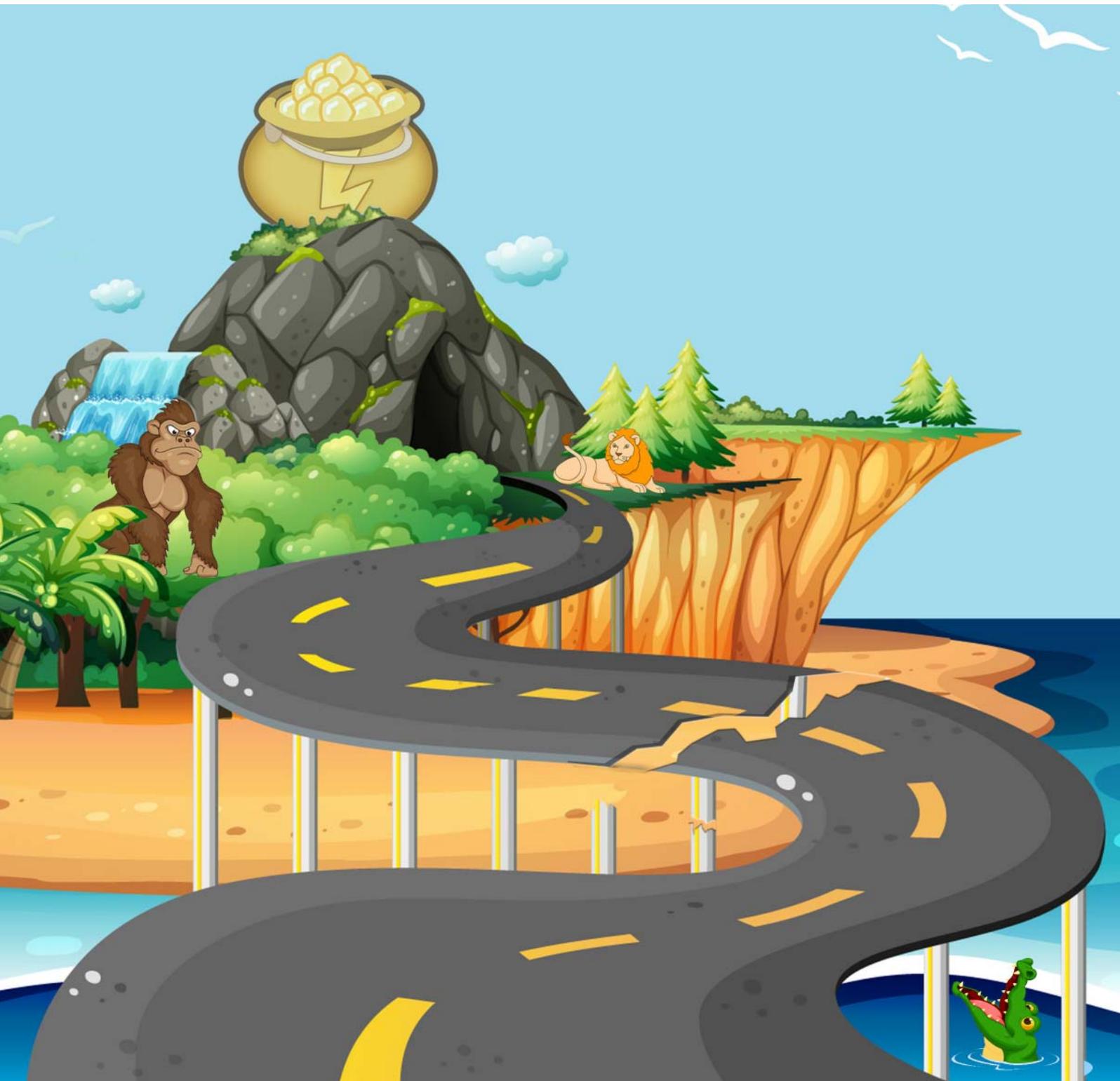


Gujarat Gas



Long road ahead

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Investors are advised to refer through important disclosures made at the last page of the Research Report. Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

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Gujarat Gas

BSE SENSEX
29,337S&P CNX
9,104**CMP: INR846 TP: INR735 (-13%)****Sell****Stock Info**

Bloomberg	GUJGA IN
Equity Shares (m)	137.0
52-Week Range (INR)	880/470
1, 6, 12 Rel. Per (%)	22/35/34
M.Cap. (INR b)	116.5
M.Cap. (USD b)	1.8
Avg Val, INRm	52.0
Free float (%)	88.0

Financials Snapshot (INR b)

Y/E Mar	2017E	2018E	2019E
Sales	52.9	74.3	85.5
EBITDA	7.7	12.3	13.8
NP	2.4	5.5	6.7
EPS (Rs)	17.5	40.0	49.0
EPS Gr. (%)	16.5	128.8	22.4
BV/Sh. (Rs)	169.9	202.4	242.3
P/E (x)	48.4	21.2	17.3
P/BV (x)	5.0	4.2	3.5
EV/EBITDA (x)	18.2	11.1	9.6
EV/Sales (x)	2.7	1.8	1.5
RoE (%)	10.7	21.5	22.0
RoCE (%)	11.1	19.9	22.7

Shareholding pattern (%)

As On	Dec-16	Sep-16	Jun-16
Promoter	45.0	45.0	45.0
DII	19.1	19.5	21.7
FII	22.6	21.5	20.5
Others	13.3	14.1	12.9

FII Includes depository receipts

Gujarat Gas**Long road ahead****Swarnendu Bhushan**

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[Please click here for Video Link](#)**Long road ahead****Abundant opportunity in long term, but short-medium term concerns to continue**

- The long-term opportunity for GUJGA is sizable, given just 18% penetration in the PNG-domestic segment and 30% penetration in the CNG segment, coupled with possible regulatory push.
- Combined pre-merger peak sales were 8-9mmscmd. Morbi, the largest industrial cluster itself has a potential of ~6mmscmd against which GUJGA is doing ~2.5mmscmd currently.
- However, 68% volume exposure to the industrial segment makes both volume and EBITDA highly volatile for GUJGA, resulting in much lower valuation multiple than Indraprastha Gas (IGL) and Mahanagar Gas (MAHGL).

Abundant opportunity in CNG and PNG-residential segments

- Gujarat has a total addressable vehicle population of 3m, including ~71,000 buses. CNG penetration in the state is ~30%, with GUJGA catering to ~0.65m CNG vehicles. Hardly any buses run on CNG in Gujarat.
- Against an estimated 8.8m households, PNG penetration across Gujarat is ~18%, with GUJGA servicing 1.2m households.

Industrial segment also offers great opportunity

- Gujarat has the longest coastline of 1,600km in the country, the largest area under SEZs, and accounts for a quarter of the total goods exported from the country. It is a leader in chemicals, petrochemicals, dairy, pharmaceuticals, cement and ceramics, textiles, gems and jewelry, and engineering.
- Morbi itself has a peak potential of ~6mmscmd, while GUJGA's sales at Morbi are 2.5mmscmd. The company has added new areas in recent bids – Amreli, Ahmedabad rural, Dahej, Dahod, Panchmahal and Anand. It is still ramping up operations in Bhavnagar, Jamnagar and Dadra & Nagar Haveli, all of which have 0.2-0.5mmscmd peak potential.

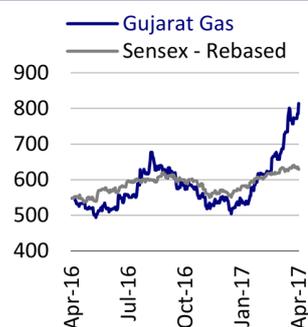
But volatility is killing!

- The industrial segment constitutes 68% of GUJGA's total sales volume. Gas competes with fuel oil, coal/petcoke and other dirty fuels like rice husk and brickets. In the absence of regulatory push, consumers are driven only by economics and switch pretty quickly from one fuel to another.
- Highly volatile commodity prices result in highly volatile industrial sales volumes as well as margins. From a peak of 8-9mmscmd, total sales volume declined to 5.1mmscmd in 1QFY17 before rising to 6.3mmscmd currently. Since 1QFY16, EBITDA/scm has seen a low of INR2.9 and a high of INR4.8.
- Global gas utility companies are trading at 17.0x CY18/FY19 EPS. Due to higher volatility, we value the company at 15x, a ~10% discount to global peers. At 15x FY19E EPS of INR49.0, we value GUJGA at INR735. **Sell.**

Opportunity abound

All segments have great potential

Stock Performance (1-year)



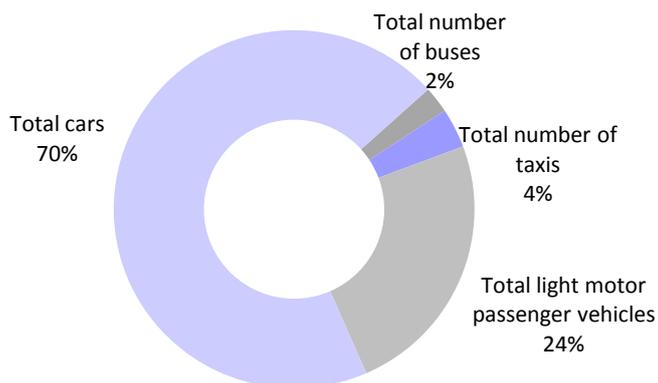
- In GUJGA’s target market, CNG penetration is ~30%. However, GUJGA caters largely to private vehicles, which results in much lower CNG sales than IGL or MAHGL.
- PNG-residential penetration is just ~18% for GUJGA compared with ~25% for IGL and MAHGL.
- Morbi itself has a potential of ~6mmscmd while GUJGA’s current sales in Morbi are 2.5mmscmd. Other areas also offer significant opportunity for growth.

CNG segment shows great potential

- In 2012, Gujarat High Court had ordered all private and public vehicles to be mandatorily converted into CNG within a year. However, this was prior to domestic gas allocation for CNG & PNG-residential and the company had to use LNG to cater to CNG demand. As a result of high CNG prices, there was never a thrust on implementation of the order.
- Gujarat boasts a total of ~71,000 buses, hardly any of which run on CNG. Recently, when Ahmedabad Municipal Transport Services (AMTS) floated a tender to purchase 100 new diesel buses, NGT restrained it through an interim order, demanding that it buy only CNG buses to curb air pollution. AMTS has challenged this in the High Court and the matter is yet to be resolved.
- GUJGA has ~250 CNG retail outlets and plans to add ~100 more in the next three years. Increase in the number of stations would also encourage conversion. However, we believe that the company would actually be able to add only ~75 CNG stations in the next three years. Nonetheless, increase in CNG mix in total sales volume from 19.3% in FY16 to 23.9% by FY19 would bring some stability to volume as well as EBITDA/scm.

Exhibit 1: Total number of buses at ~71,000 represents a large opportunity

Even at 25% conversion, buses could add 0.6mmscmd of volume, ~47% of total existing CNG sales volume



Source: www.data.gov.in, MOSL

Exhibit 2: Slow pick-up in CNG

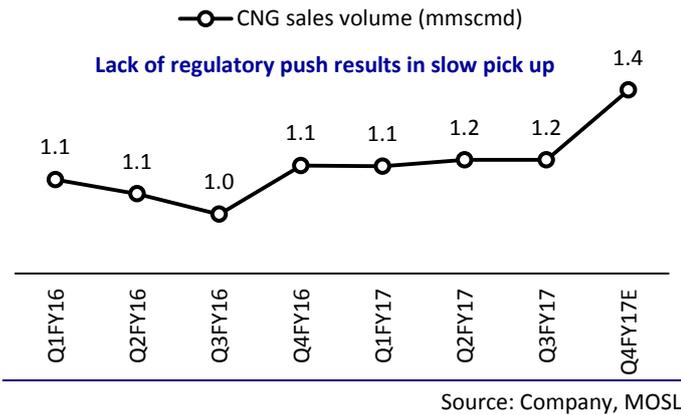


Exhibit 3: Savings and better ecosystem to boost growth

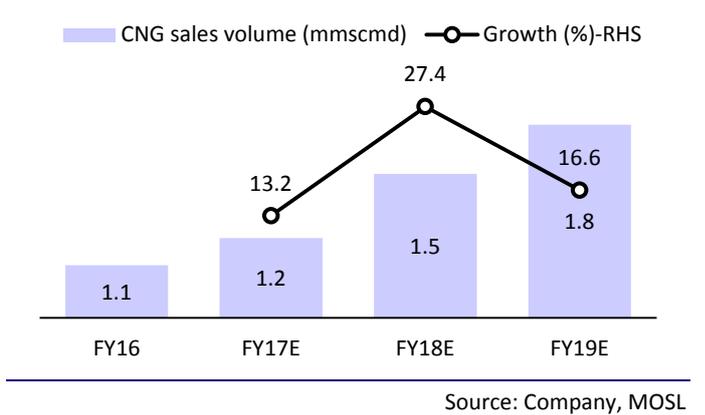


Exhibit 4: Addition in CNG stations

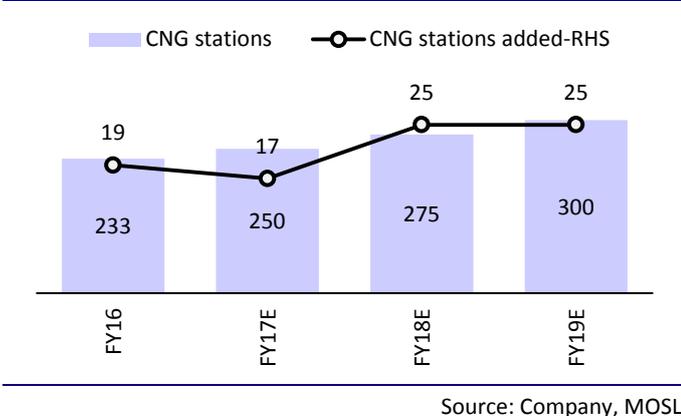
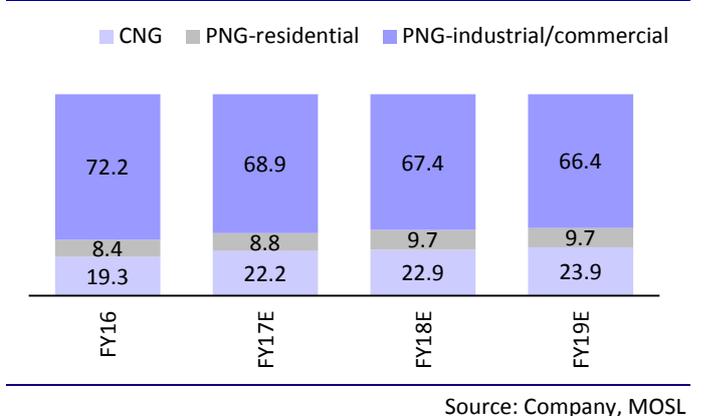


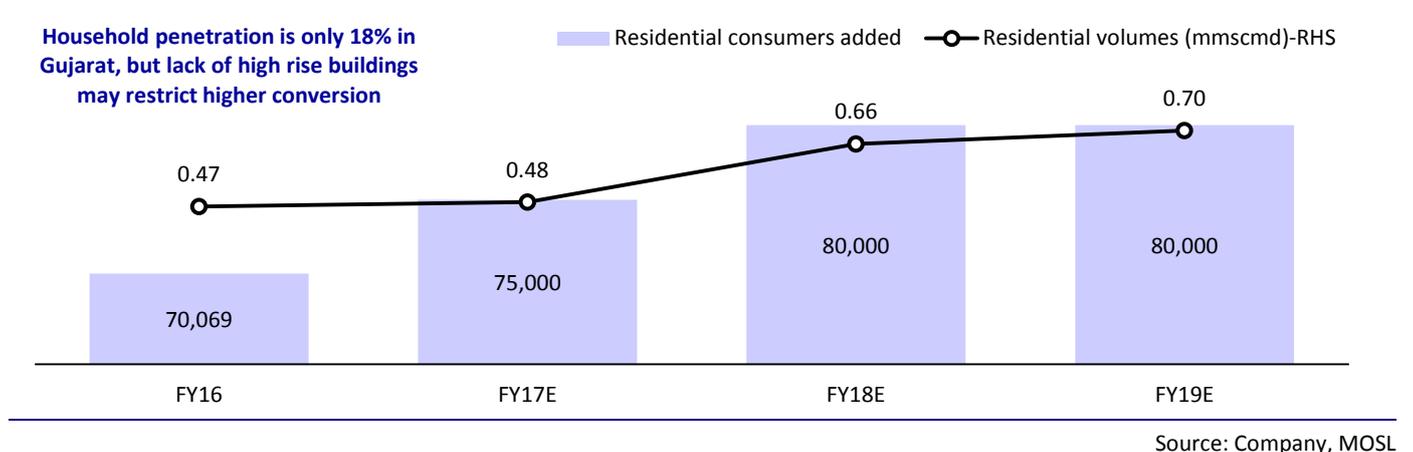
Exhibit 5: Increase in CNG sales could decrease volatility



Penetration in PNG-residential is ~18%

- Against an estimated 8.8m households in the state of Gujarat, only 1.6m households are connected, implying 18% penetration. Against this, penetration in NCR and Mumbai stands at ~25%.
- With government push on increasing penetration of PNG-residential, we expect annual addition of ~80,000 households in the next 3-4 years. Lack of high-rise buildings restricts higher conversions.

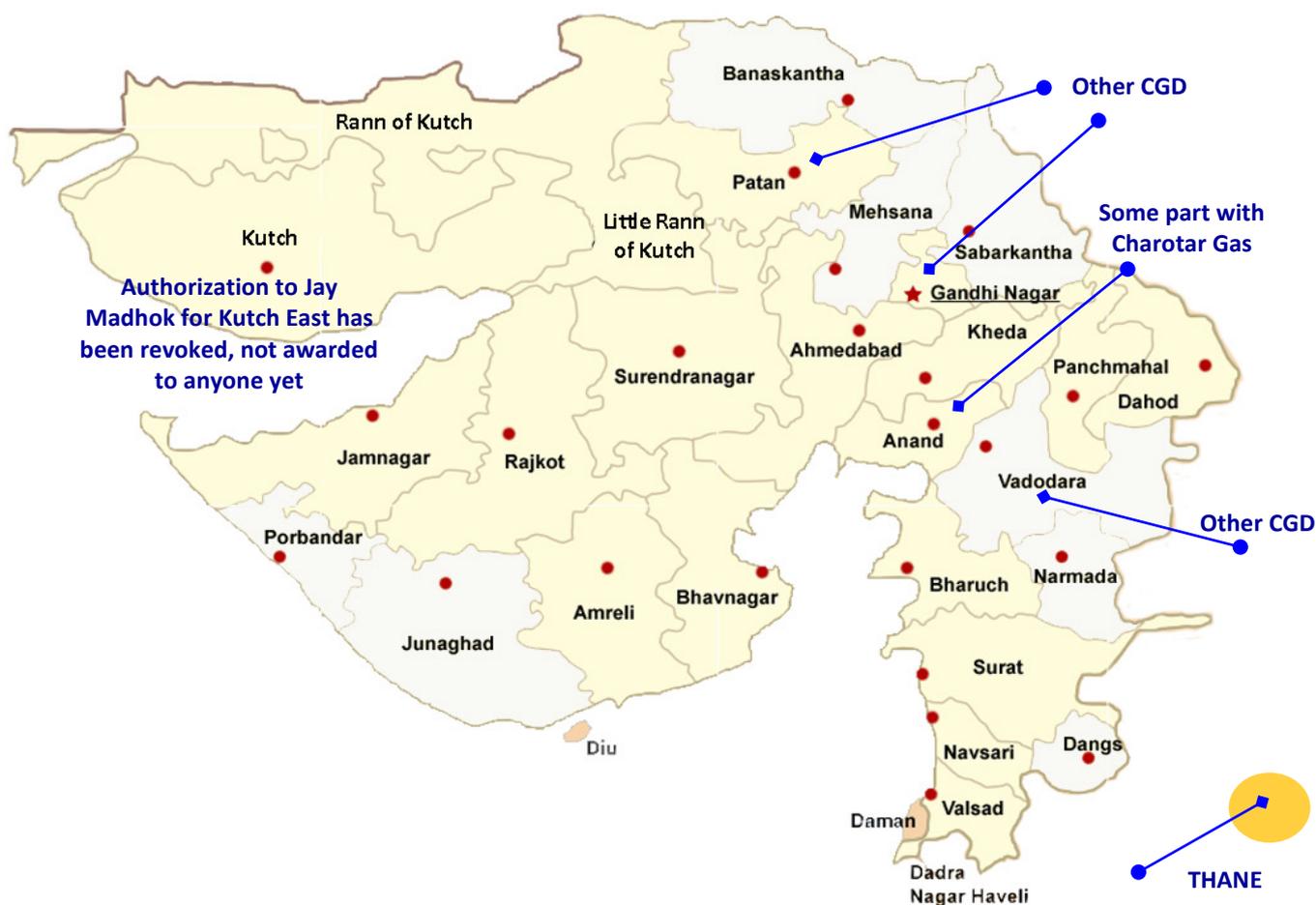
Exhibit 6: PNG households increasing at steady rate



Industrial segment the mainstay

- Gujarat is India's most industrialized state, with ~1,600km of coastline and the largest area under SEZ among all Indian states. It accounts for more than a quarter of the country's total exports.
- In GUJGA's current operational areas, Morbi is the highest contributor, accounting for ~60% of industrial sales volume. It is followed by Surat-Ankaleshwar-Bharuch and Vapi, accounting for 18% and 13% of industrial sales volume, respectively. The other areas are small contributors.
- The company has recently commenced operations in Jamnagar and Bhavnagar and is expected to commence operations in Ahmedabad, Dahej and Thane in FY18.
- Newly-won areas of Amreli, Ahmedabad rural, Dahej, Dahod, Panchmahal and Anand have a potential of 0.2-0.5mmscmd each and would add to long-term growth for the company.

Exhibit 7: Map of operational areas of Gujarat Gas

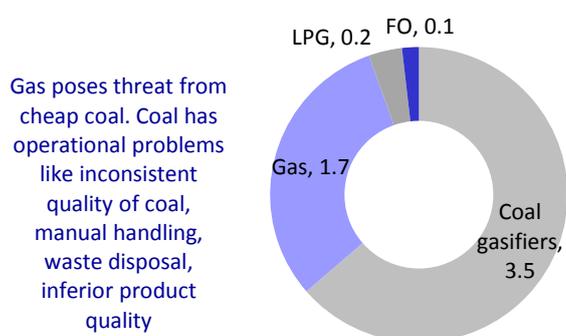


Source: Company, MOSL

Morbi presents an excellent growth potential

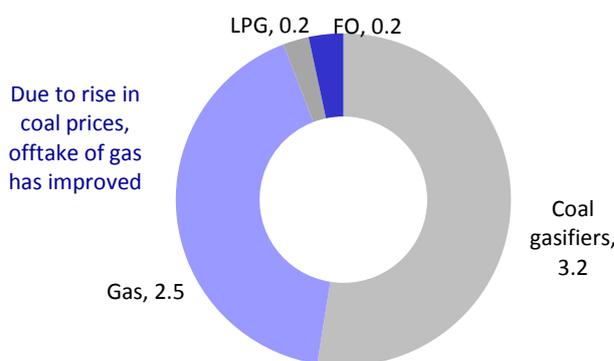
- Morbi accounts for 60% of GUJGA’s industrial sales volume. It is the world’s second largest ceramics hub.
- When the Central Pollution Control Board (CPCB) banned usage of coal gasifiers in 2012, and the order further upheld by Gujarat High Court, all units in Morbi switched to LNG by April 2014. At that time, gas had almost 100% market share of 4mmscmd. However, when coal gasifiers with certain modifications were allowed, sale of gas declined to 1.7mmscmd by August 2016.
- The market potential in August 2016 had increased to ~5.5mmscmd with ~600 ceramic units operational. Gas had ~30% market share while coal gasifiers had 64% market share. Bulk LPG accounted for another 4% market share, while fuel oil (FO) usage was hardly 2%.
- We believe that ~50 of these units are operational now and the market has expanded to ~6mmscmd at Morbi.

Exhibit 8: Breakdown of sales in Morbi, August 2016 (mmscmd)



Source: Company, MOSL

Exhibit 9: Breakdown of sales in Morbi, March 2017 (mmscmd)



Source: Company, MOSL

- India’s per capita consumption of tiles is one of the lowest in the world. Increasing urbanization coupled with the government’s thrust towards sanitation and housing would continue to drive rapid growth in investments at Morbi.
- There is a large unorganized market at Morbi, which does not use gas at all. Post demonetization, and in anticipation of upcoming GST, few of these companies have started upgrading themselves. Gas usage could also increase from such companies.

High volatility in earnings

Industrial volumes/margins are very volatile

- From a peak of 8-9mmscmd, sales volume dipped to 5.1mmscmd in 1QFY17 before recovering to 6.3mmscmd currently; all due to volatility in the industrial segment.
- Since 1QFY16, EBITDA/scm has gyrated between a low of INR2.9/scm and a high of INR4.8/scm.
- The industrial segment would continue to be the main constituent, with 66% volume contribution in FY19, though down from 72% in FY16.

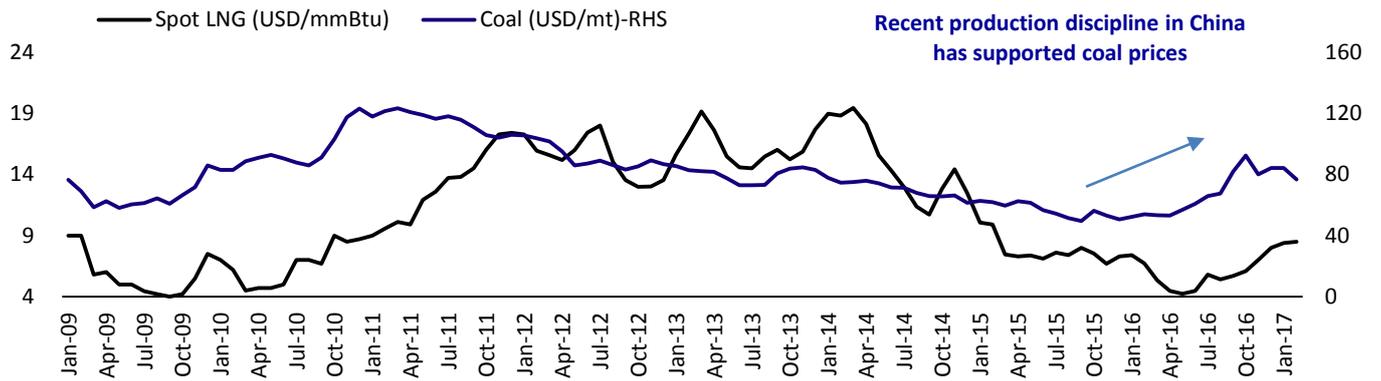
Abundant competition

- In the industrial segment, there is competition from a host of alternate, but dirty fuels like coal, petcoke, fuel oil and even materials like bricks and rice husk.
- The main competition is from coal gasifiers. Since the High Court guidelines in 2014, coal gasifiers have gone through a tremendous technological change. These are certified by PCB, GPCB and NGT.
- Although cheaper, coal gasifiers have disadvantages of (1) inconsistent quality of producer gas, (2) manual handling, (3) ash disposal, (4) requirement of space for storage and equipment, and (5) possibility of poorer quality than with natural gas. Manufacturers of products that require high quality – premium tiles, pharma, food and glass, for instance – prefer using natural gas even if it comes at a premium. However, the proportion of such industries is insignificant.
- Most consumers have installed coal gasifiers and are on three-month minimum gas offtake agreements, which allows quick switchover between coal and gas as per the economics.

Recent spurt in coal prices has decreased its attractiveness

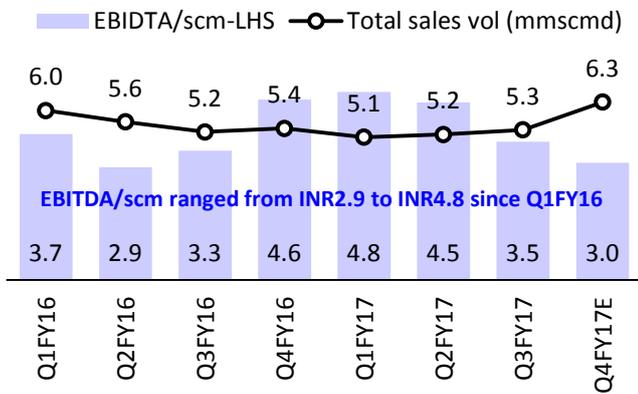
- In the last few months, coal prices have been supported by production discipline in China. As a result, prices in Morbi have climbed to INR9/kg. This translates to INR23/scm of gas produced from coal. Comparatively, gas is available at INR25/scm.
- We understand that consumers prefer coal if it enables at least 20% saving in gas cost. The recent contraction in price differential has resulted in an increase in industrial volumes. Sales in Morbi, the largest industrial cluster, have increased from 1.8mmscmd in 3QFY17 to ~2.5mmscmd currently.
- We believe that LNG prices would remain soft. However, it is not clear as to how long coal prices would remain high compared with gas.
- As a result of volatility in coal and gas prices, EBITDA/scm has gyrated between a low of INR2.9 and a high of INR4.8. We expect this volatility to continue until the CNG segment picks up.

Exhibit 10: Coal & LNG prices



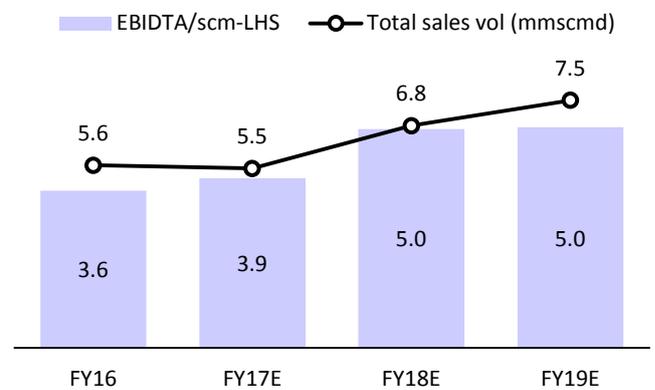
Source: Company, MOSL

Exhibit 11: High volatility in volume & EBITDA/scm



Source: Company, MOSL

Exhibit 12: We expect improvement in volume & EBITDA/scm



Source: Company, MOSL

SWOT analysis



Valuation and recommendation

Recommend Sell; target price: INR735

- High volatility in volumes and margins would continue. Higher contribution from the CNG segment could bring stability to both volumes and margins, but this would require a regulatory push.
- Global peers are trading at 17.0x CY18/FY19E EPS. We value the company at 15x, ~10% discount to global peers due to the volatility in its volumes and margins.
- The industrial segment would continue to be the main constituent, with 66% volume contribution in FY19, although down from 72% in FY16.

Exhibit 13: Valuation of Gujarat Gas

Valuation table	
FY19 volume (mmscmd)	7.5
FY19 EBITDA/scm (INR)	5.0
FY19 EPS (INR)	49.0
Valuation PE (x)	15.0
Target price (INR/share)	735

Source: Company, MOSL

Exhibit 14: Sensitivity to vol & EBITDA/scm

Sensitivity to volume			
FY19 volume (mmscmd)	6.5	7.5	8.5
FY19 EBITDA/scm (INR)	5.0	5.0	5.0
FY19 EPS (INR)	39.3	49.0	57.2
Valuation PE (x)		15.0	
Target price (INR/share)	590	735	858
Sensitivity to EBITDA/scm			
FY19 EBITDA/scm (INR)	4.0	5.0	6.0
FY19 volume (mmscmd)	7.5	7.5	7.5
FY19 EPS (INR)	35.5	49.0	62.6
Valuation PE (x)		15.0	
Target price (INR/share)	533	735	939

Source: Company, MOSL

Exhibit 15: Valuation of global peers

	RoE (%)		EV/EBITDA		PBV (x)		PE (x)	
	FY18/CY17	FY19/CY18	FY18/CY17	FY19/CY18	FY18/CY17	FY19/CY18	FY18/CY17	FY19/CY18
Gujarat Gas	15.0	18.0	9.3	7.6	3.1	2.7	21.5	15.6
Indraprastha Gas	21.8	20.5	11.8	11.0	4.4	3.8	21.1	19.2
Gujarat State Petronet	16.0	15.7	7.7	7.3	1.7	1.5	11.1	10.0
Gas Authority of India	10.4	11.2	9.8	8.5	1.4	1.3	14.4	11.9
Petronet LNG	21.4	21.9	10.1	8.6	3.6	3.1	17.9	14.8
China Gas Holdings Ltd	20.5	20.2	10.6	9.5	2.4	2.0	12.2	10.9
Hong Kong & China Gas	12.9	12.8	20.5	19.3	2.9	2.7	22.9	22.0
China Resources Gas Group Lt	18.0	17.7	8.3	7.6	2.1	1.8	12.2	10.7
Enn Energy Holdings Ltd	19.1	17.8	6.5	6.0	1.7	1.4	9.4	8.5
Tokyo Gas Co Ltd	4.4	5.2	8.1	7.5	1.2	1.1	25.7	21.8
Osaka gas co ltd	6.0	4.9	7.3	8.0	1.0	1.0	16.7	18.9
Toho Gas Co Ltd	6.3	5.1	9.7	10.6	1.8	1.7	25.9	31.0
Korea Gas Corporation	3.6	4.5	10.1	9.7	0.4	0.4	11.4	9.3
Southwest Gas Corp	9.9	10.0	8.3	7.8	2.0	2.0	22.1	21.0
Sempra Energy	9.8	10.9	11.2	10.1	2.0	1.9	20.2	17.8
New Jersey Resources Corp	12.5	12.8	14.5	13.1	2.7	2.6	21.2	20.3
Northwest Natural Gas Co	6.6	7.6	10.8	10.2	1.8	1.8	26.3	25.0
Atmos Energy Corp	10.4	10.4	10.5	9.7	2.1	2.0	21.0	19.8
South Jersey Industries	7.9	9.1	13.5	12.3	2.1	2.1	26.0	22.0
Duke Energy Corp	7.8	8.1	9.9	9.4	1.3	1.3	16.7	15.9
Cms Energy Corp	13.1	13.0	9.7	9.2	2.6	2.4	19.2	17.8
Centerpoint Energy Inc	15.4	15.8	8.3	8.0	3.0	2.9	19.7	18.5
National Grid Plc	19.5	18.4	11.2	11.1	2.8	2.8	14.8	14.2
Enagas Sa	16.9	16.5	11.3	11.5	2.3	2.2	13.4	13.3
SNAM Spa	13.9	13.8	13.2	12.7	1.9	1.9	14.2	13.8
Average excl Indian companies	12.3	12.4	10.7	10.2	2.0	1.9	17.9	17.0

Source: Bloomberg, MOSL

Bull & Bear case



Bull Case

- ✓ In our bull case, we assume that higher usage of gas from CNG and industrial segment would result in sales volume growing from 6.3mmscmd currently to 8.5mmscmd in FY19
- ✓ We also assume that there would be restriction on usage of dirty fuels like coal and fuel oil which would increase EBITDA/scm from INR3.5 in 3QFY17 to INR6.0 in FY19
- ✓ Above would result in EPS of INR73.3 in FY19. Using 15x PE, this would result in a target price of INR1,099, an upside of 30%.



Bear Case

- ✓ In our bear case, we assume that CNG fails to kick off in absence of any regulatory compulsion. Industrial segment also faces competition from dirty fuels like coal/petcoke and fuel oil, resulting in total sales volume remaining at 6.5mmscmd.
- ✓ Due to better economics, usage of coal/petcoke and fuel oil continues unabated and the company is unable to increase prices resulting in EBITDA/scm of INR4.
- ✓ Above assumption would result in EPS of INR27.5 in FY19. Using 15x PE, this would result in a target price of INR414, a downside of 51%.

Exhibit 16: Scenario Analysis – Bull Case

Base case	FY17E	FY18E	FY19E
Vol	5.5	6.8	7.5
EBITDA/scm	3.9	5.0	5.0
Bull case			
Vol	5.5	7.8	8.5
EBITDA/scm	3.9	4.9	6.0
EBITDA	7,708	14,050	18,709
PBT	3,430	10,034	15,055
PAT	2,407	6,723	10,087
EPS	17.5	48.8	73.3
PE (x)		15	
Target price (INR)		1,099	
Upside (%)		30%	

Source: Company, MOSL

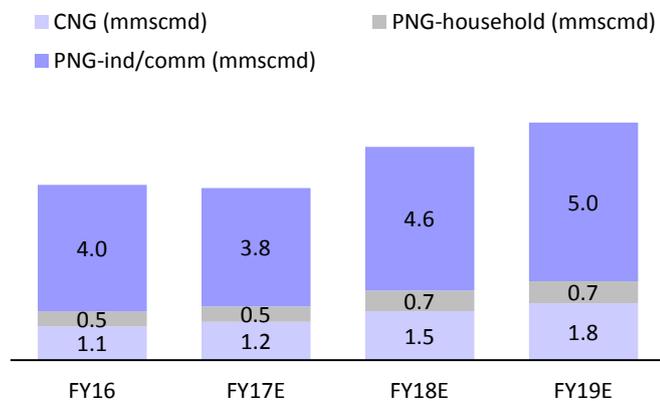
Exhibit 17: Scenario Analysis – Bear Case

Bear Case	FY17E	FY18E	FY19E
Vol	5.5	6.8	7.5
EBITDA/scm	3.9	5.0	5.0
Bull case			
Vol	5.5	5.8	6.5
EBITDA/scm	3.9	4	4
EBITDA	7,708	8,526	9,530
PBT	3,430	4,334	5,665
PAT	2,407	2,903	3,796
EPS	17.5	21.1	27.6
PE (x)		15	
Target price (INR)		414	
Downside (%)		51%	

Source: Company, MOSL

Story in charts

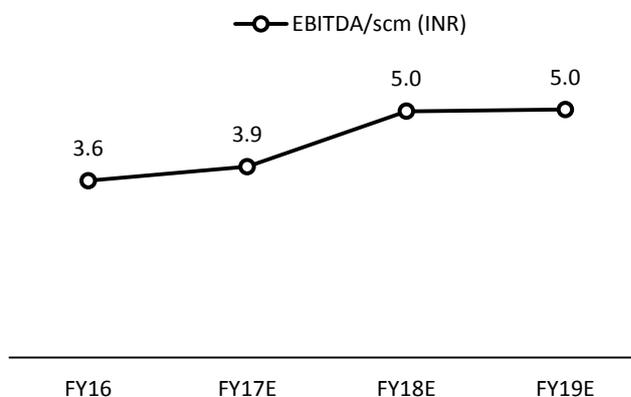
Exhibit 18: Volume growth has been volatile



Sales volume has declined from peak of 8-9mmscmd in the past to 5.3mmscmd in 3QFY17 before rising to ~6.3mmscmd in 4QFY17E

Source: Company, MOSL

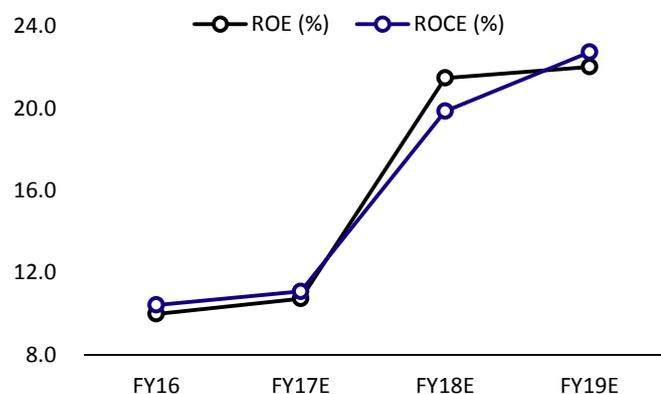
Exhibit 19: EBITDA/scm likely to grow, volatility would be key



Since 1QFY17, EBITDA/scm has seen a peak of INR4.8 and a low of INR2.9

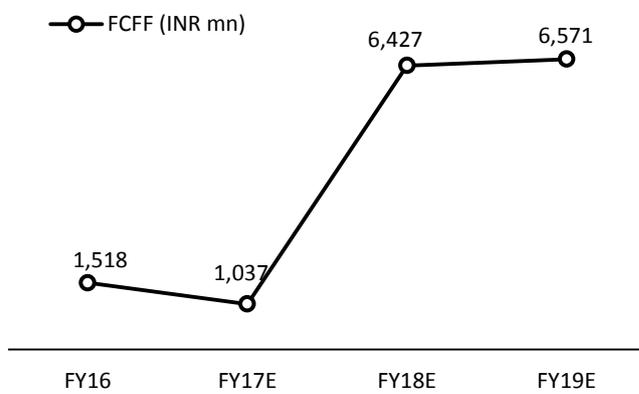
Source: Company, MOSL

Exhibit 20: Return ratios to improve



Source: Company, MOSL

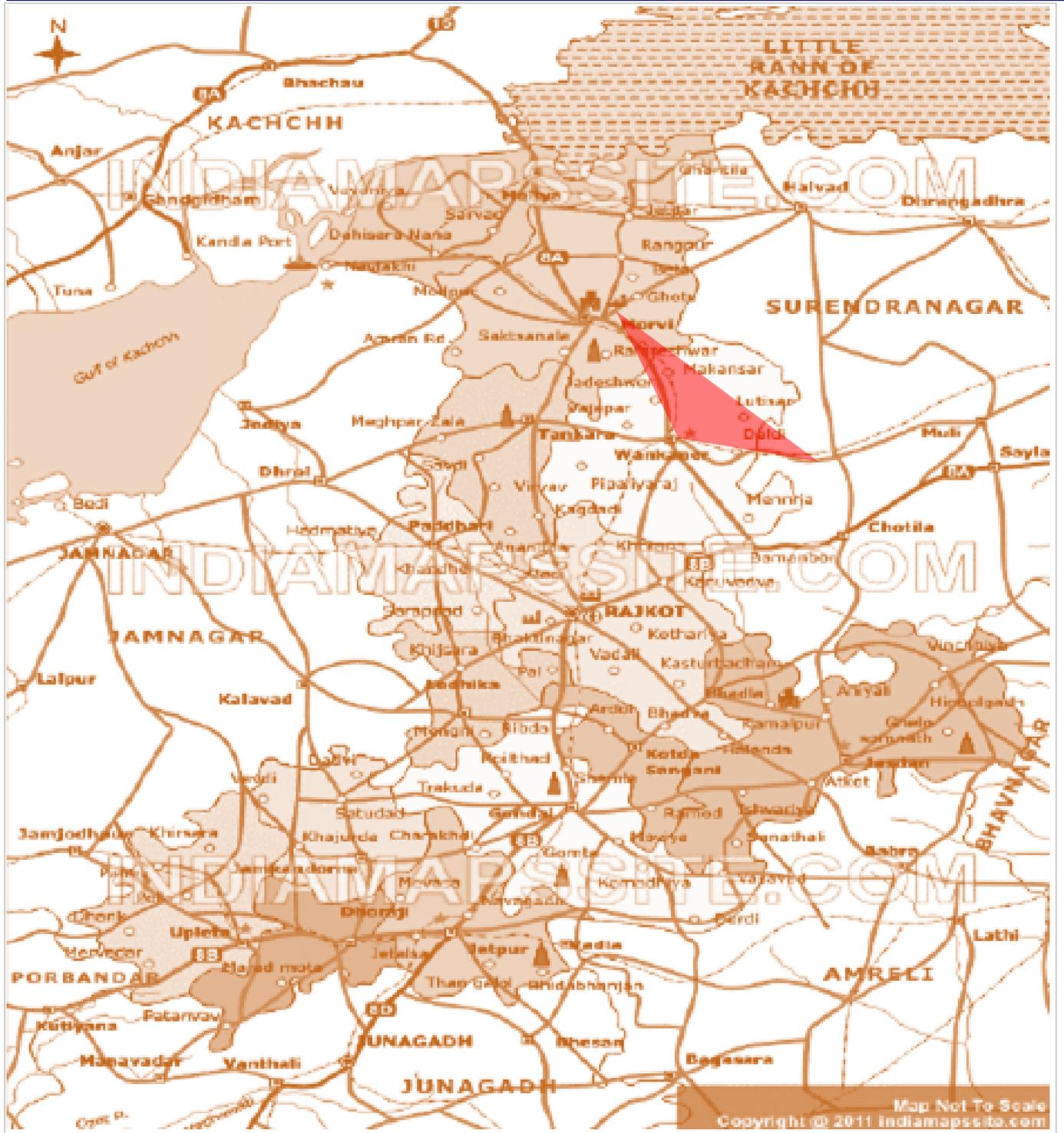
Exhibit 21: Free cash flow to improve



Source: Company, MOSL

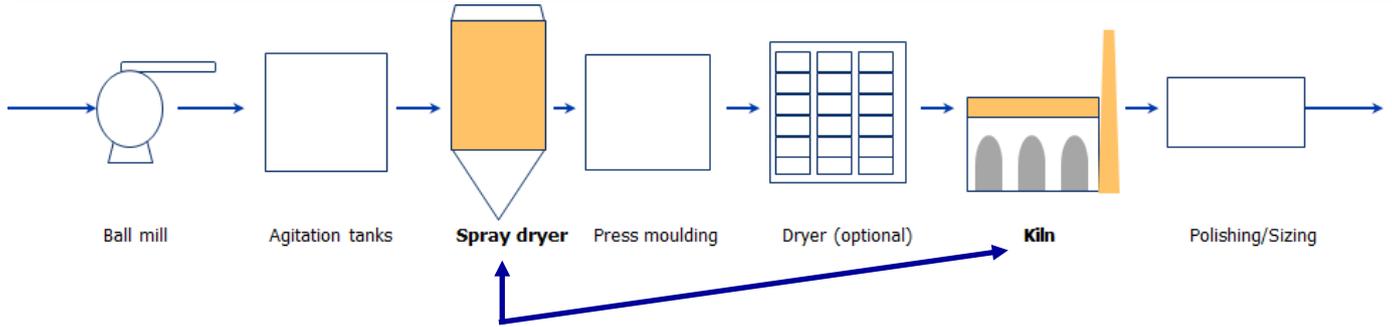
Appendix

Exhibit 22: Ceramics hub - started in 1913 from Thangadh; Morbi, Thangadh and Wankaner form a hub



Source: indiamapssite.com, MOSL

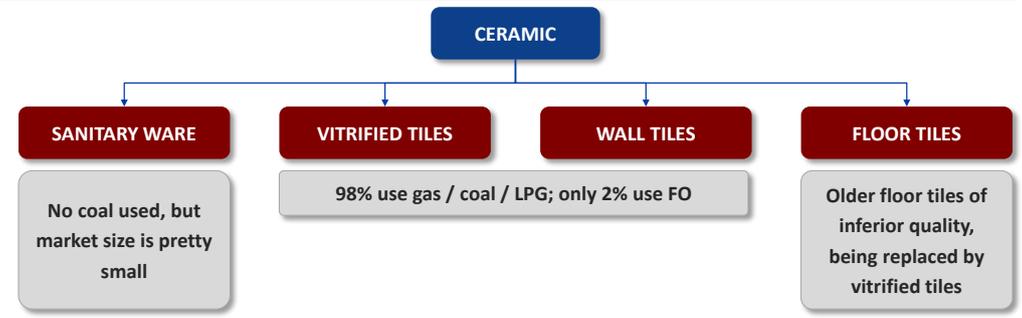
Exhibit 23: Ceramics manufacturing process and usage of gas



- ❖ Processes which require gas or alternate fuels
- ❖ Energy cost is ~30% of the mnfg cost
- ❖ Spray drying is a simple process. No spray dryer uses gas or considered a potential.
- ❖ Kiln requires gas. Alternate fuels do result in compromise in quality in addition to other operational difficulties.

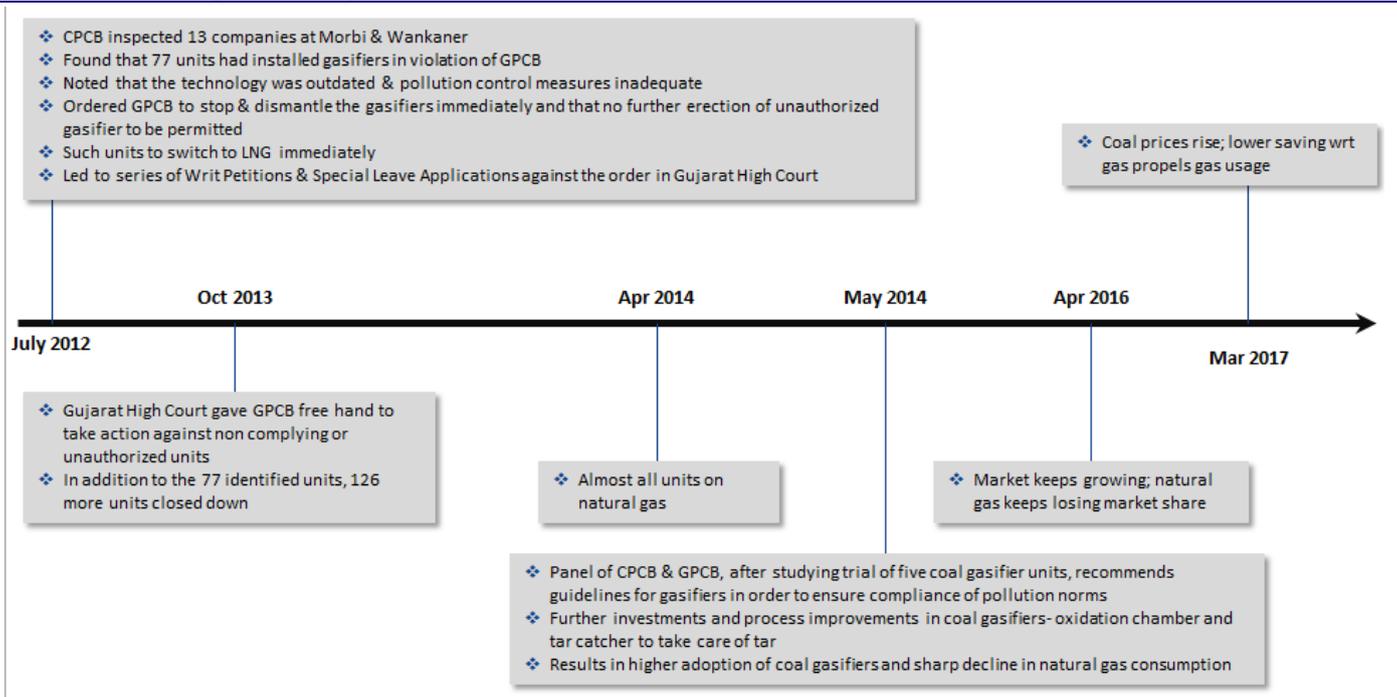
Source: MOSL

Exhibit 24: Types of ceramics and usage of gas



Source: MOSL

Exhibit 25: Morbi gas sales – ups and downs



Source: MOSL

Financials and Valuations

Standalone - Income Statement

(INR Million)

Y/E March	FY14	FY15	FY16	FY17E	FY18E	FY19E
Income from Operations	77,974	90,063	61,059	52,870	74,328	85,451
Total Income from Operations	77,974	90,063	61,059	52,870	74,328	85,451
Change (%)	-	15.5	-32.2	-13.4	40.6	15.0
Total Expenditure	72,233	79,001	53,794	45,162	62,009	71,627
% of Sales	92.6	87.7	88.1	85.4	83.4	83.8
EBITDA	5,741	11,062	7,264	7,708	12,319	13,824
Margin (%)	7.4	12.3	11.9	14.6	16.6	16.2
Depreciation	2,826	2,377	2,457	2,619	2,711	2,832
EBIT	2,915	8,685	4,808	5,089	9,608	10,992
Int. and Finance Charges	3,003	3,332	2,475	2,044	1,930	1,551
Other Income	1,101	1,071	445	386	542	623
PBT bef. EO Exp.	1,012	6,424	2,779	3,430	8,220	10,064
EO Items	-90	-10	-256	0	0	0
PBT after EO Exp.	922	6,414	2,523	3,430	8,220	10,064
Current Tax	638	1,979	648	1,023	2,712	3,321
Tax Rate (%)	69.2	30.8	25.7	29.8	33.0	33.0
Reported PAT	284	4,436	1,875	2,407	5,507	6,743
Adjusted PAT	312	4,443	2,065	2,407	5,507	6,743
Change (%)	-	1,323.3	-53.5	16.5	128.8	22.4
Margin (%)	0.4	4.9	3.4	4.6	7.4	7.9

Standalone - Balance Sheet

Y/E March	FY14	FY15	FY16	FY17E	FY18E	FY19E
Equity Share Capital	1,377	1,377	1,377	1,377	1,377	1,377
Total Reserves	14,981	18,532	20,057	22,014	26,493	31,976
Net Worth	16,358	19,909	21,434	23,391	27,870	33,353
Deferred Tax Liabilities	2,892	3,528	3,528	3,528	3,528	3,528
Total Loans	33,311	31,960	27,460	26,460	24,460	16,460
Capital Employed	52,561	55,397	52,421	53,379	55,857	53,341
Gross Block	47,550	50,114	55,473	57,116	59,430	62,282
Less: Accum. Deprn.	2,815	5,247	7,704	10,323	13,035	15,866
Net Fixed Assets	44,735	44,867	47,769	46,793	46,396	46,415
Capital WIP	2,701	3,574	3,215	6,572	9,257	11,406
Total Investments	8,410	10,990	3,490	3,490	3,490	3,490
Curr. Assets, Loans&Adv.	10,694	9,495	9,087	6,361	10,057	7,318
Inventory	375	411	280	235	323	373
Account Receivables	5,451	3,606	2,445	2,117	2,976	3,421
Cash and Bank Balance	2,116	2,378	4,260	2,189	4,199	582
Loans and Advances	2,752	3,101	2,102	1,820	2,559	2,942
Curr. Liability & Prov.	13,978	13,529	11,140	9,837	13,343	15,289
Account Payables	5,260	4,262	3,242	2,722	3,738	4,317
Other Current Liabilities	8,613	8,193	6,716	5,816	8,176	9,400
Provisions	105	1,074	1,181	1,300	1,429	1,572
Net Current Assets	-3,284	-4,034	-2,053	-3,476	-3,286	-7,971
Appl. of Funds	52,561	55,397	52,421	53,378	55,857	53,340

E: MOSL Estimates

Financials and Valuations

Ratios				(INR Million)		
Y/E March	FY14	FY15	FY16	FY17E	FY18E	FY19E
Basic (INR)						
EPS	2.3	32.3	15.0	17.5	40.0	49.0
Cash EPS	22.8	49.5	32.8	36.5	59.7	69.5
BV/Share	118.8	144.6	155.7	169.9	202.4	242.3
DPS	0.0	5.0	2.1	2.7	6.2	7.6
Payout (%)	0.0	18.7	18.7	18.7	18.7	18.7
Valuation (x)						
P/E		26.2	56.4	48.4	21.2	17.3
Cash P/E		17.1	25.8	23.2	14.2	12.2
P/BV		5.9	5.4	5.0	4.2	3.5
EV/Sales		1.6	2.3	2.7	1.8	1.5
EV/EBITDA		13.2	19.2	18.3	11.1	9.6
Dividend Yield (%)		0.6	0.2	0.3	0.7	0.9
FCF per share		60.2	11.0	7.5	46.7	47.7
Return Ratios (%)						
RoE	3.8	24.5	10.0	10.7	21.5	22.0
RoCE	16.2	19.2	10.4	11.1	19.9	22.7
Working Capital Ratios						
Asset Turnover (x)	1.5	1.6	1.2	1.0	1.3	1.6
Inventory (Days)	2	2	2	2	2	2
Debtor (Days)	26	15	15	15	15	15
Creditor (Days)	25	17	19	19	18	18
Working Cap. Turnover (Days)	-25	-26	-38	-39	-37	-37
Leverage Ratio (x)						
Current Ratio	0.8	0.7	0.8	0.6	0.8	0.5
Interest Cover Ratio	1.0	2.6	1.9	2.5	5.0	7.1
Debt/Equity	2.0	1.6	1.3	1.1	0.9	0.5

Standalone - Cash Flow Statement				(INR Million)		
Y/E March	FY14	FY15	FY16	FY17E	FY18E	FY19E
OP/(Loss) before Tax	922	6,414	2,779	3,430	8,220	10,064
Depreciation	2,826	2,377	2,457	2,619	2,711	2,832
Interest & Finance Charges	3,003	3,332	2,029	1,659	1,388	928
Direct Taxes Paid	-1,599	-1,461	-648	-1,023	-2,712	-3,321
(Inc)/Dec in WC	-309	1,852	-98	-648	1,820	1,068
CF from Operations	4,844	12,514	6,518	6,037	11,427	11,571
Others	-726	-716	0	0	0	0
CF from Operating incl EO	4,119	11,798	6,518	6,037	11,427	11,571
(Inc)/Dec in FA	-3,371	-3,508	-5,000	-5,000	-5,000	-5,000
Free Cash Flow	748	8,290	1,518	1,037	6,427	6,571
(Pur)/Sale of Investments	-12,397	-2,563	7,500	0	0	0
Others	2,374	167	189	386	542	623
CF from Investments	-13,394	-5,904	2,689	-4,614	-4,458	-4,377
Issue of Shares	5,000	0	0	0	0	0
Inc/(Dec) in Debt	7,923	-756	-4,500	-1,000	-2,000	-8,000
Interest Paid	-1,351	-4,874	-2,475	-2,044	-1,930	-1,551
Dividend Paid	-601	-2	-350	-450	-1,029	-1,259
CF from Fin. Activity	10,971	-5,632	-7,325	-3,494	-4,959	-10,811
Inc/Dec of Cash	1,696	262	1,883	-2,072	2,010	-3,617
Opening Balance	420	2,116	2,378	4,260	2,189	4,199
Closing Balance	2,116	2,378	4,260	2,189	4,199	582

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Piramal Enterprises

Winner's Edge

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CEAT

Well balanced

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SH Kelkar

Adding flavor to fragrance

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Gaining ground

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Sector: Technology

L&T Infotech

Proficient miner

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Sector: Financials

RBL Bank

A unique model - on a fast lane

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