35%-40% premium to contract bound customers) and hence hardly any price action is needed. Fuel price in India erratic and hence rise and fall is part of the business.

Payment terms: Customers with whom company enters into formal contract are offered credit period of 30-45days while for rest, it is cash and carry. Truckers are paid 3 times in a month by the company.

Working Capital Days lesser than industry: TCI Express gets 35days credit for its vehicle vendors (85-90% of its vendor is associated since a very long-term) as against industry many players pay in advance.

TCI's USP mainly small parcel support better margins compared to conventional distribution: Company has 50% client from SME where not more the 1% revenue is being cratered by a single client and top 10 clients account for less the 10% of company's top line. Few clients would include Havells, Hero, Tata, Maruti Suzuki, Dr. Reddy, Cipla, Lifestyle, Flipcart, L&T etc. Its revenue mix strikes balance between volume and pricing where 60% revenue comes from low margin but stable business while remaining 40% is decided bilaterally where company enjoys better pricing.

2) **GST and E-way bill big positive impact shift from un-organized to organized witnessed:**
   a. Post GST people are shifting to established compliant companies like TCI express
   b. Large-size customers were using un-organized players since costs were lower by 20-25%, however post GST in-order to get benefits like in-put tax credit they have started shifting. Even small players look for GST compliant players like us.
   c. Pre-GST all taxes put together for organized players like TCI was 15% and for un-organized at 5%, post GST TCI is at 18% however this now can be claimed back as in-put credit which was earlier not possible, hence the differential of cost for the client has reduced.
   d. **E-way bill** is positive, especially for process driven companies like TCI Express. E-way bill ensures that goods being transported comply with the GST law, including invoicing, disclosure, tax payment, and so on. Moreover, it also facilitates real time tracking of goods movement. The surveillance under e-way mechanism makes it difficult for unorganized player to operate. So if the company is not able to provide e-way bill they are not able to carry forward GST in there operation and so the goods instead of taking 2 days takes 2.5-3 days or may be more to deliver, which increases the cost for the clients. Capitulation of unorganized players coupled with faster turnaround time is benefiting organized player like TCI Express.

In FY18 company grew at 14% in volumes to 0.75mn tons and going forward as well volume is going to grow at almost 15%-18% for next 2-3 years.

Continuous Re-invention to improve cost efficiencies: a) Find better routes to optimize per lane cost b) longer and larger vehicles c) improve turnaround time of trucks d) Increase capacity utilization of sorting center

3) **Un-**utilized capacity is currently at 15% which has come down from 20% few years back and expectations are to go to ~10% if economic revival continues

4) **Growth 2x of GDP expected going forward:** Further the management expects 2x of GDP growth, i.e., we can expect double digit growth in coming years with uptick in economy.

5) **28 sorting centers current would form major part of capex of ~400crs in next 5 years:** In FY20 total targeted capex is at Rs. 60cr which is slightly on lower side mainly due to election year. Current strength is 28 sorting centers with ~2mn sqft of space, company would like to increase it gradually to ~3mn sq ft. Sorting centers would be forming significant part of capex going

forward, for increasing space and convert leased to own. Average size would range between 30000 sq ft to 1 lac sq ft. Recent land bought in Gurgaon would be ~2 lac sq ft.

Going Forward:

The logistics industry in India is likely to grow at 9-10% over the medium- term, supported by underlying structural positives. While the key driving factor on the demand side would be the economic recovery.

TCI express is growing at 9.75% CAGR over the past 5 years where PBT CAGR growth is 2x of top line that is 18.79% and management is confident to achieve the same trend with improved margins. Current PBT margin moved from 9.46% to 10.4% in FY18 to 9MFY19 respectively and have target of ~12% in coming years. Company's ROCE is 35% and ROE at 28% in FY18 and the management is confident of maintaining the same.

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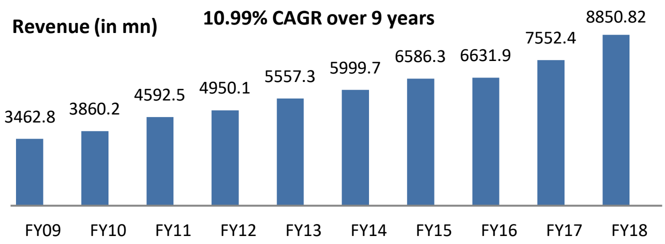
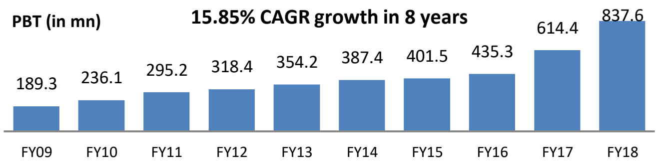


TCI Express Operating Income has been growing at CAGR of 14.79% over last 5 years and it will further grow ~19% over FY18-FY22. With introduction of GST there is faster movement of goods, Consolidation of warehouses and increase in consumption is giving an overall demand in industry. This is catering growth in topline to organized players like TCI Express.

EBITDA: Company's EBITDA grew at CAGR of 12.67% in past 8 years and 20.4% from last 3 years which is at 906.5 mn for FY18, with margin of 10.2%. In 2.5 years company improved margins from 6.7% in Q1FY17 to 11.8% in Q3FY19 and going forward company targets to scale up the margin at ~14% very easily in coming years.

PBT: Company's PBT is growing at CAGR of 15.58% over past 8 years and 27.8% CAGR for last 3 years which is 1.5x of topline growth. In FY18 margins were improved by 131Bps (y-o-y), due to improved EBITDA margins. In 9MFY19 margins were at 10.4% which is targeted at ~12% in coming years.



PAT: Growth for PAT in FY16, FY17 and FY18 PAT grew as 8%, 33% & 55% respectively. The Board has also announced Interim dividend @60% (Re. 1.20) per share on FV of Rs. 2/- (per share) for Q3FY19

9MFY19 was exceptionally good, management expects demand will remain good going forward, shift to higher value products like high value pharma which is always in demand. Consumption growth is expected to continue. The company saw a topline growth of ~19% with Rs. 7580mn, Volume 16% growth and improved margins from 7.90% in 9MFY17 to 11.24% in 9MFY19 due to improvement in operating expenses. Tax Rate for 9MFY19 stood at 35.4% as against 29.4% last year, hence PAT increase by 26% yoy to RS. 511mn.

CAPEX of Rs. 160mn mainly on expansion of sorting center and IT initiative. The debt of the company has significantly reduced from 62 crores in June 18 to 39 crores in September 18 quarter. Further the debtors' cycle has also been improved to 50 days in September 2018 from 55 days in June 18 quarter.

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Valuation

DCF

Particulars	FY15	FY17	FY18	FY19	FY20	FY21	FY23	FY24	FY25	FY26	FY27	FY28	FY29
EBIT	459	589	875	1,168	1,521	1,964	2,968	3,673	4,562	5,447	6,500	7,470	8,575
EBIT (I-T)	308	395	586	783	1019	1316	1988	2461	3057	3650	4355	5005	5745
Dep	60	43	52	69	87	115	167	181	196	207	219	230	242
NOPAT	368	438	638	852	1106	1431	2155	2642	3252	3857	4573	5235	5987
Capex	0	-436	-646	-600	-600	-1000	-800	-500	-500	-400	-400	-400	-400
Change in WC	0	-55	-48	40	141	-36	170	194	223	216	245	221	246
FCFF	368	(53)	(56)	292	647	395	1,525	2,336	2,975	3,673	4,418	5,056	5,833
FCFF Growth Rate		-116%	6%	-621%	122%	-39%	67%	53%	27%	23%	20%	14%	15%
Weights		0	0	0	1	2	4	5	6	7	8	9	10
Cost of Capital %	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
	1	1	1	1	0.88	0.77	0.59	0.52	0.45	0.40	0.35	0.30	0.27
PV FCFF	368	(53)	(56)	292	567	303	899	1,207	1,347	1,457	1,536	1,541	1,557

Sum of PV of FCF	11030.4
Calculation of Terminal Value	
Terminal Growth Rate	5%
Terminal Year Free Cash Flow	6124.4
Terminal Value	66728.8
PV of Terminal Value	17721.0
Enterprise Value	28751.5
Add: Cash & Investments	149.0
Less: Debt	(404.8)
Market Capitalization	28495.6
No. of shares	38.3
Value per share	**744.2**
CMP	**696.0**
% upside	**6.9**

WACC for explicit forecast Growth	
Expected Market Return (Rm)	13.0%
Risk Free Rate (Rf)	6.8%
Market Risk Premium	6.2%
Beta	1.2
Cost of Equity	14.2%
Cost of Debt	10.0%
Tax rate	35.0%
Post Tax Cost of Debt	6.5%
Long term debt to capital ratio	0.0%
WACC	**14.12%**
Debt	404.8
Equity	26649
Total	27054

WACC for terminal growth	
Expected Market Return (Rm)	13.0%
Risk Free Rate (Rf)	6.8%
Market Risk Premium	6.2%
Beta	1.2
Cost of Equity	14.2%
Cost of Debt	10.0%
Tax rate	35.0%
Post Tax Cost of Debt	6.5%
Long term debt to capital ratio	0.0%
WACC	**14.2%**

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Particulars				EPS Rs		P/E		EV/EBIDTA	
Name of the Compar	**CMP**	**NO. of Shares**	**M.Cap (Rs Mns)**	**FY20E**	**FY21E**	**FY20E**	**FY21E**	**FY20E**	**FY21E**
Blue Dart	3285	23.73	77953	70.298	88.984	46.7	36.9	22.3	18.6
VRL Logistics	277	90.3	25024	13.26	16.081	20.9	17.2	8.7	7.4
Future supply chain	563	40.0	22520	24.13	31.23	23.3	18.0	12.2	8.8
CONCOR	515	609.3	313790	23.46	26.39	22.0	19.5	13.1	11.4
Mahindra Logistics	560	71.10	39816	17.6	20.7	31.9	27.0	17.5	14.6
TCI Express	696	38.29	26649	25.1	32.6	27.7	21.3	17.0	13.1
AVERAGE						**28.8**	**23.3**	**15.1**	**12.32**

Weighted Average Target Price	Multiple	Target Price	Assigned	Price	Comment
Target Price Using PE Multiple	25.0	815.1	70%	571	Average PE of peers for FY21 is 23.3x
EV/ EBIDTA	14.0	745.4	30%	224	Average EV/ EBIDTA multiple of peers for FY21 is 12.32x
Target Price				794	

EV/ EBIDTA Multiple	14.0	(Considered higher than Average Peers)
EBIDTA FY21	2038.5	
FY21 EV (Rs Mns)	28539	
Debt FY21 (Rs Mns)	404.8	
Cash FY21 (Rs Mns)	401.4	
Market Cap (Rs Mns)	28542	
Per Share (Rs)	**745.4**	

At CMP of Rs 696 TCI Express trades at 27.7x FY20E EPS of Rs 25.1 and 21.3x its FY21e EPS of Rs 32.60.

We expect TCI Express to post topline and bottom-line CAGR of ~19% & 27.5% over FY18-FY22E. Company's ROE & ROCE is at 28% & 35% as on FY18. We recommend investors to **Accumulate** TCI Express with a target price of Rs. 794 i.e, upside of ~14% based on our weighted average target price model giving 70% weightage to PE method and 30% weightage to EV/EBITDA.

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Kunal Bhatia/ Nidhi Babaria

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P&L (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	7,502.7	8,850.8	10,444.0	12,532.8	15,039.3
Raw Materials	(5,765.8)	(6,644.3)	(7,732.0)	(9,240.8)	(11,028.8)
Employee Cost	(588.2)	(725.2)	(870.3)	(1,000.8)	(1,151.0)
Other Expenses	(529.7)	(574.8)	(631.6)	(713.9)	(821.1)
Operating Profit	**619.0**	**906.5**	**1,210.1**	**1,577.3**	**2,038.5**
Depreciation	(43.1)	(52.1)	(69.3)	(86.5)	(115.2)
PBIT	575.8	854.4	1,140.7	1,490.7	1,923.2
Other income	13.7	20.8	27.7	30.7	40.4
Interest	(24.4)	(37.6)	(43.0)	(43.0)	(43.0)
PBT	565.1	837.7	1,125.4	1,478.5	1,920.6
Exceptionals	-	-	-	-	-
Profit before tax (post exceptional)	565.1	837.7	1,125.4	1,478.5	1,920.6
Provision for tax	(190.2)	(253.7)	(393.9)	(517.5)	(672.2)
Reported PAT	**374.9**	**584.0**	**731.5**	**961.0**	**1,248.4**
MI	-	-	-	-	-
Net Profit	**374.9**	**584.0**	**731.5**	**961.0**	**1,248.4**
Adjusted Profit (excl Excep	374.9	584.0	731.5	961.0	1,248.4

Cash Flow St. (Rs. mn)	FY17	FY18	FY19E	FY20E	FY21E
Net Profit	374.9	584.0	731.5	961.0	1,248.4
Add: Dep. & Amort.	43.1	52.1	69.3	86.5	115.2
Cash profits	**418.0**	**636.1**	**800.8**	**1,047.5**	**1,363.6**
(Inc)/Dec in					
-Sundry debtors	(77.0)	(412.9)	(173.0)	(343.4)	(206.0)
-Inventories	-	-	-	-	-
-Loans/advances	(31.9)	24.4	(10.0)	(12.7)	(14.2)
'-Current Liab and Provisions	164.2	436.6	143.2	215.1	256.3
Change in working capital	55.3	48.1	(39.8)	(141.0)	36.1
CF from Oper. activities	**473.3**	**684.2**	**761.0**	**906.5**	**1,399.7**
CF from Inv. activities	**(414.5)**	**(624.0)**	**(605.2)**	**(605.7)**	**(1,006.2)**
CF from Fin. activities	**(79.9)**	**(26.3)**	**(128.7)**	**(192.2)**	**(249.7)**
Cash generated/(utilised)	**(21.1)**	**33.9**	**27.2**	**108.7**	**143.8**
Cash at start of the year	109.0	87.8	121.8	149.0	257.6
Cash at end of the year	87.8	121.8	149.0	257.6	401.4
	-	-	-	-	-

Balance Sheet	FY17	FY18	FY19E	FY20E	FY21E
Equity capital	76.6	76.6	76.6	76.6	76.6
Reserves	1,531.1	1,991.5	2,576.7	3,345.5	4,344.2
Net worth	**1,607.7**	**2,068.1**	**2,653.3**	**3,422.1**	**4,420.8**
MI	-	-	-	-	-
Non Current Liabilites	38.7	59.6	77.2	77.2	77.2
Current Liabilites	797.7	1,310.8	1,454.0	1,669.1	1,925.4
CAPITAL EMPLOYED	**2,444.1**	**3,438.5**	**4,184.6**	**5,168.4**	**6,423.4**
Non Current Assets	1,099.7	1,671.6	2,207.5	2,726.6	3,617.6
Fixed Assets	1,050.0	1,620.1	2,150.8	2,664.3	3,549.0
Goodwill	-	-	-	-	-
Non Current Investments	49.8	51.5	56.7	62.3	68.6
Deferred Tax Asset	-	-	-	-	-
Long Term Loans and Advances	-	-	-	-	-
Current Assets	1,344.4	1,766.9	1,977.1	2,441.8	2,805.9
Current investments	-	-	-	-	-
Inventories	-	-	-	-	-
Trade Receivables	1,130.9	1,543.8	1,716.8	2,060.2	2,266.2
Cash and Bank Balances	87.8	121.8	149.0	257.6	401.4
Short Term Loans and Advances	63.3	71.1	79.7	89.2	99.9
Other Current Assets	62.3	30.1	31.6	34.8	38.3
CAPITAL DEPLOYED	**2,444.1**	**3,438.5**	**4,184.6**	**5,168.4**	**6,423.4**

Ratios	FY17	FY18	FY19E	FY20E	FY21E
OPM	8.3	10.2	11.6	12.6	13.6
NPM	5.0	6.6	7.0	7.6	8.3
Tax rate	(33.7)	(30.3)	(35.0)	(35.0)	(35.0)
Growth Ratios (%)					
Net Sales	13.1	18.0	18.0	20.0	20.0
Operating Profit	(90.7)	46.5	33.5	30.3	29.2
PBIT	(91.2)	48.4	33.5	30.7	29.0
PAT	31.7	55.8	25.3	31.4	29.9
Per Share (Rs.)					
Net Earnings (EPS)	9.8	15.3	19.1	25.1	32.60
Cash Earnings (CPS)	10.9	16.6	20.9	27.4	35.6
Dividend	0.8	2.8	3.2	4.2	5.4
Book Value	42.0	54.0	69.3	89.4	115.5
Free Cash Flow	1.5	1.6	4.1	7.9	10.3
Valuation Ratios					
P/E(x)	**71.1**	**45.6**	**36.4**	**27.7**	**21.3**
P/B(x)	16.6	12.9	10.0	7.8	6.0
EV/EBIDTA(x)	43.3	29.6	22.2	16.9	13.0
Div. Yield(%)	0.1	0.4	0.5	0.6	0.8
FCF Yield(%)	**0.2**	**0.2**	**0.6**	**1.1**	**1.5**
Return Ratios (%)					
RONW	23%	28%	28%	28%	28%
ROCE	30%	35%	37%	39%	40%
D/E	0.2	0.2	0.2	0.1	0.1

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