

25th Nov 2015**PANASONIC CARBON INDIA CO.LTD.**

Panasonic Carbon India Co. Limited is an India-based company engaged in the manufacture of midget electrodes. The Company offers midget electrodes as a component of dry cell batteries. It manufactures over 40 sizes and six grades of carbon rods. The Company's product categories include UM-1(R-20/D size), UM-2(R-14/C size), UM-3(R-6/AA size), UM-4(R-03/AAA size) and special size carbon rods. The Company operates a manufacturing plant/factory in Nellore District, Andhra Pradesh. The Company is a subsidiary of Panasonic Corporation. The Company exports its products to Panasonic Corporation's factories located in Poland, Peru, Thailand, Indonesia and China, and other customers in African countries.

52 WK LOW/HIGH: Rs. 210.00 / 759.50

Brief Highlight**Standalone**

MARKET CAP (RS CR)	269.04	EPS (TTM)	24.20
P/E	23.16	P/C	21.93
BOOK VALUE (RS)	137.93	PRICE/BOOK	4.06
DIV (%)	80.00%	DIV YIELD.(%)	1.43%
MARKET LOT	1	FACE VALUE (RS)	10.00
INDUSTRY P/E	18.45	DELIVERABLES (%)	53.87 new

* Note - Trailing EPS is displayed only when latest 4 quarter results are available.

Source: <http://www.moneycontrol.com/>

1 Year Price/Volume:

Source: <http://www.bseindia.com/>

Financials Highlight:

(Annual Results Consolidated Figures in Rs. Crores)

Operating Performance								
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	TTM	Mar-16	Mar-17
Sales	22.38	22.12	35.16	34.89	41.32	46.36	47.10	54.64
Growth YoY (%)		-1.2%	59.0%	-0.8%	18.4%	12.2%	14.0%	16.0%
Expenses	18.36	21.07	30.19	29.48	32.23	34.44		
Operating Profit	4.02	1.05	4.97	5.41	9.09	18.44		
Other Income	3.57	5.24	5.24	5.37	5.61	5.80		
Interest	0.02	0.02	0.05	0.04	0.05	-		
Depreciation	0.51	0.44	0.40	0.38	0.65	0.52		
Profit before tax	7.06	5.83	9.74	10.37	14.01	17.92		
Tax	2.36	1.90	3.21	3.53	4.87	6.30		
Net Profit	4.7	3.93	6.54	6.85	9.14	11.62	11.31	13.11
Growth YoY (%)		-16.4%	66.4%	4.7%	33.4%	27.1%	23.7%	16.0%
EPS (unadj)	8.65	7.06	12.43	13.07	17.42			
Dividend Payout	-	-	-	-	-			
Cash Flows								
Cash from Operating Activity	2.58	(1.87)	2.60	19.35	24.29			
Cash from Investing Activity	3.47	4.16	5.32	5.48	5.68			
Cash from Financing Activity	(3.92)	(3.91)	(3.90)	3.93	3.93			
Net Cash Flow	0.13	(1.62)	4.02	28.76	33.90			
Ratio Analysis								
Operating Profit Margin(%)	17.96	4.75	14.14	15.51	22.00	39.64		
Net Profit Margin(%)	20.98	17.77	18.58	19.62	22.12	25.06	24.0%	24.0%
Return On Capital Employed(%)	-	-	-	-	-	-		
Return On Net Worth(%)	8.30	8.29	11.09	11.07	13.80			
Long Term Debt Equity Ratio	-	-	-	-	-	-		
Inventory Turnover Ratio	18.15	8.30	15.11	14.68	17.88			
Fixed Assets Turnover Ratio	-	-	-	-	-			
PE						23.15	25	25
EPS						24.21	23.55	27.32
CMP						560.5	589	683
No of Share Outstanding						4,800,000		

Short Term to Medium Term Target			
Script:	BSE Code:	CMP:	Target Price (BUY):
PANASONIC CARBON INDIA CO.LTD	508941	560.50	683

Analysis & View:

- PE (23.16) is greater than Industry PE (18.45) – However Possibilities of further expansion in PE due to better performance in results
- Operating profit margin has been increasing in last 3 yrs – Continuous increasing OPM is a GOOD sign
- Net profit margin has been increasing in last 3 yrs – Continuous increasing NPM is a GOOD sign
- Increasing Return on Equity is a GOOD sign
- Virtually Debt Free is a GOOD sign
- increasing Inventory Turnover Ratio is a GOOD sign
- Increase in Sales and Profit in last year

As the company has better performance during the last year compared to previous year and also have a good performance over the 1st half of the current year FY16, we have a BUY recommendation expecting the growth rate will intact over the next two years and expect a target price of Rs. 683 for a short to medium period.