

## Indo Count Industries Ltd (ICL)

No. of shares (m)	39.5
Mkt cap (Rs crs/\$m)	2964/443.9
Current price (Rs/\$)	751/11.2
Price target (Rs/\$)	1057/15.8
52 W H/L (Rs.)	1254/694
Book Value (Rs/\$)	155/2.3
Beta	1.3
Daily volume (avg. monthly)	180730
P/BV (FY17e/18e)	3.5/2.5
EV/EBITDA (FY17e/18e)	6.3/5.7
P/E (FY17e/18e)	9.9/8.5
EPS growth (FY17e/18e)	12.6/16.7
OPM (FY16/17e/18e)	20.9/20.9/20.6
ROE (FY16/17e/18e)	60.4/42.4/34.5
ROCE (FY16/17e/18e)	37.0/32.8/30.3
D/E ratio (FY16/17e/18e)	0.6/0.3/0.1
BSE Code	521016
NSE Code	ICIL
Bloomberg	ICNT IN
Reuters	ICNT.BO

## Shareholding pattern

	%
Promoters	59.0
MFs / Banks / FIs	1.8
FIIIs	14.3
Govt. Holding	0.0
Public & Others	25.0
<b>Total</b>	<b>100.0</b>

As on Jun 30, 2016

## Recommendation

**BUY**

## Analyst

**KISHAN GUPTA, CFA, FRM**

Phone: + 91 (33) 4488 0043

E- mail: kishan.gupta@cdequi.com

## Company Brief

ICL manufactures bed sheet sets, fashion bedding, utility bedding, institutional linen and yarn.

## Quarterly Highlights

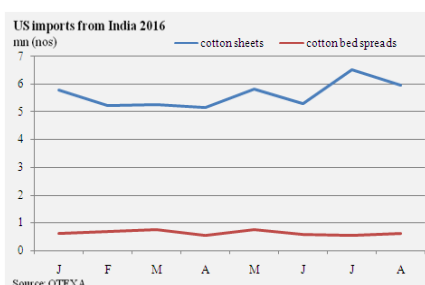
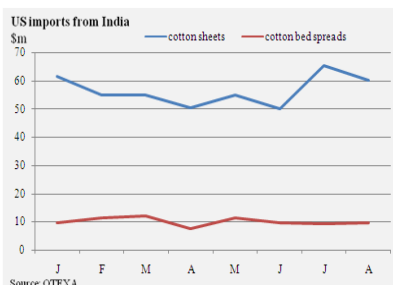
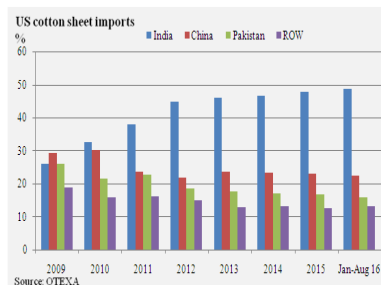
- Dramatic slowdown in sales growth (6%) last quarter left investors bewildered for the seeming ambiguity portends stress in demand from overseas markets, particularly US. Not only sales growth slid to the lowest in at least nine quarters, but operating margins shriveled too - 19.8% Vs 20.7% in the same quarter a year ago, hurtling earning cuts - 4.1% for FY17. Steady rise in cotton prices in last few months probably elucidate the shrinkage in material margins - 46.5% Vs 50.1% in Q1FY16 and 47.4% in Q4FY16. Worryingly, growing revenue share of home textiles division and rapturous hurling of value added products (read: institutional bedding, fashion bedding and utility bedding) did little to preclude margin suppression.
- Poor dispatches of home textiles last quarter (13.46 mn mts Vs 12.54 mn mts in Q1FY16) helped smudge inexorable volume expansion of last two years - grew by nearly two-thirds to 54mn mts - casting nagging doubts on the efficacy of ongoing capex. Thanks to sharp jump in other income (Rs 15.96 crs (\$2.4m) Vs Rs 8.26 crs (\$1.2m)) and dramatic cut in interest expense, PAT rose by 15.6% to Rs 60.29 crs (\$9.0m) compared to Rs 52.17 crs (\$7.8m) in the same quarter last year.
- Fortifying presence in the premium segment of key North American markets gained momentum with Indo Count Global Inc signing licensing agreement with Walker Greenbank PLC UK for three of its brands: Sanderson, Harlequin and Scion; brands with strong presence in UK and Australia. Besides, Indo Count's domestic retail forays muster prominence with Indo Count Retail Ventures (ICRVL) - its subsidiary - launching its home textile brand 'Boutique Living' sometime in second quarter.
- The stock currently trades at 9.9x FY17e EPS of Rs 75.49 and 8.5x FY18e EPS of Rs 88.12. Post Welspun India's Egyptian cotton fiasco, Indian textile exporters have been hurled in a state of trepidation as fears of global retailers reviewing their sourcing arrangements come to fore. Yet Indo Count's minimal exposure to branded cotton (12-13% of total turnover) somewhat shields it from ravaging outcomes of sourcing realignments of global retailers. Its reluctance to debt pile up fortifies its resistance to unforeseen events. We retain our buy recommendation on the stock with revised target of Rs 1057 (previous target: Rs 1365) over a period of 9-12 months.

(Figures in Rs crs)	FY14	FY15	FY16	FY17e	FY18e
Income from operations	1467.63	1716.89	2173.72	2424.13	2760.72
Other Income	30.27	14.81	18.89	13.23	13.52
EBITDA (other income included)	189.10	287.92	473.54	519.95	582.30
Profit after EO & MI	111.60	164.35	264.74	298.03	347.90
EPS(Rs)	31.45	44.06	67.06	75.49	88.12
EPS growth (%)	159.4	40.1	52.2	12.6	16.7

## Investment Thesis

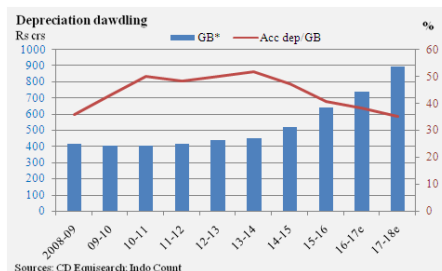
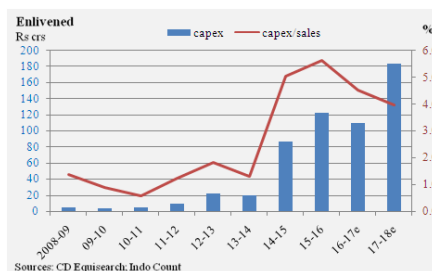
### US imports

After rising 1% last year, US cotton sheet imports slid 5.7% to \$931.4m in Jan -Aug 2016 period, whereas imports from India recorded just 2.6% decline. With fall in shipments of other major exporting nations like China and Pakistan - declines in excess of 11.5%, India's share zoomed to 48.6% - a gain of 80 bps from last year's 47.8% (see chart below). It recorded discernible increase in volumes too: rose 2.6% to 44.99m, when overall US cotton sheet imports declined 3.4%. China and Pakistan noted startling fall in volumes - 9% and 8% respectively. In contrast to China (29.1% share Vs 29.7% in 2015) and Pakistan (25.6% Vs 26.3%) volume share of India jumped by a pleasing 1.2% to 34.4% in first eight months of the current calendar year. Ample scope exists for India to boost its market share in fashion, utility and institutional bedding where its presence is not much now.



### Capex

Brimmed with export orders, Indo Count has been left with no choice but to diligently ramp up its home textile capacity in last five years - 68mn mts. from 45 mn mts. in 2010-11, trailing Welspun India's bed linen capacity addition of 27mn mts. Predilection to galvanize asset base showed up in higher capex/sales ratio - rose to 5.6% last fiscal from an infinitesimal 0.6% half decade back. Indo Count is yet to dawdle on piling up assets for the home textiles capacity is being augmented by 22mn meters (Rs 70 crs/\$10.5m spend), part of Rs 175 crs (\$26.2m) investment earmarked for RO and water effluent treatment plant, cut and sew automation and warehousing. Recent home textile capacity expansion would also buoy up its weaving capacity by 15-18 mn mts (currently at just 9 mn mts.), which over the years has failed to enliven with its rising processing capacity. Enduring slowdown in home textile business - as was seen last quarter when volumes grew by a disappointing 7.3% - risks hobbling asset utilization rate to nearly 75% by FY18, making menace of asset idleness all too evident.

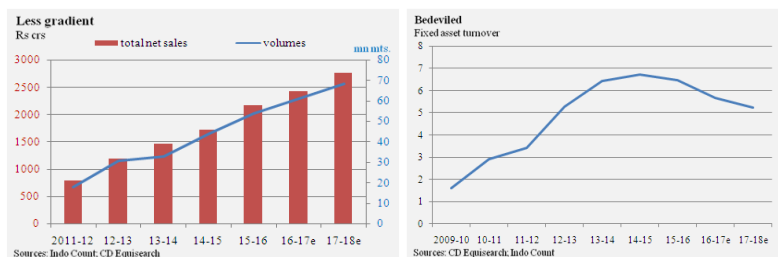


Indo Count's phase II of the largely debt-funded expansion is aimed towards technology up gradation for it involves upgrading existing spinning facilities, setting up weaving capacity with specialized looms and erecting value added equipments for delivery of fashion and utility bedding. Spread over a period of two years, the capex would start to show tangible benefits by FY19.

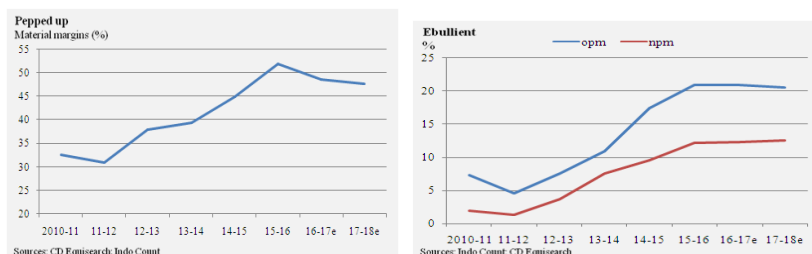
# CD Equisearch Pvt Ltd

## Financials & valuation

Threat of marked slowdown in exports looms for the dispatches of home textiles have stuttered - 7.3% in Q1 Vs 28% in FY16 and 37% in 9MFY16 - dismaying investors and creditors alike. Indo Count's export strategy - presence in 49 countries across five continents; coveted client base; local subsidiaries in UK and Australia et al. - would barely help circumvent sloth of an awful proportion. Presence in US would become ever more ingrained - 65% of total turnover now - with the company signing new licensing agreement with Walker Greenbank PLC UK for three of its brands and introducing of three high value bed linen brands (Boutique Living; Revival; The Pure Collection) to its home textile portfolio. Its European market penetration hinges on India's successful signing of FTA with Europe where Pakistan and Bangladesh enjoy duty free access.



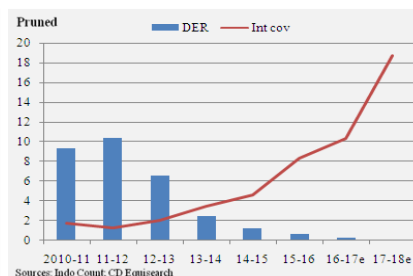
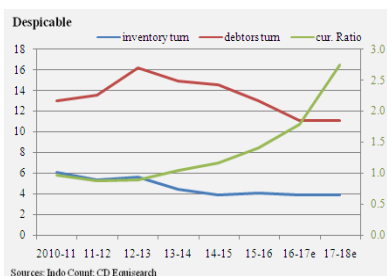
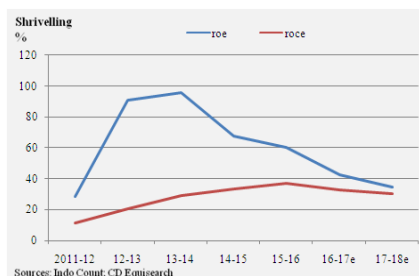
Foray in high margin fashion, utility and institutional bedding (~10% of turnover) risks shrouding gains in OPMs last fiscal that emanated from gradual fall in cotton prices in last two years - material margins expanded by 700 bps last fiscal. Unveiling new products in the utility segment - mattress pads and other utility bedding products and courting few large clients in the institutional segment have vitalized internal targets - 30% turnover share projected in next 3-4 years from 10% now, oblivious to the fragility of these fledgling businesses to rapid changing demand trends, fastidiousness of institutional clients and growing global competition. Outlay of just Rs 25 crs spread over three years for its domestic retail expansion - focused on peddling mid to high range products through premium distribution channels, e-commerce and retail stores - would hardly be a risk to its peers.



Yet favorable Indian textile industry dynamics- cheap labor, abundant supplies of raw material (cotton) - inspire textile exporters to flog their wares globally. Gauging vulnerability of textile industry, the Indian government approved an amended technology up gradation fund scheme (A-TUFS) in place of revised restructured TUFS for supporting technology up gradation of textile firms and asserted need to set up integrated textile parks. Both Welspun India and Indo Cotton have over the years ramped up their home textiles / bed linen capacities to entice cost conscious global retailers who crave to lap up reliable supplies from emerging markets. Still capex / sales ratio for Indo Count abysmally trails (four year average: 3.4%) to that of Welspun (13.2%) not least due to less motley offerings and averseness to debt.

The stock currently trades at 9.9x FY17 e EPS of Rs 75.49 and 8.5x FY18e EPS of Rs 88.12. Startling timidity in dispatches of home textiles and Welspun fiasco - fomenting fears of supply chain inadequacies - have sparked a flurry of earning cuts and valuation readjustments, inciting flight to safety. Tail risks abound as possibility of global retailing chains reviewing their existing sourcing arrangements has increased post termination of Welspun India's supply contract by Target Corp and Walmart (only for Egyptian cotton bed sheets). At this stage the relegation is not sorely justified for branded cotton (organic, Egyptian etc) accounts for just 12-13% of Indo Count's total turnover. Odds also favor the conservative not least for reasonable earnings growth (15% on average over the next two years) and low financial leverage. On balance we continue to recommend buying the stock with revised target of Rs 1057 (previous target: Rs 1365) over a period of 9-12 months. For more info refer to our May report.

# CD Equisearch Pvt Ltd



## Risks and Concerns

### Exports

Since Indo Count relies a lot on developed economies of North America, Europe and UK for business, acute slowdown in these markets could adversely impact its business. To mitigate this risk, Indo Count has taken some corrective actions: forayed in institutional & fashion bedding; expand in other markets like Australia, New Zealand and Canada.

### Raw material risk

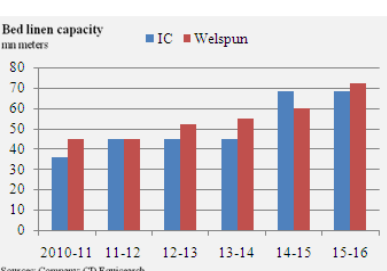
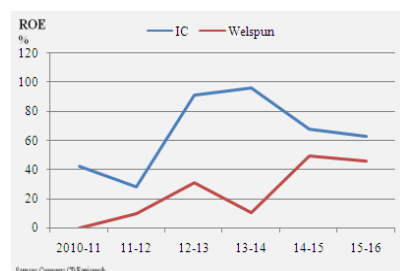
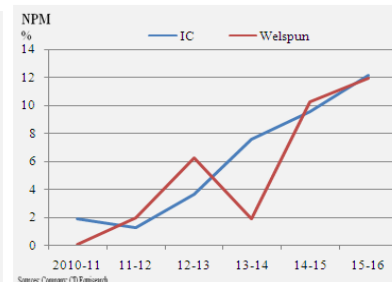
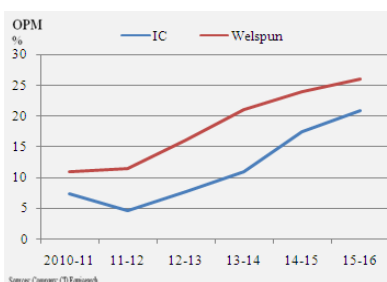
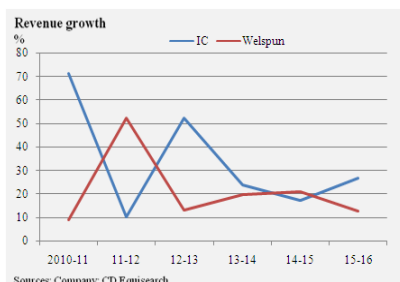
Increased volatility in prices of cotton - key raw material for yarn - could suppress margins. Thanks to increased value addition, and soft cotton prices, Indo Count's material margin has ceaselessly surged in last few years. A part of input gains have also accrued from its resilient material procurement policy.

## Cross Sectional Analysis

Company	Equity*	CMP (Rs)	Mcaps*	Net sales*	Profit*	OPM (%)	NPM (%)	Int cov.	ROE (%)	DER	Mcaps / sales	P/BV	P/E	EV/EBITDA
Indo Count	39	751	2964	2059	259	21.1	12.6	9.5	58.2	0.5	1.4	4.8	11.4	7.0
Trident	510	59	3014	3963	245	19.2	6.2	3.3	14.3	1.9	0.8	1.7	12.3	7.9
Welspun	100	55	5526	6179	722	26.1	12.0	6.1	45.9	1.4	0.9	2.7	7.7	4.7

\*figures in crores; calculations on ttm basis; current portion of long term debt not considered in DER

ROE of IC adjusted for revaluation reserves; book value adjusted for goodwill & revaluation reserves wherever applicable



## Financials

## Quarterly Results - Standalone

Figures in Rs crs

	Q1FY17	Q1FY16	% chg.	FY16	FY15	% chg.
Net sales	476.68	449.67	6.0	2031.81	1615.56	25.8
Other Income	15.96	8.26	93.2	18.80	14.30	31.4
<b>Total Income</b>	<b>492.64</b>	<b>457.93</b>	<b>7.6</b>	<b>2050.60</b>	<b>1629.87</b>	<b>25.8</b>
Total Expenditure	382.38	356.74	7.2	1597.69	1354.34	18.0
<b>EBIDTA</b>	<b>110.26</b>	<b>101.19</b>	<b>9.0</b>	<b>452.92</b>	<b>275.53</b>	<b>64.4</b>
Interest	9.80	14.63	-33.0	51.58	62.53	-17.5
Depreciation	8.04	6.73	19.5	18.19	15.40	18.1
<b>PBT</b>	<b>92.42</b>	<b>79.83</b>	<b>15.8</b>	<b>383.15</b>	<b>197.60</b>	<b>93.9</b>
Tax	32.13	27.66	16.2	132.44	58.56	126.2
<b>PAT</b>	<b>60.29</b>	<b>52.17</b>	<b>15.6</b>	<b>250.71</b>	<b>139.04</b>	<b>80.3</b>
Extraordinary Item	-	-	-	-0.09	-17.98	-99.5
<b>Adjusted Net Profit</b>	<b>60.29</b>	<b>52.17</b>	<b>15.6</b>	<b>250.80</b>	<b>157.02</b>	<b>59.7</b>
EPS (F.V. 10)	15.27	13.21	15.6	63.53	42.09	50.9

## Consolidated Income Statement

Figures in Rs crs

	FY14	FY15	FY16	FY17e	FY18e
Net sales	1467.63	1716.89	2173.72	2424.13	2760.72
Growth (%)	23.7	17.0	26.6	11.5	13.9
Other Income	30.27	14.81	18.89	13.23	13.52
<b>Total Income</b>	<b>1497.91</b>	<b>1731.70</b>	<b>2192.61</b>	<b>2437.36</b>	<b>2774.24</b>
Total Expenditure	1308.81	1443.78	1719.06	1917.40	2191.94
<b>EBITDA</b>	<b>189.10</b>	<b>287.92</b>	<b>473.54</b>	<b>519.95</b>	<b>582.30</b>
Interest	49.89	65.02	54.91	47.91	29.56
<b>EBDT</b>	<b>139.20</b>	<b>222.90</b>	<b>418.64</b>	<b>472.05</b>	<b>552.73</b>
Depreciation	19.56	15.97	18.85	23.70	29.34
Tax	9.26	61.05	135.05	150.20	175.34
<b>Reported PAT</b>	<b>110.39</b>	<b>145.88</b>	<b>264.74</b>	<b>298.15</b>	<b>348.06</b>
Minority Interest	0.43	0.21	0.02	0.13	0.15
<b>PAT after MI</b>	<b>109.96</b>	<b>145.67</b>	<b>264.72</b>	<b>298.03</b>	<b>347.90</b>
Extraordinary item	-1.64	-18.68	-0.02	-	-
<b>Adjusted Net Profit</b>	<b>111.60</b>	<b>164.35</b>	<b>264.74</b>	<b>298.03</b>	<b>347.90</b>
EPS (Rs.)	31.45	44.06	67.06	75.49	88.12

## Consolidated Balance Sheet

Figures in Rs crs

	FY14	FY15	FY16	FY17e	FY18e
<b>SOURCES OF FUNDS</b>					
Share Capital	37.98*	41.98*	39.48	39.48	39.48
Reserves & others	253.68	381.90	616.16	888.37	1205.71
<b>Total Shareholders Funds</b>	<b>291.67</b>	<b>423.88</b>	<b>655.64</b>	<b>927.85</b>	<b>1245.19</b>
Minority Interest	5.45	5.66	5.68	5.81	5.96
Long term debt	97.24	67.15	57.47	41.05	146.20
<b>Total Liabilities</b>	<b>394.36</b>	<b>496.69</b>	<b>718.80</b>	<b>974.71</b>	<b>1397.35</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	642.18	706.54	827.62	927.62	1081.13
Less: Accumulated Depreciation	295.83	318.13	343.49	378.75	419.65
<b>Net Block</b>	<b>346.35</b>	<b>388.41</b>	<b>484.12</b>	<b>548.87</b>	<b>661.47</b>
Capital Work in Progress	0.33	14.57	10.65	20.00	50.00
Investments	0.00	0.00	0.00	0.00	0.00
<b>Current Assets, Loans &amp; Advances</b>					
Inventory	345.68	383.03	456.40	524.86	603.59
Sundry Debtors	108.66	127.02	205.77	230.46	265.03
Cash and Bank	31.33	50.81	29.59	23.56	27.72
Loans and Advances	159.66	266.43	226.90	264.22	288.01
<b>Total CA &amp; LA</b>	<b>645.32</b>	<b>827.28</b>	<b>918.65</b>	<b>1043.09</b>	<b>1184.35</b>
Current liabilities	587.51	635.09	566.17	476.46	313.58
Provisions	28.35	70.84	87.70	109.44	118.89
<b>Total Current Liabilities</b>	<b>615.86</b>	<b>705.93</b>	<b>653.87</b>	<b>585.90</b>	<b>432.47</b>
Net Current Assets	29.46	121.36	264.78	457.19	751.88
Net Deferred Tax	13.13	-37.05	-51.10	-62.03	-76.43
Other Assets (Net of liabilities)	5.09	9.40	10.34	10.68	10.43
<b>Total Assets</b>	<b>394.36</b>	<b>496.69</b>	<b>718.80</b>	<b>974.71</b>	<b>1397.35</b>

\*includes preference capital: Rs 2.5 crs

## Consolidated Cash Flow Statement

Figures in Rs crs

	FY14	FY15	FY16	FY17e	FY18e
Net Income (a)	109.96	145.67	264.72	298.03	347.90
<b>Non cash exp. (b)</b>	<b>5.92</b>	<b>79.60</b>	<b>21.66</b>	<b>34.32</b>	<b>43.44</b>
Depreciation	19.56	15.97	18.85	23.70	29.34
Interest income	-0.15	-0.15	-0.34	-0.31	-0.30
vat refund	-21.59	-7.95	0.00	0.00	0.00
exceptional item	0.00	25.74	0.00	0.00	0.00
Deferred taxes & others	8.11	46.00	3.15	10.94	14.40
<b>Change in WC &amp; others (c)</b>	<b>-123.34</b>	<b>-56.04</b>	<b>-154.29</b>	<b>-104.50</b>	<b>-110.44</b>
Inventory	-99.87	-37.35	-73.37	-68.46	-78.73
Debtors	-20.74	-18.36	-78.75	-24.69	-34.57
trade payables	12.25	-10.96	-58.70	10.41	9.84
Others assets	-51.03	-112.65	39.40	-38.06	-23.79
Other liabilities	36.05	123.30	17.13	16.30	16.80
<b>Operating cash flow (a+b+c)</b>	<b>-7.45</b>	<b>169.23</b>	<b>132.09</b>	<b>227.85</b>	<b>280.90</b>
Capex	-19.25	-86.23	-122.30	-109.35	-183.51
Interest income	0.15	0.15	0.34	0.31	0.30
vat refund	21.59	7.95	0.00	0.00	0.00
Changes in MI	4.13	0.21	0.02	0.13	0.15
Exceptional item	0.00	-25.74	-	-	-
Others	-0.67	1.05	1.66	0.00	0.00
<b>Investing cash flow (d)</b>	<b>5.95</b>	<b>-102.61</b>	<b>-120.29</b>	<b>-108.92</b>	<b>-183.06</b>
Net borrowings	23.08	-50.78	-25.61	-120.21	-79.42
Preference dividends	-0.12	-0.12	-0.18	0.00	0.00
Equity dividends (cdt included)	-	-	-4.75	-4.75	-14.26
Redemption of preference capital	-	-	-2.50	-	-
Proceeds from equity issue & warrants	1.25	3.75	-	-	-
<b>Financing cash flow (e)</b>	<b>24.22</b>	<b>-47.15</b>	<b>-33.04</b>	<b>-124.97</b>	<b>-93.68</b>
<b>Net change (a+b+c+d+e)</b>	<b>22.72</b>	<b>19.48</b>	<b>-21.23</b>	<b>-6.03</b>	<b>4.16</b>



## Key Financial Ratios

	FY14	FY15	FY16	FY17e	FY18e
<b>Growth Ratios (%)</b>					
Revenue	23.7	17.0	26.6	11.5	13.9
EBIDTA	59.0	64.1	51.2	9.8	12.0
Net Profit	159.4	47.3	61.1	12.6	16.7
EPS	159.4	40.1	52.2	12.6	16.7
<b>Margins (%)</b>					
Operating Profit Margin	11.0	17.4	20.9	20.9	20.6
Gross Profit Margin	9.6	14.5	19.3	19.5	20.0
Net Profit Margin	7.6	9.6	12.2	12.3	12.6
<b>Return (%)</b>					
ROCE	29.2	33.3	37.0	32.8	30.3
ROE	96.0	67.6	60.4	42.4	34.5
<b>Valuations</b>					
Market Cap / Sales	0.1	0.9	1.8	1.2	1.1
EV/EBIDTA	2.8	5.8	8.8	6.3	5.7
P/E	1.3	8.6	14.4	9.9	8.5
P/BV	0.8	4.7	6.8	3.5	2.5
<b>Other Ratios</b>					
Interest Coverage	3.4	4.6	8.3	10.4	18.7
Debt-Equity Ratio	2.5	1.2	0.6	0.3	0.1
Current Ratio	1.0	1.2	1.4	1.8	2.7
<b>Turnover Ratios</b>					
Fixed Asset Turnover	6.4	6.7	6.5	5.7	5.2
Total Asset Turnover	6.2	5.2	4.3	3.2	2.5
Debtors Turnover	14.9	14.6	13.1	11.1	11.1
Inventory Turnover	4.4	3.9	4.1	3.9	3.9
Creditors Turnover	6.7	7.3	10.8	14.2	15.1
<b>WC Ratios</b>					
Debtors Days	24.4	25.1	27.9	32.8	32.8
Inventory Days	82.6	93.8	89.1	93.4	94.0
Creditors Days	54.1	50.0	33.9	25.8	24.2
Cash Conversion Cycle	53.0	68.8	83.2	100.5	102.5
<b>Cash Flows (Rs crs)</b>					
Operating Cash Flow	-7.5	169.2	132.1	227.8	280.9
FCFE	21.5	41.5	-16.5	-1.3	18.4
FCFF	44.5	140.2	45.5	150.8	117.5



**Cumulative Financial Data**

Figures in Rs crs	FY10-12	FY13-15	FY16-18
Income from operations	1901	4371	7359
Operating profit	111	550	1530
EBIT	110	570	1504
PBT	17	405	1372
PAT	19	319	911
Dividends	0	0	43
OPM (%)	5.8	12.6	20.8
NPM (%)	1.0	7.3	12.4
Interest coverage	1.2	3.5	11.4
ROE (%)	17.4	61.0	40.8
ROCE (%)	8.1	28.4	32.6
Debt-equity ratio*	10.4	1.2	0.1
Fixed asset turnover	2.6	5.8	5.6
Debtors turnover	11.2	15.7	12.5
Inventory turnover	6.2	4.8	3.9
Creditors turnover	7.3	8.5	11.5
Debtors days	32.5	23.2	29.2
Inventory days	59.0	76.1	92.7
Creditor days	50.0	43.1	31.9
Cash conversion cycle	41.5	56.2	90.0
Dividend payout ratio (%)	0.0	0.0	4.7

FY07-09 implies three years ending fiscal 09; \*as on terminal year; standalone data

Barely resurrections of this sort - fifty fold rise in cumulative PAT (Rs 911 crs (\$136.4m) for FY16-18 Vs Rs 19 crs (\$2.8m) for FY10-12) & four fold in sales (Rs 7359 crs (\$1101.9m) in FY16-18 Vs Rs 1901 crs (\$284.7m) for FY10-12) - are trumped, particularly for non-puny firms. Most measures of profitability (OPMs / NPMs/ ROE) and efficiency (asset turnover ratios) would seem no less picturesque to the conservative, let alone apprentice. Dividends were resumed last fiscal after a gap of fifteen years, though payout ratio at 3.8% paled to Welspun India's 25.9% - top management egged to conserve capital (post CDR exit in FY15) to avoid deleterious effect of debt overload: debt - equity ratio plunged to 0.6 last fiscal from 10.4 in FY12; though absolute debt more or less remained unchanged.

Gradual augmentation of home textiles capacity (from 36 mn mts in FY10 to 45 mn mts in FY12 to 68 mn mts in FY15) to satiate ravenous overseas demand and defocusing on low margin spinning business underpinned margins – OPMs rose to 12.6% in FY12-15 period compared to 5.8% in the preceding three year period, while NPMs surged by 6.3% in the same period. Consequently, revenue share of exports ballooned to 90% last fiscal from 66% in FY11 and home textiles annual dispatches averaged some 36mn mts in FY13-15 period from just 18 mn mts in FY12 - 61mn mts average projected for FY16-18 period. Shelving of the miserably ailing consumer durable business post FY15 has freed nearly Rs 37 crs (\$5.5m) of much needed capital. Yet profound worsening of cash conversion cycle remain unabated for its estimated to reach a pitiful 90 days in FY16-18 period from 41.5 days seen in three years ending FY12.

## Financial Summary – US dollar denominated

million \$	FY14	FY15	FY16	FY17e	FY18e
Equity capital	5.9	6.3	6.0	5.9	5.9
Shareholders funds	28.4	50.4	84.5	126.5	175.7
Total debt	72.2	61.2	53.9	35.6	23.7
Net fixed assets (incl CWIP)	38.0	47.4	60.3	72.7	95.8
Investments	0.0	0.0	0.0	0.0	0.0
Net current assets	4.9	19.4	39.9	68.5	112.6
Total assets	45.9	62.4	94.1	133.5	198.5
Revenues	242.6	280.8	332.1	363.0	413.4
EBITDA	31.6	51.2	72.3	77.9	87.2
EBDT	23.3	40.6	64.0	70.7	82.8
PBT	20.1	38.0	61.1	67.1	78.4
PAT after EO	18.4	26.9	40.4	44.6	52.1
EPS(\$)	0.52	0.72	1.02	1.13	1.32
Book value (\$)	0.8	1.3	2.1	3.2	4.5
Operating cash flow	-1.2	27.0	19.9	34.1	42.1
Investing cash flow	1.0	-12.3	-18.1	-16.3	-27.4
Financing cash flow	4.0	-7.5	-5.0	-18.7	-14.0

Historical income statement figures translated at average rates; balance sheet and cash flow at year end rates; projections (FY17&18) at current rates

All dollar denominated figures are adjusted for extraordinary items.

## Disclosure & Disclaimer

CD Equisearch Private Limited (hereinafter referred to as 'CD Equi') is a Member registered with National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange of India Limited (Formerly known as MCX Stock Exchange Limited). CD Equi is also registered as Depository Participant with CDSL and AMFI registered Mutual Fund Advisor. The associates of CD Equi are engaged in activities relating to NBFC-ND - Financing and Investment, Commodity Broking, Real Estate, etc.

CD Equi is registered under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration no INH300002274. Further, CD Equi hereby declares that –

- No disciplinary action has been taken against CD Equi by any of the regulatory authorities.
- CD Equi/its associates/research analysts do not have any financial interest/beneficial interest of more than one percent/material conflict of interest in the subject company(s) (*kindly disclose if otherwise*).
- CD Equi/its associates/research analysts have not received any compensation from the subject company(s) during the past twelve months.
- CD Equi/its research analysts has not served as an officer, director or employee of company covered by analysts and has not been engaged in market making activity of the company covered by analysts.

This document is solely for the personal information of the recipient and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved) and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. CD Equi or any of its affiliates/group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. CD Equi has not independently verified all the information contained within this document. Accordingly, we cannot testify nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document.

While, CD Equi endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory compliance or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly. Neither, CD Equi nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

CD Equisearch Private Limited (CIN: U67120WB1995PTC071521)

Registered Office: 37, Shakespeare Sarani, 1st Floor, Kolkata – 700 017; Phone: +91(33) 4488 0000; Fax: +91(33) 2289 2557 Corporate Office: 10, Vasawani Mansion, 2nd Floor, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020. Phone: +91(22) 2283 0652/0653; Fax: +91(22) 2283, 2276 Website: [www.cdequi.com](http://www.cdequi.com); Email: [research@cdequi.com](mailto:research@cdequi.com)

buy: >20%    accumulate: >10% to ≤20%    hold: ≥-10% to ≤10%    reduce: ≥-20% to <-10%    sell: <-20%