

## Vakrangee (VKI IN)

# One-stop shop for gov't, banking and e-commerce services

### In the spotlight due to demonetization; Visit note

We met the management of VKI and visited some of its outlets. VKI, started in 1990 by Mr Dinesh Nandwana, has evolved from a government project contractor to a provider of multiple services to the underserved population across India. Its services can be categorised into three broad categories: (1) e-governance; (2) banking and financial services (BFSI); and (3) e-commerce. It operates through 26K outlets, with a plan to increase them to 75K by FY20. It is in the spotlight due to its unique business model; the recent demonetization has led to a spurt in growth for digital financial services.

### Outlet business its focus area; Gov't project to drop

Management plans to focus on Vakrangee *Kendras* (outlets) and scale down the government project business. Currently, outlets contribute 63% of revenue and the remaining from government contracts, such as computerisation of electoral records and schemes for the poor. It has not bid for any new government contracts. The existing contract will be executed by FY19. Outlets will contribute over 90% of revenue by FY19.

### BFSI and e-commerce business to drive growth

In the BFSI vertical, VKI's centre acts as banking correspondents to provide basic banking facilities. It earns commissions of up to 0.5% of the value of transactions. VKI also offers general and micro insurance. In the e-commerce space, it has a tie-up with Amazon on a pilot basis through 1K outlets. The outlets are used for physical ordering and collection of goods. Under e-governance it offers services, such as ID cards etc.

### Opportunities galore; 'Not Rated'

With the intent of reaching 75K outlets by FY20, VKI is eyeing immense opportunities. VKI plans to become debt free by end- FY17. Management has a stated dividend policy of 15-25% of PAT. VKI is trading at 30x 1HFY17 annualised EPS and has very few comparable peers in the listed space. Not Rated.

FYE Mar (INR m)	FY12A	FY13A	FY14A	FY15A	FY16A
Revenue	13,532	15,471	19,519	27,804	31,907
EBITDA	2,420	3,815	5,346	7,232	8,220
Core net profit	709	1,043	1,750	3,218	3,948
Core EPS (INR)	1	2	3	6	8
Core EPS growth (%)	32.8	46.5	67.3	83.6	18.8
Net DPS (INR)	0	0	0	0	1
Core P/E (x)	193.0	131.8	78.8	42.9	36.1
P/BV (x)	33.0	26.9	17.8	11.5	9.6
Net dividend yield (%)	0.1	0.1	0.1	0.1	0.5
ROAE (%)	18.4	22.5	27.2	32.6	29.1
ROAA (%)	7.8	8.4	11.3	17.2	19.1
EV/EBITDA (x)	7.5	10.2	10.2	7.7	12.7
Net gearing (%) (incl perps)	103.0	98.9	58.3	30.4	10.1

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# Not Rated

Share Price

INR 274

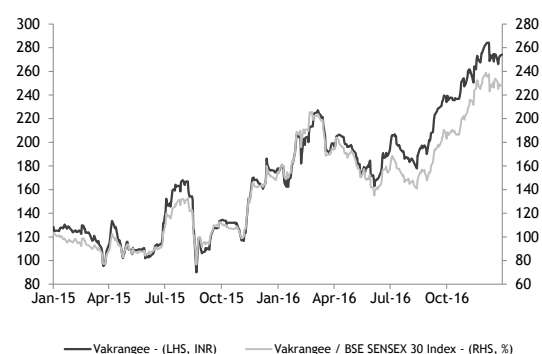
### Statistics

52w high/low (INR)	284/162
3m avg turnover (USDm)	8.9
Free float (%)	44.2
Issued shares (m)	529
Market capitalisation	INR145.1B USD2.1B

### Major shareholders:

Vakrangee Holdings Pvt Ltd	23.7%
Vakrangee Capital Pvt Ltd	12.3%
Life Insurance Corp. of India	6.1%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	(1)	14	57
Relative to index (%)	(3)	20	54

Source: FactSet

# 1. Last-mile service provider

## 1.1 Vakrangee Kendras (outlets) to drive growth

Management expects growth will be driven by expansion of outlets, from 26K to 75K by FY20. Outlet business forms 63% of VKI's revenue; management expects it to reach 90% of revenue by FY19F. Adding more services offered through outlets will help sustain the high growth. The outlets are in areas underserved by banks. Over 70% of the outlets are in rural areas and the rest in urban areas. Major contributors to revenue of an outlet are BFSI services, followed by e-governance services. The third major driver is recharging of mobile and DTH (direct to home) cable prepaid cards. VKI's recent tie-up with Amazon for physical ordering and delivery of goods has witnessed good response, according to management. The plan is to rollout Amazon services across 20K of its outlets in the next six months. The table below describes key services offered by VKI under various verticals along with business alliances in each segments.

Business vertical	Nature of service	Commission	Contribution to revenue (%)
Banking	Bank account opening	Fixed amount of INR20 per account	35-40
	Cash deposit and withdrawal	Up to 0.48% of value of transaction	
e-governance	Identification card (UID card)	Fixed amount per transaction	10-15
	Taxes and utility payment, land records etc	Varied depending on service	
Insurance	Life, health and general insurance services	10-25% of premium paid	5-7
e-commerce	Mobile & DTH recharging	2-5% of value of recharge	15-18
	Amazon	3-15% of gross value of merchandise	
Government contract	Implementation of e-governance contracts	Based on terms of contract	35

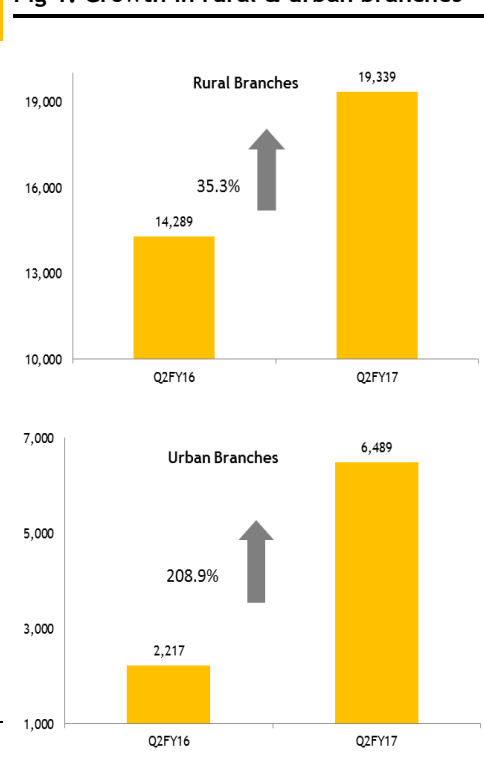
Source: Company

### State-wise distribution of branches as of Sep 2016

State	Rural branches	Urban branches	Total
Rajasthan	10,312	2,819	13,131
Maharashtra	3,790	1,986	5,776
Uttar Pradesh	3,775	610	4,385
Madhya Pradesh	692	405	1,097
Gujarat	196	239	435
Bihar	281	120	401
Haryana	90	185	275
Punjab	53	213	266
Jharkhand	56	40	96
Delhi	1	93	94
Odisha	27	66	93
Chhattisgarh	41	22	63
Goa	8	16	24
Himachal Pradesh	9	15	24
Uttarakhand	8	10	18
Chandigarh	0	9	9
Dadra & Nagar Haveli	0	1	1
<b>Total</b>	<b>19,339</b>	<b>6,849</b>	<b>26,188</b>

Source: Company

Fig 1: Growth in rural & urban branches



Source: Company

**Vakrangee Kendra - scope of services and key business alliances**

Banking/ATM	Insurance	E-GOVERNANCE	E-COMMERCE	LOGISTICS
<ul style="list-style-type: none"> <li>Bank A/C Opening - Savings, Current, SHG etc</li> <li>Cash Deposits, Withdrawals, Money Transfer</li> <li>Fixed/ Recurring Deposits.</li> <li>Retail Loans</li> <li>Balance Enquiry, Statement of Accounts</li> <li>Disbursement of money under Direct Benefit Transfer</li> </ul> <p>ATM Services -</p> <ul style="list-style-type: none"> <li>Real time cash withdrawals from all banks through WLA (White Label ATM)</li> <li>Co-located ATM in urban/ semi-urban branches to cater to holistic banking needs of customers while optimizing cost of operations</li> </ul>	<ul style="list-style-type: none"> <li>Corporate agency tie-up for Life / Non Life, Health Insurance</li> <li>Micro Insurance schemes under government schemes such as Atal pension yojna, Jeevan jyoti bima &amp; Pradhan mantri suraksha bima yojna</li> </ul>	<ul style="list-style-type: none"> <li>Enrolments - UID card, NREGA job card, Election card</li> <li>Land record digitization, Electoral Rolls</li> <li>Payment of utility Bills, Taxes, Levies</li> <li>Railway tickets, Certificates, Hall tickets</li> <li>Exam fee payments</li> <li>Online form filling</li> <li>Partnered with MMPL for rendering bill payment collection solution</li> </ul>	<ul style="list-style-type: none"> <li>Telecom - Mobile prepaid recharge</li> <li>DTH service - Recharge, bill payments</li> <li>Assisted E-Commerce Model - Alliance with Amazon India to facilitate sale of products</li> <li>Alliance with Redbus (on-line travel portal) for bus ticketing services</li> <li>Alliance with "Mahindra eMarket Limited", a subsidiary of M&amp;M, for promoting and booking automobile products</li> </ul>	<ul style="list-style-type: none"> <li>Alliance with Aramex India Private Limited and Delivery Private Limited for courier and logistics services (Forward Delivery as well as Reverse Pick Up services)</li> </ul>



Source: Company

**1.2 Outlets to triple from 26K to 75K by FY20**

As mentioned previously, VKI plans to increase its outlets from 26K as of Sep 2016 to 75K by FY20. VKI has entered into agreements with eight banks to act as 'National BC' (Business Correspondent). These agreements allow VKI to have exclusive rights to open outlets in a particular geography. The same outlet can be used to offer multiple services. Based on the clusters identified by it, VKI has potential to operate 75K outlets.

VKI operates on a franchisee model making it asset light and requiring lower capex and working capital. Typically, each outlet costs INR200-300K in rural areas and INR1000-1200K in urban areas. It takes 3-6 months to set up a franchisee. Franchisees manage the day-to-day operations of their outlet. VKI is responsible for quality assurance on behalf of clients, infrastructure set up, training and access to new services. The revenue sharing ratio is generally 80:20 between franchisee and VKI. The payback period on an outlet is between 12-24 months.

### Vakrangee Kendra (outlet) mix and future expansion plans

Type of outlet	FY2016A	FY2017E	FY2018E	FY2019E	FY2020E	Executed up to Sept'16
Rural	15,000	25,000	35,000	45,000	50,000	19,339
Urban	5,000	10,000	15,000	20,000	25,000	6,849
<b>Total</b>	<b>20,000</b>	<b>35,000</b>	<b>50,000</b>	<b>65,000</b>	<b>75,000</b>	<b>26,188</b>
<b>Mix (%)</b>						
Rural	75	71	70	69	67	74
Urban	25	29	30	31	33	26
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Company

### 1.3 Demonetisation and govt's digital push to provide fillip

VKI, as national BC, has agreements with banks to work on the financial inclusion programme of the government. The current government's financial inclusion programme, called "Pradhan Mantri Jan Dhan Yojana" (PMJDY), aims to ensure that at least one bank account is opened per household. Prior to implementation of the programme, 65% of the population in India did not have a bank account. Around 160m accounts were opened under PMJDY, which has reduced the proportion of the population without a bank account to less than 30%. The government aims to implement its services through PMJDY accounts. It offers services such as bank overdraft, pension, insurance and payment of subsidy.

The demonetisation of high-value currency notes on 8 Nov 2016 has led to a spurt in banking services at VKI. Since then, VKI has seen a huge rush in its outlets as people deposit their old currency notes. The government in future plans to push digital mode for payments against cash. VKI, with its large distribution network, especially in rural areas, plans to gain out of it. The government has started making payments of various benefits such as pension, subsidy, scholarship etc directly to the accounts of individuals. PMJDY accounts are linked with biometric identification of individuals (UIDs i.e. unique IDs), which helps carry out transactions with just thumb identification. Individuals can use VKI centres to carry out digital transactions. As per management, VKI outlets will help push various government schemes of financial inclusion.

### 1.4 Tie up with Amazon India has high scope to scale up

VKI's tie-up with Amazon can potentially be a game changer. At present, the scheme is run on a pilot basis from 1K outlets with plans to roll out across 20K outlets in next six months. Under the agreement, VKI outlets are used for physically placing orders and collection of goods. Assisted ordering is followed for placing orders at Amazon's website. In it an employee at the outlet helps customers place orders using a computer which has dual screens. Amazon is using VKI's network as it solves two issues: 1) customers in rural areas have poor internet connectivity or use basic feature phones. VKI offers access to Amazon's website, allows customers to browse and place orders; 2) VKI helps Amazon solve the last-mile delivery problem. The goods are delivered at VKI's outlets and customers pick up the shipment from the centre. Amazon offers 3-15% of gross merchandise value (GMV) as commission to VKI. Amazon also helps in marketing the various offers and schemes from time to time.

Fig 2: Assisted ordering (dual computer screen) using Amazon's India website at a Vakrangee outlet



Source: Company, MKE

Fig 3: Marketing campaign by Amazon near a Vakrangee Kendra outlet



Source: Company, MKE

### 1.5 Proportion of E-Governance projects to come down

According to management, it will scale back the e-governance project business as it is highly capital intensive with long payment cycles. Most contracts were projects of Central and State governments which involved computerisation of records and implementation of government schemes etc. VKI will execute various government projects at hand but does not wish to participate in future contracts. The last contract will be completed by FY19. As a result, contribution of the vertical to VKI's overall business will fall to less than 10% by FY19. This business has given VKI a strong understanding of the functioning of the government, its schemes and priorities. This domain knowledge is very useful in building its service delivery model for the future.

### 1.6 Plans to become debt free in FY17

VKI plans to repay its debt by the end of FY17. The debt relates to legacy government projects. According to management, the focus of the business is now towards outlets businesses, which require lower capex and working capital. The legacy business (i.e. government projects) was capital intensive, which limited free cash flow generation. Management believes the company will be in a better position to generate free cash flow as the business model skews towards the outlet business. As mentioned, VKI's outlets are franchises and do not require major capex or working capital investment.

## 1.7 Dividend pay-out of 15-25% of PAT

According to management, the company's board has formally adopted a dividend pay-out policy. For FY17 onwards, the board has approved to maintain a dividend pay-out in the range of 15-25% of PAT. During FY16, VKI's dividend pay-out was 20% of PAT.

## 1.8 Takeaways from Vakrangee Kendra (outlet) visit

We visited some of the VKI outlets in and around Mumbai to observe activity and interact with the employees and customers. Key takeaways:

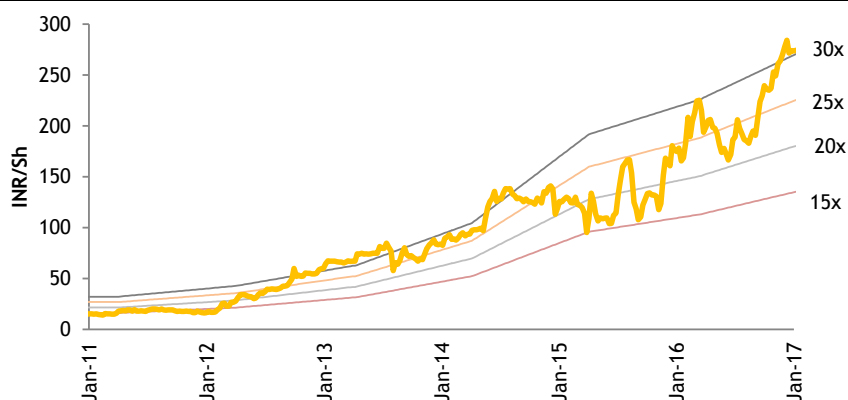
- The layout of outlet is divided into three sections. One dedicated cabin for carrying out banking services, as this involves cash deposits and withdrawals. Employee sits in an area that is restricted from other employees and customers. The outlet also had an ATM machine to dispense cash.
- Two separate sections offering e-commerce and e-governance services. The e-governance section has various instruments required to carry out biometric identification (retinal scanner, fingers and thumb impression scanner etc). These devices are essential for making citizen ID cards (UID card).
- The e-commerce section has computers with dual screens. At one side of the screen the customer sits and at the other end the employee is helping customers place orders through Amazon's website.
- We found a huge rush of customers at both the banking and e-commerce sections. Both had between 15-20 customers waiting in queues for their turn. We visited the outlet post the announcement of demonetisation by the government. Customers were waiting to deposit their old currency notes.
- Our interaction with employees at the outlet revealed that on average 25-30 orders are played at Amazon each day. The average ticket size of an order is INR800. Electronic items such as mobile phones form the bulk of the orders. Customers also apparel and foot wear.
- The marketing is done by Amazon in the catchment area of the outlet to increase footfalls. The promotion materials are specifically prepared keeping the locations and needs of the outlet in mind. The outlet had digital screens displaying various amazon products.
- Amazon delivers goods once or twice a day and collects the cash received at the outlets.
- Customers prefer to order goods using Vakrangee outlets as they live in slum areas without proper address. This makes it difficult for delivery of goods. Outlets provide them easy access to collect goods.
- Many customers prefer to carry out transactions through Vakrangee outlets as they remain open late in the evening (8.30 PM), unlike a bank which usually closes by 3.30 PM.
- At the outlet we found items of gold jewellery on display. According to the employees, there was good demand for gold jewellery during the festive season.
- Based on our observation, at the e-governance section customer flow is also steady. Customers visit to update their ID card with new address, registration of their child etc. We observed that few customers at the outlet came to register their child with the government records or pay utility bills.

### 1.9 Valuation has improved sharply in past few years

VKI has registered strong revenue and PAT growth over the past few years. Revenue grew at a 27% CAGR over FY13-16 and PAT by a 56% CAGR. For 1HFY17, revenue grew at 26% YoY and PAT rose by a healthy 35% YoY. Strong business momentum has led to PER expansion over the past few years from 18-20x to 30x. The company has witnessed both PE expansion and healthy earnings growth. As a result, VKI's market cap has increased from INR34b in Mar 2013 to INR145b as of Dec 2016.

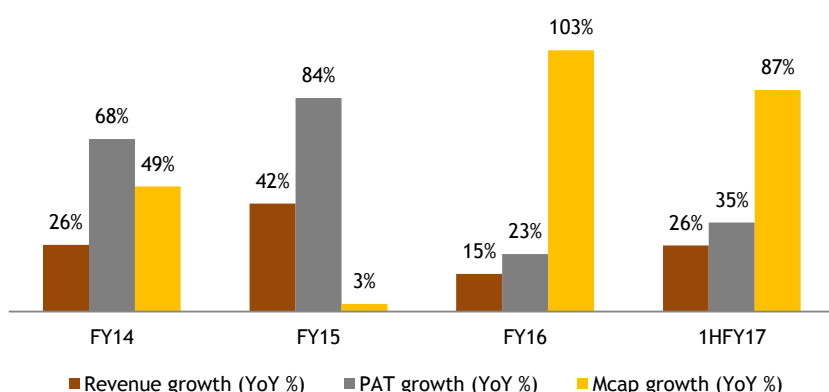
VKI has no comparable peers in the listed space. Two large unlisted competitors are Sahaj (Not listed) and FINO Ltd (Not listed). Sahaj has over 52K outlets with a strong presence in Eastern India. VKI scores over competitors as the number of services offered through its centres (>50 services) is higher than peers. Also, VKI has been an early mover in the space of banking correspondent and e-commerce services.

**Fig 4: One year forward PER: valuation has re-rated with strong earnings and revenue growth**



Source: Bloomberg, Company

**Fig 5: VKI has registered sharp growth in revenue, PAT and Mcap**



Source: Bloomberg, Company

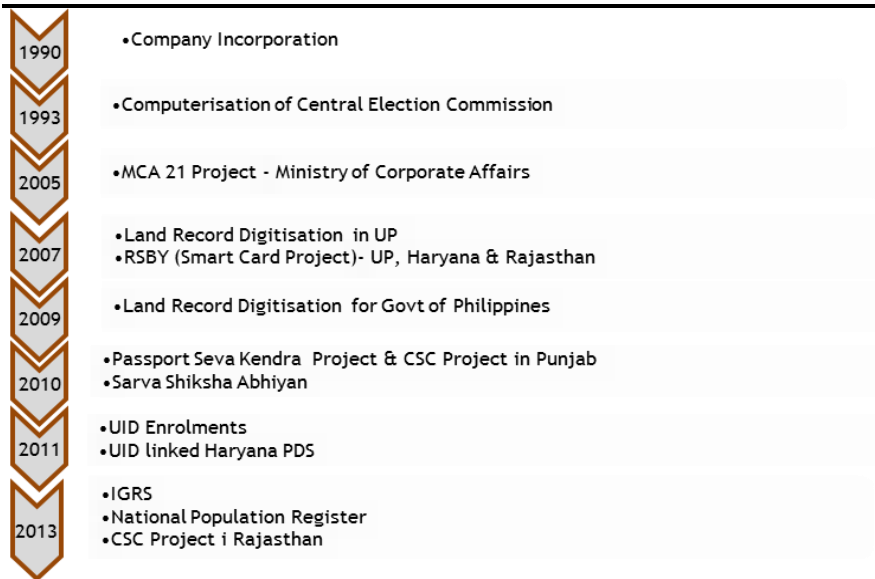
**Fig 6: Shareholding pattern: Institutional ownership has increased**

Shareholding pattern	Mar'13	Mar'14	Mar'15	Mar'16	Sep'16
Promoter shareholding	34.3%	38.8%	38.8%	41.6%	41.6%
Public shareholding	65.7%	61.2%	61.2%	58.4%	58.4%
Institutional shareholding	5.8%	7.5%	11.1%	13.8%	20.1%
Non-Institutions shareholding	60.0%	53.7%	50.2%	44.6%	38.3%

Source: Bloomberg

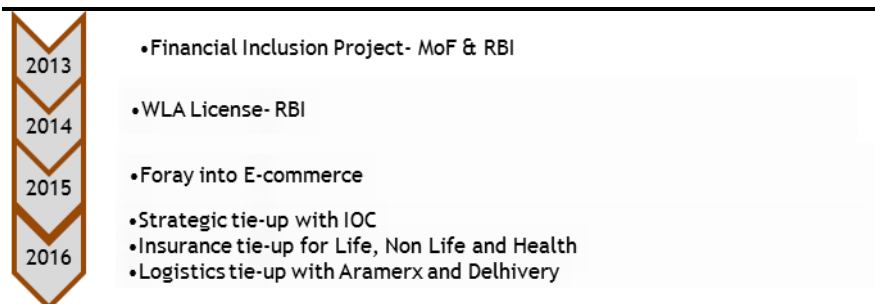
## 1.10 Evolution of Vakrangee

**Fig 7: Business evolution (E-Governance)**



Source: Company

**Fig 8: Business transformation (Vakrangee Kendra)**



Source: Company

**Fig 9: Profile of management team**

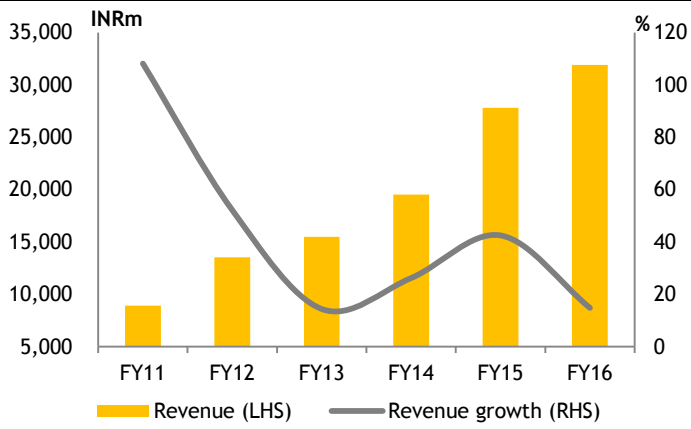
Name	Designation	Profile
Dinesh Nandwana	M.D and CEO	Has about 25 years of business experience and main functions and responsibility include policy formulation and decision making. Holds a Bachelor's degree in Commerce from Rajasthan University and it's a certified Chartered Accountant from the Institute of Chartered Accountants of India.
Sumit Jain	CEO-eCommerce	He joined Vakrangee Limited from Barclays. Prior to Barclays, he worked with Credit Suisse and Intel Corporation in the USA for over six years. Holds a MBA Degree from Stern School of Business at New York University and has completed B. Tech degree in Computer Science from Indian Tnstitute of Technology (IIT) Bombay.
Rajeev Ranjan	CEO-eGovernance	Mr. Rajeev Ranjan was a former CEO with Vakrangee e-Solutions Inc. in Manila, Philippines. He led a 8,500 strong team of professionals and technical resources to deliver world-class and high-quality Land Registration project for the Government of the Philippines. He was a senior executive of Tata group.
Rahul Dev Pal	CEO-Banking Business	Mr. Rahul Dev Pal an economics graduate with almost 26 years in sales and marketing. He has worked with HCL, Godrej, Xerox and BPL.
Nitin Sharma	CEO- ATM Business	Has 17 years of cross-cultural experience in Operations, Implementation, Retail and Project Management. He holds an Executive MBA Degree from IIM Kolkata and Masters in Operations.
Dr. Nishikant Hayatnagarkar	Director-R&D	Has about 24 years of experience in the information technology sector. Holds a Doctorate in Computer Science from the Indian Institute of Technology, Mumbai

Source: Company



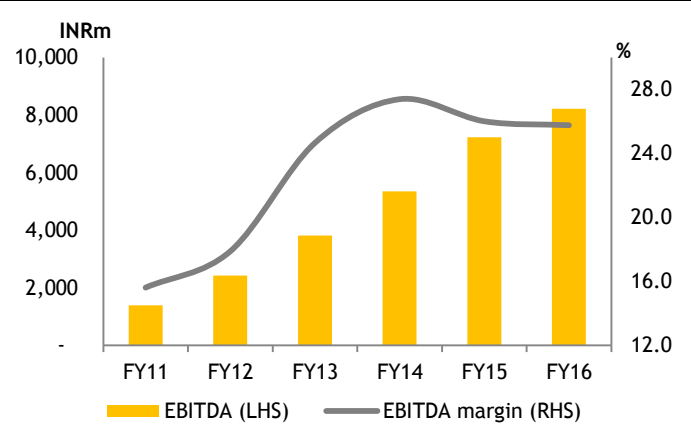
### 1.11 Key charts

**Fig 10: Revenue and revenue growth (%)**



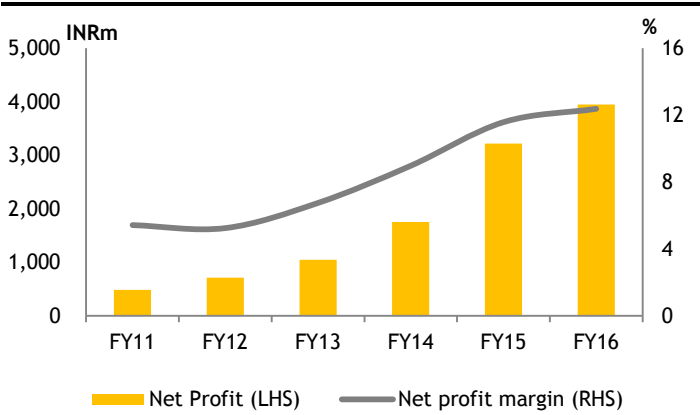
Source: Company

**Fig 11: EBITDA and EBITDA margin (%)**



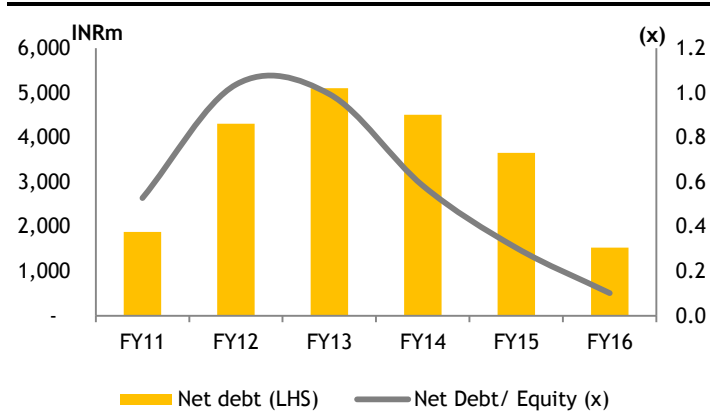
Source: Company

**Fig 12: Net profit and net profit margin (%)**



Source: Company

**Fig 13: Net debt and net debt/equity (x)**



Source: Company

Fig 14: Vakrangee Kendras outlet and signboards detailing services available



Source: Company, MKE

Fig 15: Outlet banking services counter, and e-commerce and e-governance section



Source: Company, MKE

Fig 16: Marketing of Amazon products using pamphlets



Source: Company, MKE

FYE 31 Mar	FY12A	FY13A	FY14A	FY15A	FY16A
<b>Key Metrics</b>					
P/E (reported) (x)	14.8	23.7	22.7	19.4	19.6
Core P/E (x)	193.0	131.8	78.8	42.9	36.1
P/BV (x)	33.0	26.9	17.8	11.5	9.6
P/NTA (x)	37.5	26.9	17.8	11.5	9.6
Net dividend yield (%)	0.1	0.1	0.1	0.1	0.5
FCF yield (%)	nm	nm	nm	nm	1.2
EV/EBITDA (x)	7.5	10.2	10.2	7.7	12.7
EV/EBIT (x)	11.7	17.3	15.5	9.9	15.9
<b>INCOME STATEMENT (INR m)</b>					
Revenue	13,531.8	15,471.4	19,518.9	27,804.5	31,907.0
Gross profit	1,661.2	2,393.2	3,706.3	5,772.6	6,795.6
EBITDA	2,419.6	3,814.9	5,346.2	7,231.9	8,220.1
Depreciation	(874.4)	(1,570.6)	(1,808.7)	(1,648.6)	(1,640.4)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	1,545.2	2,244.2	3,537.5	5,583.3	6,579.6
Net interest income / (exp)	(498.2)	(791.9)	(778.9)	(749.5)	(560.4)
Associates & JV	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	1,029.2	1,436.9	2,819.9	4,893.3	6,075.9
Income tax	(320.5)	(393.6)	(1,070.1)	(1,674.8)	(2,128.4)
Minorities	(0.0)	0.0	0.6	0.0	0.0
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	708.7	1,043.3	1,750.4	3,218.4	3,947.5
Core net profit	708.7	1,043.3	1,750.4	3,218.4	3,947.5
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET (INR m)</b>					
Cash & Short Term Investments	284.1	318.9	413.8	510.7	1,673.4
Accounts receivable	4,556.8	7,035.0	7,778.5	12,054.1	8,690.4
Inventory	244.3	1,497.8	3,430.4	4,730.3	8,825.6
Property, Plant & Equip (net)	5,023.8	4,417.0	5,395.8	2,875.1	1,432.2
Intangible assets	500.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	0.1	0.1	0.0	0.0	0.0
Other assets	538.1	550.2	167.4	124.6	381.8
<b>Total assets</b>	<b>11,147.3</b>	<b>13,819.0</b>	<b>17,185.9</b>	<b>20,294.7</b>	<b>21,003.4</b>
ST interest bearing debt	3,030.9	3,961.7	4,061.0	3,786.3	3,076.9
Accounts payable	1,218.3	1,754.8	2,524.3	2,131.3	1,143.6
LT interest bearing debt	1,559.6	1,456.9	862.1	374.1	125.0
Other liabilities	1,156.0	1,488.0	2,006.0	2,009.0	1,546.0
<b>Total Liabilities</b>	<b>6,964.9</b>	<b>8,660.8</b>	<b>9,453.0</b>	<b>8,300.9</b>	<b>5,891.9</b>
Shareholders Equity	4,153.9	5,129.6	7,733.0	11,993.8	15,111.6
Minority Interest	28.5	28.5	0.0	0.0	0.0
<b>Total shareholder equity</b>	<b>4,182.4</b>	<b>5,158.1</b>	<b>7,733.0</b>	<b>11,993.8</b>	<b>15,111.6</b>
Perpetual securities	0.0	0.0	0.0	0.0	0.0
<b>Total liabilities and equity</b>	<b>11,147.3</b>	<b>13,819.0</b>	<b>17,185.9</b>	<b>20,294.7</b>	<b>21,003.4</b>
<b>CASH FLOW (INR m)</b>					
Pretax profit	1,029.2	1,436.9	2,819.9	4,893.3	6,075.9
Depreciation & amortisation	874.4	1,570.6	1,808.7	1,648.6	1,640.4
Adj net interest (income)/exp	(498.2)	(791.9)	(718.0)	(676.9)	(544.0)
Change in working capital	(123.3)	(3,005.8)	(2,098.6)	(5,769.7)	(2,603.4)
Cash taxes paid	199.3	264.3	974.6	1,422.0	2,927.1
Other operating cash flow	(98.6)	(30.1)	(948.8)	(1,429.5)	(2,955.5)
Cash flow from operations	1,681.7	(28.3)	1,581.3	(657.3)	2,157.3
Capex	(3,744.9)	(930.3)	(2,283.9)	(423.8)	(234.5)
Free cash flow	(2,113.1)	(1,058.7)	(821.5)	(1,232.2)	1,764.1
Dividends paid	(49.9)	(100.1)	(118.9)	(151.0)	(158.7)
Equity raised / (purchased)	122.0	11.3	1,028.8	1,478.5	7.4
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Change in Debt	2,081.3	593.5	(230.7)	(548.6)	(577.3)
Perpetual securities distribution	0.0	0.0	0.0	0.0	0.0
Other invest/financing cash flow	516.3	1,280.5	716.0	1,067.8	641.1
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	108.2	34.8	(25.4)	88.6	1,291.4

FYE 31 Mar	FY12A	FY13A	FY14A	FY15A	FY16A
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	52.1	14.3	26.2	42.4	14.8
EBITDA growth	74.2	57.7	40.1	35.3	13.7
EBIT growth	84.2	45.2	57.6	57.8	17.8
Pretax growth	53.9	39.6	96.2	73.5	24.2
Reported net profit growth	47.1	47.2	67.8	83.9	22.7
Core net profit growth	47.1	47.2	67.8	83.9	22.7
<b>Profitability ratios (%)</b>					
EBITDA margin	17.9	24.7	27.4	26.0	25.8
EBIT margin	11.4	14.5	18.1	20.1	20.6
Pretax profit margin	7.6	9.3	14.4	17.6	19.0
Payout ratio	14.1	9.6	7.2	3.9	16.5
<b>DuPont analysis</b>					
Net profit margin (%)	5.2	6.7	9.0	11.6	12.4
Revenue/Assets (x)	1.2	1.1	1.1	1.4	1.5
Assets/Equity (x)	2.7	2.7	2.2	1.7	1.4
ROAE (%)	18.4	22.5	27.2	32.6	29.1
ROAA (%)	7.8	8.4	11.3	17.2	19.1
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	89.6	117.9	144.0	157.0	190.7
Days receivable outstanding	108.1	134.9	136.6	128.4	117.0
Days inventory outstanding	6.4	24.0	56.1	66.7	97.2
Days payables outstanding	24.9	40.9	48.7	38.0	23.5
Dividend cover (x)	7.1	10.4	13.9	25.6	6.1
Current ratio (x)	1.1	1.4	1.5	2.3	3.5
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	1.6	1.6	1.8	2.4	3.6
Net gearing (%) (incl perps)	103.0	98.9	58.3	30.4	10.1
Net gearing (%) (excl. perps)	103.0	98.9	58.3	30.4	10.1
Net interest cover (x)	3.1	2.8	4.5	7.4	11.7
Debt/EBITDA (x)	1.9	1.4	0.9	0.6	0.4
Capex/revenue (%)	27.7	6.0	11.7	1.5	0.7
Net debt/ (net cash)	4,306.4	5,099.7	4,509.3	3,649.7	1,528.5

Source: Company; Maybank

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