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GROUND VIEW

a **PHILLIPCAPITAL INDIA** THEMATIC PUBLICATION

INDIAN **DAIRY**

NO CHILD'S **PLAY**

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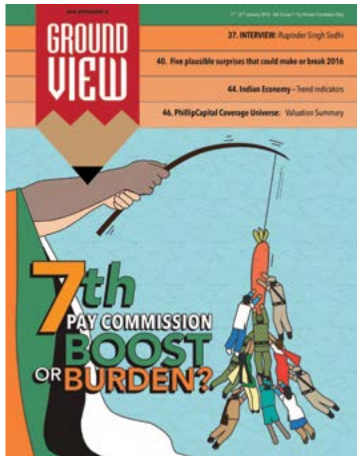

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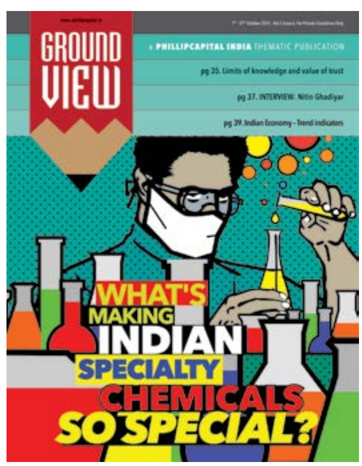

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LETTER FROM THE MANAGING DIRECTOR

Since ancient times, the cow has been a symbol of wealth in India. It was venerated by Mahatma Gandhi. It's no surprise that India is the home to the world's largest herd of domesticated cattle. Intuitively, this implies that India should be the global leader for dairy products. However, this is far from reality. While India is the largest producer of milk, it is not known for its dairy products. Even as Indian per capita dairy consumption has increased three-fold in the last forty five years, it is significantly lower than the global average. No wonder the industry growth continues to remain high and business opportunities abound.

However, these opportunities come with great challenges. Unlike the developed markets where examples of successful dairy businesses are rife, the Indian market has evolved very differently. Co-operatives such as Gujarat Cooperative Milk Marketing Federation (GCMMF), owner of the iconic brand Amul, dominate the market. While this scenario will persist, private players are slowly finding their footing and exploring innovative business models.

Our cover story on the Indian dairy industry – penned by our research analysts Naveen Kulkarni and Jubil Jain – delves deep into the nuances of the rising industry. It explores the business models, product mix, and long-term strategy required to succeed in this business. Also read in this issue, an interview with Dr Velumani, CMD of Thyrocare, where he talks about the trends and developments in the fast-growing and exciting diagnostics industry.

Best Wishes

Vineet Bhatnagar

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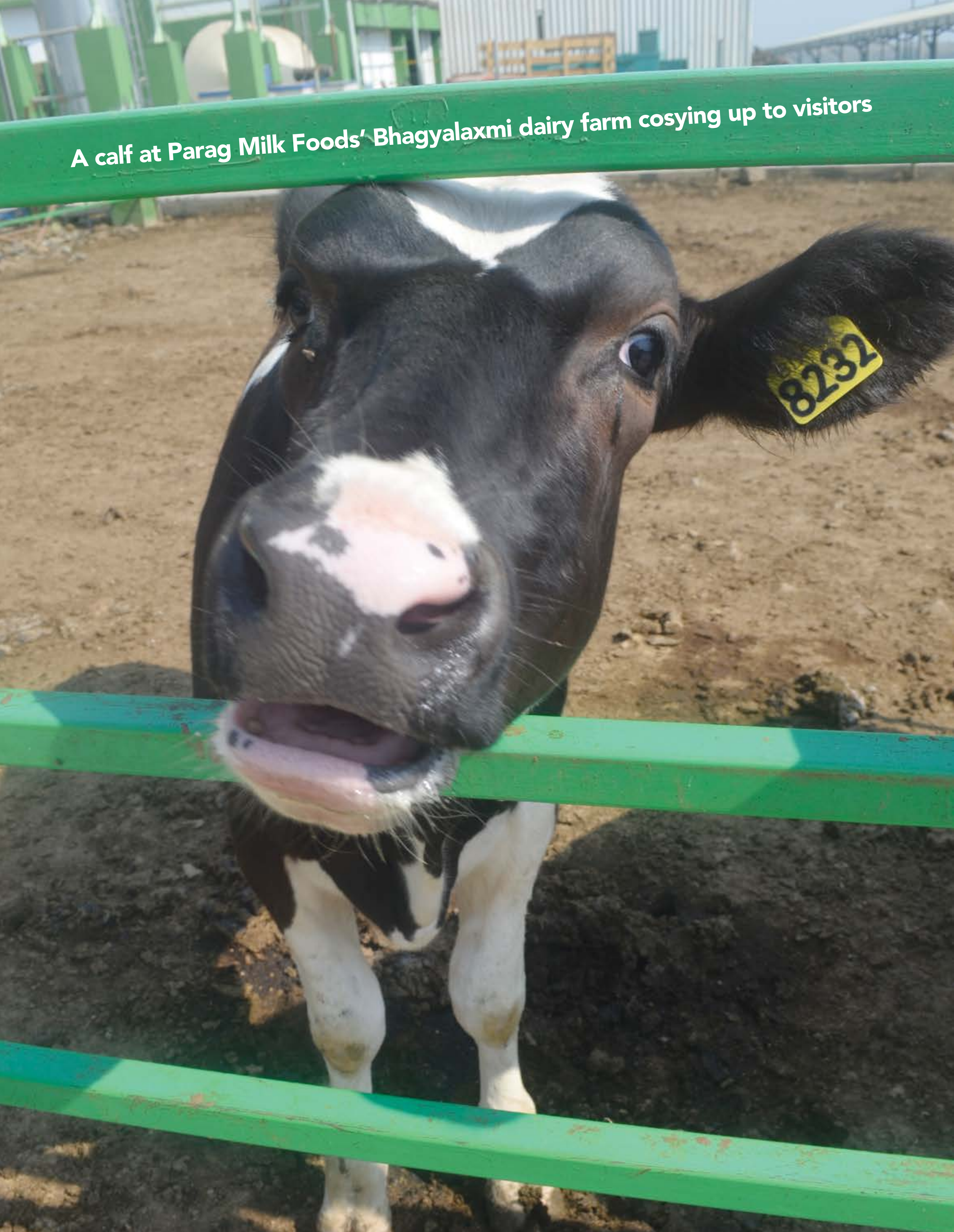


A calf at Parag Milk Foods' Bhagyalaxmi dairy farm cosying up to visitors

INDIAN DAIRY NO CHILD'S PLAY

"We used to find it very hard to make our daughter drink milk. A friend of mine told me about a premium milk brand based on the concept of farm to home. We liked the idea and called up their customer care number. They started delivering the bottles in a couple of days. While I found it difficult to differentiate the quality, my daughter immediately took to its taste. My parents say this is the kind of milk they used to have during their childhood back in villages. My monthly milk bill is up more than 2x, but I feel it's worth it," says Padmanabhan Ramadas of Khoparkhairane, about the premium milk brand Pride of Cows. Premiumisation in liquid milk is a challenging concept, but recently, brands such as Pride of Cows or Sarda Farms are trying to carve out a niche for themselves (positioning) by catering to quality-conscious consumers. It now seems that an industry, which has punched significantly below its weight – has finally arrived.

Dairy business in developed markets is lucrative – some of the most valuable companies in the world (Nestle, Kraft, and Danone) have made their fortunes in this space. However, India's dairy landscape has been markedly different from the developed world – no major company (except maybe Nestle) has made an impact here. This is quite surprising, considering that India is one the world's largest producer and consumer of dairy products. Nevertheless, the Indian economy, marked by the trend of rising consumerism, holds immense potential for the dairy industry. For companies to realise the full potential of this lucrative industry, it is imperative for them to get the business mix right and to have the ability to invest in the long-term. Whichever way one looks at it, it seems like the dairy industry's time has come.

BY NAVEEN KULKARNI & JUBIL JAIN

Highly sensitive, but largely unorganised

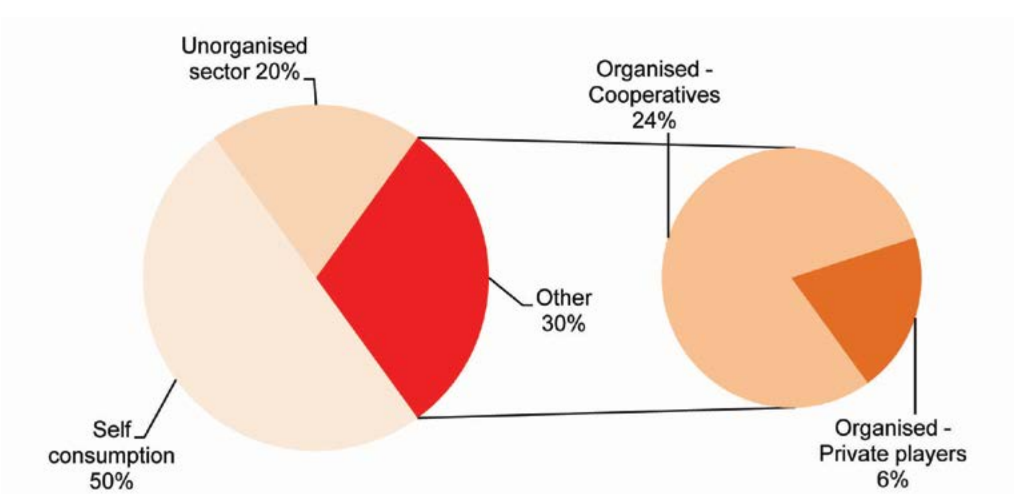
In India, dairy is a very sensitive industry because of the sheer number of people involved. "The welfare of farmers and animals is the most critical aspect of the business," says Mr R S Sodhi, MD of Gujarat Cooperative Milk Marketing Federation, which markets its products under the iconic brand Amul. The number of people involved in the dairy industry in India is the largest in the world. However, the industry is still largely unorganised. Small farmers (who do not own more than two animals) produce nearly 80% of milk. Because of this, most farmers are unable to get advantages of mechanisation that large herds can avail of – hence, milk yields in India are very low. The World Society for the Protection of Animals pegs India's average yield per dairy cow per year at 1.3tonnes vs. 6.2tonnes in the European Union and 9.1tonnes in the United States.

It is not just the milk sourcing, it is also the structure – the unorganised sector accounts for 70% of total volumes. Half of the 140mn tonnes of milk produced in FY14 was consumed at source. Out of the remaining 70mn tonnes, 28mn tonnes or 40% was sold to the organised sector and the rest to the unorganised sector. Co-operatives dominate the organised dairy industry (80% of revenue) because of raw-material sourcing dynamics working in their favour.

– Due to small average herd sizes, milk yields in India are far below global averages

– The unorganised sector accounts for 70% of India's total dairy volumes

Milk - Sectorwise usage



Source: Amul, PhillipCapital India Research Estimates

Co-operative is king….

Sourcing is the key, therefore co-operatives have dominated India's organised dairy industry so far

Because of the highly fragmented and unorganised nature of the industry in India, co-operatives have become the primary business model. Their success is based on two major facets of their business model:

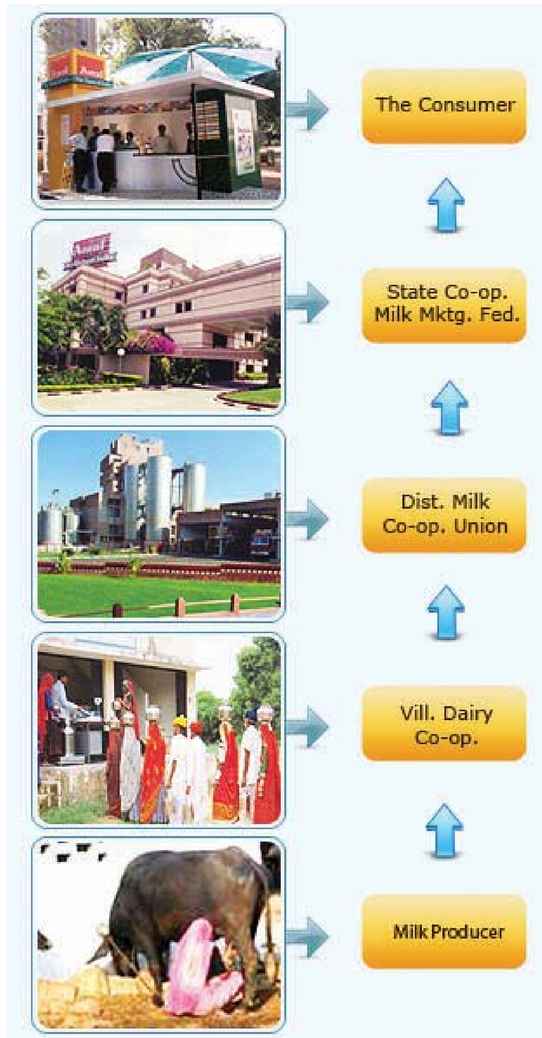
1. Milk-farmer members own the shares of a co-operative, whose objective is sustainable input cost maximisation and co-operatives work on a no-profit no-loss principle, thus benefitting farmers. This is unlike private players, whose objective is to increase profits sustainably.
2. Co-operatives' mandate is to procure all the milk that farmers can supply at a set price, regardless of the demand. This provides small farmers with security.

The co-operative model has enabled small milk farmers to command a lion's share of profits from their produce and to reduce their financial insecurity – a report by the World Society for the Protection of Animals says that small-scale (often landless) milk farmers in India get to retain 77% of the total price paid by consumers. In comparison, producers in Germany retain only 48% and farmers in the United States only 45%.

In India, most state cooperatives follow a three-tiered structure, also known as the Amul model:

- Village-level 'Dairy Co-operative Societies' (DCS) – collect surplus milk from farmer members
- District-level 'Milk Unions' – collect milk from all DCS' in the district, process, and market it
- State-level 'Federation' – provides marketing services and other support to District Milk Unions

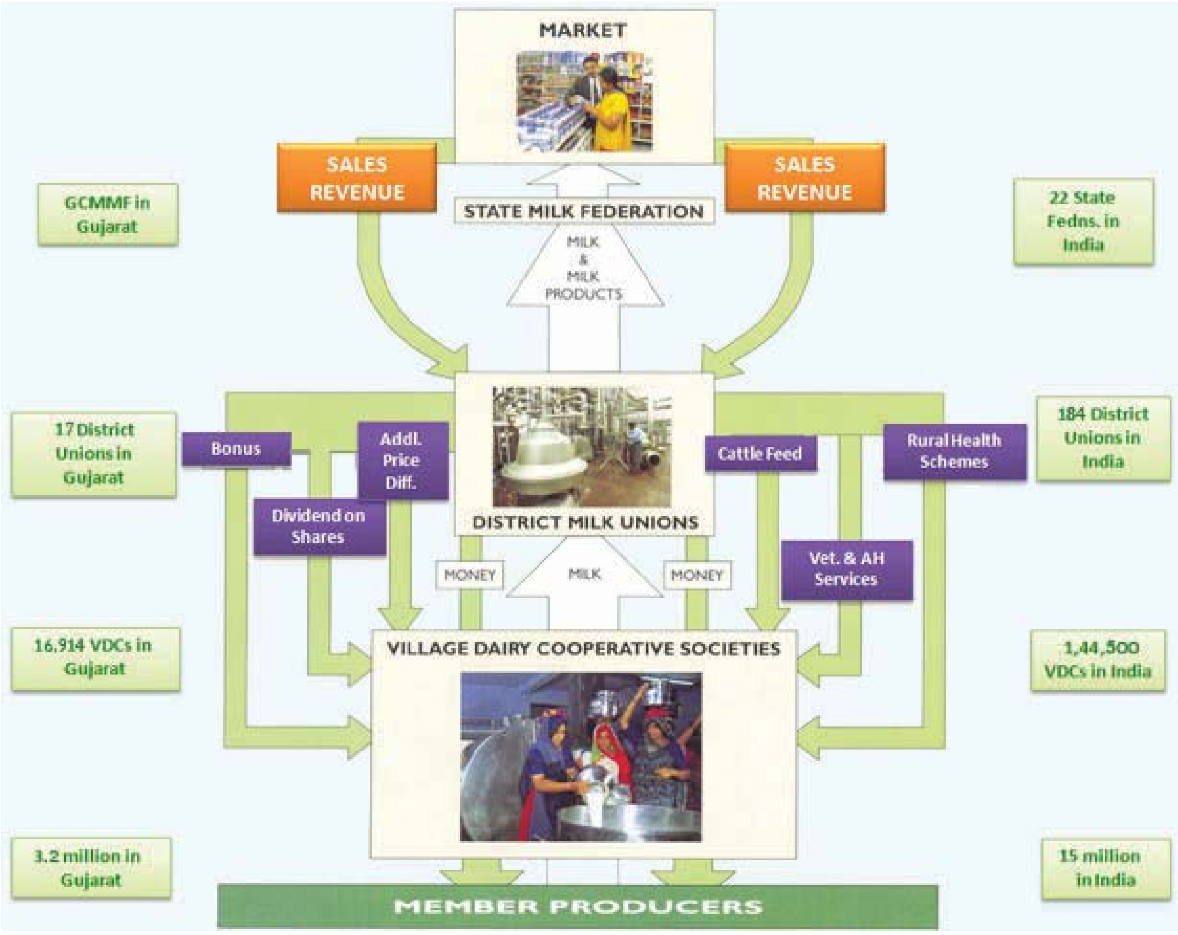
Three -tiered milk co-operative structure in India



Source: Amul

Indian milk producers (majority of whom are farmers) retain a large share (77%) of the price that consumers pay for the milk

Co-operative structure in Gujarat



Source: Amul

…but, co-operative is not always a very strong king

In Gujarat and Karnataka, state co-operatives direct all district co-operatives to market products under a single umbrella brand (Amul for Gujarat and Nandini for Karnataka). In other states, such as Maharashtra, the co-operative structure is weak and each district milk union markets goods under a different brand (Katraj in Pune, Gokul in Kolhapur).

The Managing Director of a district cooperative in Maharashtra (who did not wish to be named) says, "States that have a common state-wide dairy brand have outperformed weaker ones that don't have one. This is because of consistency and economies of scale in marketing products, which helps strong states strengthen their sales and distribution chain." He explains what is wrong with the state-controlled side of Maharashtra's dairy industry – "In Maharashtra, the state co-operative markets products under the Mahananda brand, which is distinct from district-level brands like Katraj, Gokul and others. To complicate things further, the government of Maharashtra also markets dairy products under a distinct Aarey brand. In Maharashtra, as district milk unions, state cooperatives, and the state government compete amongst themselves for market share, individual brands lose their economies of scale, impacting sales potential for cooperatives – thereby paving the way for private dairies."

Besides sourcing skills, the presence of a strong single state-wide brand seems to be the cornerstone of a co-operative's success

Pune co-operative brand - **Katraj**

Kolhapur co-operative brand - **Gokul**

Ahmednagar co-operative brand - **Rajhans**

Maharashtra government brand - **Aarey**

Maharashtra state co-operative brand - **Mahanand**

In Maharashtra various brands of district and state co-operatives, and government compete among themselves for market share. In contrast, in Gujarat all district and state co-operatives market milk under common brand Amul

Farmers suffer because of a weak co-operative

While Gujarat co-operative's Amul brand has been a success story and competes with not only strong domestic brands, but also with global ones, Maharashtra's local co-operative brands (Mahananda and others) have been ineffective in competing with other co-operatives and private brands. This has adversely affected the bargaining power of milk farmers. "In Maharashtra, where procurement prices for milk have reduced to as low as Rs 15-16 from Rs 25-27, the situation is particularly exacerbated because of lack of a strong cooperative. In Gujarat, the situation is much better because our procurement prices are significantly higher", says Mr R S Sodhi of Amul.

Private dairies and bulk milk collectors – the cogs in the wheel

Milk co-operatives not only offer farmers among the highest prices for milk procurement, but also have a mandate to purchase all the milk that a farmer sells, irrespective of near-term demand. Private dairies and bulk-milk traders, which generally procure milk at lower/equal prices, also play an important role in milk production. Prabhat Dairy sources 65% of its milk directly through farmers and buys the rest from bulk-milk vendors. Kwality Dairy procures as much as 85% of its milk from vendors.

Why should private milk collectors exist?

Even as co-operatives offer the highest procurement prices to farmers and buy all the milk for sale, private dairies and bulk-milk vendors tend to be stronger in villages with lower access to organised banking. In these villages, small farmers borrow funds from local landlords, and in many cases from private milk collectors. These small farmer-borrowers, in many cases, repay milk collectors in kind – by supplying milk. As farmers develop an association with private milk collectors, and once the latter become a reliable source of funds, farmers begin selling milk regularly to these private milk collectors, despite co-operatives offering higher prices.

Room for all, even in the long term

The business models of private players and co-operatives are in perpetual conflict, but India is and will continue to be a surplus producer of milk with a very large unorganised market (even in the very long-term), and this provides room for all types of players. However, co-operatives have been aggressively competing for market share, keeping selling prices low – this has impacted the quality of products and profitability of the industry.

Co-operatives' practice of keeping selling prices low and maximising buying prices has affected the quality of products

Milk production and consumption in India

India volumes (mn tonnes)	Production	Consumption
FY11	122	113
FY12	128	119
FY13	132	125
FY14	140	130
FY15	147	138

Source: IMARC report

Subsidies offered to co-operatives embolden the strong ones

For nearly three years (from July 2013 to January 2016) the Karnataka government provided a subsidy of Rs 4 per litre to dairy producers and families. In January 2016, the government increased this subsidy to Rs 7 per litre. As a result, farmers in Karnataka get ~Rs 28 per litre for cow milk (including Rs 7 in subsidy). In such states, private dairy players' profitability and business model comes under threat due to such high procurement prices. Hatsun Agro, a key private player in the south, procures milk directly from farmers in Tamil Nadu and Andhra Pradesh – but it does not have direct sourcing capability in Karnataka.

Some co-operatives become stronger because of government aid and manage to expand their presence in states or districts with weaker co-operatives. The weaker cooperatives find it challenging to survive when strong cooperatives such as GCMMF or Nandini come to challenge them in their turf. To maintain profitability, the milk procurement prices in weak states drop and private players begin to co-exist with co-operatives (procurement prices drop as no major co-operative is in a strong-enough position to set prices for the market to follow). In Maharashtra, milk procurement prices are significantly lower than those in Karnataka. As a result, private players in Maharashtra like Parag Milk Foods and Prabhat Dairy have been able to set up a local sourcing chain from farmers.

In developed markets, reconstituted milk is sold at a significant discount to fresh milk. This form of adulteration is one of the minor ones. Adulteration of milk happens throughout the supply chain in India and it is one of the biggest problems of the dairy industry. This means that there is a huge opportunity for the supply of high-quality milk. However, the economics of the business are rather complex and profitability is a challenge. Recently, private players such as Parag established brands based on the 'farm-to-home" concept by following global benchmarks of quality and freshness. Growth was superlative, but profitability and scale remain a challenge because of the huge fixed-cost structure of the industry. Even so, it seems that the Indian dairy industry – with a vast array of products being introduced and private players willing to commit significant capital – has truly arrived.

DID YOU KNOW? Some of the milk that you consume or buy as 'fresh milk' is actually reconstituted milk!

Quality suffers with intrepid competition

"What is pure in today's market? Every other product is adulterated. Likewise, milk and milk products are also adulterated. It is a knife fight in the market. Nobody can compete fair," reveals the MD of a leading milk co-operative in Maharashtra. Milk is a seasonal product with rising production during winters while production declines in the summer. Excess production of the winter season is stored in the form of milk powder, which is a global commodity. In cities such as Mumbai, where there is a significant gap between demand and supply, the share of reconstituted milk (milk made from milk powder) is very high. Milk vendors do not label milk as reconstituted, and pretty much everything is sold as fresh milk.

Tired and old jerseys – an underinvested industry!

The Managing Director of a leading co-operative in Maharashtra tries to explain the competitive relationship between Maharashtra's co-operative and government milk company with a hilarious cow and bull analogy – "The conflict between the two bulls for the cow has raged on for decades, making them so tired that a third bull was able to exploit the opportunity," he chortles. In Maharashtra, the government milk company is Aarey while the state also has quite a few cooperative brands. The battle for market share resulted in the weakening of both Aarey and co-operatives,

Indian dairy negatives -> lower profitability than global average -> lower investment -> lower productivity and lower quality products

which in turn led to private companies winning market share. In Maharashtra, milk procurement prices are now one of the lowest in the country, as no major co-operative has been able to set prices for the market to follow. This has not only helped private players establish their business models, but cooperatives from other states have also forayed into the market.

This phenomenon is seen across many states – private players have been able to establish their brands, but the profitability of the industry is significantly lower than in developed markets. Lower profitability meant that investments have been below par while in reality this industry requires huge investments in supply chain, factories and farms. Due to this, the number of dairy brands known for their quality is very few.

Per capita consumption of milk globally

Per capita consumption (litres/year)	
US	285
EU27	281
Russia	220
Brazil	156
India	97
China	24

Source: IMARC report

Indian dairy positives -> growing per capita consumption, growing scope for value-added products and premiumisation

Although profitability is low for the industry, growth is not a concern. The per-capita consumption of milk is growing, but more importantly, value-added products are growing faster. This segment has higher gross margins and immense scope for premiumisation. However, there is a catch – value-added products and liquid milk supply chain economics are inextricably linked to each other.

Historical and projected growth of milk and value added products

	Industry size in 2010 (Rs bn)	Industry size in 2014 (Rs bn)	Industry size in 2020 (Rs bn)	CAGR 2014-2020	CAGR 2014-2020
Liquid milk	1501	2,621	6,068	15%	15%
Ghee	345	618	1,367	16%	14%
Paneer	164	293	654	16%	14%
Curd	124	216	493	15%	15%
Butter	*96	168	382	15%	15%
Skimmed milk powder	28	50	113	15%	15%
UHT milk	10	26	104	27%	26%
Buttermilk	6	14	43	23%	21%
Cream	7	13	30	16%	15%
Flavoured milk	5	13	48	26%	25%
Lassi	5	12	39	26%	21%
Cheese	5	12	59	24%	31%
Whey (powder)	*1.5	3	10	20%	21%
Flavoured & Frozen Yoghurt	1	2	12	23%	32%
Total	2,298	4,061	9,397	15%	15%

Source: IMARC report; * - PhillipCapital India Research estimates

Nothing cheesy about them!

"Nobody can survive selling only value-added products. The dairy industry supply chain rides on milk and its procurement," says Mr RS Sodhi of GCMMF. Milk has two constituents – fat and SNF (solid non-fat). Fat can be used for making butter, ghee, and other value-added products, but after extracting the fat, the SNF has to be sold. If milk is sold separately while a company only focuses on the supply-chain for value-added products, then the supply-chain economics do not work out in a fiercely competitive market.

While supply-chain economics are challenging, cheese presents an interesting proposition. The by-product for cheese is whey, but it is produced in limited quantities. The market for cheese is large in developed economies. Some of the biggest companies of the world, such as Kraft, built their businesses on producing high-quality cheese.

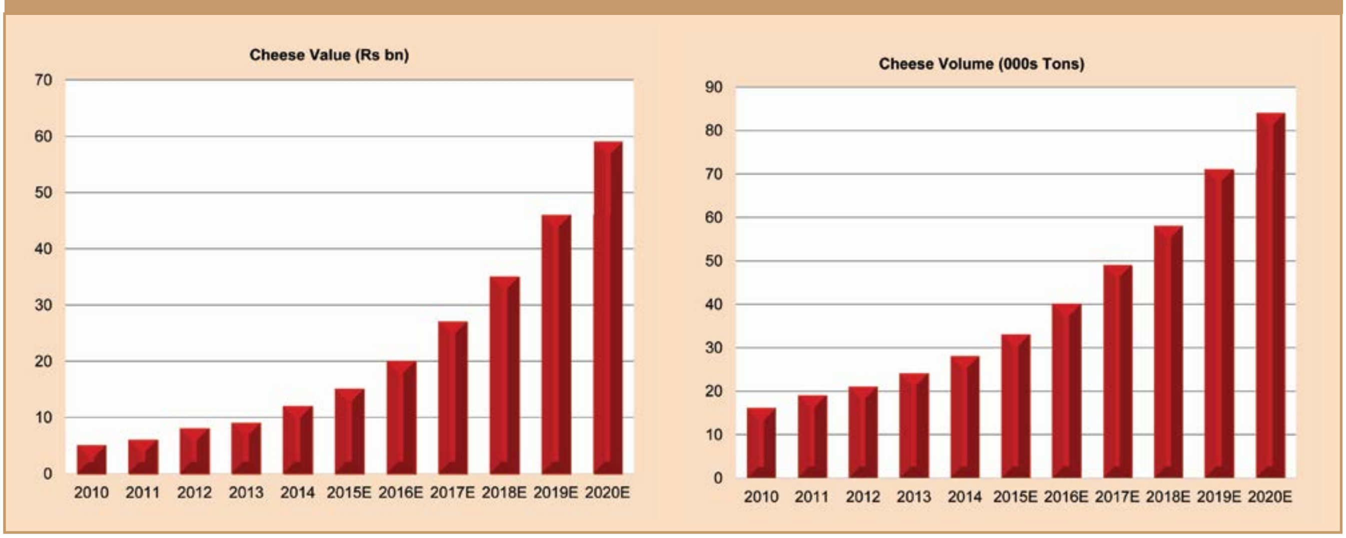
Cheese is among the more profitable value-added milk products with gross margins higher than 25% vs. ghee with 5-10% margins

The value addition in cheese can be significant, as aging is a critical component in manufacturing of cheese. The level of premiumisation that cheese offers is absent in any other dairy product. While premiumisation opportunities are significant, and there is a global precedence of successful business models built on cheese, the market for cheese in India is rather limited currently. It is seeing magnificent growth rates, but hasn't become a standard grocery item such as ghee or butter.

Cheese-making commands higher gross margins than ghee, because it is a complex process. Cheese requires aging of three months or more, depending on the grade. This aging is done in cold storage, which significantly pushes up the

While cheese could technically be a successful business by itself, the market for cheese in India (so far) is limited

Cheese consumption growth in India



Source: IMARC report

Gross margins of cheese vs. ghee

Cheese – Buffalo milk			
BOM	Quantity (kg)	Retail Rate Rs/kg	Total amount
Input – Milk	100	34	3400
Output – Cheese	12	350	4200
Output - Whey Powder	4	40	160
Revenue (Rs)	4360		
COGS (Rs)	3400		
Gross Profit (Rs)	960		
Gross margin (%)	22%		

Ghee – Buffalo milk			
BOM	Quantity (kg)	Retail Rate Rs/kg	Total amount
Input - Milk	100	34	3400
Output - Ghee	6.5	350	2275
Output - Skimmed Milk Powder	9.5	140	1330
Revenue (Rs)	3605		
COGS (Rs)	3400		
Gross Profit (Rs)	205		
Gross margin (%)	6%		

Cheese – Cow milk			
BOM	Quantity (kg)	Retail Rate Rs/kg	Total amount
Input – Milk	100	24	2400
Output – Cheese	9	350	3150
Output - Whey Powder	4	40	160
Revenue (Rs)	3310		
COGS (Rs)	2400		
Gross Profit (Rs)	910		
Gross margin (%)	28%		

Ghee – Cow milk			
BOM	Quantity (kg)	Retail Rate Rs/kg	Total amount
Input - Milk	100	24	3000
Output - Ghee	3.5	350	1225
Output - Skimmed Milk Powder	9	140	1260
Revenue (Rs)	2485		
COGS (Rs)	2400		
Gross Profit (Rs)	85		
Gross margin (%)	3.5		

Source: PhillipCapital India Research Estimates

Product portfolio profile and gross margins of key private dairy players

		PARAG MILK FOODS	PRABHAT DAIRY (2014 DATA)	KWALITY DAIRY (ADJ.)	HATSUN AGRO
Share in Sales	Milk and value added milk	25%	1%	51%	74%
	Cheese/Paneer/Other high margin products	32%	71%		8%
	Low margin products	43%	28%	49%	
	Unclassified				18%
Gross margin		23.6%	22.4%	10.6%	25.5%

Source: Company, PhillipCapital India Research Estimates

High margin products share

Low margin products share

working capital and fixed capital requirements. The return on investment on cheese depends on the retail and whole-sale (institutional) mix as well as the ability to utilise capacity. Moreover, the wide range of cheese – from basic mozzarella to exotic varieties – offers significant brand-building avenues. A recent example is Parag Dairy's introduction of a premium cheese spread under the brand name Almette. Building brands in dairy businesses has been challenging, and only products that command pricing power can be considered brands. However, established brands can command a premium to regional and local products and generate higher gross margins.

Apart from cheese, the range of value-added products is quite large in India. These products are less impacted by changing global commodity prices. For example, in the current scenario of a sharp correction in global skimmed milk powder (SMP) prices, domestic ghee prices have been relatively steady. The decline in global SMP prices has led to a complete stalling of SMP exports from India. Private players involved in SMP exports have significantly reduced their procurement of milk, and cooperatives have had to step up procurement. For the dairy industry, in the current scenario, ghee and buffalo milk (with higher fat content) have emerged as saviours. Buffalo milk prices are expected to bounce back as the lean summer season ensues.

"It is the buffalo that is probably going to save the dairy farmer," believes Mr RS Sodhi, "as cow's milk and SMP continue to remain under pressure".

Other high-margin value-added products like UHT (ultra-high-temperature) milk and flavoured milk provide gross margins of around 50% and 70% respectively. However, the capital investment required for such products is high due to the complex nature of operations and asset turnover tends to be in low to mid-single digits.

Needless to say, a wide portfolio of value-added products is critical to the dairy business model, but so is liquid milk, as it forms the key cog of the supply-chain and branding.

The supply-chain and branding enigma of the dairy industry

"If I have to pick the most critical success factor for the dairy business, it has to be the supply chain. We calculate supply

For a dairy producer, an efficient supply chain is far more important than for other industries, partly because of the perishable nature of the commodity

chain costs in paise and we keep our costs very low, which helps us to win markets," says Mr Sodhi. In dairy, everything depends on efficient supply chain. Product quality to profitability – all depend on its efficiency. Most dairy products are highly perishable and require cold chains. A cost-efficient supply chain is a pre-requisite for most industries, but in dairy, these efficiencies go much further. The biggest hurdle in the dairy business is to build brands, and brands need to be scalable. The answer lies in managing supply-chain dynamics.

Consumer-facing businesses are all about brands. These have pricing power and are able to withstand the vagaries of economic cycles. The dairy industry is very large, but since it is dominated by co-operatives, the challenge for companies has been to build brands, considering lower gross margins across products. This, however, is not the only difficult aspect; the bigger challenge in the dairy industry has been to build brands by distributing liquid milk, which while providing unparalleled customer reach, is a rather dull business with EBIDTA margins of around 5%. Nevertheless, it has multiple advantages, which most private companies fail to commit to

Pictures of Kwality Dairy's Faridabad factory; Dairy industry requires very high capex over the long term. The biggest advantages are:

- Supply of quality milk provides a direct connect with end consumers at lower costs and results in branding
- Provides economies of scale; plus, it is a cash business with lower working capital requirements
- Brings down the supply-chain costs on which other products can ride

All these three big advantages are a must for building a scalable consumer business, but the challenge is the ‘right to win’ in building such a consumer-facing franchise. Most FMCG companies ask themselves three ‘right to win’ questions:

- Do we have any special skill or advantages in sourcing of products?
- Do we have the brand/branding capabilities?
- Do we have the distribution infrastructure?

For most companies, getting a positive answer for any two of these equals a green signal to develop those products.

Dairy is an exciting and lucrative segment (when done right) and most FMCG companies keep mulling over cost-effective ways of tapping into it

However, in dairy, companies need to get all three questions right. This seldom happens, but companies that do, go on to build scalable businesses. Gujarat Cooperative Milk Marketing Federation, owner of the iconic Amul brand, met all the criteria and has exceeded expectations. Hatsun Agro is another company that built a strong brand and capabilities, while Parag Milk Foods is the other player that managed to build a robust business model. These models have met with success because of their long-term vision.

Extending brands to dairy: Strategy still in the lab

Building dairy brands are long-gestation projects. Companies have to slog in the retail channels with low-margin products, consistently improve efficiencies, and build higher-margin value-added products. All this is a fairly long process. Brand extensions are a seemingly easier route to brand building in this segment, but the efficacy of this method is not fully proven. Some of the leading FMCG companies have forayed into the dairy business through brand extensions. Britannia and Nestle are developing their dairy franchise around the flagship brand. Nestle has met with the most success, primarily because of its first-mover advantage in infant nutrition and dairy creamer. The infant nutrition category is also impacted by regulatory hurdles (not allowed to advertise), but Nestle was able to take advantage of market conditions when regulatory hurdles were much lower. In the dairy-creamer category too, the company enjoyed first-mover advantage and it was able to build a very successful brand. Nestle’s success in these two products has not been repeated by any other player; in fact, even Nestle itself could not repeat its success in other dairy categories, notwithstanding global expertise and experience.

Britannia and ITC both have ambitious plans for the category, but do not seem to have a coherent strategy in place yet. However, since these companies have strong brands, experience in sourcing, and supply-chain management capabilities, the ‘right to win’ is seemingly inherent. Strategically, most FMCG companies shy away from low-margin businesses such as liquid milk, as they find capital-efficiency lacking; their preference is mostly towards high-margin categories. The success of this strategy is yet to be proven or probably the market is still to reach that inflection point to make a significant impact.

In this context, the dairy market has surely not reached an inflection point for growth to take off, but more importantly, products like cheese, dahi (curd), or tetra-pack milk by leading FMCG players are yet to capture the people’s imagination. In all probability, the success for this kind of a strategy would lie in a company’s ability to introduce new innovative products that find wide acceptance and still have high margins. For now, the big boys of FMCG are in a ‘wait-watch-development’ mode for distruptive innovations.

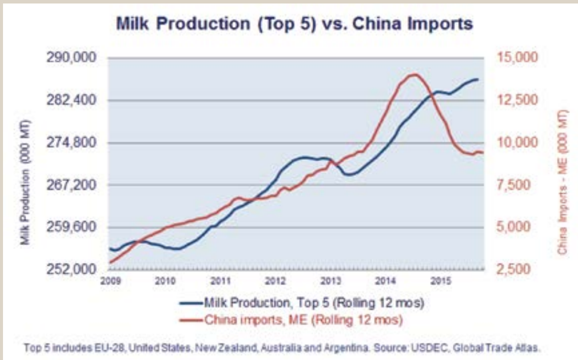
(Britannia and Nestle have strong presence in Dairy; ITC with its Aashirvaad Svasti ghee is the latest major FMCG entrant in the fray)

Crude is not the only product flooding the world

While the commodities and therefore financial markets suffer from the impact of an oil glut, for the farmer community the oversupply of another commodity (less talked about but more impactful) has been wreaking havoc globally since last two years - milk!

Global milk prices have been falling since the past two years, led by increasing supply from all major producers amidst falling demand from China and Russia. While the milk production of top-5 exporters increased consistently, milk import demand from China fell ~30% in the last two years due to slowing down of demand growth and strong growth in domestic production.

Falling milk prices led to a drop in prices of most dairy products globally. In the last two years, milk prices dropped 35% and skimmed milk powder prices dropped 60% .



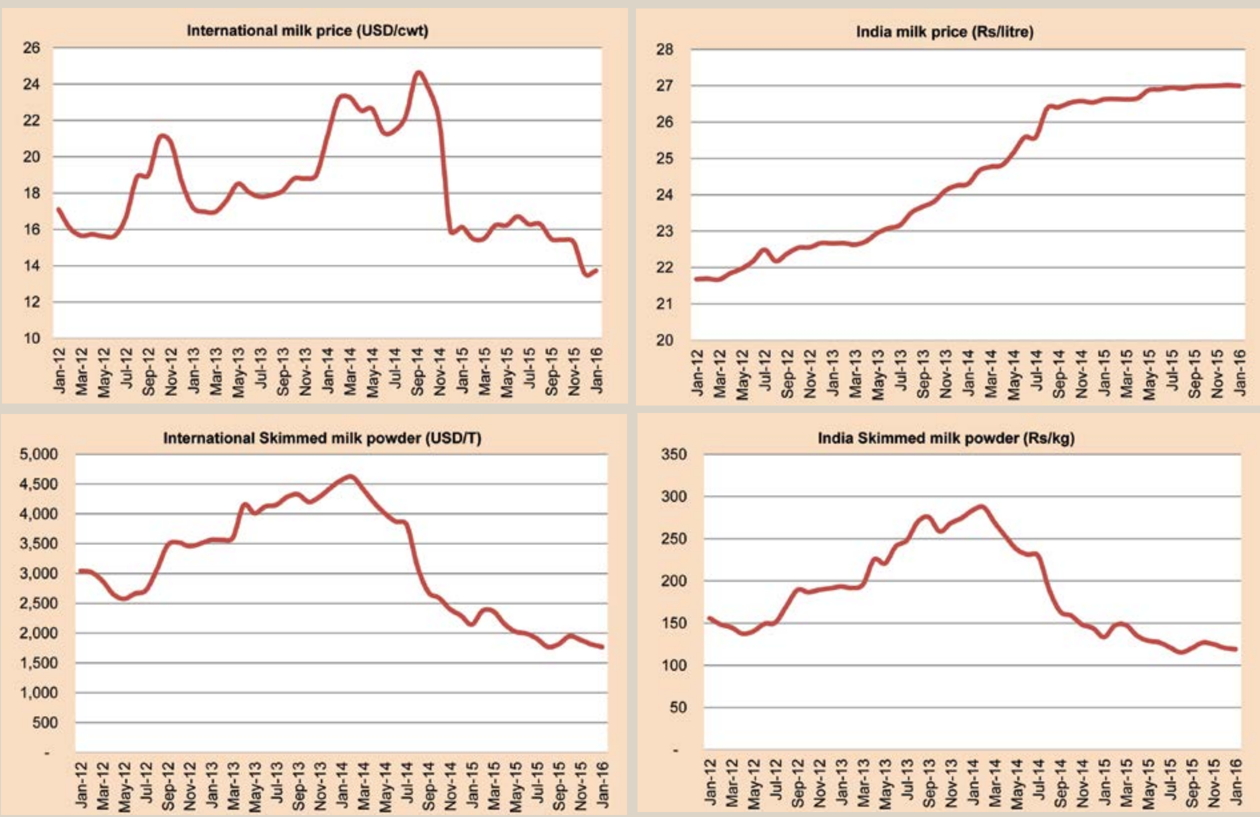
While milk production for top 5 exporters has risen over the years, China's dairy imports have fallen

Source: US Dairy Export Council

Even though India consumes most of its domestic production and is therefore not a big exporter, falling prices have impacted Indian markets too, albeit to different extents on different products. While prices of milk have increased by 11% in last two years due to the dominance of co-operatives, prices of skimmed milk powder have fallen in line with global prices (by 60%).

Marc Beck (VP Strategy, US Dairy Export Council) says "It may be 2017 before we return to a scenario where global supply and demand for milk are more closely aligned." This is because the key factors necessary to deliver better market balance — production contraction, inventory reduction, and China buying — have yet to materialise.

Indian milk prices have not corrected in line with international prices as has been the case with skimmed milk powder



Source: Bloomberg, PhillipCapital India Research Estimates

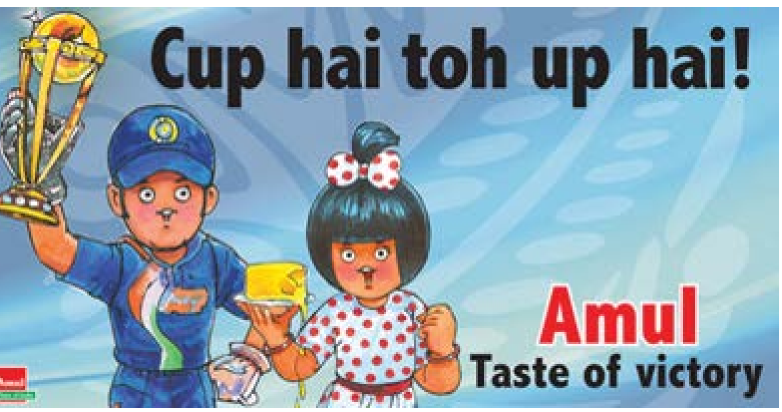
When milk became a symbol of protest

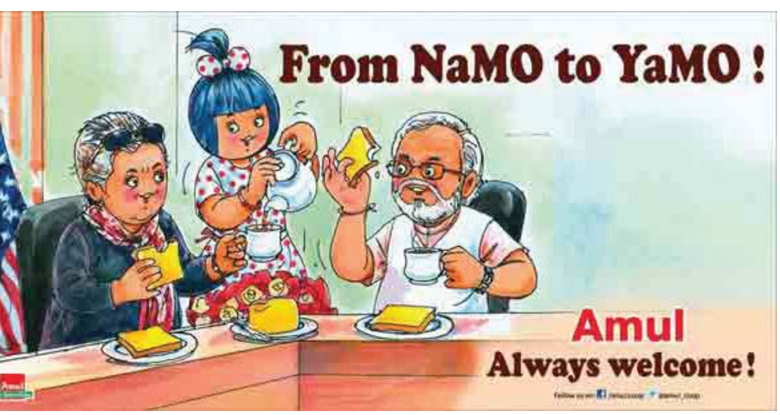
The seeds of this unusual saga were sown more than 70 years ago in Anand, a small town in Gujarat in western India. The exploitative trade practices followed by the local milk trade cartel triggered off the co-operative movement. Angered by unfair and manipulative practices that were followed, farmers of the district approached Sardar Vallabhbhai Patel for a solution. He advised them to get rid of middlemen and form their own co-operative, which would keep procurement, processing, and marketing under the farmers' control. In 1946, farmers of Anand went on a 'milk strike', refusing to be cowed down by the cartel. Under the inspiration of Sardar Patel, and the guidance of leaders like Morarji Desai and Tribhuvandas Patel, they formed their own cooperative in 1946, which later evolved into a state-wide dairy cooperative – today known as Amul.

Biggest and the best!

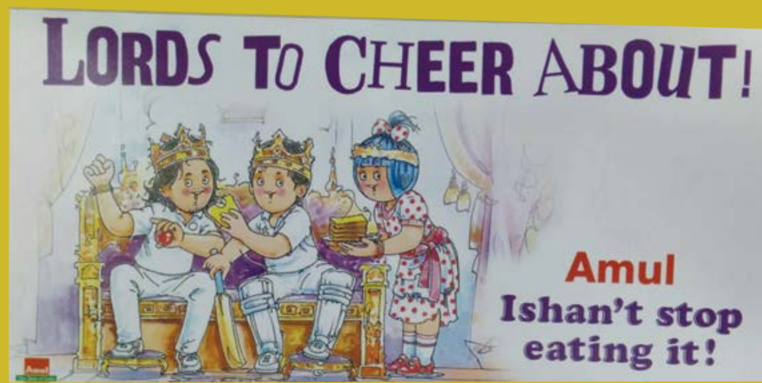
Amul, flagship brand of Gujarat Cooperative Milk Marketing Federation (GCMMF), is the most successful co-operative brand in the country, and

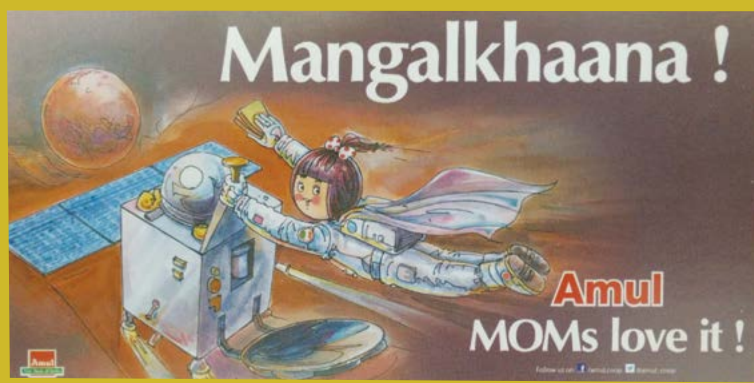
Amul is credited with spurring the 'milk revolution' of India, which propelled the country to becoming the world's largest producer of milk





Amul's iconic hoardings





India's largest fully integrated food brand. With 21% CAGR in last five years, Amul posted revenues of Rs 207bn in FY15. Its product portfolio includes liquid milk and value-added products like infant nutrition, cheese, and butter. Amul has a pan-India presence with 56 sales offices, 10,000 dealers and a million retailers. It handles 15mn kg of milk per day (~4% of India's total dairy volumes and 25% of organised sector volumes) and is also India's largest exporter of dairy products.

Strong brand backed by stronger distribution

Amul's retail sales are driven by liquid milk, which accounts for around 50% of production volumes. Liquid milk acts as the carrier brand for its value-added products such as infant milk food, cheese, paneer, flavoured milk, and ghee. Milk is the largest contributor to its revenues (Rs 80bn PC estimate). Its second-largest category is infant milk food, Amul Spray, which has revenues of Rs 42bn. Other important categories include butter (market share of >90%), ghee, ice creams, and cream. Because of its strong brand equity and retail portfolio, Amul operates on cash-and-carry principle and has negligible receivables (two days). In comparison, companies like Kwality Dairy, Prabhat Dairy, and Parag Milk Foods have major institutional presence and receivables days of 40-80.

Amul owns +90% market share in butter

Listed cooperative: Fonterra case study

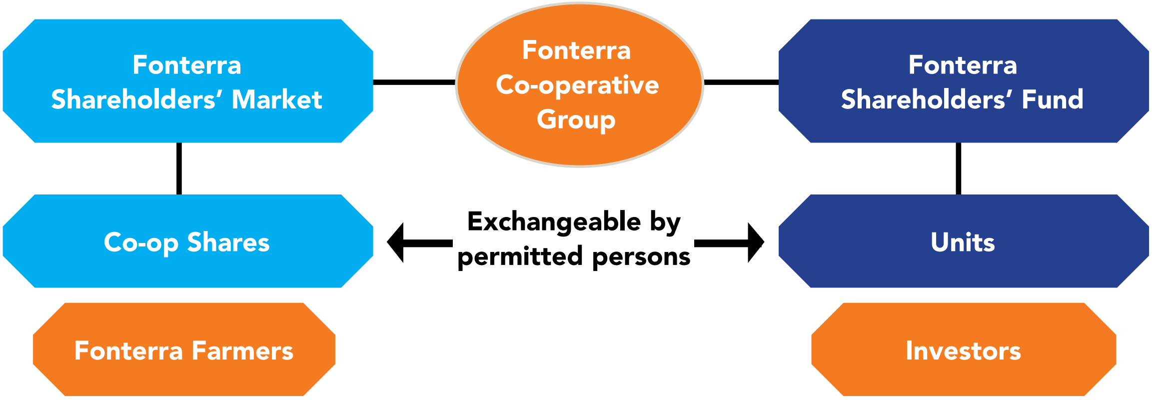
Dairy for life

Fonterra Co-operative Group Ltd. is a New Zealand dairy co-operative owned by 10,500 farmers. It is the world's largest dairy co-operative and exports 95% of its local production to over 100 countries. The company is also known for being one of the few dairy cooperatives listed on a stock exchange.

Until November 2012, Fonterra shares were owned only by its milk-producing members in the ratio of amount of milk produced by each member. Members could then redeem these shares if their production declined, and the cooperative was obligated to buy back the shares from these members. In 2007-09, due to volatility in milk prices, Fonterra faced severe redemption pressures from struggling farmers.

In November 2012, Fonterra implemented a capital structure that allowed it to list its shares on New Zealand's stock exchange, while letting farmer members retain ownership of shares. As per the structure, derivative units of underlying cooperative shares are available to investors and these units entitle investors to receive economic rights to the shares (dividend and gain/loss in unit value). The units could be transacted freely on the stock exchange. However, since farmers retain ownership of shares of the cooperative, voting rights were made available only to them. The structure also allows farmers to purchase shares worth two times than previously available for their three-year average production. This helped increase market depth. Fonterra shares currently trade at more than 19 times trailing earnings and the company has a market capitalisation of US$ 6bn (NZD 9.1bn).

Fonterra's new capital structure



Key features

- Can trade Co-op shares
- Voting rights
- Restricted to dairy farmers
- Market maker operates
- Operated by NZX

Key features

- Can trade units
- Units can be converted into Co-op shares by farmers
- Non voting rights in co-op
- Institutional and retail investors
- Operated by NZX
- Listed on NZX and ASX

Source: Nicola Shadbolt and Alex Duncan, Quebec 2014 International Summit of co-operatives

How big would Amul be if it were private and listed? (Hint – a lot!)

A large dairy company with a stable of strong brands can command FMCG valuations if it is able to exhibit lean working capital management and if a bulk of its business comes from retail. Amul is one of the most admired brands in India and has a track record of consistent growth. GCMMF, in a hypothetical scenario of operating like a private dairy company, would command valuations of a large FMCG company in India. It is even likely that it might command a scarcity premium because of dearth of investable candidates in the dairy space.

Based on the gross margin profile of listed players and Amul's product portfolio, its gross margins would be around 20% (instead of 4.7% currently) had it been private. Amul currently makes lower gross margins because it buys milk at higher prices (in line with its objective of input cost maximisation) than most private players and private milk collectors, and it has a mandate to buy all the milk supplied by farmers no matter what the demand, which leads to overspending. With higher gross margins and other costs remaining the same, Amul would have generated profits of Rs 21bn in FY15 instead of reported profits of Rs 0.4bn. At an FY15 profit of Rs 21bn, and a conservative trailing P/E multiple of 30x, Amul would have a market capitalisation of Rs 630bn (~US$ 9bn) – one and half times the size of Fonterra!

Amul mould be more profitable if it were private

FY2015 (Rs mn)	Actual	Had Amul been private
Sales	207,504	207,504
COGS	197,732	166,003
Gross Profit	9,772	41,501
Gross margin (%)	4.7	20.0
Operating expenses	8,659	8,659
EBITDA	1,113	32,842
EBITDA margin (%)	0.5	15.8
PAT	415	21,683
PAT margin (%)	0.2	10.4

Source: Company, PhillipCapital India Research Estimates

Amul would have a market capitalisation of Rs 630bn (~US$ 9bn) if it were private and listed

Hatsun Agro: Done with the heavy lifting

Many people in India do not know about Hatsun Agro, but most people in south India know Arun ice cream. It is a brand that reaches most cities in south India and has one of the best distribution networks for an ice cream brand in India. Apart from Arun ice cream, Hatsun Agro's liquid milk brand, Arokya, is well established and it has managed to successfully hold its turf in the highly competitive Tamil Nadu market, where the state cooperative brand Aavin is very strong. Hatsun's success is built on slow-and-steady growth with an eye on the long term.

Arokya Full Cream Milk

The Chennai-based Hatsun Agro Products was founded in 1986 and it is listed on the BSE since 1996. It is one of the largest private dairy players in the country. It serves Tamil Nadu (60% of sales), Andhra Pradesh, Telangana, Karnataka, and Maharashtra. The company operates majorly in the retail segment and its product portfolio includes milk, ice creams, and other value-added products. With a capacity of 2.5mn litres of milk per day, it currently handles 1.9mn litres of milk per day and has manufacturing plants at 12 locations.

Lean and strong – tricks of the trade

At 90%, the company has the highest share of sales from the retail segment among private dairy players. Since retail sales operate on cash/advance payment principle, it has receivables of only two days vs. more than two months for other listed players. Hatsun Agro derives a major portion of its revenues through sales of base milk (72%). Milk sales have seen 23% CAGR in the last five years and its primary focus is to increase milk sales in the retail market in the medium term. Ice creams (7% of sales) have grown in line at 23%. However, milk products (18% of sales) grew slower at 14% CAGR. The slower growth of milk products can be attributed to (1) more focus on growing milk sales, and (2) lower focus on working-capital-intensive institutional business for milk products.

Some risks with its retail model...

The company is prone to regulatory challenges like milk subsidies given by state governments to co-operatives. For example, in July 2013, the newly elected government in Karnataka doubled the subsidy to dairy farmers in the co-operative sector to Rs 4 per litre from Rs 2 per per litre. From 5th January 2016, this subsidy was increased further by Rs 3 per litre. Currently, Hatsun Agro directly procures milk from farmers in Tamil Nadu and Andhra Pradesh, but in Karnataka, it procures milk only from dealers. We believe further involvement of government in milk procurement markets will affect Hatsun Agro's procurement model in Karnataka.

..but it has what it takes to succeed

Hatsun Agro is one of the few private dairy companies that has its act right. Its huge retail presence because of sale of base milk has helped it to create robust sourcing and distribution infrastructure. This would help to make its business model more sustainable going forward. Capex and working capital are under control because of right selection of its product portfolio and sales channels. As the company grows larger and starts increasing its presence in value-added products, it will start seeing operating leverage and register double-digit growth in revenues and earnings.

Kwality Dairy: Moving up on the value chain

Kwality's name rings a strong bell as one tends to immediately connect it with its namesake Kwality Walls. However, in its current form, Kwality Dairy has little to do with Kwality Walls and it cannot use the Kwality trade mark to sell its products. It markets its products under the brand Dairy Best.

Delhi-based Kwality Dairy was originally set up in 1992 as a backward integration unit of Kwality Ice Creams. The Kwality brand was acquired by Brookebond, which later merged with HUL. However, the dairy was acquired by current promoters in 2003 and has become one of the largest private dairy players in north India, catering majorly to

the urban market of Delhi. It has milk processing capacity of around 3mn litres per day with six plants in Haryana, UP, and Rajasthan. It produces a variety of dairy products and is in the process of commissioning new facilities that will help generate additional revenues from the sale of higher-margin value-added products.

Light and heavy

Kwality Dairy's gross margins at 11% are far lower than other key private players' such as Hatsun Agro and Prabhat Dairy (22-25%), because of a higher proportion of lower margin products such as ghee and skimmed milk powder in its portfolio. As gross fixed assets required to produce low-margin products is lower, its gross-fixed-assets to turnover is 42 vs 3.2/3.3/3.6 for Hatsun Agro/Prabhat Dairy/Parag Milk Foods.

However, due to significant institutional sales (69% in FY15), its receivable days are very high at 80 and it has short-term borrowings of Rs 10.9bn for annual sales of Rs 41.5bn. While it used to earlier operate majorly in the B2B segment, it has increased its retail sales proportion to 31% of sales by FY15 from from 9% in FY10. Retail sales will be augmented by expansion at its Softa plant (by 0.85mn litres per day) to produce primarily value-added products such as flavoured milk, variants of cheese, UHT milk, butter in tubs, cream in tetrapacks, etc. The addition of high-margin milk products for the retail channel will also help to improve gross margins, increase revenue and reduce working capital days.

(Title: Kwality Dairy majorly produces low margin products like ghee, skimmed milk powder, ghee. etc.)

Inflexion point still away

Once its new capacity addition at the Softa plant becomes operational, the company will have the ability to increase presence in the retail segment. However, currently, it is severely dependant on sales of low-margin milk products to institutional clients and it will take time for the company to decrease this dependence. This is because it has huge working capital employed in the institutional business and needs steady income to service its debt annually. Thus, institutional sales will continue to form a significant part of its revenues for some time and working capital will remain high.

Prabhat Dairy: Seeking fortunes at the middle of the pyramid

"We will boost sales of our retail portfolio by making available quality products to the tier-2 and tier-3 markets," says Ahmednagar-based Prabhat Dairy, a key private dairy player in Maharashtra. While tier-1 markets are highly penetrated and see fierce competition among various players, tier 2-3 towns are often less penetrated and have benign competition. Prabhat Dairy was incorporated in 1998 and listed on the BSE in 2015. The company has two manufacturing facilities with an aggregate milk-processing capacity of 1.5mn litres per day and handles 0.95mn litres a day. The company

operates majorly in the B2B segment (72% of sales in Q2FY16) and has partnerships with many major food players.

Better ingredients, better business

"Dairy business typically has three major lines – ingredients, consumers, and professional services. We chose the ingredients business because of the lack of a credible player in this space that has the capability to supply quality products. We positioned ourselves on manufacturing excellence, which appealed to international companies like Modelez and now we supply to them globally," says Amit Gala, CFO of Prabhat Dairy.

In 2006, Prabhat entered the dairy ingredients space, which did not have the presence of a strong domestic company. Driven by manufacturing excellence, it has built partnerships with top FMCG players such as Kraft Foods, Mondelez, Britannia, Nestle, and others. The company has very high receivable days (66) because of the payment policies of top FMCG companies to vendors.

Milking tier 2/3 markets

While the company is very strong in the institutional segment (72% of sales in Q3FY16), it wishes to gradually increase the share of sales from retail. While retail markets of tier-1 cities are rife, the company plans to penetrate tier-2 and tier-3 towns where the presence of major dairy brands is lower or non-existent. We believe that the company can expand the category in tier 2/3 markets through strong distribution and promotions, and gain share in tier-1 markets through trader incentives.

High and dry

While both Prabhat Dairy and Kwality Dairy have a high proportion of sales coming from institutional segments, Prabhat's dairy gross margins are higher at 22% vs. Kwality Dairy's 11%, because the former manufactures high-margin value-added products like condensed and concentrated milk and cheese. The largest product for the company is condensed milk (25% of sales) and it has the third-largest cheese-manufacturing capacity in the country and produces 1000 tonnes per month. The company has a huge fixed assets base, as it produces higher-margin products and has gross asset turnover of 3x vs. 40x for Kwality Dairy.

Prabhat Dairy has only recently commissioned its cheese plant production. Since cheese requires aging of 60-90 days, it will continue to see increase in working capital. We believe that its strategy to expand sales in tier 2/3 towns will help in the medium term by helping improve margins and reducing working capital. However, in the short term, increasing distribution reach will entail higher expenses and investments into the trade channel, which will strain margins and cash flows.

Parag Milk Foods: Innovating its way out

A few years ago, modern trade was suddenly flooded by a brand called 'Go Cheese', which most people thought was an international brand. The quality of product met international standards and soon people in investment circles started enquiring about the relatively inconspicuous dairy company "Parag Milk Foods," which owns the Go Cheese brand. Armed with private equity funding from Motilal Oswal in 2008 and a vision of building a dairy company capable of churning out international quality products, Parag Milk Foods has one of the most promising narratives in the Indian dairy industry.

Pune-based Parag Milk Foods, founded in 1992, is one of the largest private dairies in Maharashtra with a distribution network spread across various states in the country. It has an aggregate milk processing capacity of 2mn litres per day and two manufacturing plants in Maharashtra and Andhra Pradesh. It also has the largest cheese plant in India with a production capacity of 40 tonnes per day and produces base milk and value-added products.

Innovations galore

With a focus on product differentiation, Parag has one of the largest portfolios of products in the dairy sector. The company produces various types of cheese including mozzarella, shredded, and cheddar, each in a variety of flavours. For example, its cheese wedges are available in four flavours – black pepper, tomato salsa, Mexican twist, and plain. The company also produces flavoured yoghurt (eight different flavours), buttermilk in (two flavours), liquid milk (three variants), flavoured milk (six flavours). The company has a very strong distribution system with presence across 13 states with 3000 distributors. Currently, its retail sales comprise 80% of the portfolio. Major institutional clients include leading restaurant and café chains such as Pizza Hut, Dominos, KFC, and others.

Taking pride in premiumisation

"Our average yield per cow is around 22 litres, but our highest yielding cow gives a whopping 52 litres of milk a day. Mr Shah has nicknamed her Aishvarya," says the dairy guide at Bhagyalaxmi Dairy Farm. Spread over 35 acres, Bhagyalaxmi dairy farm houses 2,500 cows and is equipped with one of India's first rotary parlours, which has mechanised the whole milking process. The dairy farm markets its fresh milk under the brand Pride of Cows, which is based on the concept of fresh farm milk delivered directly to home within hours of milking. The farm at Manchar, Pune, has one of the highest yielding breed of cows of the Dutch Holstein Friesian breed, which is known for quality and high yield of milk of ~23 litres/day (6x the Indian counterparts). The cows are kept in a happy, stress free, free-range environment, and on a healthy regimented diet, which is conducive for milk production of the highest quality. The cows are milked three times a day using milking machines. Using automation, the milk is instantly pasteurized, chilled, and packaged in bottles in less than three hours, and sent immediately for dispatch. The company currently distributes around 15,000 litres per day in Mumbai and Pune, and has the capacity of 25,000 litres per day.

Initially, the distribution started for product savvy consumers of south Mumbai, but as word of mouth spread and more and more people started enquiring about the brand, the company expanded its distribution. Now Pride of Cows reaches almost the whole of Mumbai and Pune. The branding and marketing is based on interesting concept of dairy tourism, where people are encouraged to visit the farm themselves to get a first-hand feel of the product. While the farm is managing to sell around 60% of its capacity in retail, if the model succeeds, it could be one of the most promising ones in the long-term and could become a benchmark for premiumisation.

Picking up steam

Over the years, Parag Milk Foods has developed a supply

Automatic cow milking at Bhagyalaxmi dairy farm

chain network in over 3400 villages in Maharashtra and south India. The company also has a higher bargaining power compared to its suppliers, which is evident from its payable days (highest among peers). The free cash flow from 2011-14 was negative (in line with the rest of the industry). However, higher payables and reduction in capital investment helped turn the free cash flow positive in 2015. The lower capacity utilization for Parag Foods currently indicates that peak of cyclical capex is already done and free cash flow should be strong for the next few years. The company will continue to gain share in retail due to strong distribution chain and innovations. Parag Milk Foods will be among the few successful private players in the medium to long term and the oncoming IPO of the company will sail through smoothly.

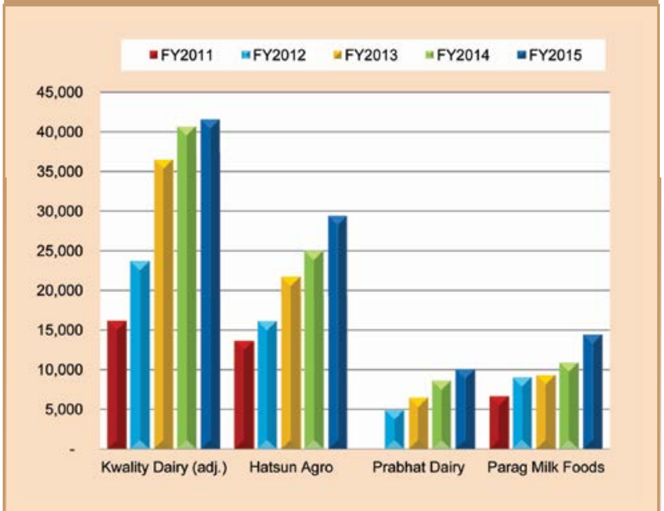
Conclusion

The Indian dairy industry is immensely complex and it is certainly not for the faint-hearted. Co-operatives will continue to dominate because of their traditional strength in milk sourcing. Consolidation of district milk brands in states such as Maharashtra (that has multiple district union brands) will help to further cement their dominance. However, the ability of co-operatives to invest and deliver quality products will remain constrained because of lower margins and negligible profitability. The biggest opportunity for private players is in premiumisation. The evolution of private players in the Indian dairy industry will depend on two factors – (1) their ability to increase retail presence and (2) their ability to invest in high-quality infrastructure, including supply chain. Both factors are long gestational. Retail presence depends on building brands through selling liquid milk while returns on large-scale investments are constrained by the margin profile of products.

Companies such as Hatsun Agro and Parag Milk Foods have the most promising business models because of strong retail presence and vision for value-added products. Hatsun has a strong portfolio in liquid milk, which will help it to expand profitably. Because of its strong presence in retail segments of ghee, cheese, and buttermilk, Parag Milk Foods will continue to outperform its peers. Due to strong competition in value-added milk products, other players such as Prabhat Dairy and Kwality Dairy will have to increase their retail presence by focussing more on liquid milk in core geographies, and then expanding into nearby geographies gradually. The focus on liquid milk will also help emerging players develop strong sustainable sourcing models that are necessary to establish a strong brand. Apart from the pure dairy players, other FMCG players such as Britannia have ambitious dairy-business plans. The case for developing a scalable business model is yet to be proven. However, in the case of brand extensions a lot depends on product saliency. With product innovations like dairy whitener (ahead of market when launched) Nestle has proven itself while others are still grappling with this aspect. Most players still have me-too portfolios and a highly innovative offering has been elusive. So, the wait continues.

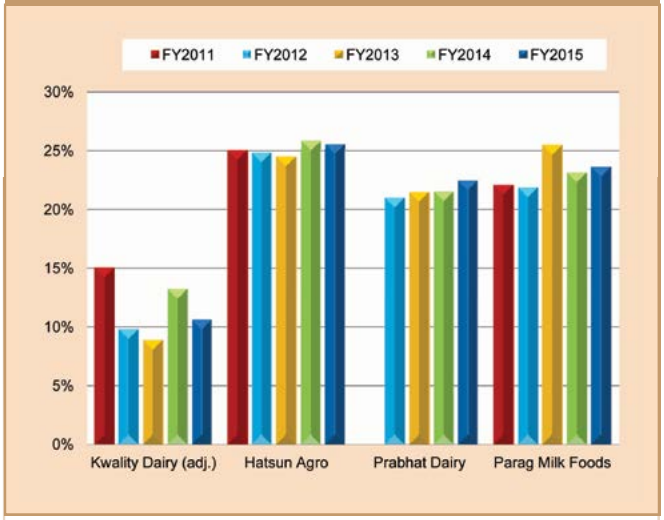
FOCUS CHARTS

Sales (Rs mn)



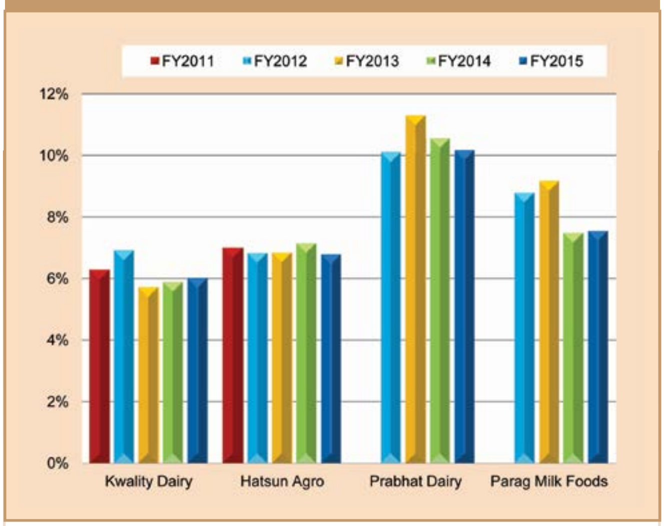
Sales have increased for all key players over the years

Gross margin



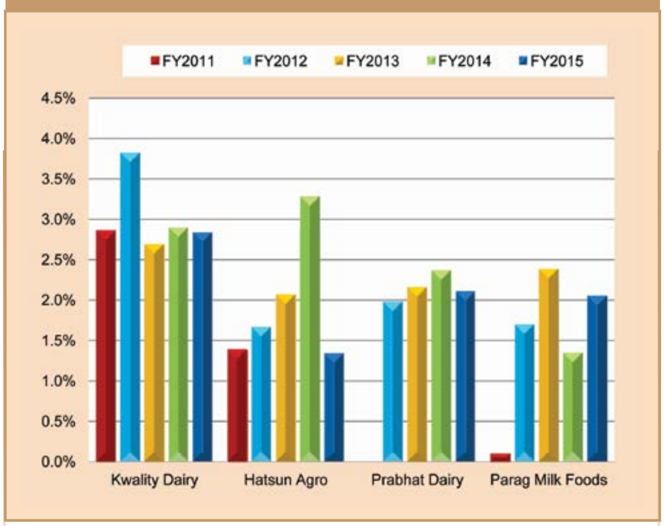
Except Kwality Dairy which sells more of low margin products, others have gross margins in range of 20-25%. Margins have not improved or fallen in last two years because of fall in prices of global commodities like skimmed milk powder

EBITDA margin



EBITDA margins are lower for dairy industry as a whole because of higher operating expenses

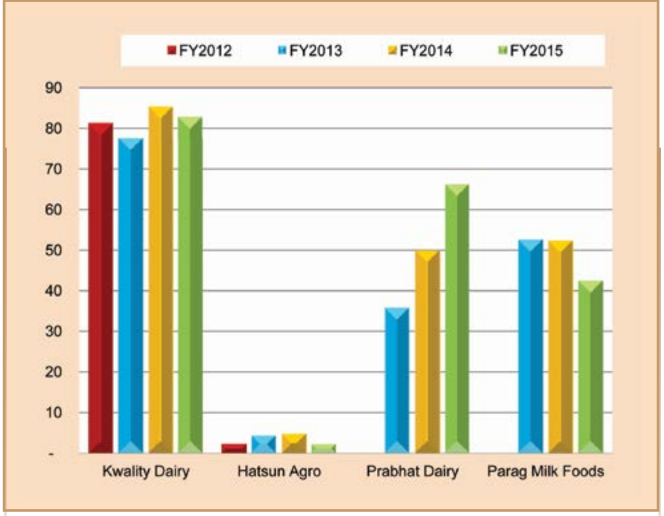
Profit margin



Dairy industry profit margins are lower than those of FMCG peers because dairy requires higher capital expenditure and higher working capital

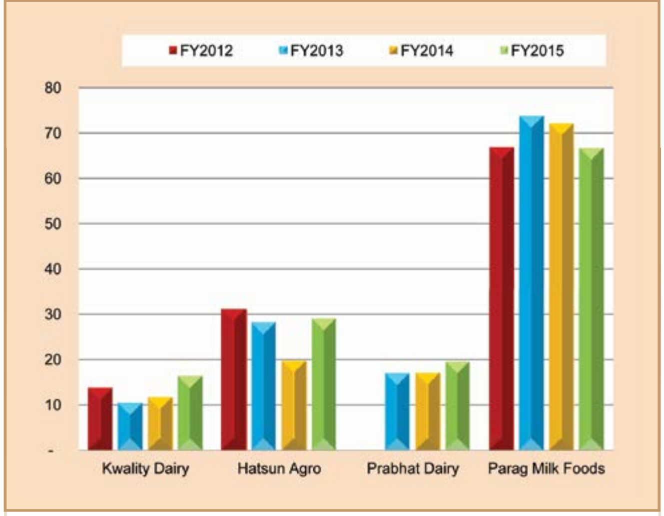
Source: Company, PhillipCapital India Research Estimates

Receivable days



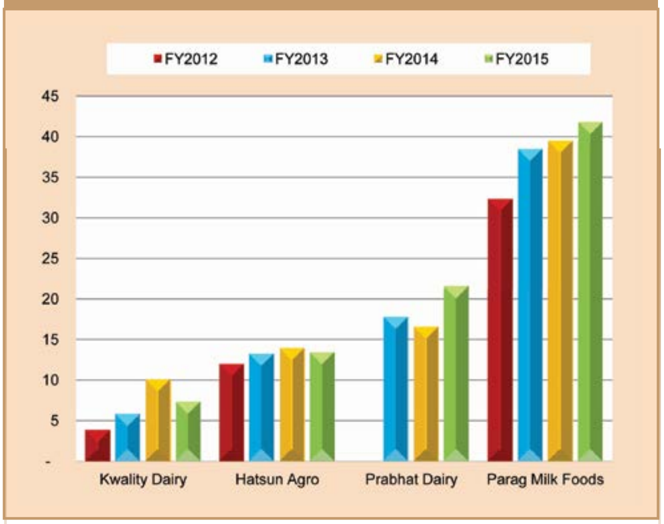
Except Hatsun Agro which has major portion of sales portfolio in retail, others have very high recievable days

Inventory days



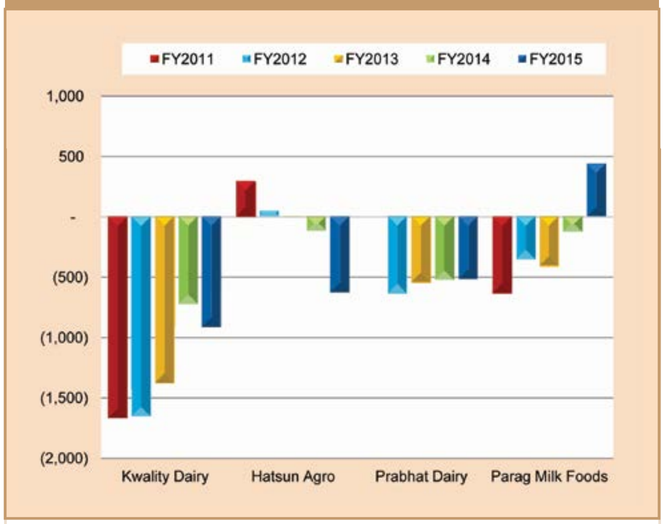
Parag milk foods has high inventory days due to higher share of cheese in sales (cheese requires 3-6 months aging)

Payable days



Parag Milk Foods has the highest bargaining power with suppliers

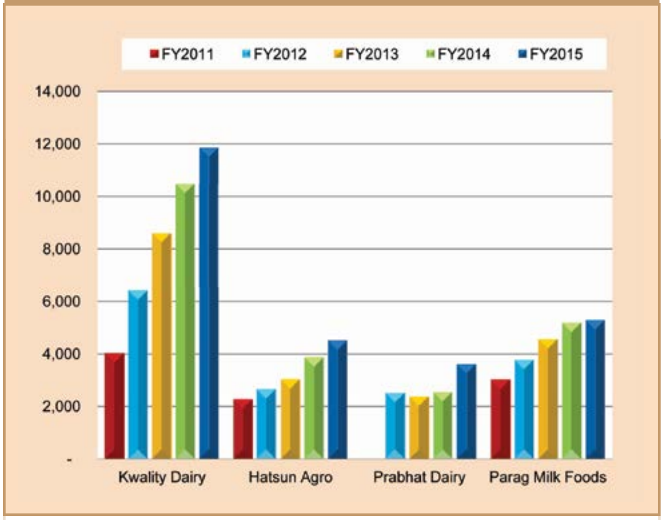
Free cash flow (Rs mn)



Most worrisome aspect of dairy industry is that free cash flow has been negative for most companies for most years because of high capital investment

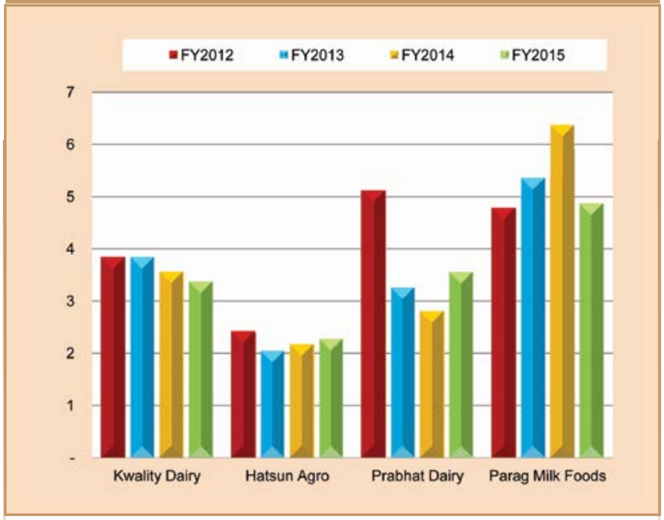
Source: Company, PhillipCapital India Research Estimates

Net Debt (Rs mn)



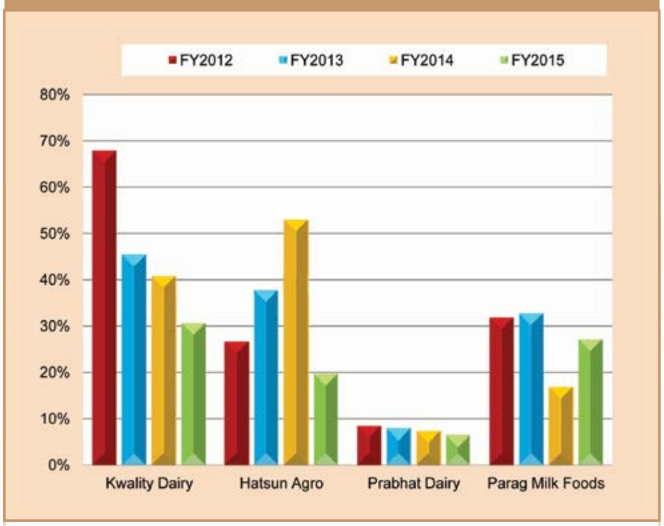
Net debt and net debt/EBITDA for all four companies is very high

Net Debt / EBITDA



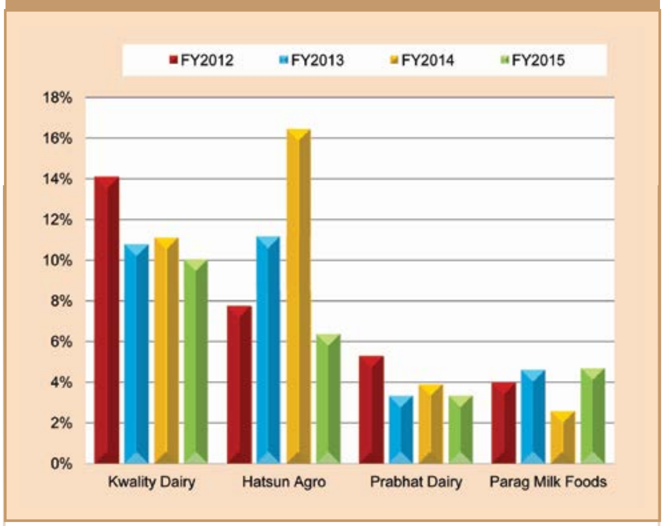
Net debt and net debt/EBITDA for all four companies is very high

RoE



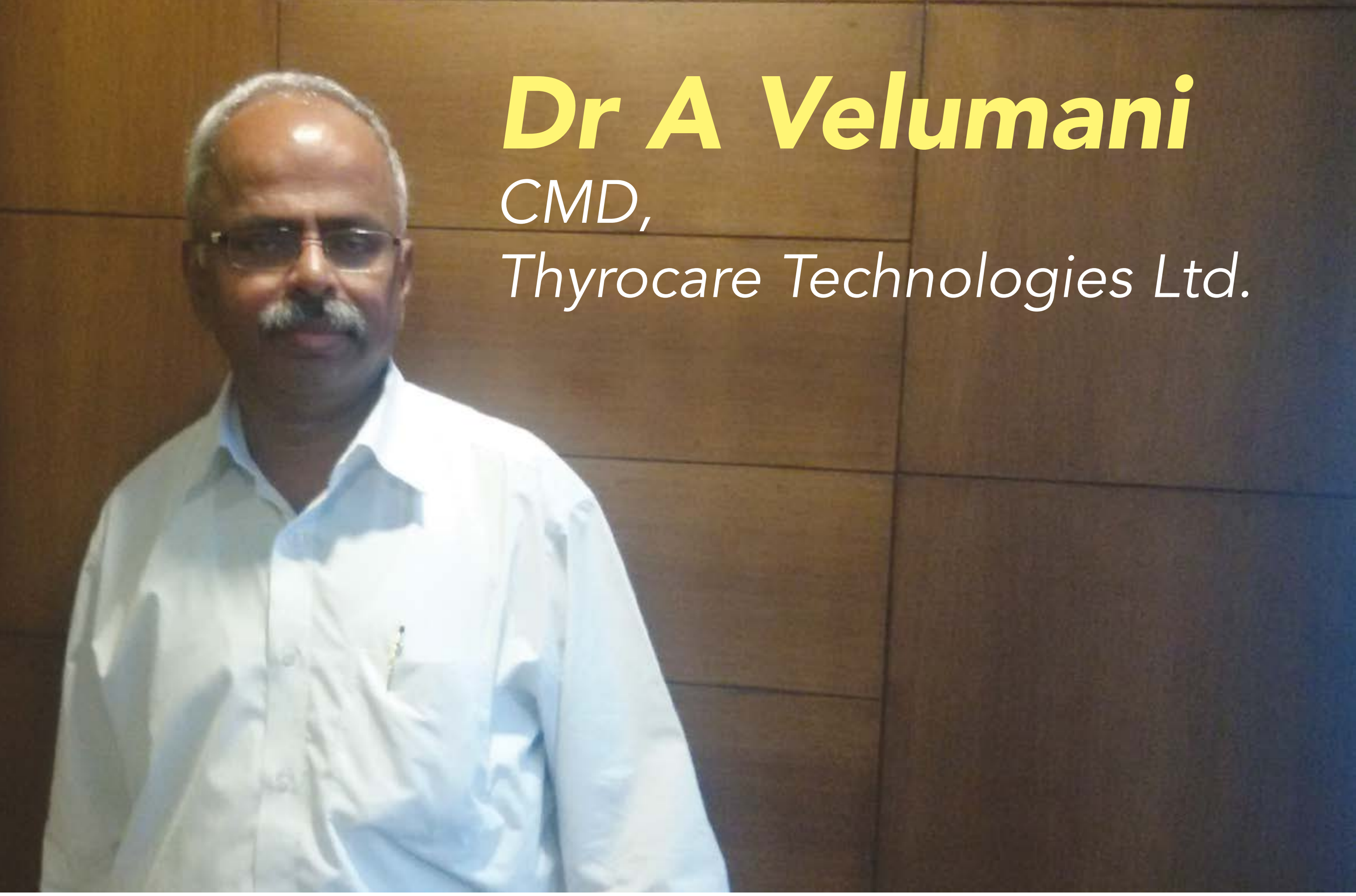
Most companies have seen continuous deterioration of RoE

RoCE



RoCE for dairy industry is poor because of high investment required

Source: Company, PhillipCapital India Research Estimates



Dr A Velumani

CMD, Thyrocare Technologies Ltd.

The Indian diagnostic market is set for robust annual growth of 20-25% over the next 20 years led by the rising age of the demographic, says Dr A Velumani, CMD – Thyrocare Technologies Ltd. He has revolutionised the Indian diagnostic industry with Thyrocare's focus on preventive care (vs. competitions' focus on sick care) and high profitability, despite disruptive pricing practice.Ground View spoke to Dr Velumani, to get an idea about the growth outlook and pricing scenario. Here are the excerpts from the interview

BY SURYA PATRA

What are the ground realities for the diagnostics market and how are they different from perception? Could you juxtapose this with 'known' facts such as size (~US$ 6bn), annualised growth of 15-20%, and transition to regulated play?

A market size of ~US$ 6.5bn for the Indian diagnostic market is grossly under-reported – this is because our country lacks any system of documentation for diagnostic or healthcare services, which is largely catered by the unorganised sector. Similarly, reported growth of 15-20% seems low, considering that India's demographic is shifting towards a higher age from a predominantly younger one.

Ground realities of the Indian diagnostic services industry indicate accelerated growth. While the annual per capita spend in the US on diagnostics is around US$100, it is >US$6 in India, implying significant scope for growth led by increasing income levels. India is still a young country with average age of around 25 years – and the need for diagnostic services grows with age. So, as India's demographic begins to move towards a higher age, its diagnostic market is set for 20-25% growth over the next 20 years.

While the industry saw steady progress, its profitability seems to be under pressure. What drives that and how does one handle it?

Profit margins for diagnostics in India are certainly challenged due to the market's nature. In the western world, this business is driven by hospitals while in India, it is driven by individual doctors. Since doctors drive healthcare/diagnostic, standalone laboratories become vital and such laboratories are non-accredited. These unorganised laboratories hurt the profitability of organised players. Even so, the scope of volume expansion in diagnostics services in India is enormous. Some efficiency in operations can weed out all margin pressure. All in all, I feel the unorganised market is not a big concern for organised players.

Do you see incremental competition from MNCs due to 100% FDI in diagnostics?

Healthcare and diagnostics are largely local subjects and domestic players understand the needs well and cater accordingly. No MNC can pose a threat to local diagnostic players. Few MNCs have tried their luck in India over the last two decades, but failed. Quest is the only MNC in India with some respectable presence. About FDI, I do not think that the Indian diagnostic industry requires it since this is not a very capital-intensive business, unlike hospitals.

On pricing power, which factors according to you will have an impact on diagnostic services? How do you see the pricing per test unfold over the next 4-5 years?

Pricing of diagnostic tests will definitely fall, but this is unlikely to hurt profitability. Why should prices go down? Not because of competition – rather, this correction would be led by tremendous expansion of volumes and consolidation.

There are about 500 different types of tests in diagnostics and prices for about 50 have already fallen to optimal levels, but many players arrive at the pricing of most other tests after considering their patient pool (usually rich and upper middle class). There is robust scope for volume expansion in the lower middle class population and this will drive down prices.

Do you believe that a price-disruptive strategy is the key to success in the context of the Indian diagnostic market?

Yes, I still emphasise the fact that volume-led benefits in the Indian diagnostics are enormous, as organised players still account for only about 15-20% of the total reported diagnostic market, which is grossly under reported.

Thyrocare already earns a margin of around 44% and I can dilute this a bit to enhance market penetration, hence growth momentum, and ultimate profitability.

What has been Thyrocare's performance YTD and what is your outlook going ahead?

In FY15, Thyrocare saw 20% revenue growth to Rs 1.8bn with an EBITDA of Rs 736mn (implying a margin of ~41%) and a PAT of Rs 458mn. We are closing FY16 with sales growth of around 28-30%. Over last three year, we have seen 20% CAGR and we are confident about similar growth over the next three.

The key to our success has been a price disruptive strategy with a focus on volume, and of course our differentiated business approach to tap preventive care diagnostic market compared to the competition's focus on sick-care diagnostic services.

What progress are you seeing for your cancer diagnostic operation under Nueclear Healthcare?

Thyrocare's 100% subsidiary – Nueclear Healthcare – focuses on PET-CT test (used to detect cancer). The objective of the subsidiary is to address the huge unmet need in cancer care and to offer affordable PET-CT tests. Believing 'scale/volume' is the only principle for success. Thyrocare offers PET scan at Rs 9,999 per test against competitors' prices of Rs 20,000-25,000. With such pricing, we have already initiated a disruptive pricing game in cancer diagnostics, but in India, volume is still too low for impactful disruption. Therefore, we are a bit slow on this business front.

The IPO of Dr Lal Path Lab in December 2015 was a great success. Could you tell us about your listing aspirations and timeline?

SEBI has already cleared Thyrocare's DRHP and we are likely to file our RHP before the end of March 2016 – our issue would be open for subscription by mid April 2016.

About Thyrocare

Thyrocare is one of the leading pan-India diagnostic chains and offers 192 tests and 54 profiles of tests to detect health disorders – such as thyroid, growth, metabolism, auto-immunity, diabetes, anaemia, cardiovascular, infertility and various infectious diseases. It profiles of tests are administered under the brand name 'Aarogyam'.

It has been operating from its central processing laboratories in Navi Mumbai and setup four regional centres in New Delhi, Coimbatore, Hyderabad, and Kolkata in 2014. As a result, Thyrocare's daily average test volumes jumped 37% (to 131,073 in FY15 (from 95,610 FY14) and by 26% to 165,672 until September 2015. However, the diagnostic services offered at the regional processing labs primarily constitute routine tests.

Through its subsidiary NHL's network of molecular imaging centers (in Mumbai, New Delhi and Hyderabad), Thyrocare offers PET-CT scan services to assist in cancer diagnosis, staging, monitoring of treatment, and efficacy and evaluation of disease recurrence. On a low base, PET-CT scan volume has jumped 5-fold to 11,173 scans in FY15.

Financial Health

As per the annualised H1FY16 performance, Thyrocare is likely to report 30% growth in consolidated sales (to Rs 2.38bn) in FY16 with EBITDA margins of 44%, which are the highest in the industry. Its annualised PAT of Rs 600mn implies a PAT margin of 25%. Thyrocare is a debt-free company.

Proposed IPO: At the end of February 2016, the Securities and Exchange Board of India approved Thyrocare's draft initial public offering (IPO) proposal of 10.7mn shares. Thyrocare's IPO is an offer for sale by private equity investor CX Partners and the firm's promoters. CX Partners holds 21% stake in the company, of which it plans to sell almost 90% in the public issue. Other PE investors in the company include Norwest Venture Partners (9.43%) and Samara Capital (2%), who are not selling their stakes in the IPO. The promoter's holding will dilute to 63.96% (from 64.96%) after the IPO.

Indian Economy – Trend Indicators

Monthly Economic Indicators

Growth Rates (%)	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
IIP	2.8	4.8	2.5	3.0	2.5	4.2	4.3	6.3	3.8	9.9	-3.4	-1.2	-1.5	-
PMI	52.9	51.2	52.1	51.3	52.6	51.3	52.7	52.3	51.2	50.7	50.3	49.1	51.1	51.1
Core sector	2.3	1.4	-0.1	-0.4	4.4	3.0	1.1	2.6	3.2	3.2	-1.3	0.9	2.9	-
WPI	-0.9	-2.1	-2.3	-2.4	-2.2	-2.1	-4.0	-5.1	-4.6	-3.7	-2.0	-0.7	-0.9	-1.0
CPI	5.2	5.4	5.3	4.9	5.0	5.4	3.7	3.7	4.4	5.0	5.4	5.6	5.7	5.2
Money Supply	10.8	11.2	11.1	11.0	11.0	11.0	11.5	11.3	11.0	10.9	10.7	11.0	11.1	11.3
Deposit	10.9	11.2	11.4	11.4	11.5	11.4	11.8	11.9	11.3	11.1	10.4	10.9	11.1	11.0
Credit	8.9	7.2	8.7	9.7	8.8	9.5	9.4	9.0	7.5	9.0	9.8	11.1	11.4	11.6
Exports	-9.3	-13.3	-21.1	-14.0	-20.2	-15.8	-10.3	-20.7	-24.3	-17.5	-24.4	-14.7	-13.6	-5.7
Imports	-11.2	-14.7	-13.4	-7.5	-16.5	-13.4	-10.3	-9.9	-25.4	-21.2	-30.3	-3.9	-11.0	-5.0
Trade deficit (USD Bn)	-7.9	-6.7	-11.8	-11.0	-10.4	-10.8	-12.8	-12.5	-10.5	-9.8	-9.8	-11.7	-7.6	-6.5
Net FDI (USD Bn)	1.1	1.2	1.8	0.5	0.8	0.8	1.1	1.4	2.0	2.7	3.3	4.8	5.7	-
FII (USD Bn)	6.6	3.8	2.0	3.1	-2.8	-2.0	-0.7	-3.5	-2.4	4.5	-3.8	-2.6	-2.0	-
ECB (USD Bn)	113.6	114.5	115.1	116.4	118.4	119.9	120.6	119.4	121.8	122.5	121.2	122.6	121.7	-
NRI Deposits (USD Bn)	61.9	61.8	62.5	63.4	63.8	63.7	64.1	66.5	65.6	65.3	66.7	66.2	67.8	68.4
Dollar-Rupee	327.9	338.1	341.4	344.6	352.5	355.2	353.3	355.4	350.0	353.6	351.6	352.1	349.2	346.8
FOREX Reserves (USD Bn)	295.8	291.9	293.4	296.4	287.9	284.6	280.2	275.5	276.3	283.0	291.3	295.7	292.2	294.4

Quarterly Economic Indicators

Balance of Payment (USD Bn)	Q2FY14	Q3FY14	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16	Q2FY16
Exports	81.2	79.8	83.7	81.7	85.3	79.0	70.8	68.0	67.6
Imports	114.5	112.9	114.3	116.3	123.9	118.3	102.5	102.2	105.0
Trade deficit	-33.3	-33.2	-30.7	-34.6	-38.6	-39.3	-31.7	-34.2	-37.4
Net Invisibles	28.1	29.1	29.3	26.7	28.5	30.9	30.2	28.0	29.2
CAD	-5.2	-4.1	-1.3	-7.9	-10.1	-8.4	-1.5	-6.1	-8.2
CAD (% of GDP)	1.2	0.9	0.3	1.6	2.0	1.7	0.3	1.2	1.6
Capital Account	-4.8	23.8	9.2	19.2	16.5	23.6	30.7	18.1	7.2
BoP	-10.4	19.1	7.1	11.2	6.9	13.2	30.1	11.4	-0.9

GDP and its Components (YoY, %)	Q3FY14	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16
Agriculture & allied activities	3.8	4.4	2.6	2.8	-2.4	-1.4	1.6	2.0	-1.0
Industry	5.5	5.5	8.1	6.2	3.4	7.2	7.1	8.4	11.0
Mining & Quarrying	4.2	11.5	4.3	7.0	9.1	2.3	8.6	5.0	6.5
Manufacturing	5.9	4.4	8.4	5.8	1.7	8.4	7.3	9.0	12.6
Electricity, Gas & Water Supply	3.9	5.9	10.1	8.8	8.8	4.2	4.0	7.5	6.0
Services	8.3	5.6	8.4	9.9	11.7	8.0	8.5	8.3	8.6
Construction	3.8	1.2	6.5	5.3	4.9	1.4	6.0	1.2	4.0
Trade, Hotel, Transport and Communications	12.4	9.9	12.1	8.4	6.2	14.1	10.5	8.1	10.1
Finance, Insurance, Real Estate & Business Services	5.7	5.5	9.3	12.7	12.1	10.2	9.3	11.6	9.9
Community, Social & Personal Services	9.1	2.4	2.8	10.3	25.3	0.1	6.1	7.1	7.5
GDP at FC	6.6	5.3	7.4	8.1	6.7	6.1	7.2	7.5	7.1

Annual Economic Indicators and Forecasts

Indicators	Units	FY8	FY9	FY10	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E
Real GDP growth	%	9.3	6.7	8.6	8.9	6.7	4.5	4.7	7.2	6.8	7.5
Agriculture	%	5.8	0.1	0.8	8.6	5.0	1.4	4.7	0.2	2.0	4.0
Industry	%	9.2	4.1	10.2	8.3	6.7	0.9	-0.1	6.6	5.7	6.7
Services	%	10.3	9.4	10.0	9.2	7.1	6.2	6.0	9.4	8.5	8.8
Real GDP	Rs Bn	38966	41587	45161	49185	52475	54821	91698	98271	104953	112825
Real GDP	US$ Bn	967	908	953	1079	1096	1008	1517	1611	1615	1684
Nominal GDP	Rs Bn	49864	56301	64778	77841	90097	101133	113451	126538	137626	153212
Nominal GDP	US$ Bn	1237	1229	1367	1707	1881	1859	1876	2074	2117	2287
Population	Mn	1138	1154	1170	1186	1202	1219	1236	1254	1271	1302
Per Capita Income	US$	1087	1065	1168	1439	1565	1525	1518	1655	1666	1757
WPI (Average)	%	4.7	8.1	3.8	9.6	8.7	7.4	6.0	2.0	-2.0	4.0
CPI (Average)	%	6.4	9.0	12.4	10.4	8.3	10.2	9.5	6.0	5.0	5.0
Money Supply	%	22.1	20.5	19.2	16.2	15.8	13.6	13.5	12.0	12.0	13.0
CRR	%	7.50	5.00	5.75	6.00	4.75	4.00	4.00	4.0	4.0	4.0
Repo rate	%	7.75	5.00	5.00	6.75	8.50	7.50	8.00	7.50	6.75	6.25-6.5
Reverse repo rate	%	6.00	3.50	3.50	5.75	7.50	6.50	7.00	6.50	5.75	5.25-5.5
Bank Deposit growth	%	22.4	19.9	17.2	15.9	13.5	14.4	14.6	11.4	12.0	13.5
Bank Credit growth	%	22.3	17.5	16.9	21.5	17.0	15.0	14.3	9.5	10.0	12.0
Centre Fiscal Deficit	Rs Bn	1437	3370	4140	3736	5160	5209	5245	5107	5351	5339
Centre Fiscal Deficit	% of GDP	2.9	6.0	6.4	4.8	5.7	5.2	4.6	4.1	3.9	3.5
Gross Central Govt Borrowings	Rs Bn	1681	2730	4510	4370	5098	5580	5641	5920	5850	6000
Net Central Govt Borrowings	Rs Bn	1318	2336	3984	3254	4362	4674	4536	4531	4406	4252
State Fiscal Deficit	% of GDP	1.5	2.4	2.9	2.1	1.9	2.0	2.5	2.4	2.0	1.5
Consolidted Fiscal Deficit	% of GDP	4.4	8.4	9.3	6.9	7.6	6.9	7.1	6.6	5.9	5.0
Exports	US$ Bn	166.2	189.0	182.4	251.1	309.8	306.6	318.6	316.7	270.0	283.5
YoY Growth	%	28.9	13.7	-3.5	37.6	23.4	-1.0	3.9	-0.6	-14.8	5.0
Imports	US$ Bn	257.6	308.5	300.6	381.1	499.5	502.2	466.2	460.9	406.0	428.3
YoY Growth	%	35.1	19.7	-2.5	26.7	31.1	0.5	-7.2	-1.1	-11.9	5.5
Trade Balance	US$ Bn	-91.5	-119.5	-118.2	-129.9	-189.8	-195.6	-147.6	-144.2	-136.0	-144.8
Net Invisibles	US$ Bn	75.7	91.6	80.0	84.6	111.604	107.5	115.2	116.2	118.8	121.1
Current Account Deficit	US$ Bn	-15.7	-27.9	-38.2	-45.3	-78.2	-88.2	-32.4	-27.9	-17.2	-23.7
CAD (% of GDP)	%	-1.3	-2.3	-2.8	-2.6	-4.2	-4.7	-1.7	-1.4	-0.8	-1.0
Capital Account Balance	US$ Bn	106.6	7.8	51.6	62.0	67.8	89.3	48.8	90.0	50.4	75.5
Dollar-Rupee (Average)		40.3	45.8	47.4	45.6	47.9	54.4	60.5	61.2	65.0	67.0

Source: RBI, CSO, CGA, Ministry of Agriculture, Ministry of commerce, Bloomberg, PhillipCapital India Research

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Chambal Fertilisers	Agri Inputs	56	23,097	106,626	105,340	8,258	8,387	3,619	3,692	9	9	36.9	2.0	6.3	6.2	0.9	0.8	6.5	6.1	14.4	13.3	6.9	6.9
Zuari Agrochemicals	Agri Inputs	131	5,510	51,046	54,930	2,470	3,230	181	828	4	20	-66.8	358.3	30.5	6.7	0.7	0.6	10.7	7.6	2.2	9.5	0.6	2.7
Rallis India	Agri Inputs	163	31,630	16,417	18,660	2,433	2,934	1,323	1,638	7	8	-15.9	23.8	23.9	19.3	3.5	3.2	13.4	10.9	14.7	16.4	13.3	15.1
Tata Chemicals Ltd	Agri Inputs	349	88,961	181,331	190,743	23,766	26,245	8,950	10,284	35	40	11.8	14.9	9.9	8.7	1.5	1.3	6.4	5.6	14.6	15.1	8.4	9.2
Kaveri Seeds	Agri Inputs	397	27,422	9,247	11,136	2,080	2,784	1,990	2,842	29	41	-33.9	42.8	13.7	9.6	3.0	2.5	12.2	8.7	22.1	25.7	23.4	27.5
United Phosphorus	Agri Inputs	440	188,693	128,903	141,881	25,315	27,296	11,375	13,489	27	31	-3.3	18.6	16.6	14.0	3.0	2.6	8.2	7.6	18.5	19.8	16.0	16.1
Monsanto India	Agri Inputs	1,785	30,814	4,943	5,764	890	1,043	790	956	46	55	-26.9	21.0	39.0	32.2	8.1	8.2	33.8	28.8	20.6	25.3	17.9	19.8
PI Industries	Agri Inputs	572	78,430	22,849	27,361	4,477	5,355	2,871	3,637	21	27	16.7	26.7	27.2	21.5	6.9	5.4	17.2	14.0	25.3	25.3	26.1	26.0
Coromandel Intern	Agri Inputs	173	50,398	98,386	105,672	7,489	9,763	3,371	4,966	12	17	-16.8	47.3	14.9	10.1	1.8	1.6	8.2	5.9	12.0	16.1	13.7	17.2
Tata Motors	Automobiles	368	1,195,946	2,582,235	2,766,233	385,505	456,242	119,825	158,535	37	49	-14.9	32.3	9.9	7.5	1.7	1.4	4.6	3.9	17.4	18.7	8.2	9.4
Bharat Forge	Automobiles	810	188,622	75,839	85,114	15,970	17,919	8,556	10,428	37	45	19.2	21.9	22.1	18.1	4.6	3.9	12.5	10.8	21.0	21.4	15.4	17.3
Mahindra & Mahindra	Automobiles	1,211	751,832	383,840	426,543	52,586	59,716	33,776	39,069	57	66	9.4	15.7	21.2	18.3	3.2	2.9	14.5	12.5	15.2	15.6	12.9	13.8
Ashok Leyland	Automobiles	97	276,619	175,338	212,276	19,077	23,825	8,908	12,375	3	4	280.9	38.9	31.1	22.4	4.7	4.0	15.0	11.8	15.3	17.9	12.7	15.5
Apollo Tyres	Automobiles	171	87,170	118,404	118,681	19,241	18,752	10,269	9,107	20	18	-3.1	-11.3	8.5	9.6	1.4	1.3	4.8	5.3	18.6	14.1	15.8	12.3
Maruti Suzuki	Automobiles	3,669	1,108,332	557,984	678,681	89,875	107,652	47,990	67,041	159	222	29.3	39.7	23.1	16.5	4.0	3.3	12.3	10.0	17.3	20.0	17.4	20.6
Mahindra CIE	Automobiles	178	57,635	60,664	68,334	7,519	9,345	3,171	4,607	10	14	32.9	45.3	18.2	12.5	2.6	2.2	9.2	6.9	14.3	17.7	10.5	14.5
Bajaj Auto	Automobiles	2,317	670,449	224,979	278,066	48,131	59,019	37,355	43,542	129	150	18.4	16.6	18.0	15.4	5.2	4.3	13.6	10.8	29.1	28.2	26.6	26.5
Hero MotoCorp	Automobiles	2,808	560,742	283,477	317,012	44,724	49,335	31,533	34,996	158	175	24.1	11.0	17.8	16.0	6.9	5.8	12.5	11.3	38.9	36.1	38.7	36.0
Cummins India	Capital Goods	840	232,848	48,074	56,014	8,184	10,074	7,992	9,102	29	33	14.9	13.9	29.1	25.6	7.3	6.6	28.4	23.0	25.1	25.7	21.6	22.7
Engineers India	Capital Goods	162	54,719	15,978	15,186	1,736	2,195	2,722	2,803	8	8	-17.6	3.0	20.1	19.5	2.0	2.0	17.4	14.3	10.1	10.1	10.2	10.3
Siemens	Capital Goods	1,036	368,887	103,609	112,998	8,137	10,259	6,169	8,582	17	24	73.7	39.1	59.8	43.0	7.8	7.1	42.2	32.6	13.0	16.6	10.6	13.6
Crompton Greaves	Capital Goods	155	97,334	127,703	142,459	6,220	8,709	1,486	3,578	2	6	-19.3	140.8	65.5	27.2	2.4	2.3	18.4	12.8	3.7	8.4	3.2	6.5
VA Tech Wabag	Capital Goods	526	28,668	28,942	33,622	2,388	2,883	1,225	1,483	23	27	9.6	21.0	23.3	19.3	2.9	2.6	11.5	9.8	12.3	13.4	9.8	10.6
Voltas	Capital Goods	252	83,251	55,468	58,401	3,326	4,615	2,711	3,690	8	11	-18.5	36.1	30.7	22.6	3.6	3.2	24.8	17.3	11.8	14.3	12.0	14.9
BHEL	Capital Goods	107	261,648	258,137	295,131	-10,904	15,208	-5,473	12,262	-2	5	n.a.	n.a.	-47.8	21.3	0.8	0.8	-10.7	9.6	-1.6	3.5	-1.2	2.8
Alstom T&D	Capital Goods	391	100,089	41,950	43,904	3,793	4,236	1,821	2,096	7	8	40.5	15.1	55.0	47.8	6.8	6.4	26.6	23.4	12.4	13.4	12.4	13.1

Note: For banks, EBITDA is pre-provision profit

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
ABB India	Capital Goods	1,139	241,374	81,403	92,625	7,125	8,633	2,999	3,885	14	18	15.8	29.6	80.5	62.1	8.0	7.5	33.9	27.9	10.0	12.1	9.5	11.0
Larsen & Toubro	Capital Goods	1,186	1,105,060	1,017,884	1,127,411	119,264	138,973	44,079	54,793	47	59	-0.2	24.3	25.2	20.3	2.5	2.3	17.4	14.9	10.0	11.4	4.4	4.9
KEC International	Capital Goods	116	29,809	87,242	93,074	6,769	7,531	1,807	2,290	7	9	59.4	26.7	16.5	13.0	2.0	1.8	7.6	6.6	12.2	13.8	9.5	10.3
Thermax	Capital Goods	763	90,857	54,828	51,416	4,676	4,543	2,825	2,720	24	23	21.0	-3.7	32.2	33.4	3.9	3.7	19.7	19.5	12.2	11.0	9.6	8.6
Inox Wind	Capital Goods	253	56,168	42,332	49,830	6,764	8,519	4,531	5,715	20	26	71.0	26.1	12.4	9.8	3.2	2.6	9.5	7.5	26.1	26.3	18.0	18.3
Alstom India	Capital Goods	605	40,700	23,144	n.a.	1,174	-26,159	918	-26,429	14	-393	-33.8	n.a.	44.3	-1.5	3.6	n.a.	24.8	-1.1	8.0		8.5	n.a.
Dalmia Bharat Ltd	Cement	725	58,938	65,288	80,830	13,495	20,020	1,308	5,202	15	59	n.a.	297.7	49.2	12.4	1.4	1.4	9.1	6.1	2.9	11.6	5.0	7.7
Shree Cement	Cement		397,562	60,803	88,591	14,340	25,234	5,323	11,146	204	320	66.5	57.1	56.0	35.7	6.9	6.0	27.0	14.9	12.4	16.7	11.8	17.1
Mangalam Cement	Cement	183	4,878	8,461	9,655	513	1,075	-187	220	-7	8	n.a.	n.a.	-26.0	22.2	1.0	0.9	20.2	9.1	-3.7	4.2	0.9	4.6
OCL India	Cement	408	23,193	25,121	29,245	4,144	5,573	1,878	3,025	33	53	38.2	61.0	12.4	7.7	1.7	1.4	5.7	3.7	13.5	18.7	11.1	16.5
JK Lakshmi Cement	Cement	287	33,818	25,754	32,671	4,009	5,450	705	1,904	6	16	-57.9	170.2	48.0	17.8	2.4	2.2	13.2	9.2	5.0	12.4	5.5	8.4
JK Cement	Cement	579	40,457	34,229	40,965	4,596	6,598	638	1,910	9	27	-48.9	199.5	63.5	21.2	2.4	2.2	14.7	10.1	3.8	10.6	4.6	6.9
HeidelbergCement	Cement	74	16,724	18,151	20,061	2,156	2,962	362	989	2	4	n.a.	173.3	46.2	16.9	1.8	1.7	11.8	7.9	4.0	9.8	4.2	6.8
India Cement	Cement	76	23,223	58,814	65,319	8,224	9,926	966	2,430	3	8	n.a.	151.7	24.1	9.6	0.6	0.6	6.2	4.7	2.7	6.0	4.6	6.4
Ambuja Cement	Cement	205	317,829	217,573	257,518	28,955	41,401	13,506	18,531	7	9	-29.3	37.2	30.1	21.9	2.2	2.1	10.3	7.1	7.2	9.5	10.4	10.7
ACC	Cement	1,237	232,147	114,328	126,246	11,730	15,917	7,520	9,415	40	50	-35.3	25.2	30.9	24.7	2.8	2.7	18.7	14.0	8.9	10.8	8.1	9.7
Ultratech Cement	Cement	3,003	824,189	269,193	323,990	48,321	65,056	22,321	33,557	81	122	6.4	50.3	36.9	24.6	3.9	3.5	18.8	13.3	10.6	14.1	8.2	11.0
LIC Housing Finance	Financials	458	231,363	124,490	147,147	25,186	29,807	16,280	19,248	32	38	17.4	18.2	14.2	12.0	2.5	2.2	9.2	7.8	19.2	19.4	1.3	1.3
DCB Bank	Financials	76	21,546	6,208	7,681	3,553	3,210	1,623	1,298	6	5	-15.1	-20.0	13.2	16.5	1.4	1.3	6.1	6.7	10.0	7.4	0.9	0.6
Indusind Bank	Financials	924	549,781	44,382	56,026	41,529	51,525	23,347	29,163	39	46	14.1	18.3	23.9	20.2	3.2	2.8	13.2	10.7	16.9	15.7	1.9	3.2
Repco Home Finance	Financials	588	36,743	2,508	10,987	2,508	3,196	1,492	1,901	24	30	20.7	n.a.	24.7	19.4	3.9	0.1	14.6	14.9	17.0	18.4	2.2	2.2
Punjab National Bank	Financials	83	163,175	172,775	195,620	127,147	140,053	31,259	43,195	16	21	-3.9	31.7	5.2	4.0	0.5	0.5	1.3	1.2	7.9	9.8	0.5	0.6
Bank of India	Financials	95	76,888	117,803	132,038	70,150	80,841	-17,569	15,964	-21	17	-182.5	-178.1	-4.5	5.7	0.7	0.6	1.1	1.0	-6.3	5.5	-0.3	0.2
Corporation bank	Financials	42	42,791	43,339	49,453	33,140	37,381	9,026	11,653	22	26	28.4	15.1	1.9	1.6	0.1	0.1	1.3	1.1	8.0	9.0	0.4	0.5
Bank of Baroda	Financials	142	327,536	123,908	144,969	85,903	103,271	-15,488	35,224	10	17	-33.2	65.5	13.9	8.4	1.0	0.9	3.8	3.2	-4.0	8.9	-0.2	0.6
State Bank of India	Financials	184	1,426,798	761,480	865,203	504,778	504,629	126,779	145,077	24	28	4.2	15.1	7.7	6.7	1.0	0.9	2.8	2.8	7.3	7.6	0.4	0.7

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Union Bank	Financials	127	87,030	91,486	104,200	65,071	72,807	23,291	31,568	34	43	19.7	26.8	3.8	3.0	0.6	0.5	1.3	1.2	11.8	13.8	0.6	0.7
Canara Bank	Financials	187	101,268	91,757	99,117	69,458	71,508	10,027	14,946	48	65	-15.4	35.3	3.9	2.9	0.5	0.4	1.5	1.4	3.7	5.2	0.2	0.4
Indian Bank	Financials	103	49,422	48,014	56,438	33,385	38,546	11,319	15,260	22	28	5.3	28.6	4.7	3.6	0.5	0.4	1.5	1.3	8.6	10.4	0.6	1.0
Oriental Bank of Com	Financials	89	26,747	52,851	58,870	42,898	46,471	10,313	15,497	31	43	86.7	38.7	2.9	2.1	0.3	0.3	0.6	0.6	7.5	10.1	0.4	0.9
ICICI Bank	Financials	224	1,300,516	211,212	243,027	250,632	256,001	120,868	130,580	21	22	7.9	7.8	10.8	10.0	1.7	1.5	5.2	5.1	14.3	14.0	1.8	2.5
Shriram Transport Fin	Financials	938	212,816	50,117	58,103	36,904	43,284	13,587	14,911	60	66	9.8	9.7	15.7	14.3	93.8	93.8	5.8	4.9	13.9	13.5	2.1	2.0
Shriram City Union Fin	Financials	1,510	99,553	23,845	27,169	13,950	15,987	6,154	6,884	93	104	10.3	11.9	16.2	14.5	2.2	2.0	7.1	6.2	14.3	14.4	3.2	3.2
AXIS Bank	Financials	417	992,863	163,255	192,698	159,084	181,827	85,465	99,622	34	37	10.6	7.5	12.1	11.3	2.1	1.9	6.2	5.5	17.7	17.8	1.7	1.7
Cholamandalam Inves	Financials	670	104,615	20,710	24,084	12,220	14,700	5,304	7,224	34	46	12.5	36.2	19.7	14.4	2.9	2.4	8.6	7.1	15.6	18.2	2.1	2.4
HDFC Limited	Financials	1,138	1,796,961	311,386	353,656	100,235	114,400	69,114	79,030	32	38	17.4	-	35.3	29.9	5.1	4.5	17.9	15.7	21.0	21.1	2.6	2.6
Mahindra Finance	Financials	229	129,963	31,755	35,666	20,160	22,752	5,509	7,602	10	13	-33.8	38.0	23.4	17.0	2.2	2.0	6.4	5.7	9.5	12.3	1.5	1.9
HDFC Bank	Financials	1,026	2,592,277	274,149	324,937	223,351	263,567	124,109	147,056	50	59	21.5	18.5	20.7	17.5	3.7	3.2	11.6	9.8	18.6	19.1	1.9	3.0
SKS Microfinance	Financials	535	68,062	12,614	19,290	4,149	6,085	2,964	4,301	24	34	58.5	45.1	22.7	15.7	5.0	3.8	16.4	11.2	24.9	27.7	4.8	4.2
Andhra Bank	Financials	52	33,888	49,573	55,968	33,634	37,297	9,208	12,407	14	18	32.4	26.6	3.7	2.9	0.4	0.4	1.0	0.9	9.2	11.2	0.5	0.5
Indian Overseas Bank	Financials	28	47,413	73,446	n.a.	48,072	n.a.	11,896	n.a.	8	n.a.	72.2	n.a.	3.3	n.a.	0.4	n.a.	1.0	n.a.	7.1	-	0.3	-
Asian Paints	FMCG	901	864,237	151,051	172,681	27,732	32,997	17,910	21,074	19	22	25.9	17.7	48.3	41.0	15.4	13.0	31.1	25.8	31.9	31.6	32.6	31.9
Hindustan Unilever	FMCG	852	1,843,618	317,059	350,577	63,333	71,861	41,131	46,775	19	22	6.7	13.7	44.9	39.5	52.3	54.3	28.7	25.2	116.4	137.6	113.6	135.2
Bajaj Corp	FMCG	391	57,709	8,896	9,943	2,751	3,092	2,525	2,754	17	19	12.9	9.1	22.9	21.0	11.5	11.1	20.4	18.0	50.4	53.1	41.0	50.4
ITC	FMCG	321	2,577,066	360,415	394,483	143,426	159,741	96,533	107,593	12	13	5.1	11.5	26.6	23.8	7.4	6.4	17.2	15.3	27.7	27.1	23.6	23.7
Emami	FMCG	965	219,081	26,597	32,691	7,171	9,652	5,737	7,602	25	33	18.2	32.5	38.2	28.8	14.9	12.3	31.3	22.7	39.1	42.8	22.6	20.8
Nestle	FMCG	5,064	488,215	81,236	99,957	16,018	21,369	10,410	12,236	108	127	-12.2	17.5	46.9	39.9	20.1	19.2	30.0	22.4	42.8	48.0	39.5	49.1
Jubilant Foodworks	FMCG	1,164	76,529	24,320	28,923	2,730	3,564	1,081	1,502	17	23	-12.3	38.9	70.4	50.7	9.8	8.2	28.2	21.5	13.9	16.2	14.3	17.0
Marico Industries	FMCG	249	320,866	61,279	67,287	10,714	12,741	7,235	8,663	6	7	29.9	19.7	44.3	37.0	14.1	11.5	29.7	24.6	31.8	31.0	28.7	28.8
Colgate	FMCG	838	227,992	40,943	45,004	9,477	11,306	6,225	7,152	23	26	11.4	14.9	36.6	31.9	27.1	24.5	23.7	19.8	73.9	76.9	77.2	80.7
Agro Tech Foods	FMCG	483	11,770	7,790	8,304	623	760	304	392	12	16	-18.5	29.2	38.8	30.0	3.5	3.2	18.7	15.0	9.0	10.5	9.1	10.8
Dabur India Ltd	FMCG	251	441,456	83,780	95,353	15,307	17,658	12,674	14,537	7	8	18.9	14.7	34.8	30.3	10.8	9.0	28.7	24.5	31.0	29.7	28.5	27.9

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Godrej Consumer Prod	FMCG	1,274	433,840	89,448	98,878	16,194	18,289	11,313	12,983	33	38	24.4	14.8	38.3	33.4	8.4	7.1	27.4	23.6	22.0	21.3	16.8	17.4
Britannia	FMCG	2,807	336,742	86,929	99,112	11,999	14,567	8,528	10,411	71	87	57.2	22.1	39.5	32.3	18.6	13.5	28.1	22.6	47.1	41.8	50.0	45.2
Apcotex Industries	FMCG	204	4,230	3,940	4,857	491	685	338	440	32	42	37.2	30.0	6.3	4.8	1.7	1.4	8.1	6.1	27.6	28.7	27.1	29.0
Glaxo Smithkline Con	FMCG	5,633	236,918	42,891	46,973	7,104	7,953	7,023	7,970	167	190	20.4	13.5	33.7	29.7	9.5	8.3	30.6	26.6	28.2	27.8	30.3	29.6
J Kumar Infraprojects	Infrastructure	310	23,456	14,775	18,469	2,719	3,371	1,154	1,614	15	21	4.2	39.8	20.3	14.5	1.8	1.6	8.4	7.3	11.1	11.8	10.8	11.4
PNC Infratech Ltd	Infrastructure	489	25,107	19,512	23,415	2,576	3,091	1,264	1,640	25	32	-2.3	29.8	19.9	15.3	2.0	1.8	10.1	8.7	12.7	12.2	11.6	11.3
GMR Infrastructure	Infrastructure	11	69,112	108,828	94,388	46,076	33,267	-16,983	-28,985	-3	-5	-46.1	70.7	-3.7	-2.2	0.9	1.6	11.0	14.6	-24.9	-73.7	2.2	-0.6
GVK Power	Infrastructure	7	10,770	29,885	48,605	18,897	28,264	-6,809	-3,136	-4	-2	33.8	-53.9	-1.6	-3.4	0.7	0.7	12.7	8.4	-45.7	-21.7	1.2	3.4
MBL Infrastructures Ltd	Infrastructure	138	5,706	21,433	24,648	2,358	2,711	705	783	17	19	-56.0	11.1	8.1	7.3	0.8	0.7	5.5	5.5	10.4	10.5	9.9	9.9
KNR Construction	Infrastructure	510	14,344	10,076	12,594	1,511	1,889	1,160	1,124	41	40	58.9	-3.1	12.4	12.8	2.1	1.8	9.7	7.8	18.5	15.3	17.4	14.6
NCC	Infrastructure	69	38,165	79,658	83,644	7,129	7,737	2,177	3,003	4	5	94.8	37.9	17.5	12.7	1.1	1.0	7.9	6.9	6.4	8.1	10.0	10.4
ITD Cementation	Infrastructure	106	16,509	36,304	41,750	3,086	3,966	1,016	1,532	7	10	957.1	50.8	16.3	10.8	2.8	2.2	8.0	6.4	17.2	20.6	14.1	15.8
Ashoka Buildcon	Infrastructure	186	34,810	26,758	33,201	7,950	10,989	963	1,393	5	7	0.3	44.5	36.1	25.0	1.8	1.7	9.6	6.9	5.0	6.7	4.5	6.1
Adani Ports & SEZ	Infrastructure	232	480,668	70,310	86,162	47,201	58,344	26,419	36,357	13	18	14.0	37.6	18.2	13.2	3.6	2.9	13.8	11.0	20.1	22.0	12.0	13.7
IRB Infrastructure	Infrastructure	234	82,187	49,104	55,492	26,355	31,495	5,904	6,378	17	18	2.8	8.0	13.9	12.9	1.6	1.3	8.3	7.5	11.2	10.1	3.2	3.5
Mindtree Ltd	IT Services	654	109,699	46,226	54,618	8,591	10,911	6,316	7,872	75	94	17.5	24.6	8.7	7.0	2.2	1.8	12.4	9.3	25.6	25.7	27.7	28.1
Wipro	IT Services	537	1,325,738	505,332	536,194	111,017	110,651	90,562	94,876	37	39	4.9	4.8	14.6	13.9	2.8	2.5	10.8	10.4	19.4	18.0	19.6	18.1
NIIT Technologies	IT Services	474	28,987	26,810	29,197	4,749	5,010	2,788	3,010	46	50	144.6	8.0	10.3	9.5	1.8	1.6	5.9	5.0	17.7	16.7	17.9	16.3
Infosys Technologies	IT Services	1,148	2,645,387	617,781	685,081	170,127	191,592	135,486	152,489	59	67	9.9	12.5	19.4	17.2	4.6	4.1	13.4	11.6	23.9	23.9	24.3	25.3
Tata Consultancy	IT Services	2,338	4,605,875	1,078,943	1,179,978	305,586	321,833	242,275	262,189	123	133	23.0	8.2	18.9	17.5	6.7	5.6	14.9	14.1	35.6	31.9	37.2	33.9
HCL Technologies	IT Services	813	1,146,080	424,181	471,306	93,035	104,790	73,388	84,233	52	60	1.0	14.8	15.6	13.6	4.0	3.4	12.3	10.8	25.6	25.2	26.0	26.1
Persistent Systems	IT Services	607	48,596	22,282	24,556	4,210	4,605	2,939	3,350	37	42	1.1	14.0	16.5	14.5	3.0	2.6	11.3	10.1	18.0	17.7	17.2	17.2
KPIT Technologies	IT Services	143	28,331	31,923	33,475	4,241	4,503	2,700	2,822	14	15	12.1	4.5	10.2	9.7	1.8	1.5	6.7	5.9	17.3	15.5	15.8	15.2
Tech Mahindra	IT Services	469	453,508	264,235	287,452	42,012	47,890	28,296	31,128	29	32	5.9	10.0	15.9	14.5	2.9	2.5	10.2	8.5	18.1	17.3	18.7	17.9
Zee Entertainment	Media	396	380,434	59,367	69,706	15,545	20,346	9,985	13,143	10	14	2.1	31.6	38.1	28.9	7.0	6.3	23.6	17.7	18.4	21.7	20.8	23.5
DB Corp Limited	Media	311	57,152	20,865	23,653	5,978	7,183	3,378	4,408	18	24	6.8	30.5	16.9	13.0	3.9	3.4	9.4	7.5	23.3	26.6	20.6	24.0

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Jagran Prakashan	Media	149	48,710	20,941	23,558	5,991	6,960	3,242	4,109	10	13	41.1	26.7	14.6	11.5	2.9	2.4	8.4	6.7	19.8	21.2	16.3	16.1
HT Media	Media	81	18,841	24,898	27,363	3,077	4,074	1,692	2,431	7	10	-5.9	43.7	11.1	7.8	0.9	0.8	7.2	4.7	7.8	9.9	9.0	11.0
Dish TV	Media	81	85,959	30,925	35,240	9,889	11,321	2,414	3,904	2	4	n.a.	61.8	35.6	22.0	-119.3	27.0	9.6	8.1	-335.1	122.6	671.4	87.1
Hindustan Media Vent	Media	257	18,826	9,119	10,193	2,179	2,605	1,747	2,080	24	28	24.2	19.1	10.8	9.0	2.1	1.7	8.3	6.2	19.3	18.9	22.0	21.4
Eros International	Media	161	15,025	18,247	20,035	4,447	5,265	3,190	3,694	34	40	29.1	15.8	4.7	4.0	0.8	0.7	4.1	3.3	17.8	17.3	13.9	14.0
NALCO	Metals	39	101,028	64,688	67,074	7,987	8,334	6,775	7,150	3	3	-67.1	5.5	14.9	14.1	0.8	0.8	6.3	7.1	5.2	5.5	4.7	4.9
SAIL	Metals	42	175,116	372,349	439,027	-22,098	19,294	-31,364	-13,846	-8	-3	-243.8	-55.9	-5.6	-12.6	0.4	0.4	-22.1	26.6	-7.8	-3.6	-2.3	0.1
Tata Steel	Metals	295	286,606	1,236,774	1,324,421	64,736	143,892	3,150	32,223	3	33	n.a.	922.9	91.0	8.9	1.0	0.9	16.1	7.0	1.0	10.0	1.9	4.6
Vedanta Ltd	Metals	88	261,190	626,550	692,821	156,308	176,309	30,793	45,927	8	12	-62.1	49.1	10.6	7.1	0.5	0.5	6.6	5.9	4.7	6.8	5.3	5.8
JSW Steel	Metals	1,185	286,404	428,642	544,923	62,073	116,228	930	34,716	4	144	-95.0	n.a.	307.9	8.2	1.4	1.2	11.2	5.7	0.5	14.9	-0.1	8.1
Hindustan Zinc	Metals	172	726,332	138,571	137,004	66,403	63,998	74,829	71,705	18	17	-8.5	-4.2	9.7	10.1	1.5	1.4	5.7	5.4	15.7	13.9	15.1	13.3
Jindal Steel & Power	Metals	61	55,352	205,664	230,731	41,477	51,159	-18,148	-10,757	-20	-12	-386.5	-40.7	-3.0	-5.1	0.3	0.3	11.1	8.7	-8.6	-5.4	3.2	1.3
Hindalco Inds	Metals	85	174,801	1,004,752	1,055,956	86,301	106,340	-4,399	8,081	-2	4	-115.7	-283.7	-39.7	21.6	0.5	0.5	9.0	7.0	-1.2	2.1	2.3	3.4
Indraprastha Gas	Oil & Gas	518	72,499	37,007	32,238	7,797	7,971	4,241	4,463	31	32	-0.3	2.3	16.6	16.2	3.0	2.6	9.2	8.8	18.0	16.2	14.9	14.1
Petronet LNG	Oil & Gas	249	186,450	281,150	272,419	17,250	20,993	10,777	10,919	14	15	22.1	1.3	17.3	17.1	2.9	2.6	11.8	9.7	16.9	15.2	10.0	10.2
Gujarat State Petronet	Oil & Gas	125	70,446	10,252	12,500	8,866	11,003	4,525	6,087	8	11	10.3	34.5	15.6	11.6	1.8	1.6	8.4	6.4	11.4	13.6	9.2	11.2
GUJARAT GAS LTD	Oil & Gas	503	69,183	59,933	55,787	7,301	9,779	1,686	3,966	12	29	-62.1	135.2	41.0	17.4	3.3	2.9	12.4	9.3	8.1	16.6	5.6	9.3
Cadila Healthcare	Pharma	345	353,242	95,789	103,242	22,747	24,139	14,723	16,509	14	16	24.8	12.1	24.0	21.4	6.4	5.1	16.1	15.0	26.9	24.0	19.4	19.5
Sun Pharma	Pharma	852	2,050,482	283,181	337,829	85,153	120,653	52,444	80,656	22	34	9.8	53.8	39.1	25.4	6.9	5.6	23.4	16.0	17.7	21.8	14.5	18.6
Dr Reddy's Labs.	Pharma	3,218	548,775	157,409	167,520	41,556	44,728	25,296	28,738	148	169	10.9	13.6	21.7	19.1	4.1	3.4	13.6	12.3	18.8	18.1	13.1	13.0
Aurobindo Pharma	Pharma	727	424,988	140,096	158,073	32,418	38,570	20,305	24,219	35	42	23.6	19.3	20.8	17.5	5.9	4.5	14.4	11.8	28.3	25.7	25.4	26.7
Cipla Ltd	Pharma	532	427,395	14,118	17,896	2,958	3,454	1,835	2,040	23	25	44.2	11.2	23.3	20.9	3.4	2.9	144.9	124.2	15.0	14.5	-	-
Ipca Laboratories	Pharma	544	68,637	28,663	37,896	4,152	8,079	1,731	4,786	14	38	-35.3	176.5	39.4	14.2	2.9	2.4	18.0	9.3	7.3	17.2	5.5	13.0
Divi's Laboratories	Pharma	1,001	265,840	35,701	41,757	13,584	16,076	10,086	11,935	38	45	17.0	18.3	26.4	22.3	6.4	5.3	19.6	16.5	24.1	23.6	-	-
Glenmark Pharma	Pharma	830	234,191	73,190	86,822	16,473	20,148	8,555	11,638	30	41	10.3	36.0	27.4	20.1	4.9	4.0	15.1	12.1	18.1	20.0	12.8	14.7
Lupin	Pharma	1,776	800,147	130,195	163,081	33,541	46,025	21,128	29,307	47	65	-12.1	38.7	37.8	27.2	7.5	6.1	23.6	16.8	19.9	22.3	19.9	-

PhillipCapital India Coverage Universe: **Valuation Summary**

		CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
Name of company	Sector	Rs	Rs mn	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Biocon	Pharma	483	96,540	33,578	38,674	7,894	9,609	4,537	5,536	23	28	10.1	22.0	21.3	17.4	2.4	2.2	11.4	9.2	11.4	12.6	11.0	-
Titan Company	Retail	343	304,688	119,074	140,492	11,172	13,276	7,991	9,735	9	11	-2.1	21.8	38.1	31.3	8.4	6.9	26.2	21.0	23.6	24.3	24.6	25.3
Bharti Airtel	Telecom	340	1,359,716	982,624	1,065,703	326,641	354,885	51,089	64,256	13	16	-14.6	25.8	26.6	21.2	1.9	1.6	7.8	6.8	7.0	7.4	5.1	5.0
Idea Cellular	Telecom	101	362,747	357,974	390,485	129,395	137,572	34,969	17,126	10	5	9.5	-51.0	10.4	21.1	1.4	1.3	6.5	5.9	13.2	6.1	7.0	4.5
Tata Communications	Telecom	364	103,612	210,530	223,195	33,285	36,087	1,714	2,674	6	9	60.9	56.0	60.5	38.7	17.1	15.0	5.1	4.5	28.3	38.8	4.9	5.6
Bharti Infratel	Telecom	374	710,112	78,669	85,457	53,624	59,588	22,199	26,226	12	14	11.5	18.1	31.9	27.0	4.4	4.5	13.3	11.9	13.7	16.8	10.4	11.9
Reliance Comm	Telecom	52	130,049	234,448	n.a.	82,810	n.a.	14,143	n.a.	7	n.a.	47.7	n.a.	7.6	n.a.	0.4	n.a.	5.2	n.a.	4.8	-	4.2	-
Coal India	Utilities	298	1,880,382	773,545	880,021	163,466	198,241	145,174	166,590	23	26	5.8	14.8	13.0	11.3	4.1	3.5	8.2	6.3	31.4	31.4	33.2	33.2
PTC India	Utilities	63	18,634	137,014	181,612	10,802	13,079	3,126	3,371	11	11	-12.1	7.8	5.9	5.5	0.6	0.5	7.5	7.0	9.5	9.6	9.8	7.7
Power Grid Corp	Utilities	139	726,668	207,959	253,694	183,327	225,368	62,888	75,359	12	14	25.1	19.8	11.6	9.6	1.7	1.5	9.7	8.3	15.5	16.5	6.2	6.7
NTPC	Utilities	127	1,046,349	725,044	798,674	177,772	198,808	85,711	97,729	10	12	2.0	14.0	12.2	10.7	1.2	1.1	10.2	10.0	9.8	10.4	6.1	6.2
Havells India Ltd	Midcap	294	183,816	52,986	62,975	7,110	8,470	3,547	6,023	6	10	-23.7	69.8	51.8	30.5	6.9	6.4	23.8	19.7	13.4	21.0	12.3	19.1
Finolex Cables Ltd	Midcap	232	35,551	24,029	28,031	3,112	3,802	2,168	2,564	14	17	23.1	18.3	16.4	13.9	n.a.	n.a.	10.7	8.3	15.0	15.6	15.2	15.7
VGuard Industries Ltd	Midcap	842	25,318	19,436	23,087	1,535	1,921	902	1,142	30	38	27.5	26.6	28.0	22.1	n.a.	n.a.	16.6	13.0	20.0	20.9	18.9	20.7
Bajaj Electricals Ltd	Midcap	195	19,705	47,064	52,624	2,641	3,166	906	1,242	9	12	-749.0	37.1	21.7	15.8	n.a.	n.a.	10.3	8.6	11.9	14.3	10.0	11.4
Allcargo Logistics	Midcap	159	40,071	63,634	72,953	5,762	7,150	2,966	3,772	12	15	23.7	27.2	13.5	10.6	1.9	1.6	7.4	5.5	13.8	15.4	11.8	13.5
VRL Logistics Ltd	Midcap	368	33,582	17,215	19,077	2,851	3,248	1,166	1,454	13	16	33.1	24.8	28.8	23.1	n.a.	n.a.	12.7	10.9	21.7	23.8	15.1	17.6
Container Corp Of India	Midcap	1,148	223,840	57,711	67,724	12,015	14,912	8,856	10,859	45	56	-15.5	22.6	25.3	20.6	2.7	2.4	16.6	13.3	10.5	11.8	10.4	11.7
Sintex Industries	Midcap	71	31,839	79,036	101,178	13,531	17,824	6,156	8,252	14	19	11.8	34.1	5.2	3.9	n.a.	n.a.	6.3	4.8	11.7	13.7	7.3	8.7
KDDL	Midcap	192	1,934	4,924	6,148	477	641	112	193	11	19	64.0	72.9	17.3	10.0	n.a.	n.a.	6.7	5.2	19.0	26.6	9.9	12.3
Pennar Inds.	Midcap	44	5,295	15,098	19,470	1,593	2,235	517	835	4	7	44.0	61.6	10.2	6.3	1.1	1.0	3.9	2.8	11.0	15.6	15.7	19.1
Praj Inds.	Midcap	84	14,903	10,833	13,920	1,128	1,803	696	1,150	4	6	52.5	65.1	21.3	12.9	2.3	2.1	12.2	7.3	10.8	16.5	8.9	13.9
The Byke Hospitality	Midcap	155	6,231	2,137	2,761	449	580	241	329	6	8	20.3	36.7	25.9	18.9	#N/A	#N/A	13.8	10.5	20.6	23.0	19.3	22.5

Note: For banks, EBITDA is pre-provision profit

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