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India Research



Sector: Textiles

Welspun India Ltd. (WLSP.BO/WLSI.IN)

BUY Tgt Price- Rs125 (26% Upside)

CMP- Rs. 99 (April 26, 2016), Mkt Cap: Rs. 99.46 bn (\$1.49 bn)

Volume improved 19% Y-o-Y during Q4FY16 due to capacity ramp-up

Share of VAP and retail sales increased and likely to improve

Stock's valuation appears inexpensive with P/E trading 9.6x FY18 Earnings and EV/EBITDA of 6x FY18 EBITDA

April 26, 2016

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Research Contact: Head of Research & Chief Strategist, Devina Mehra

Email: devina.mehra@fglobal.com

Global Dealing Desk: Tel. No: +91-22-400 12 440

Email: indiasales@fglobal.com

fgasiasales@bloomberg.net

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Financial Snapshot - Consolidated

Key Financials									
YE Mar 31 (Rs. mn)	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	
Total Revenues	21,132	32,205	36,473	43,730	53,025	59,795	68,622	79,991	
<i>Revenue Growth (Y-o-Y)</i>	<i>9.1%</i>	<i>52.4%</i>	<i>13.3%</i>	<i>19.9%</i>	<i>21.3%</i>	<i>12.8%</i>	<i>14.8%</i>	<i>16.6%</i>	
EBIDTA	2,312	3,662	5,946	9,211	12,742	15,575	17,335	20,116	
<i>EBIDTA Growth (Y-o-Y)</i>	<i>(18.7%)</i>	<i>58.4%</i>	<i>62.4%</i>	<i>54.9%</i>	<i>38.3%</i>	<i>22.2%</i>	<i>11.3%</i>	<i>16.0%</i>	
Net Profit	14	(134)	2,248	4,941	5,398	7,029	8,282	10,399	
<i>Net Profit Growth (Y-o-Y)</i>	<i>(99.1%)</i>	<i>(1053.8%)</i>	<i>(1781.3%)</i>	<i>119.8%</i>	<i>9.2%</i>	<i>30.2%</i>	<i>17.8%</i>	<i>25.6%</i>	
Net Profit Excl. extra-ordinaries	14	(484)	2,272	4,941	5,398	7,029	8,282	10,399	
<i>Net Profit Growth Excl. extra-ordinaries (Y-o-Y)</i>	<i>(99.1%)</i>	<i>(3549.8%)</i>	<i>(569.7%)</i>	<i>117.5%</i>	<i>9.2%</i>	<i>30.2%</i>	<i>17.8%</i>	<i>25.6%</i>	
Shareholders Equity	6,690	7,428	9,902	11,097	14,318	19,877	25,806	33,609	
Number of Diluted shares (mn)	886	995	1,001	1,002	1,005	1,005	1,005	1,005	
Key Operating Ratios									
YE Mar 31	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	
Diluted EPS (Rs.)	0.0	(0.1)	2.2	0.9	5.4	7.0	8.2	10.4	
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>-99.3%</i>	<i>-949.7%</i>	<i>-1770.8%</i>	<i>-59.3%</i>	<i>487.3%</i>	<i>30.2%</i>	<i>17.8%</i>	<i>25.6%</i>	
Diluted EPS Excl. extra-ordinaries (Rs.)	0.0	(0.5)	2.3	0.9	5.4	7.0	8.2	10.4	
<i>Diluted EPS Excl. extra-ordinaries Growth (Y-o-Y)</i>	<i>-99.3%</i>	<i>-3173.3%</i>	<i>-566.7%</i>	<i>-59.7%</i>	<i>487.3%</i>	<i>30.2%</i>	<i>17.8%</i>	<i>25.6%</i>	
CEPS Excl. extra-ordinaries (Rs.)	1.4	0.9	3.7	7.8	8.7	10.7	12.3	14.6	
EBIDTA (%)	10.9%	11.4%	16.3%	21.1%	24.0%	26.0%	25.3%	25.1%	
NPM (%)	0.1%	-1.5%	6.2%	2.1%	10.2%	11.8%	12.1%	13.0%	
Tax/PBT (%)	92.6%	638.3%	24.6%	19.2%	27.7%	31.1%	31.1%	31.1%	
RoE (%)	0.2%	-6.9%	25.6%	8.6%	40.5%	39.1%	34.7%	33.5%	
RoCE (%)	0.4%	-39.5%	12.2%	7.5%	16.5%	18.2%	19.1%	21.1%	
Return on Operating Assets (%)	0.4%	5.6%	12.8%	5.8%	17.4%	19.1%	19.5%	21.5%	
Book Value Per share (Rs.)	7.5	7.5	9.9	11.1	14.3	19.8	25.7	33.5	
Debt/Equity (x)	2.6	2.6	2.0	2.7	2.2	1.3	0.9	0.6	
Dividend Payout Ratio (%)	129.8%	0.0%	19.6%	38.8%	23.5%	25.0%	25.0%	25.0%	
Free Cash Flow Analysis									
YE Mar 31 (Rs. mn)	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	
Operating Cash Flow	1,463	1,888	2,193	4,627	9,385	15,331	11,047	11,328	
Capex	1,640	2,243	1,295	8,812	5,608	11,136	6,067	4,500	
Investments - Strategic	-24	-126	527	-527	0	0	0	0	
Free Cash Flow to Firm	-1,611	-874	-452	-4,150	4,061	4,834	6,083	6,919	
Free Cash flow to Equity	-2,690	-2,792	-2,429	-6,503	1,232	2,471	4,155	5,271	
Market Cap. And Enterprise Value Data as on February 02, 2016									
Current Market Price (Rs.)							99		
No. of Basic Shares (mn)								1005	
							Rs. mn	US\$ mn	
Market Cap							99,465	1,492	
Total Debt*							25,609	384	
Cash & Cash Equivalents*							1,243	19	
Enterprise Value							123,831	1,857	
* Debt & Cash & Cash Equivalents as on FY15; Exchange Rate: US\$1 = INR 68.18									
Valuation Ratios									
YE Mar 31	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	
P/E (x)						14.2	12.0	9.6	
P/BV (x)						5.0	3.9	3.0	
P/CEPS (x)						9.2	8.0	6.8	
EV/EBIDTA (x)						8.0	7.1	5.9	
Market Cap./ Sales (x)						1.7	1.4	1.2	
Net Cash/Market Cap (%)						NM	NM	NM	
Dividend Yield (%)						1.5%	1.8%	2.2%	

NM – Not Meaningful

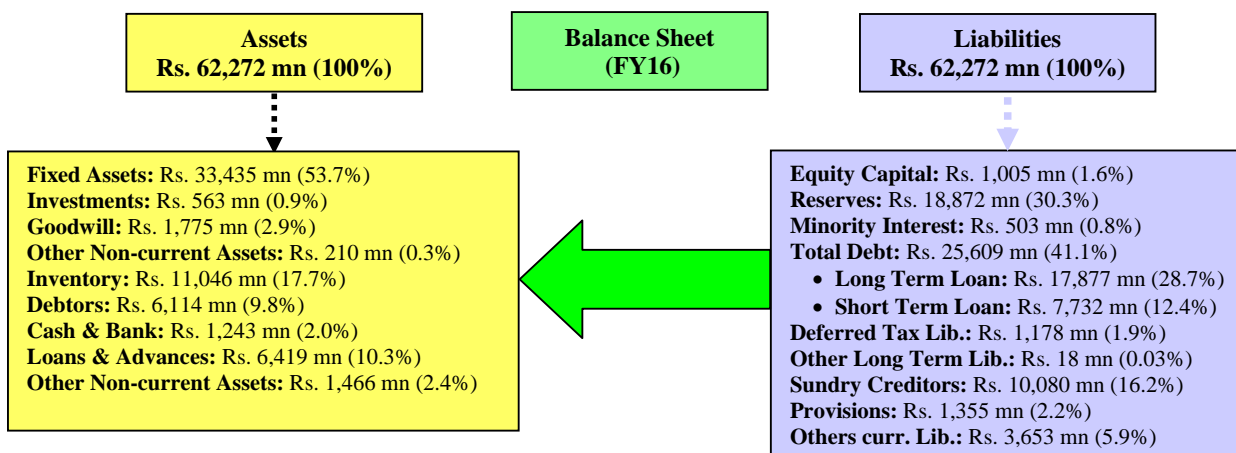
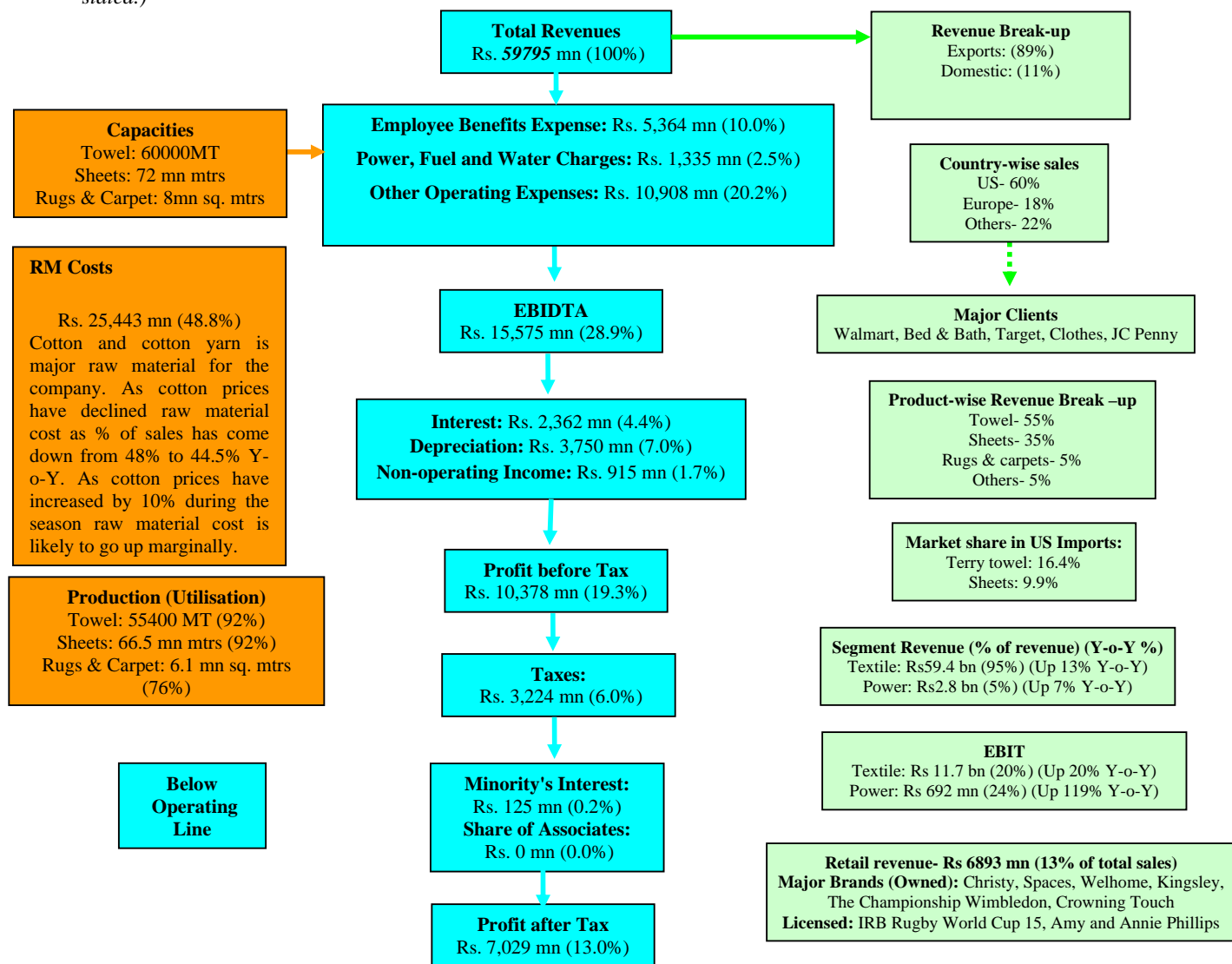
DuPont Model								
YE Mar 31	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
EBIDTA/Sales (%)	10.9%	11.4%	16.3%	21.1%	24.0%	26.0%	25.3%	25.1%
Sales/Operating Assets (x)	0.9	1.3	1.4	1.3	1.4	1.4	1.5	1.6
EBIDTA/Operating Assets (%)	9.9%	15.1%	22.4%	28.1%	32.6%	36.6%	37.2%	39.6%
Operating Assets/ Net Assets(x)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0
Net Earnings/ EBIDTA (%)	0.6%	-13.2%	38.2%	53.6%	42.4%	45.1%	47.8%	51.7%
Net Assets/ Equity (x)	4.2	3.9	3.4	3.5	3.3	2.6	2.1	1.7
Return on Equity (%)	0.2%	-6.9%	25.6%	46.2%	40.5%	39.1%	34.7%	33.5%
Common Sized Profit & Loss Account								
YE Mar 31	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:								
Net Raw Materials	54.7%	49.7%	48.5%	51.8%	48.0%	44.5%	44.9%	44.9%
Employee Benefits Expense	7.9%	9.5%	7.6%	7.8%	8.4%	9.0%	9.4%	9.5%
Stores and Spares Consumed	1.9%	1.5%	1.5%	1.6%	1.9%	0.0%	0.0%	0.0%
Dyes and Chemicals Consumed	6.3%	4.6%	4.9%	3.8%	4.1%	0.0%	0.0%	0.0%
Contract Labour Charges	1.9%	1.6%	1.8%	1.5%	1.3%	0.0%	0.0%	0.0%
Job Work Expenses	1.9%	1.3%	1.6%	0.9%	1.2%	0.0%	0.0%	0.0%
Power, Fuel and Water Charges	8.9%	7.5%	7.2%	2.7%	2.2%	2.2%	2.3%	2.3%
Repairs and Maintenance:	0.7%	0.7%	0.6%	0.8%	0.8%	0.0%	0.0%	0.0%
Claims, Discounts and Rebates	0.5%	0.7%	0.8%	0.8%	0.7%	0.0%	0.0%	0.0%
Brokerage and Commission	0.1%	1.1%	0.9%	1.0%	0.9%	0.0%	0.0%	0.0%
Freight, Forwarding and Coolie Charges	0.5%	1.9%	1.9%	2.0%	2.1%	0.0%	0.0%	0.0%
Rent	1.0%	1.5%	0.8%	0.7%	0.5%	0.0%	0.0%	0.0%
Travelling and Conveyance	0.5%	0.6%	0.6%	0.6%	0.5%	0.0%	0.0%	0.0%
Loss on Cancellation / Settlement of Forward Contracts (Net)	0.0%	1.4%	0.6%	0.0%	0.4%	0.0%	0.0%	0.0%
Exchange Loss (Net)	0.3%	0.4%	1.2%	0.1%	0.1%	0.0%	0.0%	0.0%
Advertising and Sales Promotion	0.1%	0.8%	0.6%	0.6%	1.0%	0.0%	0.0%	0.0%
Other Operating Expenses	1.9%	3.9%	2.5%	2.1%	1.7%	18.2%	18.2%	18.2%
Total Operating Expenditure	89.1%	88.6%	83.7%	78.9%	76.0%	74.0%	74.7%	74.9%
EBIDTA	10.9%	11.4%	16.3%	21.1%	24.0%	26.0%	25.3%	25.1%
Depreciation	5.7%	4.3%	4.0%	4.4%	6.3%	6.3%	6.0%	5.4%
EBIT	5.2%	7.1%	12.3%	16.7%	17.8%	19.8%	19.2%	19.8%
Interest Paid	5.1%	6.0%	5.4%	5.4%	5.3%	4.0%	2.8%	2.1%
Non-Operating Income	1.9%	1.4%	1.3%	2.4%	1.8%	1.5%	1.3%	1.1%
Extraordinary Expense	0.0%	2.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit Before Tax	2.1%	0.1%	8.2%	13.7%	14.2%	17.4%	17.8%	18.9%
Tax	1.9%	0.6%	2.0%	2.6%	3.9%	5.4%	5.5%	5.9%
Minority Interest	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Profit	0.1%	-0.4%	6.2%	11.3%	10.2%	11.8%	12.1%	13.0%
Net Profit Excl. extra-ordinaries	0.1%	-1.5%	6.2%	11.3%	10.2%	11.8%	12.1%	13.0%

Key Ratios – Consolidated

YE Mar 31	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Net Raw Materials / Sales (%)	54.7%	49.7%	48.5%	51.8%	48.0%	44.5%	44.9%	44.9%
Employee Benefits Expense / Sales (%)	7.9%	9.5%	7.6%	7.8%	8.4%	9.0%	0.0%	0.0%
Stores and Spares Consumed / Sales (%)	1.9%	1.5%	1.5%	1.6%	1.9%	0.0%	0.0%	0.0%
Dyes and Chemicals Consumed / Sales (%)	6.3%	4.6%	4.9%	3.8%	4.1%	0.0%	0.0%	0.0%
Contract Labour Charges / Sales (%)	1.9%	1.6%	1.8%	1.5%	1.3%	0.0%	0.0%	0.0%
Job Work Expenses / Sales (%)	1.9%	1.3%	1.6%	0.9%	1.2%	0.0%	0.0%	0.0%
Power, Fuel and Water Charges / Sales (%)	8.9%	7.5%	7.2%	2.7%	2.2%	2.2%	0.0%	0.0%
Repairs and Maintenance: / Sales (%)	0.7%	0.7%	0.6%	0.8%	0.8%	0.0%	0.0%	0.0%
Claims, Discounts and Rebates / Sales (%)	0.5%	0.7%	0.8%	0.8%	0.7%	0.0%	0.0%	0.0%
Brokerage and Commission / Sales (%)	0.1%	1.1%	0.9%	1.0%	0.9%	0.0%	0.0%	0.0%
Freight, Forwarding and Coolie Charges / Sales (%)	0.5%	1.9%	1.9%	2.0%	2.1%	0.0%	0.0%	0.0%
Rent / Sales (%)	1.0%	1.5%	0.8%	0.7%	0.5%	0.0%	0.0%	0.0%
Travelling and Conveyance / Sales (%)	0.5%	0.6%	0.6%	0.6%	0.5%	0.0%	0.0%	0.0%
Loss on Cancellation/ Settlement of Forward Contracts (Net) / Sales (%)	0.0%	1.4%	0.6%	0.0%	0.4%	0.0%	0.0%	0.0%
Exchange Loss (Net) / Sales (%)	0.3%	0.4%	1.2%	0.1%	0.1%	0.0%	0.0%	0.0%
Advertising and Sales Promotion / Sales (%)	0.1%	0.8%	0.6%	0.6%	1.0%	0.0%	0.0%	0.0%
Other Operating Expenses / Sales (%)	1.9%	3.9%	2.5%	2.1%	1.7%	18.2%	0.0%	0.0%
Other Income/EBT (%)	93.1%	1523.2%	16.5%	17.4%	12.6%	8.8%	7.5%	6.1%
EBITDA Margin (%)	10.9%	11.4%	16.3%	21.1%	24.0%	26.0%	25.3%	25.1%
Tax / PBT (%)	92.6%	638.3%	24.6%	19.0%	27.7%	31.1%	31.1%	31.1%
Net Profit Margin (%)	0.1%	-0.4%	6.2%	11.3%	10.2%	11.8%	12.1%	13.0%
RoE (%)	0.2%	-6.9%	25.6%	46.2%	40.5%	39.1%	34.7%	33.5%
RoCE (%)	0.4%	-39.5%	12.2%	18.2%	16.5%	18.2%	19.1%	21.1%
Sales/Operating Assets (x)	0.9x	1.3x	1.4x	1.3x	1.4x	1.4x	1.5x	1.6x
Optg. Assets/Total Assets (x)	0.9x	0.9x	0.9x	0.9x	0.9x	0.9x	0.9x	1.0x
Debt/ Equity (X)	2.6x	2.6x	2.0x	2.7x	2.2x	1.3x	0.9x	0.6x
Interest Coverage (x)	2.1x	1.9x	3.0x	3.9x	4.5x	6.6x	9.0x	12.2x
Interest / Debt (%)	6.3%	10.4%	9.9%	9.3%	9.3%	8.4%	7.8%	7.4%
Growth in Gross Block (%)	5.5%	7.4%	7.9%	34.7%	27.4%	29.1%	9.4%	7.3%
Sales Growth (%)	(4.2%)	57.0%	12.0%	18.6%	22.0%	14.1%	15.8%	16.6%
Operating (EBITDA) Profit Growth (%)	(18.7%)	58.4%	62.4%	54.9%	38.3%	22.2%	11.3%	16.0%
Net Profit Growth (%)	(99.1%)	(1053.8%)	(1781.3%)	119.8%	9.2%	30.2%	17.8%	25.6%
Debtors (Days of net sales)	32	25	29	32	33	36	31	26
Creditors (Days of Raw Materials)	63	85	105	89	94	117	113	92
Inventory (Days of Optg. Costs)	129	136	160	147	151	151	139	140
Current Ratio (x)	3.5x	2.3x	2.8x	2.7x	2.6x	1.7x	1.8x	2.0x
Net Current Assets/Capital Employed (%)	27.4%	30.7%	35.4%	35.1%	36.3%	23.7%	23.8%	28.7%
Number of Diluted Shares (mn)	88.61	99.47	100.10	100.25	100.46	1,005	1,005	1,005
Fully Diluted EPS (Rs.)	0.2	(1.3)	22.5	49.3	53.7	7.0	8.2	10.4
Fully Diluted EPS Excl. extra-ordinaries (Rs.)	0.2	(4.9)	22.7	49.3	53.7	7.0	8.2	10.4
EPS Growth Excl. extra-ordinaries (%)	(99.3%)	(3173.3%)	(566.7%)	117.0%	9.1%	30.2%	17.8%	25.6%
Dividend Payout (%)	129.8%	0.0%	19.6%	7.2%	23.5%	25.0%	25.0%	25.0%
Fully Diluted CEPS (Rs.)	13.7	9.0	37.2	68.2	86.9	10.7	12.3	14.6
Book Value Per Share (Rs.)	75.5	74.7	98.9	110.7	142.5	19.8	25.7	33.5

Welspun India's Business in Pictures...FY16 (Consolidated)

(All figures are in Rs. Mn except where stated otherwise. All percentages are percent of revenues, unless otherwise stated.)



Q4FY16 Result Highlights...

WIL reported better than expected 19% Y-o-Y topline growth for Q4FY16 *largely driven by volume growth from all segments including towels, bed linen and rugs and better product mix with value added products and retail sales contributing 34% and 13% of total sales respectively*. Volume growth during the quarter has picked up as company has ramped up its 12mn mtrs bed linen capacity and 5000t of towel capacity. Volume is expected to pick up further on the ramp up of these capacities. In FY16 the company reported 13% Y-o-Y topline growth.

Operating margin improved by 74bps Y-o-Y to 26%. *Improved utilization of new capacities, stable raw material cost, increased contribution of value added products and improved retail sales reaped benefits improving margin of the company*. EBITDA during the quarter improved by 23% Y-o-Y. During FY16 margin improved by 202bps Y-o-Y to 26% and EBITDA improved by 22% Y-o-Y.

Domestic retail sales have increased by 47% Y-o-Y during FY16 totaling Rs7.7bn. *Contribution from domestic retail sales increased from 11% of total sales in FY15 to 13% in FY16*. Management is confident of increasing contribution from domestic retail sales to 20% by FY20. Contribution from innovative products increased to 34% of total sales as against 31% in FY15 largely led by 'Hygro cotton'.

Interest cost during the quarter has gone up by 16.5% Y-o-Y due to capex incurred during the year. For FY16 interest cost of the company has gone down by 16.5% Y-o-Y. This is largely due to reduced debt and benefit of interest equalization scheme reducing interest cost from 9.4% to 8.3% Y-o-Y.

Depreciation has increased by 3% Y-o-Y during the quarter and by 12% during the year due to part-capitalisation of expansion projects and modernisation project. Depreciation is likely to increase further due to continuing capex and capitalisation of capex.

Tax rate during the year has gone up by 332bps to 31%. PAT during the quarter increased by 20% Y-o-Y and the same during the year has improved by 30%.

Meeting Highlights

Expansion plans for FY17E

The company incurred capex of Rs4.8bn during Q4FY16 and Rs11.1bn during FY16. Further, WIL has announced capex of around Rs8bn during FY17E towards increasing towel capacity by 12000MT (Rs3bn), bed linen by 18mn mtrs (Rs2bn) and rugs & carpets by 2000sq. mtrs (Rs500mn). Total capex also includes Rs2.5bn towards remaining part of modernization of Vapi plant initiated in FY15.

FY17E Volume growth likely to be 13-15%

Volume growth in H1FY17E is likely to improve from improved utilization of current capacities and during H2FY17E is likely to be driven by new capacities likely to come on stream by H1FY16. Post new announcement of capex volume growth is likely to be 13-15% in FY17E. *We expect towel volume growth in FY17E is likely to be 9% in towels (60500MT), 12% (74 mn mtrs) in sheets and 18% (7200mn sq. mtrs) in rugs and carpets in FY17E.*

Capex funding unlikely to increase debt

Management is focused on increasing sales growth through asset-light ancillarisation model. The company is not investing further in spinning and weaving capacity and is confident of achieving the growth through debottlenecking.

The capex of Rs8bn is funded in debt:equity ratio of 70:30. The company is beneficiary of interest equalisation scheme and Gujarat Govt. textile policy. Therefore, cost of debt for short term debt is likely to be 9% and the same for long term debt is likely to be 6%. We expect blended cost of debt for FY17E to be around 8%. Gross debt at the end of the year stands at Rs25.6bn and net debt at Rs24.3bn. **Debt/equity ratio of the company is at 1.3x which is likely to improve to 0.6x by FY18E due to improved cash flows.**

Vision 2.0

In its Vision 2.0 the company targets to achieve revenue of \$2bn by FY20 and increasing contribution from innovative products to 40% and that of branded products to 25% of total sales. The company targets to become net debt free by FY20.

Focused towards new products and new markets

Management is focused towards increasing contribution from value added products. 'Hygro campaign' launched by the company is progressing well and the company has garnered sale of around \$150mn in FY16. E-commerce as additional channel for marketing is picking up well and management is positive on the prospects.

Management is optimistic about India's competitiveness in the global market and is focusing on new categories like comforters, basic bedding and rugs and carpets. The company is trying to encash opportunities arising from burgeoning market segments like fashion bedding, utility bedding and institutional segment. During the year WIL doubled its sales from hospitality segment. **The company has market share of 20% in towel segment and 11% bed linen segment in US market.**

The company is positive on exploring different markets like Japan, Europe etc and trying to increase contribution from new markets thereby achieving geographical diversification. If FTA agreement with Europe is signed then it will open wide market for India.

Domestic Retail- Increasing share

Contribution from domestic retail has gone up from 11% to 13% during the year. Management is confident of increasing contribution from this business to 20% by FY20. **The company is currently present in 250 MBOs and 200 shop-in-shop models in domestic market.** It aspires to grow this over the period therefore, investing in this channel through advertising and promotion.

Outlook

We revise our FY17E and FY18E estimates upwards to account for volume growth accruing from new capex. We revise our topline estimates to Rs69bn from earlier Rs68bn for FY17E and the same for FY18E to Rs79.9bn from Rs76.3bn earlier. During current procurement season cotton cost has gone up by 10% Y-o-Y. However, it unlikely to impact WIL in major way due to its improving product mix. We expect the company to post operating margin of 25.3% in FY17E and 25% in FY18E. Likewise we revise our EPS estimates from Rs8 earlier to Rs8.2 for FY17E and from Rs9.2 to Rs10.4 for FY18E.

We expect asset turnover ratio and cash flow to improve further with ancillarisation model working. In FY16E the company earned free cash flow of Rs4.8bn inspite of increased capex. The increase in free cash flow (FCF) is on account of improved profitability through improved margin and reduced leverage and improved working capital cycle from 91 days in FY15 to 71days in FY16 reducing its working capital requirement. **We expect the company to generate FCF of Rs6bn in FY17E and Rs7bn in FY18E. Expected FY17E FCF yield is around 6%.** ROCE of the company is likely to improve further to 19% in FY17E and 21% in FY18E.

At current market price the stock is trading at 12x FY17E and 10x FY18E earnings. EV/EBITDA is at 7x FY17E and 6x FY18E EBITDA. The company's growing presence in the international market, well established relations with global retailers making it the largest exporter, its thrust in domestic market and asset-light model focus is likely to improve returns for the investors. We value the company on P/E of 12x FY18E which gives us price target of Rs125 showing 26% upside to current market price of Rs99. We recommend 'BUY'.

Quarterly Result Analysis - Consolidated

YE Mar 31 (Rs. mn)	Q4 FY16	Q4 FY15	Y-o-Y change %	Q3 FY16	Q-o-Q change %	12M FY16	12M FY15	Y-o-Y % Change
Total Revenue	16,284	13,658	19.2%	14,904	9.3%	59,795	53,025	12.8%
Less:								
Net Raw Material consumed	7,329	6,332	15.7%	6,220	17.8%	26,612	25,443	4.6%
Employee benefits expense	1,379	1,180	16.8%	1,421	(3.0%)	5,364	4,460	20.3%
Power & Fuel	443	321	37.8%	305	45.0%	1,335	1,187	12.5%
Other expenses	2,904	2,379	22.1%	2,952	(1.6%)	10,908	9,193	18.6%
Total Expenditure	12,055	10,213	18.0%	10,898	10.6%	44,219	40,283	9.8%
EBIDTA	4,229	3,446	22.7%	4,006	5.6%	15,575	12,742	22.2%
Less: Depreciation & Amortisation exp	1,042	1,009	3.3%	997	4.5%	3,750	3,329	12.6%
Less: Interest	663	569	16.5%	592	11.9%	2,362	2,829	(16.5%)
Add: Other income	269	289	(7.2%)	172	56.1%	915	949	(3.6%)
Profit Before Extra-ordinary items and Tax	2,792	2,157	29.4%	2,588	7.9%	10,378	7,533	37.8%
Less: Total Tax	825	508	62.5%	814	1.4%	3,224	2,090	54.3%
Less: Minority Share of Profit & Loss in certain Subsidiary Companies	35	36	(3.3%)	34	2.7%	125	45	177.5%
Profit After Tax	1,933	1,614	19.8%	1,741	11.0%	7,029	5,398	30.2%
Profit After Tax Excl. extra-ordinaries	1,933	1,614	19.8%	1,741	11.0%	7,029	5,398	30.2%
Diluted EPS (Rs.)	1.92	1.61	19.8%	1.73	11.0%	7.00	5.37	30.2%
Diluted Number of shares (mn)	1,005	1,005	0.0%	1,005		1,005	1,005	0.0%
Margin Analysis			Change BPS		Change BPS			Change BPS
EBIDTA Margin	26.0%	25.2%	74	26.9%	-91	26.0%	24.0%	202
Proforma NPM	11.9%	11.8%	6	11.7%	19	11.8%	10.2%	157
Effective Tax Rate	29.5%	23.5%	600	31.4%	-190	31.1%	27.7%	332
Cost Analysis								
RM/Total Revenue	45.0%	46.4%	-135	41.7%	328	44.5%	48.0%	-348
Personnel/Total Revenue	8.5%	8.6%	-17	9.5%	-107	9.0%	8.4%	56
Power & Fuel/Total Revenue	2.7%	2.4%	37	2.0%	67	2.2%	2.2%	-1
Other expenses/Total Revenue	17.8%	17.4%	41	19.8%	-197	18.2%	17.3%	90

NM – Not Meaningful

Financials - Consolidated

Profit & Loss A/c

YE Mar 31 (Rs. mn)	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Total Revenue	21,132	32,205	36,473	43,730	53,025	59,795	68,622	79,991
Less:								
Net Raw Materials	11,564	15,999	17,684	22,673	25,443	26,612	30,814	35,919
Employee Benefits Expense	1,671	3,050	2,766	3,400	4,460	5,364	6,437	7,596
Stores and Spares Consumed	407	482	562	720	1,001	0	0	0
Dyes and Chemicals Consumed	1,323	1,472	1,785	1,663	2,155	0	0	0
Contract Labour Charges	396	527	652	670	692	0	0	0
Job Work Expenses	403	428	592	380	632	0	0	0
Power, Fuel and Water Charges	1,886	2,404	2,633	1,174	1,187	1,335	1,546	1,802
Repairs and Maintenance:	157	209	233	353	413	0	0	0
Claims, Discounts and Rebates	108	238	290	364	383	0	0	0
Brokerage and Commission	20	345	329	417	472	0	0	0
Freight, Forwarding and Coolie Charges	98	598	694	874	1,132	0	0	0
Rent	212	483	286	292	278	0	0	0
Travelling and Conveyance	95	196	204	276	290	0	0	0
Loss on Cancellation/ Settlement of Forward Contracts (Net)	0	454	232	21	208	0	0	0
Exchange Loss (Net)	58	127	445	45	75	0	0	0
Advertising and Sales Promotion	22	264	220	277	553	0	0	0
Other Operating Expenses	401	1,267	922	920	909	10,908	12,489	14,558
Total Operating Expenditure	18,821	28,544	30,527	34,519	40,283	44,219	51,286	59,876
EBIDTA	2,312	3,662	5,946	9,211	12,742	15,575	17,335	20,116
Less: Depreciation	1,203	1,378	1,449	1,903	3,329	3,750	4,126	4,295
EBIT	1,108	2,284	4,497	7,308	9,412	11,825	13,209	15,820
Interest Paid	1,078	1,918	1,977	2,352	2,829	2,362	1,929	1,649
Non-operating Income	405	460	492	1,042	949	915	915	915
Extraordinary Expense	0	795	31	0	0	0	0	0
Profit Before tax	435	30	2,982	5,998	7,533	10,378	12,196	15,087
Tax	403	193	733	1,139	2,090	3,224	3,789	4,687
Minority Interest	(18)	0	0	0	0	0	0	0
Net Profit	50	(134)	2,248	4,941	5,398	7,029	8,282	10,399
Net Profit Excl. extra-ordinaries	14	(484)	2,272	4,941	5,398	7,029	8,282	10,399

Common sized Profit & Loss A/c

YE Mar 31	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:								
Net Raw Materials	54.7%	49.7%	48.5%	51.8%	48.0%	44.5%	44.9%	44.9%
Employee Benefits Expense	7.9%	9.5%	7.6%	7.8%	8.4%	9.0%	9.4%	9.5%
Stores and Spares Consumed	1.9%	1.5%	1.5%	1.6%	1.9%	0.0%	0.0%	0.0%
Dyes and Chemicals Consumed	6.3%	4.6%	4.9%	3.8%	4.1%	0.0%	0.0%	0.0%
Contract Labour Charges	1.9%	1.6%	1.8%	1.5%	1.3%	0.0%	0.0%	0.0%
Job Work Expenses	1.9%	1.3%	1.6%	0.9%	1.2%	0.0%	0.0%	0.0%
Power, Fuel and Water Charges	8.9%	7.5%	7.2%	2.7%	2.2%	2.2%	2.3%	2.3%
Repairs and Maintenance:	0.7%	0.7%	0.6%	0.8%	0.8%	0.0%	0.0%	0.0%
Claims, Discounts and Rebates	0.5%	0.7%	0.8%	0.8%	0.7%	0.0%	0.0%	0.0%
Brokerage and Commission	0.1%	1.1%	0.9%	1.0%	0.9%	0.0%	0.0%	0.0%
Freight, Forwarding and Coolie Charges	0.5%	1.9%	1.9%	2.0%	2.1%	0.0%	0.0%	0.0%
Rent	1.0%	1.5%	0.8%	0.7%	0.5%	0.0%	0.0%	0.0%
Travelling and Conveyance	0.5%	0.6%	0.6%	0.6%	0.5%	0.0%	0.0%	0.0%
Loss on Cancellation/ Settlement of Forward Contracts (Net)	0.0%	1.4%	0.6%	0.0%	0.4%	0.0%	0.0%	0.0%
Exchange Loss (Net)	0.3%	0.4%	1.2%	0.1%	0.1%	0.0%	0.0%	0.0%
Advertising and Sales Promotion	0.1%	0.8%	0.6%	0.6%	1.0%	0.0%	0.0%	0.0%
Total Operating Expenditure	89.1%	88.6%	83.7%	78.9%	76.0%	74.0%	74.7%	74.9%
EBIDTA	10.9%	11.4%	16.3%	21.1%	24.0%	26.0%	25.3%	25.1%
Less: Depreciation	5.7%	4.3%	4.0%	4.4%	6.3%	6.3%	6.0%	5.4%
EBIT	5.2%	7.1%	12.3%	16.7%	17.8%	19.8%	19.2%	19.8%
Interest Paid	5.1%	6.0%	5.4%	5.4%	5.3%	4.0%	2.8%	2.1%
Non-operating Income	1.9%	1.4%	1.3%	2.4%	1.8%	1.5%	1.3%	1.1%
Extraordinary Expense	0.0%	2.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit Before tax	2.1%	0.1%	8.2%	13.7%	14.2%	17.4%	17.8%	18.9%
Tax	1.9%	0.6%	2.0%	2.6%	3.9%	5.4%	5.5%	5.9%
Minority Interest	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Profit	0.2%	-0.4%	6.2%	11.3%	10.2%	11.8%	12.1%	13.0%
Net Profit Excl. extra-ordinaries	0.1%	-1.5%	6.2%	11.3%	10.2%	11.8%	12.1%	13.0%

Balance Sheet

YE Mar 31(Rs. mn)	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Liabilities								
Equity Capital	940	890	1,000	1,003	1,005	1,005	1,005	1,005
Equity Share application money pending allotment	0	105	0	1	0	0	0	0
Reserves & Surplus	5,750	6,433	8,901	10,093	13,314	18,872	24,802	32,605
Equity	6,690	7,428	9,902	11,097	14,318	19,877	25,806	33,609
Preference Share Capital	0	0	0	0	0	0	0	0
Net Worth	6,690	7,428	9,902	11,097	14,318	19,877	25,806	33,609
Minority Interest	0	250	250	316	378	503	378	378
Net Deferred tax liability/(Asset)	1,878	1,502	1,917	434	641	1,178	850	850
Long Term Loans	10,077	9,812	10,011	16,795	15,946	17,877	12,109	0
Short Term Loans	7,321	9,730	10,233	13,498	14,905	7,732	12,000	0
Total Loans	17,398	19,542	20,244	30,293	30,851	25,609	24,109	20,609
Other Long-Term Liabilities	20	17	6	600	11	18	0	0
Capital Employed	25,985	28,739	32,319	42,740	46,199	47,184	51,143	55,446
Assets								
Gross Block	21,915	23,547	25,401	34,213	43,581	56,282	61,581	66,081
Less: Depreciation	6,315	7,765	9,082	15,767	19,096	22,847	26,705	31,000
Net Block	15,600	15,782	16,319	18,446	24,485	33,435	34,876	35,081
Capital WIP	550	1,233	542	5,324	1,564	0	500	500
Investments	1,007	1,205	931	1,115	1,420	563	1,420	1,420
Intangible Assets	0	979	1,754	1,839	1,785	1,775	1,872	2,182
Other Non-Current Assets	1,703	706	1,336	1,022	170	210	312	364
Current Assets								
Inventories	4,597	7,293	8,205	10,094	11,006	11,046	12,480	15,075
Sundry Debtors	1,453	2,492	2,750	4,117	4,467	6,114	4,591	5,769
Cash and Bank Balance	389	1,482	1,724	2,332	3,252	1,243	1,215	1,634
Loans and Advances	2,788	3,415	4,286	5,376	7,474	6,419	7,486	7,999
Other Current Assets	773	772	731	2,019	1,330	1,466	1,248	1,454
Total Current Assets	10,000	15,454	17,697	23,939	27,530	26,289	27,019	31,931
Less:Current Liabilities & Provisions								
Sundry Creditors	2,216	5,235	4,963	6,144	6,910	10,080	9,028	9,079
Provisions	146	448	341	1,390	1,941	1,355	3,956	4,771
Other Current Liabilities	513	938	956	1,410	1,903	3,653	1,872	2,182
Total Current Liabilities & Provisions	2,875	6,621	6,260	8,944	10,754	15,088	14,856	16,031
Miscellaneous Assets	0	0	0	0	0	0	0	0
Capital Applied	25,985	28,739	32,319	42,740	46,199	47,184	51,143	55,446

Cash Flow Statement

YE Mar 31 (Rs. mn)	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
Cash Inflow								
From Operations								
Profit Before Tax	435	30	2,982	5,998	7,533	10,378	12,196	15,087
Depreciation	1,203	1,378	1,449	1,903	3,329	3,750	4,126	4,295
Less:								
Dividend Payout	18	0	442	357	1,268	1,755	2,068	2,596
Tax Paid	403	193	733	1,139	2,090	3,224	3,789	4,687
Operating Cashflow	1,217	1,215	3,255	6,405	7,504	9,149	10,465	12,098
Changes in Capital Structure								
Increase in Equity Share capital	159	55	5	4	1	0	(0)	0
Increase in Share premium	1,324	1	14	8	3	0	0	0
Increase in Other reserves	(21)	845	648	(3,318)	(956)	159	(409)	0
Increase in Pref Capital	0	0	0	0	0	0	0	0
Increase in Others	336	(379)	404	(889)	(382)	544	(346)	0
Inc/(Dec) in Loans	589	2,144	702	10,049	558	(5,242)	(1,500)	(3,500)
Inc/(Dec) in Minority Interest	0	250	0	66	62	125	(125)	0
Inc/(Dec) in Equity/Loans/MI	2,386	2,916	1,774	5,919	(715)	(4,414)	(2,380)	(3,500)
Adjustments								
Prior Period Adjustments	0	0	0	0	0	0	0	0
Diff.in Depreciation	(220)	71	(131)	4,782	0	0	(267)	0
Total Inflow	3,384	4,203	4,898	17,106	6,789	4,735	7,817	8,598
Cash Outflow								
Working Capital Changes								
Inc/(Dec) in Provisions	(26)	302	(107)	1,049	551	(586)	2,601	815
Inc/(Dec) in Current Liabilities	798	3,444	(254)	1,635	1,259	4,920	(2,833)	361
Less:								
Inc/(Dec) in Inventory	989	2,697	912	1,889	912	40	1,433	2,595
Inc in Debtors	(345)	1,040	257	1,367	350	1,647	(1,523)	1,177
Inc/(Dec) in Loans & Advances	(155)	627	872	1,090	2,098	(1,055)	1,067	513
Inc/(Dec) in Other Current Assets	160	(1)	(41)	1,288	(689)	136	(218)	207
Inc/(Dec) in Working Capital	(122)	616	2,361	2,950	861	(3,565)	991	3,317
Capex/Investments								
Inc/(Dec) in Investments	857	198	(274)	184	305	(857)	857	0
Addition to Gross Block	1,141	1,632	1,854	8,812	9,368	12,700	5,300	4,500
Inc/(Dec) in Capital WIP	279	683	(691)	4,782	(3,760)	(1,564)	500	0
Inc/(Dec) in Other Assets	1,703	(18)	1,404	(230)	(906)	30	198	362
Inc. in Misc. Assets	0	0	0	0	0	0	0	0
Inc/(Dec) in Fixed Assets/ Investments	3,981	2,495	2,294	13,548	5,008	10,310	6,855	4,862
Inc/(Dec) in Cash/Bank Balance	(475)	1,092	243	608	920	(2,009)	(28)	419
Total Outflow	3,384	4,203	4,898	17,106	6,789	4,735	7,817	8,598

Free Cash Flow Statement

YE Mar 31 (Rs. mn)	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E
EBITA	1,108	2,284	4,497	7,308	9,412	11,825	13,209	15,820
Less: Adjusted Taxes	1,026	937	1,106	1,388	2,612	3,674	4,104	4,915
NOPLAT	82	1,347	3,391	5,920	6,801	8,151	9,105	10,905
Plus: Depreciation	1,203	1,378	1,449	1,903	3,329	3,750	4,126	4,295
Gross Cashflow	1,285	2,725	4,840	7,823	10,130	11,901	13,231	15,200
Less: Increase in Working Capital	(177)	837	2,647	3,196	745	(3,430)	2,184	3,872
Operating Cashflow	1,463	1,888	2,193	4,627	9,385	15,331	11,047	11,328
Less: Net Capex	1,640	2,243	1,295	8,812	5,608	11,136	6,067	4,500
Less: Increase in Net Other Assets	1,458	111	800	493	(285)	(639)	(1,103)	(91)
FCF From Operation	(1,635)	(466)	99	(4,678)	4,061	4,834	6,083	6,919
Less: Inc./(Dec.) in Investment	(24)	(126)	527	(527)	(0)	0	0	0
FCF after Investment	(1,611)	(341)	(428)	(4,150)	4,061	4,834	6,083	6,919
Plus: Gain/(loss) on Extraordinary Items	0	(533)	(23)	0	0	0	0	0
Plus: Foreign currency Translation Effect	0	0	0	0	0	0	0	0
Total FCF	(1,611)	(874)	(452)	(4,150)	4,061	4,834	6,083	6,919

FIRST GLOBAL

Nirmal, 6th Floor, Nariman Point,
Mumbai - 400 021, India.

Dealing Desk (India):

Tel. No.: +91-22-400 12 400

Email: indiasales@fglobal.com /
fgasiasales@bloomberg.net

FIRST GLOBAL (UK) Ltd.

26, York Street, London W1U6PZ,
United Kingdom

Global Dealing Desk:

Tel. No.: +91-22-400 12 440

Email: fgasiasales@bloomberg.net

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