

November 29, 2016

Sheela Foam Ltd

Price band ₹ 680-730

Rating matrix

Rating : Unrated

Issue Details

Issue Opens	29-Nov-16
Issue Closes	1-Dec-16
Issue Size (₹ Crore)	510
Fresh Issue	0
Offer for Sale	510
Price Band (₹)	680-730
No of Shares on Offer (crore)	0.7-0.75
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Minimum lot size (No. of shares)	20

Objects of the issue

Objects of the Issue	Amount
To achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the Offer for Sale (OFS)	₹ 510 crore

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoter & promoter group	100.0%	84.6% - 85.7%
Public	0.0%	14.3% - 15.4%

Financial Summary

₹ Crore	FY14	FY15	FY16	H1FY17
Total Revenue	1,271.1	1,417.7	1,550.0	795.5
EBITDA	84.7	91.1	176.1	105.8
EBITDA Margin (%)	6.7	6.4	11.4	13.3
PAT	27.8	42.7	104.8	66.0

Valuation Summary (at upper price band: ₹ 730)

(x)	FY13	FY14	FY15	FY16	H1FY17
EV/EBITDA	45.6	43.1	39.2	19.6	16.7
P/BV	21.0	18.1	14.5	10.5	8.8

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Incorporated in 1971, Sheela Foam (SFL) is one of the leading manufacturers of mattresses in India marketed under its flagship brand *Sleepwell*. It also manufactures other foam-based home comfort products targeted primarily at Indian retail consumers & technical grades of polyurethane foam (**PU Foam**) for use in wide range of industries. It has a pan-India distribution network of ~100 exclusive distributors, 2000 exclusive retail dealers & 2500 multi-brand outlets. SFL's topline/bottomline grew at 10.4%/91.3% CAGR in FY12-16 to ₹ 1550.0 crore/₹ 104.8 crore, respectively. It is issuing 0.7-0.75 crore shares worth ₹ 510 crore via OFS (Offer for Sale) post which promoter stake would be in range of 84.6-85.7%.

Investment Rationale

Well recognised and established brand...

SFL launched its Sleepwell brand in 1994 and has developed it through emphasis on innovation & adoption of sophisticated manufacturing technologies, enabling production of personalised and niche home comfort products for its consumers. The company has reaped long term benefits from its consumer centric approach, resulting in Sleepwell becoming a well-recognised brand in India. According to Crisil, Sleepwell branded mattresses enjoy ~20-23% share in the organised Indian mattress market as of FY16.

Strong pan-India distribution network...

SFL's strong pan-India distribution network provides key support to its business operations. It has a pan-India distribution network of ~100 exclusive distributors, 2000 exclusive retail dealers & 2500 multi-brand outlets. SFL believes that this well-developed sales and distribution network distinguishes it from competitors in a market where the lack of distribution channels can create natural entry barriers. Further, many of its distributors have been associated with the company for over 20 years.

Quality manufacturing capabilities, technological innovation...

SFL operates 11 manufacturing facilities pan-India in proximity to key distributors and markets with a installed capacity of 1,23,000 tonnes per annum (TPA). SFL implemented Hennecke (HK) technology at Greater Noida facility in 2007, which provides higher yields of foams with uniform cellular structure. It currently utilises HK foaming machines in four of its foam manufacturing units.

Key risks and concerns

- Inability to protect or use intellectual property rights in relation to Sleepwell brand in future
- Outstanding litigation against the company, its promoters & directors
- Rising cost or unavailability of raw materials like polyol & diisocyanate
- Withdrawal, termination or unavailability of tax benefits
- Risk from imitation and counterfeit products
- Corporate guarantee by SFL to loan obtained by its subsidiary
- Materialisation of contingent liabilities to impact SFL's financials

Priced at annualised FY17 PE multiple of 27.0x on higher band...

At the IPO price band of ₹ 680-730, the stock is available at a multiple of 25.1-27.0x annualised FY17 EPS.

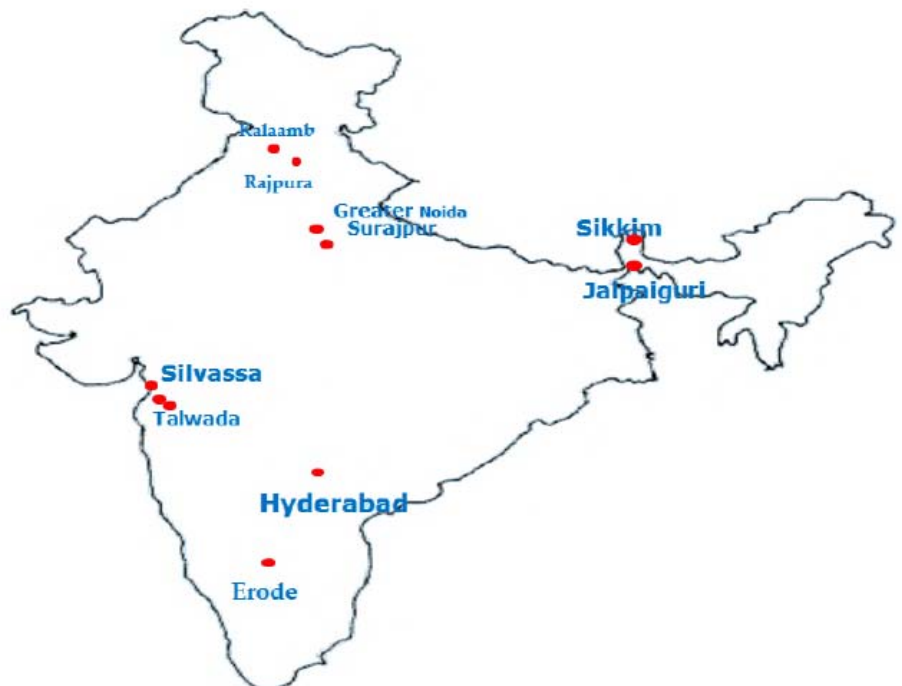
Company Background

Incorporated in 1971, Sheela Foam Limited (SFL) is one of the leading manufacturers of mattresses in India marketed under its flagship brand Sleepwell. Further, the company also manufactures other foam-based home comfort products targeted primarily at Indian retail consumers as well as technical grades of polyurethane foam (PU Foam) for use in a wide range of industries. It also has a wholly-owned subsidiary in Australia called Joyce Foam to manufacture PU foam. The company reported a topline/bottomline CAGR of 10.4%/91.3% in FY12-16 to ₹ 1550.0 crore/₹ 104.8 crore, respectively.

Under its home comfort range, SFL offers a product portfolio that appeal to consumers of differing attributes and preferences. The home comfort line comprises products like mattresses, furniture-cushioning, pillows, cushions, sofa-cum-beds as well as PU foam cores utilised for manufacturing finished home comfort products. Its mattress line, offered under the well known Sleepwell range, encompasses pure foam mattresses as well as hybrids of spring and coir with foam that are capable of customisation as per customer requirements. Its furniture-cushioning line, offered under Sleepwell and *Feather Foam* brands, comprises PU foam that constitutes upholstery material of varying densities to ensure greater comfort and durability.

SFL currently owns and operates 11 manufacturing facilities in India. The company has an installed capacity for foam production of 1,23,000 tonnes per annum (TPA) in India. In addition to this, its wholly owned subsidiary, Joyce Foam, operates five manufacturing facilities in Australia that exclusively manufacture PU foam primarily through variable pressure foaming technology and has a total installed production capacity of 10,500 TPA as on FY16. Hence, overall, the company has a manufacturing capacity of 1,33,500 TPA.

Exhibit 1: SFL's manufacturing facilities in India...



Source: DRHP, ICICIdirect.com Research

SFL's manufacturing facilities are located in close proximity to key distributors, dealers and exclusive retail outlets. The location of facilities in India also provides it significant savings in production, labour and transportation costs and helps to utilise skilled labour and key technical personnel across facilities. Three of its facilities, viz. Greater Noida, Hyderabad and Talwada are also ISO: 9001 certified. Furthermore, its manufacturing facility in Kala Amb is exempt from payment of excise duties for a period of 10 years commencing March, 2010 and income tax for five years commencing March, 2010, and is exempt from payment of 30% of income tax for five years commencing March, 2015. One of its facilities in Silvassa is also exempt from payment of central sales taxes till December 31, 2017.

Exhibit 2: Capacity details of manufacturing facilities...

State	City	No of foaming machines	Installed capacity		Utilised capacity	
			FY16	FY14	FY15	FY16
Uttar Pradesh	Greater Noida	1	60000	18786	22610	23709
Telangana	Hyderabad	1	13000	3608	3523	4072
Tamil Nadu	Erode	1	16000	3118	3424	3657
Gujrat	Talwada	1	28000	8278	9011	9454
Sikkim	Rangpo	1	6000	1424	1553	1685
Total		5	123000	35214	40121	42577

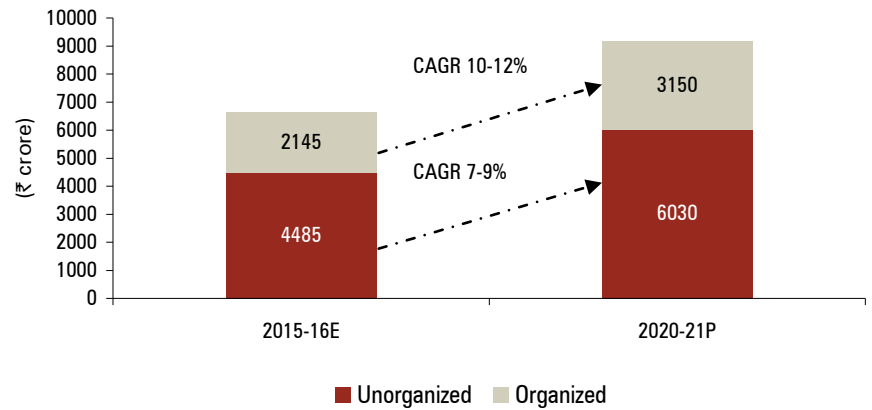
Source: DRHP, ICICIdirect.com Research

The company has a pan-India distribution network consisting of over 100 exclusive distributors, 2000 exclusive retail dealers and 2500 multi-brand outlets, as on March 31, 2016. Its home comfort products are sold to retail end-consumers through exclusive distributors, who resell the products to retail dealers. These retail dealers operate exclusive Sleepwell brand outlets either on a franchisee basis or sell products at multi-brand outlets. Exclusive Sleepwell branded outlets comprise retail stores and outlets categorised in accordance with their size. As on March 31, 2016, exclusive Sleepwell outlets comprised 218 Sleepwell Worlds (1000 sq. ft outlet per location), 402 Sleepwell Galleries (600 sq ft outlet per location), and 819 Sleepwell Shoppes (200 sq ft outlet per location). Furthermore, its home-comfort products are also sold by 838 exclusive dealers who operate smaller format Sleepwell outlets. In addition to this, the company sells technical foams in India directly to manufacturers to varied industries. It also exports technical foams to countries in the Middle East, South Asia, Europe, Australia, US, Brazil and Argentina.

Indian mattress market

The Indian mattress industry has transitioned over the last few decades from a largely unorganised to an organised market. The Indian mattress market size is estimated at ₹ 8500-9000 crore as of FY16. In the last five years, industry has grown at 8-10% CAGR, primarily on account of rising urbanisation, increase in disposable income, increase in health related issues of Indian population & increasing awareness about sleep products.

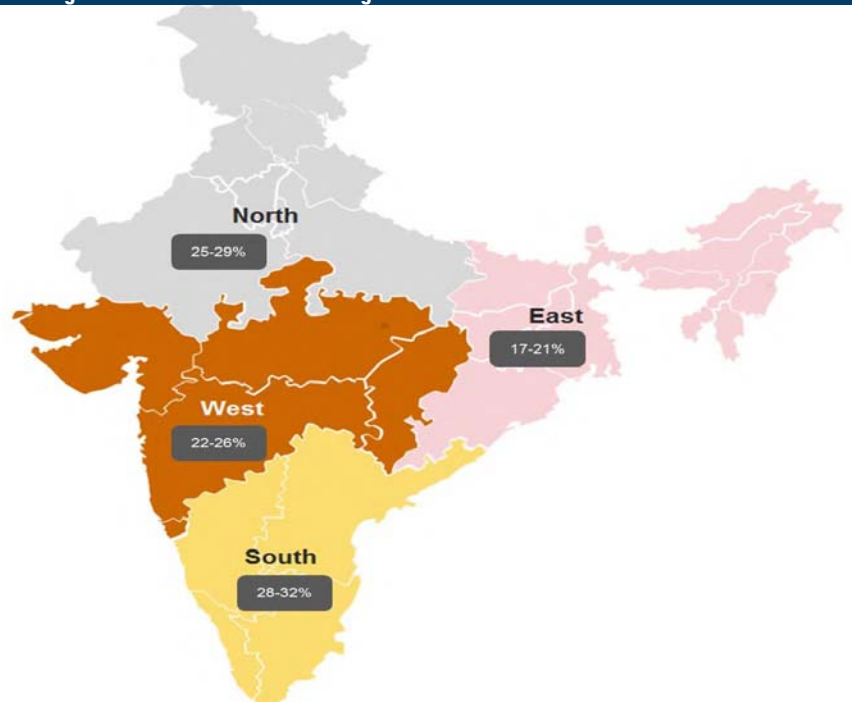
Exhibit 3: Indian mattress market



Source: DHRP, ICICIdirect.com Research

The organised market (comprising large, mid-sized and smaller branded manufacturers) is estimated to constitute around 33-35% of the total market, with ~20-25 players spread across geographies with Sleepwell (SFL) and Kurlon occupying a dominant share of the industry's revenue. Based on revenues, Sleepwell is estimated to account for ~20-23% of the organised segment as of FY16.

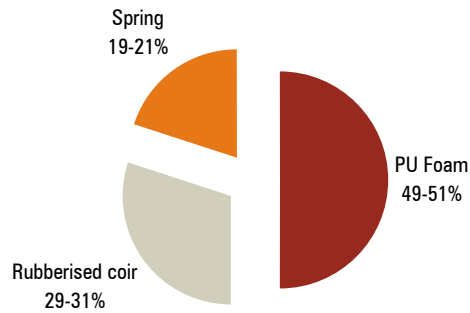
Exhibit 4: Regional share of revenues for organised Indian mattress market



Source: Company, ICICIdirect.com Research

The Indian mattress industry broadly comprises rubberised coir, PU foam and spring mattresses with PU foam mattresses accounting for the highest (49–51%) of the organised Indian mattress market. The market for flexible PU foam is estimated to have grown at 7-8% CAGR to ₹ 5000-6000 crore in FY12-16. Going forward, it is expected to grow at 11-12% CAGR in FY16-21E.

Exhibit 5: Indian mattress industry by product type

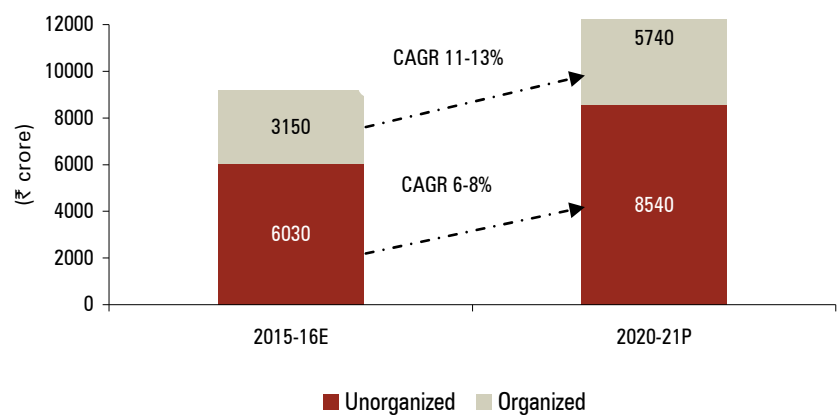


Source: DHRP, ICICIdirect.com Research

In the next five years, the Indian mattress industry is estimated to grow at 8-10% to reach a market size of ₹ 13000-14000 crore, with organised market growing at 11-13% CAGR to ₹ 5000-5500 crore & unorganised at a CAGR of 6-8% to ₹ 8000-8500 crore by FY21. Growth will be driven by:-

- Increase in demand primarily due to increasing population and rise in nuclear families
- Increased urbanisation, income levels, disposable incomes, product awareness and health-related issues is envisaged to drive penetration of mattresses in the Indian market
- Growth in the housing, hospitality and healthcare segments

Exhibit 6: Future outlook of Indian mattress market



Source: DHRP, ICICIdirect.com Research

The Indian mattress industry is driven by various potential factors. However, challenges remain such as higher transportation and warehouse cost, which accounts for ~6-10% of revenues at industry level and non-standardisation of bed sizes.

SFL's competitive strengths...

Well recognised and established brand...

SFL launched its Sleepwell brand in 1994. Over the last two decades, it has developed the brand through an emphasis on innovation and adoption of sophisticated manufacturing technologies, enabling production of personalised and niche home comfort products for its consumers. The company has reaped long term benefits from its consumer centric approach, which has resulted in Sleepwell being a well-recognised brand in India. The brand has significantly contributed to its growth. The company can effectively leverage its brand recall to increase scale of operations, introduce new and more innovative product lines, increase manufacturing capacity and expand presence into under-penetrated geographies and markets. Further, according to Crisil, Sleepwell branded mattresses enjoy ~20-23% share in the organised Indian mattress market as of FY16. The company has over the years stressed upon supplementing its brand recall by innovation and quality enhancement. Consequently, it has undertaken extensive advertisement campaigns in both print and electronic media.

Exhibit 7: Advertisement spend trend...

Particulars	FY14	FY15	FY16	H1FY17
Net Revenues	1271.1	1417.7	1550.0	795.5
Marketing spends	36.5	49.3	68.1	33.3
(as a % of home product sales)	2.9	3.5	4.4	4.2

Source: DRHP, ICICIdirect.com Research

...brand built over consistent quality and innovation

Over the years, SFL has focussed on delivering innovative products to continually improve customer experience. For instance, it recently launched "Perfect Match", an initiative where it suggests mattresses that are best suited to an individual's body structure, weight and pressure distribution, based on diagnostic and statistical sleep measurements recorded on a senso-bed. It also introduced Zero Turn technology in some of its mattress lines, which ensures that these mattresses do not require any periodic turning to avoid sagging. SFL also introduced "breathable visco-elastic" or memory foam in some of its Sleepwell mattresses which, apart from ensuring proper sleep posture and blood circulation, induces faster recovery of the mattresses to their original shape once the weight is removed from them. Further, to fight against counterfeit products, the company introduced radio frequency identification (RFID) micro-chips in its mattresses, which helps differentiate its products from counterfeits. This will also ensure tracking of Sleepwell sales and curtailing of unauthorised sales.

Strong pan-India distribution network...

SFL's strong pan-India distribution network provides key support to its business operations. The company sells home-comfort products through its pan-India network of exclusive distributors and retail dealers as well as through multi-brand outlets. The company believes that its well-developed sales and distribution network distinguishes it from competitors in a market where the lack of distribution channels can create natural entry barriers. Further, many of its distributors have been associated with the company for over 20 years. SFL's exclusive distributors are typically engaged in strategic proximity to manufacturing facilities, which not only helps reduce freight costs but also minimises the possibility of damage of finished and foam products. Exclusive Sleepwell outlets, including galleries, worlds and shoppes have increased by over 275% from 383 in FY14 to 1439 in FY16.

Quality manufacturing capabilities and technological innovation...

SFL operates 11 manufacturing facilities pan-India in proximity to key distributors and markets with an installed capacity of 1,23,000 tonnes per annum (TPA). SFL implemented Hennecke (HK) technology at its Greater Noida facility in 2007, which provides higher yields of foams with uniform cellular structure. It currently utilises HK foaming machines in four of its foam manufacturing units. The company also introduced “variable pressure foaming” technology at its manufacturing facility in Sydney, which involves continuous foaming in an air-tight environment whereby flexible, higher performing and durable PU Foam is produced under controlled atmospheric conditions. SFL’s domestic capacity utilisation, measured on the basis of actual production, increased over 20% from 35,214 tons in FY14 to 42,577 tons in FY16.

The company augments its manufacturing capabilities by extensive research and development. Such initiatives have resulted in introduction of innovative and niche product lines. For instance, SFL commenced manufacture of polyester foam in 2009, which are ester-based technical PU Foam grades characterised by an evenly spaced open cellular structures, providing them with greater compressibility, flexibility, cushioning and energy absorption capability. Polyester foams are uniquely suited for automobile seat-lamination systems. Over the years, the company has also introduced economic HR foams that provide high resilience and “Silentech” foam, a technical grade PU Foam, thin sheets of which achieve high noise reduction in industrial sound absorption systems.

Strategies:

To continue to develop its brand...

The company's success depends on its ability to leverage its strong brand. It has a significant opportunity to leverage its Sleepwell brand further to expand its market share (~20-23% of organised market as on FY16). The strategy of the company is to continue building brand leadership in core home comfort products, such as mattresses and bedding material, as well as higher-grade technical PU Foam lines. This represents a significant opportunity for its future growth. Additionally, in an effort to increase brand presence through online platforms, it intends to develop and transform 'Sleepedia' website, which it launched in 2014, to a one-stop shop for sleep solutions, providing information and expert advice on quality sleep, sleep disorders, sleep postures and choice of appropriate bedding material.

To continuously focus on development of personalised products...

In the current scenario with higher urbanisation and rising household incomes in India, target consumers are increasingly favouring personalised home-comfort packages that are tailored towards their physiological, aesthetic and ergonomic attributes. According to Crisil, the demand for higher value comfort products based on memory foams is expected to witness significant growth in the medium term. Further, with rising disposable incomes and the evolving perception of mattresses as health investments, the demand for premium and luxury segment mattresses in India is expected to grow at a faster pace than those in the economy and mid-range segment. As a result, the company aims to manufacture higher volumes of current portfolio of customised products, as well as develop newer lines of personalised home-comfort products to further improve its operating margins. It also plans to expand and consolidate its 'My Mattress' brand, and develop 'My Mattresses' to ensure that they can be made to match the shape and proportions of a consumer's bed while providing, among other features, differing levels of comfort for different body zones. It also intends on launching 'Ultra-Premium Luxury' mattress line, which will comprise made-to-order mattresses catering to specific customer requirements.

To expand product portfolio to cater to varied consumer preferences...

The company aims to leverage its existing suite of products, know-how and manufacturing capabilities to produce niche and higher-margin products. It intends to commence production of more sophisticated grades of technical PU foam that do not have a significant manufacturing presence in India. They are currently imported by Indian manufacturers from overseas suppliers. The company believes that given its manufacturing capacity and expertise, it would be able to produce and sell such foam grades at competitive prices compared to international export markets. Further in the long run, it also intends to enter new product lines and target new consumer segments. For instance, it intends to create a new range of base-line comfort products at lower price points that are specifically aimed at rural retail customers. It also intends to commence marketing its products through third party online commerce marketplaces in India and abroad. The company believes such initiatives will optimally diversify its business and products portfolio and enable access to new markets.

Key risks and concerns

Outstanding litigation against company, its promoters & directors...

Currently, there are certain legal proceedings pending against the company, its promoters and certain directors at different levels of adjudication before various courts, tribunals, authorities, enquiry officers and appellate tribunals. Going forward, these proceedings may adversely impact the company's corporate image, reputation, client relationships and profitability. Consequently, any unfavourable ruling in these proceedings could hinder the company's future growth prospects.

Exhibit 8: Litigation details

Nature of proceedings	Number of proceedings	Amount involved to the extent ascertainable
Proceedings involving the Company		
Criminal	2	Non Quantifiable
Civil	9	₹ 2.5 crore
Taxation matters	28	₹ 21.1 crore
Proceedings against Promoters		
Criminal	1	Non Quantifiable
Civil	4	₹ 4.4 crore
Proceedings against Directors		
Criminal	1	Non Quantifiable
Civil	2	Non Quantifiable
Taxation matters	1	₹ 0.1 crore

Source: DRHP, ICICIdirect.com Research

Risk from imitation and counterfeit products...

SFL's product portfolio is vulnerable to counterfeiting and imitation by unorganised players. Although the company makes constant checks in mass markets to prevent sale of counterfeit products, any sale of such products could adversely impact the reputation of its brands, product sales & materially affect its business prospects and financials.

Rising cost or unavailability of raw materials like polyol & diisocyanate...

The raw materials used for manufacturing PU Form are diisocyanate, polyol & chemical additives. The price & availability of these raw materials depends on several factors beyond the company's control, including overall economic conditions, production levels and market demand. SFL sources raw materials from local as well as overseas suppliers at prices that are typically fixed on a monthly basis and does not enter into long term supply contracts with suppliers. The absence of long term contracts at fixed prices exposes it to volatility in raw materials prices. In case of a price rise, if it is unable to pass on increased costs to end-consumers, such price rise could have an adverse impact on SFL's financials. Further, SFL requires continuous supply of water and electricity. Any shortage or unavailability of either may hamper SFL's operations adversely.

Withdrawal, termination or unavailability of tax benefits...

SFL is entitled to certain tax benefits and incentives at its certain facilities. For instance, the Silvassa facility is exempt from payment of central sales taxes till December 31, 2017; the facility at Kala Amb is exempt from excise duty for 10 years commencing from March 2010. Further, from March 2010, SFL can claim deductions of 100% for the first five years and 30% for the next five years. However, in future, the company may be unable to avail these tax benefits. This could result in increased tax liabilities, reduced liquidity and have an adverse effect on its financials.

Inability to protect or use intellectual property rights in relation to Sleepwell brand in future...

SFL does not hold any intellectual property in relation to the Sleepwell brand in its own name. Sleepwell trademarks, including for "Sleepwell Flexi PUF", "Sleepwell Flexi PUF Sofa'n'Bed", "Sleepwell Flexi PUF Pillow" (label) and "Sleepwell for years" are registered in the name of Sleepwell Enterprises, one of its group companies. It is licensed to SFL as a permitted user, pursuant to a long-term license agreement dated May 6, 2016 until March 31, 2026, in lieu of payment of annual license fees of ₹ 5 lakh. Furthermore, by a similar agreement, Sleepwell Enterprises has licensed the use of various trademarks, brands and label marks to SFL until March 31, 2026, in lieu of annual license fees of ₹ 5 lakh, which are currently pending registration. There is no assurance that registration of these trademarks would be approved or the license agreement will be renewed on similar or favourable terms or, at all, in future. Hence, any impact on Sleepwell Enterprises' rights in relation to the Sleepwell trademarks could affect the use of the Sleepwell brand by SFL. This could adversely affect SFL's business and financials.

Corporate guarantee by SFL in relation to loan obtained by its subsidiary...

SFL has provided a corporate guarantee as security in relation to a loan obtained by Joyce, one of its foreign subsidiaries, from Bank of Baroda, Sydney. As on June 30, 2016, an amount of Australian \$8.46 million was outstanding in respect of this facility. Any default by Joyce in meeting its obligations under this loan may result in the invocation of the corporate guarantee against the company. SFL may accordingly be obligated to undertake the obligations of Joyce in relation to the relevant loan or financial facility. Such an event in future, may adversely impact SFL's financial condition and cash flows.

Materialisation of contingent liabilities to impact SFL's financials...

SFL has certain amounts outstanding for deposit with respect to central excise, central sales tax, sales tax and income tax pertaining to the period 2012-16. The company is contesting these demands. However, the management believes these demands are unsustainable at the appellate level. Accordingly, these dues have been reflected as contingent liabilities for the relevant financial years. As of FY15 and FY16, the company's aggregate contingent liabilities amount to ₹ 136.8 crore and 120.4 crore, respectively. In the event that any of these contingent liabilities materialise, SFL's financials may be adversely impacted.

Financial Summary

Exhibit 9: Profit and Loss Statement

(₹ Crore)	FY12	FY13	FY14	FY15	FY16	H1FY17
Gross Sales	1,128.3	1,264.5	1,396.4	1,553.3	1,696.2	867.0
Less: Excise Duty	83.4	115.5	125.3	135.6	146.2	71.5
Net Revenue	1,044.9	1,149.0	1,271.1	1,417.7	1,550.0	795.5
Consumption of Raw Materials	655.5	696.2	769.3	855.0	808.9	414.8
Change in stock-in-trade/WIP	(13.6)	(9.3)	(3.5)	4.5	4.4	(27.1)
Employee Cost	92.5	103.2	119.4	128.5	139.4	78.6
Purchase of Traded goods	6.6	6.8	9.5	11.6	14.3	14.4
Other Manufacturing Expenses	35.6	38.5	47.4	63.0	74.2	39.0
Other expenses	212.6	231.8	244.3	263.9	332.7	170.0
Total Operating Expenditure	989.3	1,067.3	1,186.4	1,326.6	1,373.8	689.7
EBITDA	55.6	81.8	84.7	91.1	176.1	105.8
Other Income	5.9	12.4	0.6	10.6	16.8	8.2
Interest	24.3	23.1	19.2	16.2	11.7	5.5
Depreciation	25.2	31.4	30.0	28.0	29.3	14.4
PBT	12.0	39.6	36.1	57.5	152.0	94.2
Total Tax	4.2	8.8	8.3	14.8	47.2	28.2
Net Profit / (Loss) for the year	7.8	30.9	27.8	42.7	104.8	66.0

Source: DRHP, ICICIdirect.com Research

Exhibit 10: Balance Sheet

(₹ Crore)	FY12	FY13	FY14	FY15	FY16	H1FY17
Equity Capital	16.2	16.3	16.3	16.3	16.3	24.4
Reserve and Surplus	121.6	153.3	180.3	228.8	322.2	380.2
Total Shareholders funds	137.8	169.5	196.6	245.0	338.4	404.6
Long term borrowings	123.5	112.2	86.6	72.6	34.6	28.8
Short term borrowings	120.7	94.4	82.9	53.9	78.8	57.3
Total Debt	244.2	206.6	169.5	126.5	113.5	86.0
Deferred Tax Liabilities (net)	(2.4)	(0.4)	0.6	2.4	1.9	(1.0)
Minority Interest	1.3	-	-	-	-	-
Liability side total	380.8	375.8	366.7	373.9	453.8	489.7
Net Block	227.9	267.3	251.9	279.1	280.7	270.5
Capital WIP	41.0	1.5	16.8	8.3	9.7	47.4
Cost of goodwill	0.3	0.3	0.3	7.2	7.1	7.1
Current Investments	5.4	7.6	0.0	0.0	10.0	10.0
Loans & advances	30.3	30.0	28.7	28.5	33.6	49.3
Inventories	91.7	116.2	124.1	118.2	104.6	131.8
Debtors	115.4	104.4	120.1	114.5	117.1	133.8
Cash	20.6	32.2	76.8	117.0	217.2	133.1
Other Current Assets	7.5	6.9	6.4	6.8	8.3	25.7
Total Current Assets	265.5	289.7	356.2	384.9	480.8	473.8
Creditors	80.2	81.0	98.9	114.0	112.6	120.8
Provisions	15.4	17.0	18.8	24.7	41.3	37.2
Other Current Liabilities	63.7	92.7	140.8	166.9	180.6	161.2
Total Current Liabilities	159.3	190.7	258.5	305.6	334.5	319.2
Net Current Assets	106.1	99.1	97.7	79.3	146.3	154.6
Assets side total	380.8	375.8	366.7	373.9	453.8	489.7

Source: DRHP, ICICIdirect.com Research

Exhibit 11: Cash flow statement

	FY12	FY13	FY14	FY15	FY16
Profit before Tax	12.0	39.6	36.1	57.5	152.0
Depreciation & amortization	25.2	31.4	30.0	27.9	29.3
Finance costs	24.3	23.1	19.2	16.2	11.7
Interest income	(1.3)	(2.4)	(3.9)	(6.6)	(9.7)
Operating profit before WC changes	60.4	90.5	90.0	97.1	184.4
Inventories	(34.2)	(24.5)	(7.9)	6.0	13.5
Trade and other receivables	0.7	12.6	(13.4)	5.6	(6.6)
Trade payables & other liabilities & provisions	53.3	24.6	55.5	40.9	32.1
Cash generated from WC changes	19.8	12.9	34.0	52.6	39.2
Income tax paid	(10.4)	(6.3)	(5.7)	(8.2)	(36.3)
Net cash flow from operating activities	59.8	97.3	124.4	147.3	176.4
Purchase of fixed assets including CWIP	(64.3)	(32.2)	(30.7)	(58.3)	(37.4)
(Purchase)/Sale of investments (net)	58.1	(2.2)	-	-	(9.6)
Sale of fixed assets	1.1	2.2	0.2	3.9	6.1
Interest income	1.3	2.4	3.6	5.8	7.2
Net cash flow from investing activities	(3.8)	(29.8)	(26.9)	(48.6)	(33.7)
Proceeds/ (Repayment) of secured long term debt	(10.2)	(5.0)	(14.0)	(6.5)	(55.3)
Proceeds/ (Repayment) of unsecured long term debt	10.4	(2.4)	(1.2)	(6.7)	(1.9)
Proceeds/ (Repayment) of secured short term debt	14.4	(20.7)	(15.1)	(22.5)	26.2
Proceeds/ (Repayment) of unsecured short term debt	(20.3)	(5.6)	3.7	(6.5)	(1.3)
Finance costs	(22.9)	(22.8)	(19.4)	(16.4)	(12.0)
Net cash flow from financing activities	(63.7)	(55.8)	(52.9)	(58.5)	(42.5)
Net Cash flow	(7.7)	11.6	44.6	40.1	100.2
Opening Cash/ Cash Equivalent	28.3	20.6	32.2	76.8	117.0
Closing Cash/ Cash Equivalent	20.6	32.2	76.8	117.0	217.2

Source: DRHP, ICICIdirect.com Research

Exhibit 12: Key Ratios

	FY12	FY13	FY14	FY15	FY16
Per Share Data (₹)					
EPS - Diluted	1.6	6.3	5.7	8.7	21.5
Cash EPS	6.8	12.8	11.8	14.5	27.5
Book Value	28.2	34.7	40.3	50.2	69.4
Dividend per share	-	-	-	-	-
Operating Ratios (%)					
EBITDA / Net Sales	4.9	6.5	6.1	5.9	10.4
PAT / Net Sales	0.7	2.4	2.0	2.7	6.2
Inventory Days	29.7	33.5	32.4	27.8	22.5
Debtor Days	37.3	30.1	31.4	26.9	25.2
Creditor Days	26.0	23.4	25.8	26.8	24.2
Return Ratios (%)					
RoE	5.7	18.2	14.1	17.4	31.0
RoCE	9.5	16.7	15.1	19.7	36.1
RoIC	9.7	15.0	20.0	25.4	67.7
Valuation Ratios (x)**					
EV / EBITDA	68.0	45.6	43.1	39.2	19.6
P/E (Diluted)	455.3	115.4	128.1	83.5	34.0
EV / Net Sales	3.3	2.9	2.6	2.3	2.0
Market Cap / Sales	3.2	2.8	2.6	2.3	2.1
Price to Book Value	25.9	21.0	18.1	14.5	10.5
Solvency Ratios (x)					
Net Debt / Equity	1.6	1.0	0.5	0.0	(0.3)
Debt / EBITDA	4.4	2.5	2.0	1.4	0.6
Current Ratio	1.5	1.4	1.1	0.9	0.8
Quick Ratio	1.0	0.7	0.6	0.5	0.5

Source: DRHP, ICICIdirect.com Research

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