

# Vakrangee Ltd

Bloomberg Code: VKI IN

India Research - Stock Broking

**BUY**

## Riding on Growing Impetus to Financial Inclusion

**Company to shift its focus from e-governance business to financial inclusion business:** VKI has evolved over the past 2 decades transforming from a sub-contractor and IT enabler for E-governance projects to taking on projects on its own. E-governance projects are capital intensive with low RoA, management gradually shifted focus to high-growth opportunities in financial inclusion and E-commerce. The Vakrangee Kendra and the White Label ATM businesses will help the company reduce its reliance on short-term project-based revenues and cash flows from e-Governance projects and continue generating incremental stable revenues, cash flows over a longer period of time. We expect the revenues to increase by CAGR of 17% from FY15-17E.

**Prudent mix of owned and franchisee model for opening of Vakrangee Kendras and White Label ATMs:** VKI has successfully transitioned to an asset-light model by rolling out VKI Kendras on franchisee basis. Prudent mix of owned and franchisee model for opening of Vakrangee Kendras and White Label ATM will help the company efficiently manage its balance sheet size and working capital requirements.

**Significant under-penetration of Financial Services in India:** India is still largely under-banked, with only 35.2% of population having bank accounts. There are only 11.4 bank branches per 100k population in India, of which only 30% are located in rural areas. Vakrangee has been appointed as Business Correspondent (BC) by various banks under the "Common BC" and "National BC" agreements, with a contract period of 5 + 2 years, RBI license to setup and manage 15,000 WLA as across India, will push the growth ahead for vakrangee.

## Valuation and Outlook

At CMP of Rs.178, the stock is trading at P/E of 22.5x and 19.9x FY16E & FY17E EPS respectively, We initiate a "BUY" recommendation with a target price of Rs.211 per share at P/E of 23.6x FY17E EPS, which represents an upside potential of 19%.

## Key Risks

- Change in policies of Government of India.
- High dependency on franchisees.
- Winning new tender.

### Exhibit 1: Valuation Summary

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	15472	19519	27805	31976	38021
EBITDA	3815	5346	7232	7878	8797
EBITDA Margin (%)	24.7	27.4	26.0	24.6	23.1
Adj. Net Profit	1043	1750	3218	3984	4503
EPS (Rs.)	2.1	3.5	6.4	7.9	8.9
RoE (%)	22.4	29.4	39.4	33.4	27.2
PE (x)	39.8	35.8	27.8	22.5	19.9

Source: Company, Karvy Research, \*Represents multiples for FY13, FY14 & FY15 are based on historic market price

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### Recommendation (Rs.)

CMP	178
Target Price	211
Upside (%)	19

### Stock Information

Mkt Cap (Rs.mn/US\$ mn)	94031 / 1411
52-wk High/Low (Rs.)	192 / 86
3M Avg. daily volume (mn)	2.6
Beta (x)	1.3
Sensex/Nifty	25623 / 7791
O/S Shares(mn)	529.2
Face Value (Rs.)	1.0

### Shareholding Pattern (%)

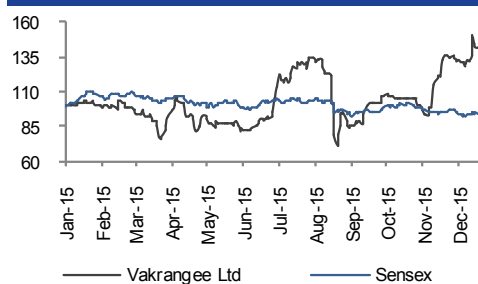
Promoters	41.6
FII	5.8
DII	7.7
Others	45.0

### Stock Performance (%)

	1M	3M	6M	12M
Absolute	8	33	35	41
Relative to Sensex	8	36	48	54

Source: Bloomberg

### Relative Performance\*



Source: Bloomberg; \*Index 100

### Analyst Contact

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**Company Financial Snapshot (Y/E Mar)**
**Profit & Loss (Rs. Mn)**

	FY15	FY16E	FY17E
Net sales	27805	31976	38021
Optg. Exp (Adj for OI)	20573	24098	29224
EBITDA	7232	7878	8797
Depreciation	1649	1797	1941
Interest	749	65	71
Other Income	59	62	63
PBT	4893	6078	6848
Tax	1675	2094	2345
Adj. PAT	3218	3984	4503
<b>Profit &amp; Loss Ratios</b>			
EBITDA margin (%)	26.0	24.6	23.1
Net margin (%)	11.6	12.5	11.8
P/E (x)	27.8	22.5	19.9
EV/EBITDA (x)	12.8	11.0	9.6
Dividend yield (%)	0.1	0.1	0.1

Source: Company, Karvy Research

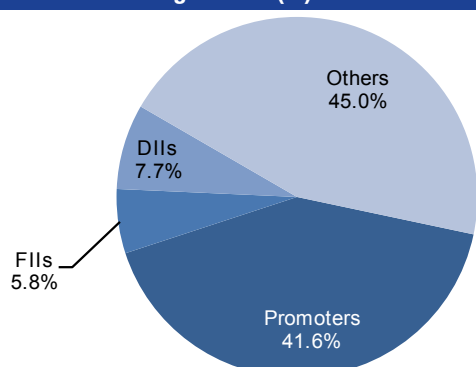
**Balance sheet (Rs. Mn)**

	FY15	FY16E	FY17E
<b>Total Assets</b>	<b>20372</b>	<b>24194</b>	<b>28282</b>
Net Fixed assets	2829	2867	3015
Current assets	17423	21219	25161
Other assets	3117	3334	3964
<b>Total Liabilities</b>	<b>20372</b>	<b>24194</b>	<b>28282</b>
Networth	12073	16806	21309
Debt	3530	2370	1809
Current Liabilities	7484	6680	6319

**Balance Sheet Ratios**

RoE (%)	39.4	33.4	27.2
RoCE (%)	39.4	34.5	32.1
Net Debt/Equity	0.4	0.0	(0.2)
Equity/Total Assets	0.5	0.6	0.7
P/BV (x)	9.4	6.3	4.8

Source: Company, Karvy Research

**Exhibit 2: Shareholding Pattern (%)**


Source: BSE, Karvy Research

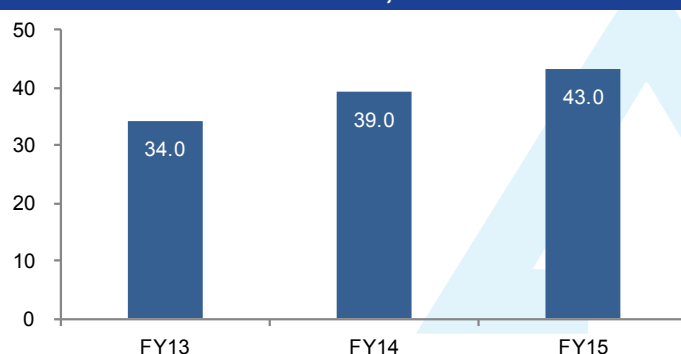
**Company Background**

Vakrangee Limited is an India-based technology company. The company's business segments include e-Governance Projects and Vakrangee Kendras. The e-Governance Projects segment offers collection services, such as payment of electricity, telephone and mobiles; recruitment application processing, which includes processing of applications for recruitment of workforce for government related services; issuance of certificates, including online registration and issuance of birth, death and marriage certificates; grievance management services, which enable citizens to issue formal grievance to the government directly or through local agencies, and enrolments, such as land record digitization, electoral rolls, payment of utility bills, taxes, levies and others. The Vakrangee Kendra segment includes banking, insurance, e-governance, e-commerce services and white label Automated Teller Machine (ATM) business. Its subsidiaries include Vakrangee Finserve Limited and Vakrangee e-Solutions INC.

**Cash Flow (Rs. Mn)**

	FY15	FY16E	FY17E
PBT	4893	6078	6848
Depreciation	1649	1797	1941
Interest (net)	677	65	71
Tax	(1422)	(2094)	(2345)
Changes in WC	(5770)	2021	(3211)
<b>CF from Operations</b>	<b>(11)</b>	<b>7805</b>	<b>3841</b>
Capex	(31)	(1834)	(1151)
Others	29	62	63
<b>CF from Investing</b>	<b>(2)</b>	<b>(1772)</b>	<b>(1087)</b>
Dividends	(151)	(151)	(151)
Others	1478	0	0
<b>CF from Financing</b>	<b>102</b>	<b>(1376)</b>	<b>(783)</b>
Change in Cash	89	4657	1971

Source: Company, Karvy Research

**Exhibit 3: VKI Kendra's revenue share, as a % of total revenues**


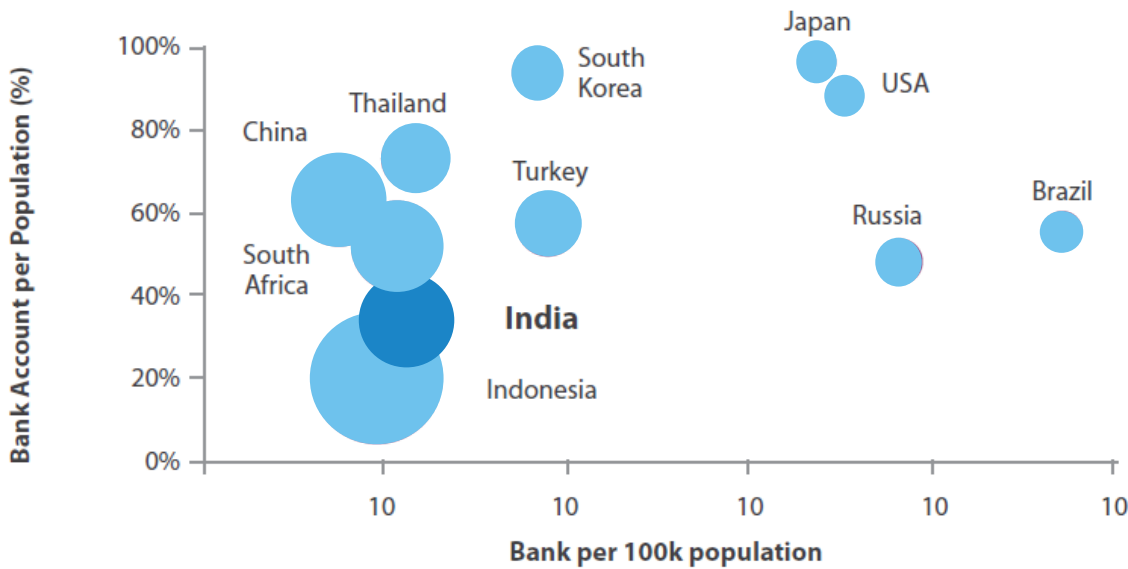
Source: Company, Karvy Research

### Growing impetus to financial inclusion will aid Vakrangee

Growing impetus to financial inclusion will aid Vakrangee for building inclusive financial systems is well known. The key growth driver has been the government’s massive push towards financial inclusion through the Pradhan Mantri Jan Dhan Yojana. The objective of this is to bring every Indian into banking net by ensuring at least two bank accounts per household. These accounts shall be linked with the Aadhaar number of the account holder and will become the single point of contact for receipt of all direct benefit transfers from Central and State Governments and local bodies. Vakrangee is in a very good position to leverage this growth opportunity and is set to become one of the leading players in implementation of financial inclusion in India.

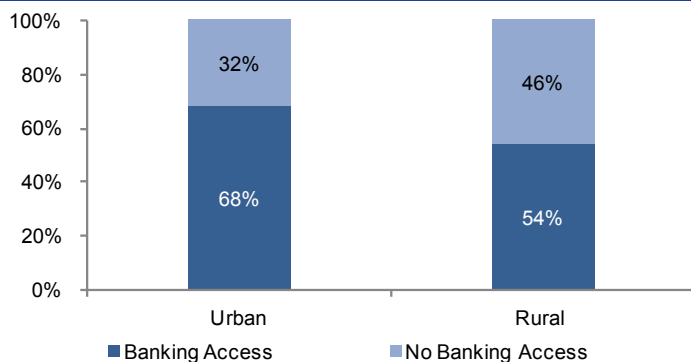
The RBI has encouraged banks to adopt a structured approach to financial inclusion. The first phase of Financial Inclusion Plan (FIP) was implemented over 2010-13, which witnessed a large banking network being created and a large number of bank accounts being opened. Now, for the second phase of FIP from 2014-2016, the remaining 4,90,000 unbanked villages have been identified and allocated to banks for opening banking outlets by March 2016. The progress made by banks during 2010-2014 is summarised in the chart and table alongside. As reported by the banks under their financial inclusion plans, nearly 2,48,000 Business Correspondent (BC) agents were deployed by banks by March 2014, which are providing services through 337,678 BC outlets.

**Exhibit 4: Financial Inclusion Opportunity**



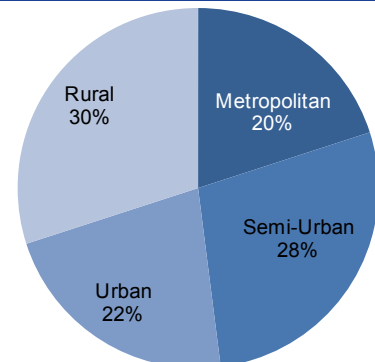
Source: Company, Karvy Research

**Exhibit 5: Banking Access - % Households**



Source: Company, Karvy Research

**Exhibit 6: Bank Branch Distribution In India**

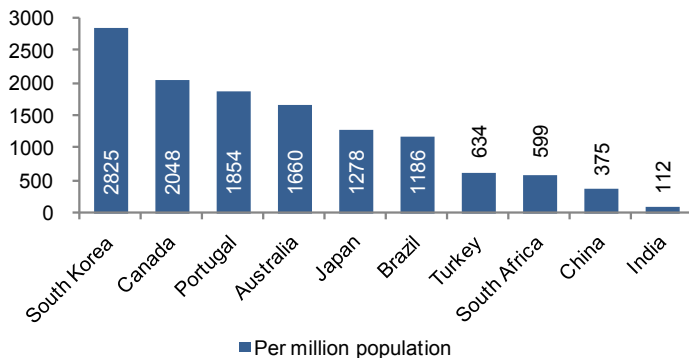


Source: Company, Karvy Research

Vakrangee has been appointed as a National Business Correspondent by seven banks including Bank of India, Punjab National Bank, Union Bank of India, Allahabad Bank, State Bank of India, Baroda Gujarat Gramin Bank and Baroda Uttar Pradesh Gramin Bank. Currently, Vakrangee has set up 12,568 branches, out of which ~90% are rural branches and the rest are urban branches. The number of urban branches catapulted from 15 in FY14 to 1,288 in FY15 due to the emphasis of the NDA government on urban financial inclusion as well. By FY17E, as per the management, 30% of the branches will be in urban areas. Vakrangee offers 33 services from these branches – selling insurance (they are the biggest rural agent for LIC), offering mobile services and offering loans etc.

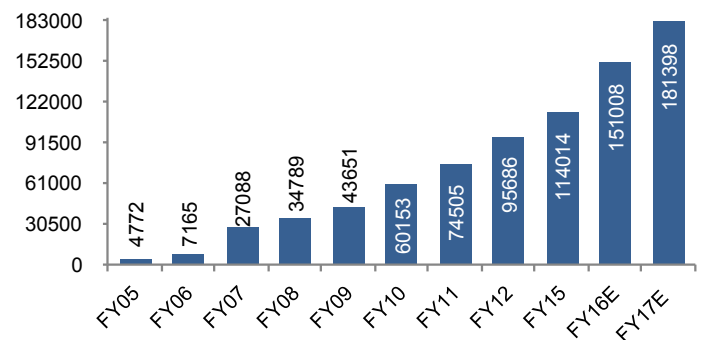
White Label ATMs will be an effective channel in significantly improving the banking accessibility in Tier III to Tier VI areas, thus driving the “financial inclusion” initiative of RBI and the Ministry of Finance. The Indian ATM industry has grown at a handsome pace over the last decade - growing at a CAGR of 44% to reach 181,398 ATMs by March 2015. Despite this strong growth, the ATM penetration in India is still at the lowest, with only 112 ATMs per Mn population. This is compared to 1,186 ATMs per Mn in Brazil, 634 ATMs per Mn in Turkey and 375 ATMs per Mn in China. Hence, there is a huge opportunity for further growth in ATMs in India, which is expected to reach 3,50,000 ATMs by 2017. RBI introduced three WLA schemes under which the WLAO applicants will be awarded the license. The non-banking entities applying for the license are required to maintain a minimum networth of Rs. 100 crore in order to be eligible for this project. As decided by RBI, each WLAO will earn Rs. 15 per financial transaction and Rs. 5 per non-financial transaction. Further, each WLAO will need to have a sponsor bank for cash settlement of transactions, adequate cash supply at WLA and redressal of failed transactions.

**Exhibit 7: ATM Penetration in India Is Still One of the Lowest**



Source: Company, Karvy Research

**Exhibit 8: ATM Growth in India (No. of ATMs)**



Source: Company, Karvy Research

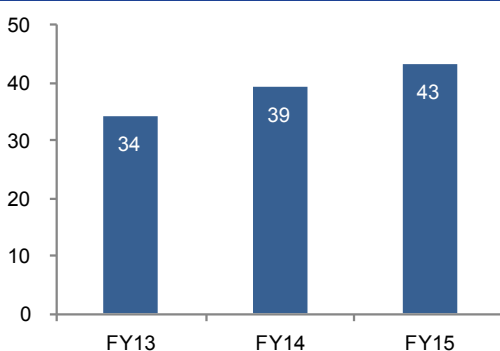
## Vakrangee Kendra

Vakrangee has been appointed as Business Correspondent (BC) by various banks under the “Common BC” and “National BC” agreements, with a contract period of 5 + 2 years. Vakrangee will set up & manage 75,000 Vakrangee Kendras by 2020 across India. Vakrangee will act as an Exclusive BC to banks in any allocated SSA – Sub Service Area (catchment area with minimum 1,000-1,500 households or 5,000 population). Further, in addition to Banking services, Vakrangee Kendra is allowed to also offer various e-Governance, Insurance and e-Commerce services & products. All the Vakrangee Kendras operate on franchisee model. All operational costs are borne by the franchisees. Vakrangee is responsible for project management, quality assurance on behalf of clients, infrastructure set up, franchisee training and access to new services & content at the Vakrangee Kendra.

### Revenue Stream:

- Transaction fee earned from banks, E-Governance, Insurance, E-Commerce and ATM services
- One Time Transactions - E.g. Account Opening, UID generation
- On Going Transactions - E.g. Banking, UID Updation (Deposit/Withdrawal/remittances), e-Governance (utility bills), e-Commerce (mobile & DTH recharges and sale of products), Insurance and ATM (Financial and Non financial transactions).

**Exhibit 9: VKI Kendra's revenue share, as a % of total revenues**



Source: Company, Karvy Research

Urban Kendra



Rural Kendra

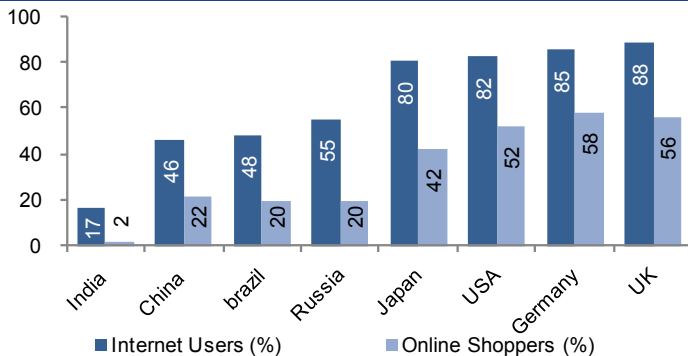


Source: Company, Karvy Research

## E-Commerce: The next growth driver for Vakrangee

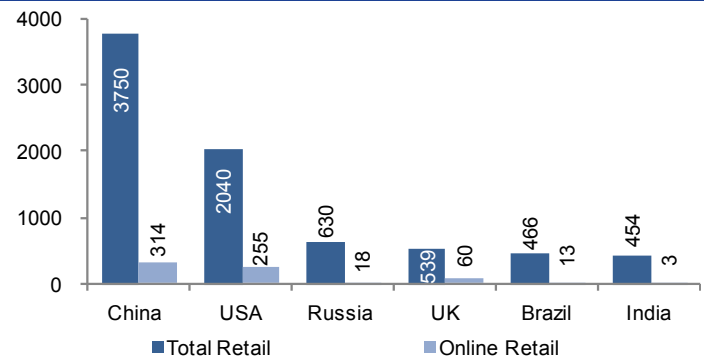
India has low internet penetration of 17% of the total population in comparison to 46% in China and more than 80% in Japan and US. The adoption of E-Commerce is directly tied to this internet penetration. Vakrangee Kendras are equipped with un-interrupted connectivity even at the most rural locations, regularly conducting real-time banking transactions.

**Exhibit 10: India Internet penetration**



Source: Company, Karvy Research

**Exhibit 11: Low e-Commerce penetration (Numbers)**



Source: Company, Karvy Research

Vakrangee undertakes only **Mission Mode Projects** under the **National E-Governance Plan (NEGP)** which continue to be **implemented regardless of the changing political parties and bureaucrats.**

There is **strict compliance** in the NEGP project tendering process, which is **governed by the World Bank Procurement Standards**, and takes place through **E-Procurement Auction** without any human intervention.

### Current E-Governance Projects under Implementation

<b>UID (Unique Identification Project)</b>	<ul style="list-style-type: none"> <li>Issue UID to all residents, which shall help in efficient delivery of all government benefit schemes.</li> <li>Vakrangee is one of the leading enrolment agencies empanelled with UIDAI on pan India basis under highest T3F4 category.</li> <li>Services include deployment of UID Client software, capturing demographic &amp; biometric data of residents and setup data center for storing data.</li> </ul>
<b>SSA Sarva Shiksha Abhiyan</b>	<ul style="list-style-type: none"> <li>Provide universal access to elementary education for children between the ages of 6 and 14.</li> <li>Services include distribution of books for children and setting up computer aided learning systems in schools.</li> </ul>
<b>PDS Public Distribution System</b>	<ul style="list-style-type: none"> <li>Implement Biometric Smart Card based PDS in Haryana through computerization of PDS scheme.</li> <li>Services include procurement, commissioning &amp; maintenance of IT and Smart Card infrastructure, installation &amp; operation of ~9,300 Smart Card POS Terminals, networking &amp; connectivity across sites, development of software for POS, data digitization, Smart Card personalization &amp; printing and setting up call centre for technical support.</li> </ul>
<b>RSBY Rashtriya Swasthya Bima Yojana</b>	<ul style="list-style-type: none"> <li>Provide Health Insurance Scheme for Below Poverty Line (BPL) families.</li> <li>Services include collection of biometric data from different villages, centre management, system integration, issue &amp; renewal of Smart Cards and printing of RSBY booklets.</li> </ul>
<b>IGRS Inspector General of Registration &amp; Stamps</b>	<ul style="list-style-type: none"> <li>Computerize the process of registration of documents and recovery of stamp duty as per the Indian Stamp Act.</li> <li>Services include computerized registration of marriages, societies, firms, non trading companies, etc.</li> </ul>
<b>PMS / DMS Computerisation of Election Commission</b>	<ul style="list-style-type: none"> <li>Generated election voter ID cards and managed citizen facilitation centers across Maharashtra, Rajasthan, Gujarat and UP.</li> <li>Completed collection of electoral roll data across 38,450 gram panchayats in UP.</li> <li>Scope of services includes – i) Design Multi-lingual software, ii) Publish Draft List in local language &amp; English twice in a year, iii) Provide updated List to Electoral Commission to update central database, iv) Print and distribute Voters Slip for political parties.</li> </ul>

Source: Company, Karvy Research

## Tie up with Amazon India

Amazon has acquired 15% market share within 2 years after starting its e-commerce operations in India (June 2013). Amazon India had 23.6 Mn unique visitors in May, edging past Flipkart narrowly. Flipkart saw 23.5 Mn unique visitors, Snapdeal had 17.9 Mn in May this year. Amazons is now seen to be the biggest online store in India with more than 25 Mn products for sale. Amazon has 2.5 Mn cubic feet of warehouse space in 11 fulfillment centers across 9 Indian states, where 700,000 distinct items are stored. Vakrangee shall provide marketing, promotional and pick up services to Amazon through the "Vakrangee Kendras".

Govandi, Mumbai, Maharashtra



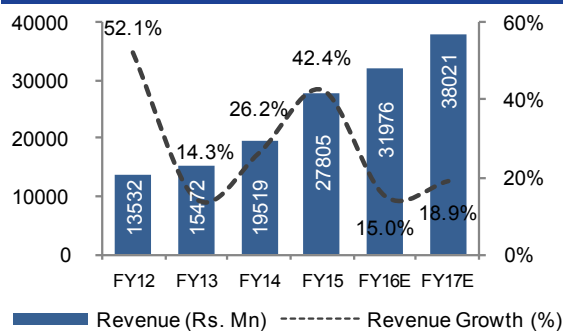
Source: Company, Karvy Research

**Exhibit 12: Business Assumptions**

Y/E Mar (Rs. Mn)	FY14	FY15	FY16E	FY17E	Comments
Revenue	19519	27805	31976	38021	Vakrangee's business is fast transforming driven by the rising share of Vakrangee Kendra Business. Financial inclusion, rising penetration of ATM and strong potential of Vakrangee will drive the revenue growth ahead. In Q2FY16, outlet retail segment has increased by almost 31% whereas e-Governance segment revenue has lowered by 1.5%, as they are purposefully shifting focus from capital incentive e-Governance segment to access live Vakrangee Kendra retail outlet segment. Vakrangee Kendra now contributes to around 50% of the revenues of Vakrangee Ltd.
Revenue Growth (%)	26.2	42.4	15.0	18.9	
EBITDA	5346	7232	7878	8797	Vakrangee has been focusing on high margin products projects and moving out to lower margin e-governance business projects. The EBITDA margin for Vakrangee Kendra outlet segment has been 23.9% in Q2FY16. Vakrangee has increased the commission with franchisees with 80-20, so the EBITDA margins will get reduced. We expect the EBITDA margins to be at stable level of 24.6% in FY16E and 23.1% in FY17E.
EBITDA Margins (%)	27.4	26.0	24.6	23.1	
PAT (normalized)	1750	3218	3984	4503	PAT has increased with a CAGR of 61% from FY11-15. Now the new strategy of Vakrangee Kendra retail segment is to expand mainly through franchisees route with no major CapEx. All the Vakrangee Kendras operate on franchisee model. Economics of the scope will further improve as new services are added leveraging the same technology driven platform, with low incremental CapEx and operating cost addition of more and more services and increasing targets and volume over a period of time will result in further positive operating leverage, we expect the PAT to increase by CAGR of 18% from FY15-FY17E.
Fully Diluted EPS (Rs.)	3.5	6.4	7.9	8.9	
Fully Diluted EPS Growth (%)	67.3	83.7	23.8	13.0	
Capex (ex. Acquisition) - cash capex	(2283)	(31)	(1834)	(1151)	
Net CFO	2275	(11)	7805	3841	
Net Debt	3785	3148	(2669)	(5200)	
Free Cash Flow	(8)	(42)	5970	2690	

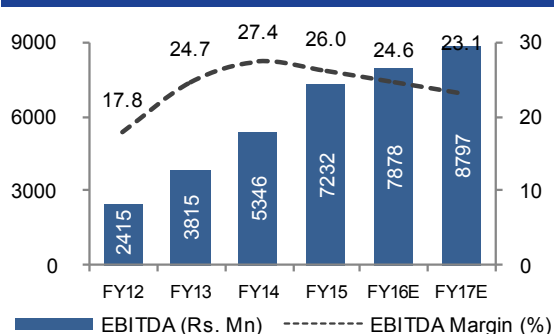
Source: Company, Karvy Research

**Exhibit 13: Consistent Revenue Growth**



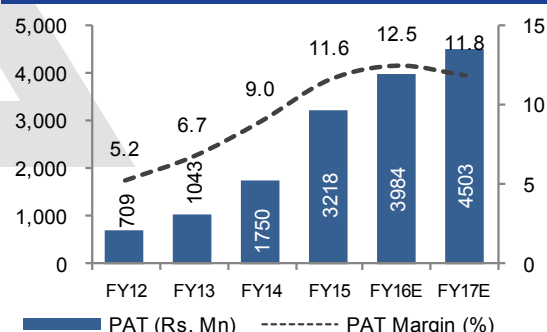
Source: Company, Karvy Research

**Exhibit 14: EBITDA & EBITDA margins**



Source: Company, Karvy Research

**Exhibit 15: PAT to increase further**



Source: Company, Karvy Research

Revenues of Vakrangee have grown with a CAGR of 42% from FY11-FY15. Vakrangee's business is fast transforming driven by the rising share of Vakrangee Kendra Business. Financial inclusion, rising penetration of ATM and strong potential of Vakrangee will drive the revenue growth ahead. In Q2FY16, outlet retail segment has increased by almost 31% whereas e-Governance segment revenue has lowered by 1.5%, as they are purposefully shifting focus from capital incentive e-Governance segment to access live Vakrangee Kendra retail outlet segment. Vakrangee Kendra now contributes to around 50% of the revenues of Vakrangee Ltd.

Vakrangee has been focusing on high margin products, projects and moving out of lower margin e-governance business projects. The EBITDA margin for Vakrangee Kendra outlet segment have been 23.9% in Q2FY16. Vakrangee has increased the commission with franchisees with 80-20, so the EBITDA margins will get reduced. We expect the EBITDA margins to be at stable level of 24.6% in FY16E and 23.1% in FY17E.

The PAT has increased with a CAGR of 61% from FY11-15. Now the new strategy of Vakrangee Kendra retail segment is to expand mainly through franchisee route with no major CapEx. All the Vakrangee Kendras operate on franchisee model. Economics of the scope will further improve as new services are added leveraging the same technology driven platform, with low incremental CapEx and operating cost addition of more and more services and increasing targets and volume over a period of time will result in further positive operating leverage, we expect the PAT to increase by CAGR of 18% from FY15-FY17E.

**Exhibit 16: Company Snapshot (Ratings)**

	Low				High
	1	2	3	4	5
Quality of Earnings				✓	
Domestic Sales				✓	
Exports	✓				
Net Debt/Equity				✓	
Working Capital Requirement			✓		
Quality of Management				✓	
Depth of Management				✓	
Promoter				✓	
Corporate Governance				✓	

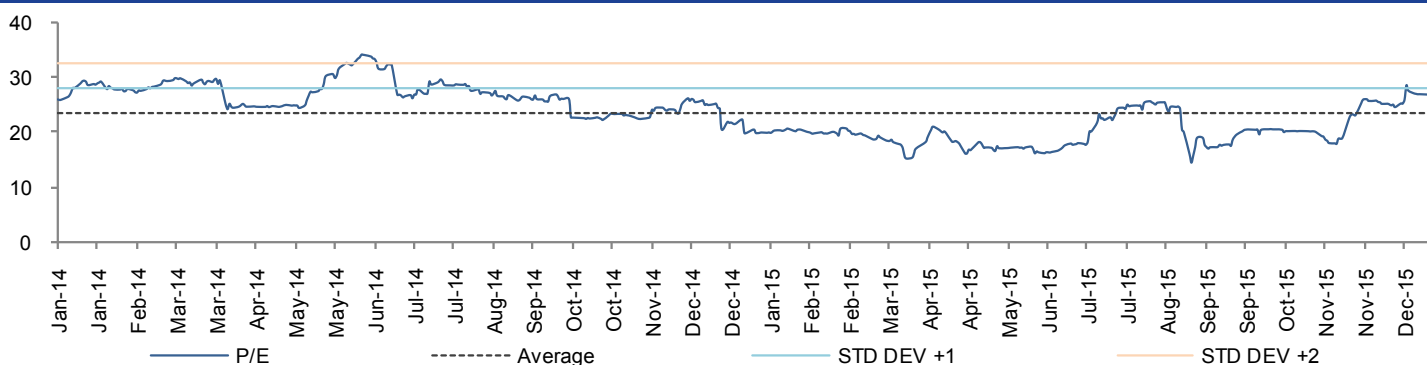
Source: Company, Karvy Research

## Valuation & Outlook

Vakrangee has been historically consistent on its growth profile. EPS has grown by 56% CAGR from FY11-15. Increased focus on high growth and untapped businesses like Rurban Retail, Financial Inclusion and Digital India over the next few years with first mover advantage shall put Vakrangee into a new growth trajectory. Given the emphasis of the Central government on financial inclusion, management is upbeat about the potential of the revenues from its Vakrangee Kendra revenue stream. No major capex will be incurred in the retail business due to the franchisee model. Revenues of Vakrangee have grown with a CAGR of 42% from FY11-FY15. Vakrangee's business is fast transforming driven by the rising share of Vakrangee Kendra Business. Financial inclusion, rising penetration of ATM and strong potential of Vakrangee will drive the revenue growth ahead. We expect the revenues to increase by CAGR of 17% from FY15-17E.

At CMP of Rs.178, the stock is trading at P/E of 22.5x and 19.9x FY16E & FY17E EPS respectively, We initiate a **“BUY”** recommendation with a target price of Rs.211 per share at P/E of 23.6x FY17E EPS, which represents an upside potential of 19%.

**Exhibit 17: PE Band**



Source: Prowess, Karvy Research

## Key Risks

- Change in policies of Government of India.
- High dependency on franchisees.
- Winning new tender.



## Financials

### Exhibit 18: Income Statement

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Revenues	15472	19519	27805	31976	38021
Growth (%)	14.3	26.2	42.4	15.0	18.9
Operating Expenses	11657	14173	20573	24098	29224
EBITDA	3815	5346	7232	7878	8797
Growth (%)	58.0	40.1	35.3	8.9	11.7
Depreciation & Amortization	1571	1809	1649	1797	1941
Other Income	52	62	59	62	63
EBIT	2296	3599	5643	6143	6919
Interest Expenses	860	779	749	65	71
PBT	1437	2820	4893	6078	6848
Tax	394	1070	1675	2094	2345
Adjusted PAT	1043	1750	3218	3984	4503
Growth (%)	47.2	67.7	83.9	23.8	13.0

Source: Company, Karvy Research

### Exhibit 19: Balance Sheet

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Cash and cash equivalents	319	293	382	5039	7009
Sundry Debtors	6527	7683	11993	10800	12000
Inventory	538	1625	1694	1795	1921
Loans & Advances	192	702	207	221	236
Gross Block	5774	6173	4377	4553	4834
Net Block	4203	4364	2728	2756	2893
CWIP	168	481	101	111	122
Miscellaneous	1628	3660	3187	3249	3858
<b>Total Assets</b>	<b>13826</b>	<b>17246</b>	<b>20372</b>	<b>24194</b>	<b>28282</b>
Current Liabilities & Provisions	6295	7844	7484	6680	6319
Non Current Liabilities	2364	1607	815	707	654
<b>Total Liabilities</b>	<b>8659</b>	<b>9451</b>	<b>8299</b>	<b>7387</b>	<b>6973</b>
Shareholders Capital	502	503	503	503	503
Reserves & Surplus	4636	6270	9070	13802	18306
<b>Total Networth</b>	<b>5167</b>	<b>7795</b>	<b>12073</b>	<b>16806</b>	<b>21309</b>
<b>Total Networth &amp; Liabilities</b>	<b>13826</b>	<b>17246</b>	<b>20372</b>	<b>24194</b>	<b>28282</b>

Source: Company, Karvy Research

**Exhibit 20: Cash Flow Statement**

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
PBT	1437	2820	4893	6078	6848
Depreciation	1571	1809	1649	1797	1941
Interest	792	718	677	65	71
Tax Paid	(264)	(975)	(1422)	(2094)	(2345)
Inc/dec in Net WC	(2802)	(2099)	(5770)	2021	(3211)
Other Income	3	1	(38)	(62)	537
<b>Cash flow from operating activities</b>	<b>736</b>	<b>2275</b>	<b>(11)</b>	<b>7805</b>	<b>3841</b>
Inc/dec in capital expenditure	(924)	(2283)	(31)	(1834)	(1151)
Others	526	22	29	62	63
<b>Cash flow from investing activities</b>	<b>(398)</b>	<b>(2261)</b>	<b>(2)</b>	<b>(1772)</b>	<b>(1087)</b>
Inc/dec in borrowings	594	(231)	(549)	(1160)	(561)
Dividend paid	(116)	(119)	(151)	(151)	(151)
Interest paid	(792)	(718)	(677)	(65)	(71)
Others	11	1029	1478	0	0
<b>Cash flow from financing activities</b>	<b>(303)</b>	<b>(39)</b>	<b>102</b>	<b>(1376)</b>	<b>(783)</b>
Net change in cash	35	(25)	89	4657	1971

Source: Company, Karvy Research

**Exhibit 21: Key Ratios**

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EBITDA Margin (%)	24.7	27.4	26.0	24.6	23.1
EBIT Margin (%)	14.8	18.4	20.3	19.2	18.2
Net Profit Margin (%)	6.7	9.0	11.6	12.5	11.8
Dividend Payout Ratio (%)	9.6	7.2	3.9	3.2	2.8
Net Debt/Equity (x)	0.8	0.7	0.4	0.0	(0.2)
RoE (%)	22.4	29.4	39.4	33.4	27.2
RoCE (%)	24.1	31.3	39.4	34.5	32.1

Source: Company, Karvy Research

**Exhibit 22: Valuation Parameters**

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EPS (Rs.)	2.1	3.5	6.4	7.9	8.9
DPS (Rs.)	0.2	0.3	0.3	0.3	0.3
BV (Rs.)	10.2	13.5	19.0	28.4	37.4
PE (x)	39.8	35.8	27.8	22.5	19.9
P/BV (x)	8.1	9.2	9.4	6.3	4.8
EV/EBITDA (x)	11.9	11.0	12.8	11.0	9.6
EV/Sales (x)	2.9	3.0	3.3	2.7	2.2

Source: Company, Karvy Research; \*Represents multiples for FY13, FY14 & FY15 are based on historic market price

Stock Ratings	Absolute Returns
Buy	: > 15%
Hold	: 5-15%
Sell	: <5%

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