PI Industries

Reco: Buy

Stock Idea

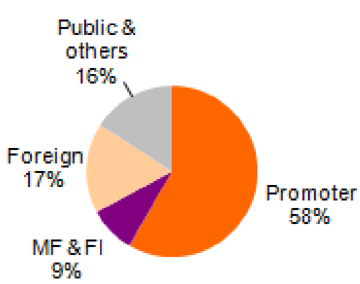
Customised Success Model

CMP: Rs610

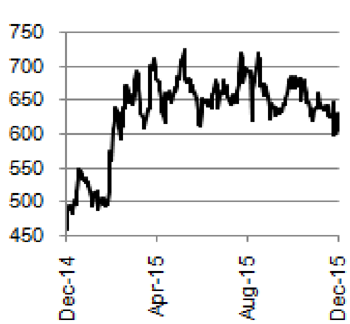
Company details

Price target:	Rs800
Market cap:	Rs8,331 cr
52-week high/low:	Rs786/440
NSE volume: (No of shares)	0.1 lakh
BSE code:	523642
NSE code:	PIIND
Sharekhan code:	PIIND
Free float: (No of shares)	5.7 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-3.9	-2.3	-3.9	30.6
Relative to Sensex	-2.9	-0.7	-0.1	35.2

Key points

- **Unique business model, prime source of competitive advantage:** PI Industries (PI), a leading agro-chemical company, has a differentiated business model with focus on the fast-growing custom synthesis and manufacturing (CSM) business, which contributes 60% of its revenues. Its strong research base and manufacturing practices make it a preferred outsourcing partner for the global chemical players for their innovative and patented products. Given its track record and established relations with global players, the company is able to introduce innovative agro-chemicals (which contribute 40% of the revenues) in the domestic market through the in-licencing of molecules. It has in its kitty blockbuster products like "Nominee Gold" and "Osheen" in association with MNCs.
- **Capacity addition to help sustain growth momentum in the CSM business:** The CSM business remains the differentiating force that will help it achieve a higher growth with a continuous improvement in the margins in the coming years. To sustain the growth momentum, the company has expanded its manufacturing capacity in Jambusar at a cost of Rs300 crore and the new capacity would be commissioned in H2FY2016. After the expansion PI would be able to improve its revenue mix in favour of the relatively high-margin CSM business. The capacity expansion would also have a favourable impact on its return ratios. On the agro-chemical front, the company is concentrating on a few niche products which have the ability to become blockbusters in future. It has only 25-30 products in the market (vs the other agro-chemical companies, which have 80-100 products) and plans to launch two new products every year which will help it to increase its market share.
- **Earnings to grow at 24% CAGR over FY2015-18, balance sheet to be deleveraged by FY2017:** The commissioning of the Jambusar facility and the launch of new products in the agro-chemical segment will help the company to achieve a revenue CAGR of around 17% and earnings CAGR of around 24% over FY2015-18. On the other hand, the margins are expected to improve by 225BPS over the next three years. On the balance sheet front, the company is expected to become debt-free by FY2017 on account of strong cash flow from operations. The return ratios, among the best in the industry, will remain strong at RoCE of around 36% and RoE of around 28%. With a major capex behind it, the company will generate strong free cash flows, so there's room to increase the dividend pay-out from 15% currently.
- **A differentiated business model and compounding growth story:** PI has a unique business model, strong relationship with global innovators, good revenue visibility in the CSM business and a well-spread distribution network, making it a compelling investment case. PI is one of the few agro-chemical companies that have a unique business model and are an example to the other chemical companies. On the valuation front, PI continues to attract a premium valuation over the other agro-chemical companies on account of its unique business model, strong visibility of earnings, robust balance sheet (to be debt-free by FY2017), impressive return ratios with strong free cash flows and excellent management. Currently, PI trades at PE of 23.2x FY2017E and 19.2x FY2018E earnings. We have valued the company at 25x FY2018E earnings. We initiate coverage on PI with a Buy recommendation and price target of Rs800.

Valuations

Particulars	FY2014	FY2015	FY2016E	FY2017E	FY2018E
Net sales (Rs cr)	1,595.0	1,939.7	2,225.0	2,613.4	3,090.1
EBIDTA (Rs cr)	285.6	369.9	449.8	541.3	658.9
Adj. PAT (Rs cr)	183.7	224.8	286.9	354.9	428.9
EBIDTA margin (%)	17.9	19.1	20.2	20.7	21.3
PAT margin (%)	11.5	11.6	12.9	13.6	13.9
EPS (Rs)	13.6	16.7	21.3	26.3	31.8
P/E (x)	44.8	36.6	28.7	23.2	19.2
RoCE (%)	33.1	34.7	33.9	35.2	36.1
RoE (%)	30.1	28.3	28.2	27.5	26.2
Debt/Equity	0.2	0.2	0.1	0.0	0.0

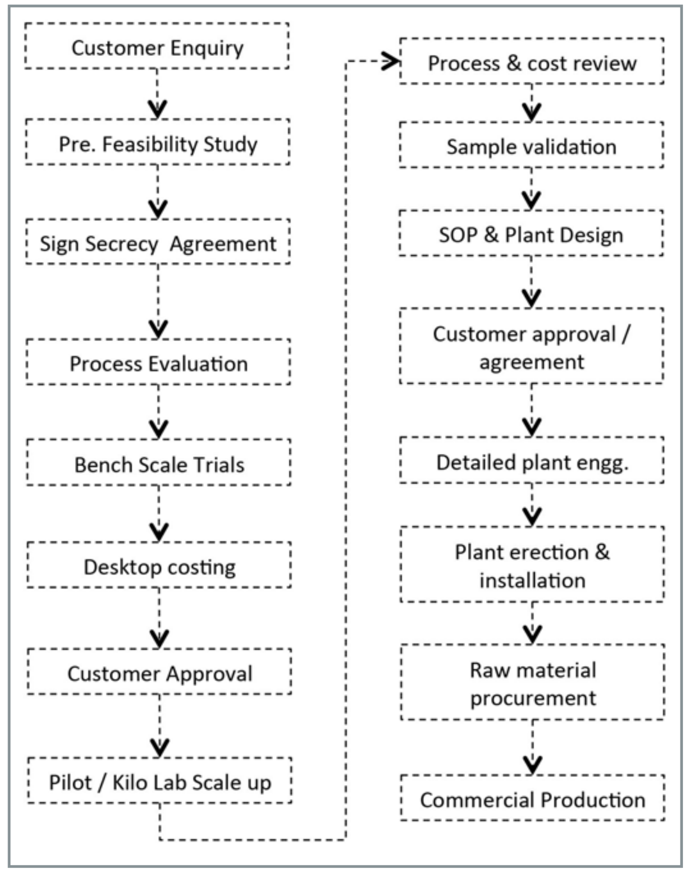
Investment arguments

Unique business model, prime source of competitive advantage: PI Industries (PI), a leading agro-chemical company, has a differentiated business model with focus on the fast-growing custom synthesis and manufacturing (CSM) business, which contributes 60% of its revenues. Its strong research base and manufacturing practices make it a preferred outsourcing partner for the global chemical players for their innovative and patented products. Given its track record and established relations with global players, the company is able to introduce innovative agro-chemicals (which contribute 40% of the revenues) in the domestic market through the in-licencing of molecules. It has in its kitty blockbuster products like "Nominee Gold" and "Osheen" in association with MNCs.

Custom synthesis remains the major differentiator, trust remains the key business ethic: The custom synthesis business is a key growth driver which gives visibility to its top line growth and assures the sustainability of its margins over the long term. In the CSM business, the company partners with global innovators to manufacture molecules for them at an early stage. It follows a non-competing and IP-based business model with its global partners. The CSM business aims to provide end-to-end solutions in specialty and fine chemicals. It includes the process of research and development to manufacture molecules in kilo-pilot and at the end commercial manufacture in partnership with global multinationals. The company provides contract research and contract manufacturing services to global innovators with whom it has maintained a strong relationship for a long time. PI is associated with leading innovators from Japan, the USA and Europe. Innovating companies across the globe are protected under the Trade Related Intellectual Property Rights (TRIPS) agreement with India because Indian suppliers have to comply with TRIPS (which regulates a company's IP rights under stringent patent protection).

Strong in-house research and large-scale manufacturing capability: PI has a strong research team and is also accredited good laboratory practices (GLP) with a pilot and kilo plant in Udaipur which helps it to register its molecules in the USA, Japan, the UK and other countries. The CSM business involves high trust and reliability because the company manufactures molecules at the early stages of their development. This also acts as an entry barrier for the other companies in the CSM business. PI has reached this stage after a period of 20 years. The company has multiple manufacturing facilities which are ISO 9001, ISO 140001 and OHSAS 18001 certified. It has formulation facilities with WDG, WG, SC and SL certifications. The company is also planning to commercialise two to three patented molecules in FY2016.

End-to-end process of CSM division



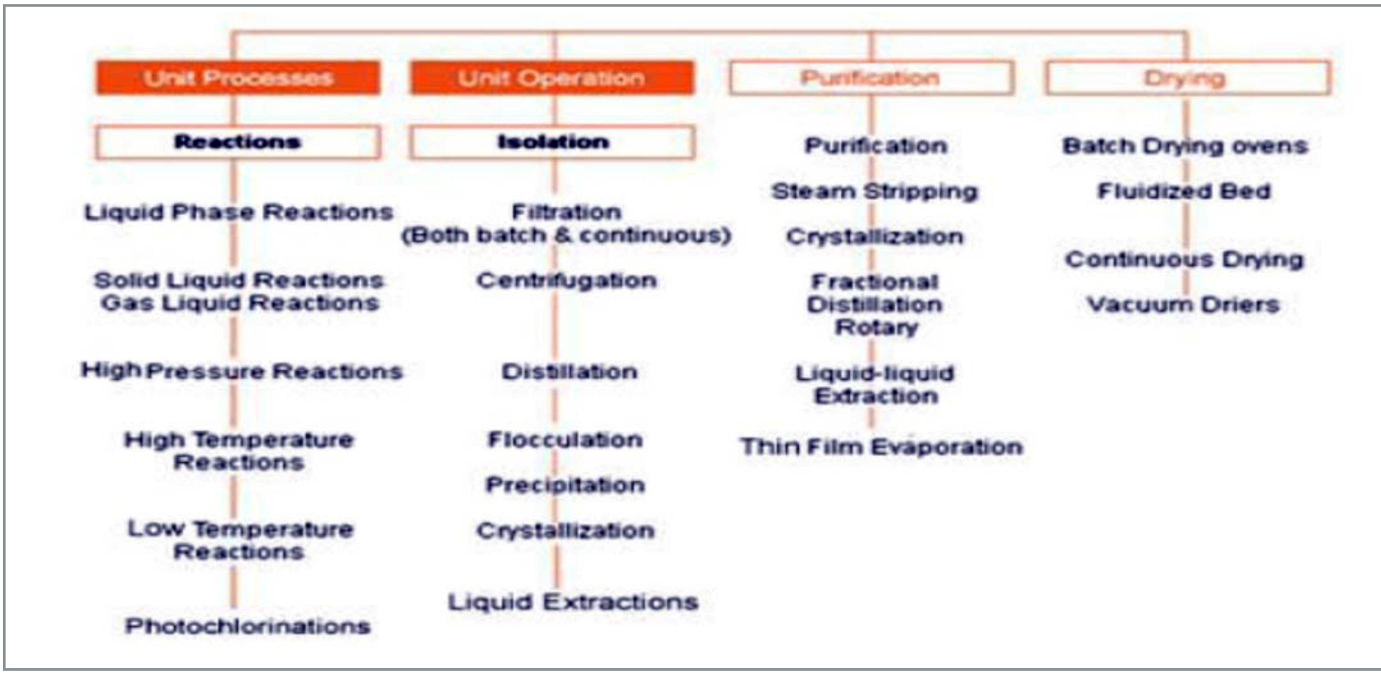
Source: Company

CSM production example

Dec 2011	Enquiry received
Feb 2012	First sample sent to customer
Mar 2012	Sample approved by customer and agreement signed
May 2012	Scale-up study undertaken
Jun 2012	First commercial order (5MT)
Aug 2012	Second commercial order (57MT; supply up to Mar 2013)
Nov 2012	Third commercial order (200MT; supply up to Mar 2014)
Apr 2014	Fourth commercial order of 1,500MT ($36mn) for 3 years

Source: Company

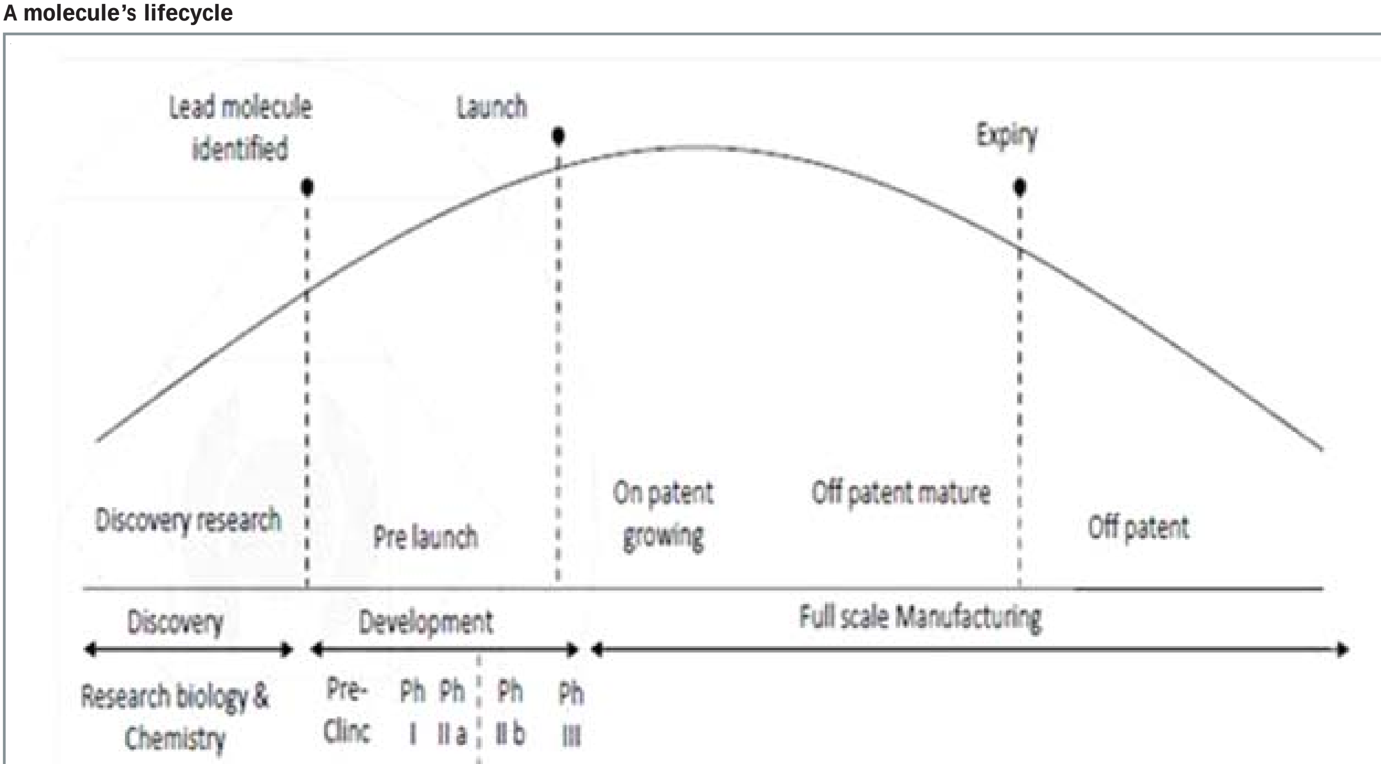
CSM production process



Source: Company

Focus remains on early-stage molecules: The key strategy of PI remains to focus on the early-stage molecules that have the potential to become blockbusters at a later stage of life. The company develops early-stage molecules with complex chemistry and patents the same in the early stage only. This helps it to participate in the entire lifecycle of a molecule and also provides the opportunity to become one of the key suppliers to the innovator companies. The entire lifecycle from customer enquiry to commercial product takes roughly four to five years depending on the complexity of a molecule.

A molecule's lifecycle



Source: Company

Key barriers in CSM business: The barriers in the CSM business help PI to report sustainable revenues over time. Hence, the entry and exit barriers play an important role for companies like PI whose business model is based on molecule research and development (R&D).

Entry barriers

- Registration process in India requires substantial time
- Three-year exclusive data protection for a product in India post-registration
- Considerable cost and time required to build brands and market products in India

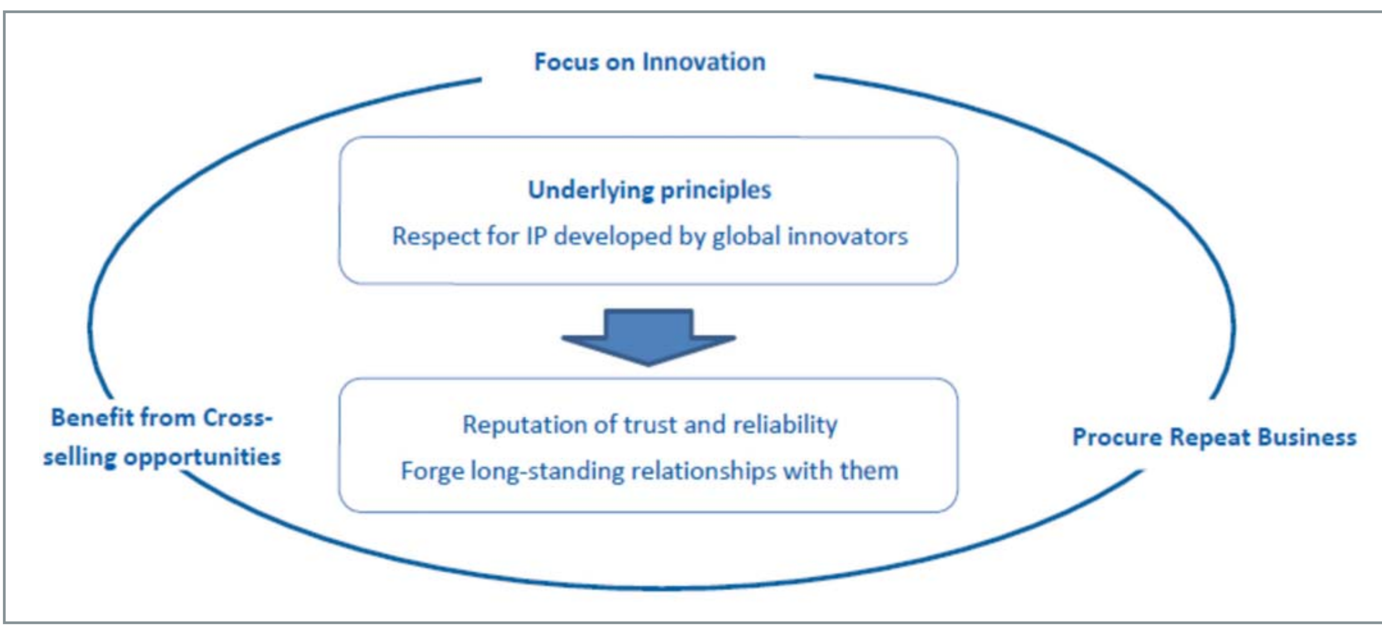
Exit barriers

- Early and close working relationship with global innovators which allow a company to generate efficiencies over time
- The global innovators typically name companies like PI as the manufacturers of products while registering their products overseas; amendment to the same requires additional time and cost

In-licenced products remain the key focus in agro-chemicals: The agrochemical business of the company is focused on in-licenced products where the company is able to earn high margins compared with the other agro-chemical companies. Hence PI has a unique business model for agro-chemicals too where it focuses on limited products but those products have the capacity to become blockbusters going ahead. PI has around 25-30 products in the market of which the majority are in-licenced products whereas the other agro-chemical companies have roughly 90 products in the market of which some are commodity products, which have smaller margins. So the focus area for the company is to launch in-licenced products in order to achieve a sustainable growth with reasonable margins. The company is targeting to launch two new products every year which can provide visibility of growth in the agro-chemical business.

Consistently launching novel products every year: PI has a steady track record of recording a high revenue growth supported by the launch of novel products every year. The agro-chemical segment has seen a consistent compounded annual growth rate (CAGR) of 17% over FY2012-15 supported by in-licencing of the newly launched or patented molecules from MNC innovators against an industry growth of around 11% CAGR. Hence, we believe that a consistent launch of new products will help the company maintain its growth momentum in the coming years. Rice contributes 40% of the total revenues of the company followed by vegetables, tea and chilies. Insecticides contribute 50% of the total revenues followed by herbicides (30%) and fungicides (20%).

Innovation process



Source: Company

New launches in the last six years

Product name	Type of agrochemical	Crops targeting	Type of contract	Year
Nominee Gold	Herbicide	Rice	In-licenced	FY2010
Oval	Insecticide	Broad spectrum	Branded generic	FY2012
Clutch	Fungicide	Broad spectrum	Co-marketing	FY2012
Wicket	Herbicide	Wheat	Branded generic	FY2012
Sanipeb	Fungicide	Broad spectrum	Co-marketing	FY2012
Osheen	Insecticide	Rice	In-licenced	FY2013
Voltage	Insecticide	Broad spectrum	Co-marketing	FY2013
Fluton	Insecticide	Cotton, paddy, paddy, cardamom,	Co-marketing	FY2013
Cuprina	Fungicide	Cumin, coffee, tea and tobacco crops	Co-marketing	FY2013
Melsa	Herbicide	Wheat	Branded generic	FY2014
Pimix	Herbicide	Rice	Co-marketing	FY2014
Keefun	Insecticide	Vegetable, apple, citrus, grapes, cotton	Branded generic	FY2015

Source: Company, Sharekhan

Major products of the company

Product name	Type of agrochemical	Molecule name
Biovita	Specialty chemicals	Ascophyllum nodosum
Foratox	Insecticide	Phorate 10 % CG
Carina	Insecticide	Profenofos 50% EC
Osheen	Insecticide	Dinotefuran 20% SG
Nominee Gold	Herbicide	Bispyribac Sodium 10% SC
Melsa	Herbicide	Pinoxaden 5.1% EC
Roket	Insecticide	Profenofos 40%+Cypermethrin 4%EC

Source: Company, Sharekhan

Key products

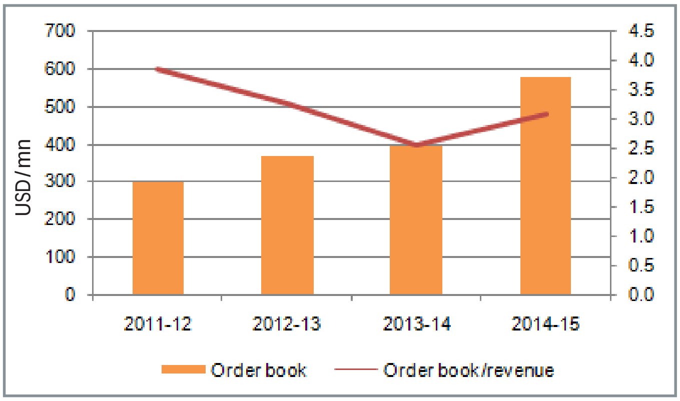
Source: Company

Strong pan-India presence: PI has a strong pan-India presence covering 10,000+ distributors and more than 35,000 retailers present in the majority of the markets and crops. A strong marketing presence helps the company to scale up the newly launched products fast. The company has a very strong presence in the north, west and east, and gradually is increasing its presences in the south too. PI also has a centralised SAP ERP (enterprise resource planning) system which gives it efficient last-mile connectivity.

Capacity addition to help sustain growth momentum in the CSM business: The CSM business remains the differentiating force that will help it achieve a higher growth with a continuous improvement in the margins in the coming years. To sustain the growth momentum, the company has expanded its manufacturing capacity in Jambusar at a cost of Rs300 crore and the new capacity would be commissioned in H2FY2016. After the expansion PI would be able to improve its revenue mix in favour of the relatively high-margin CSM business. The capacity expansion would also have a favourable impact on its return ratios. On the agro-chemical front, the company is concentrating on a few niche products which have the ability to become blockbusters in future. It has only 25-30 products in the market (vs the other agro-chemical companies, which have 80-100 products) and plans to launch two new products every year which will help it to increase its market share.

Robust order provides long-term visibility: The company's CSM export order book at the end of H2FY2016 stood at around Rs3,800 crore, which is 3.1x its FY2015 earnings. The growth in the order book remains strong on account of new molecules that were commercialised over the last four years. Going ahead, the company has plans to commercialise two to three new molecules in FY2016 which will further help it retain its growth prospects.

Order book/revenue



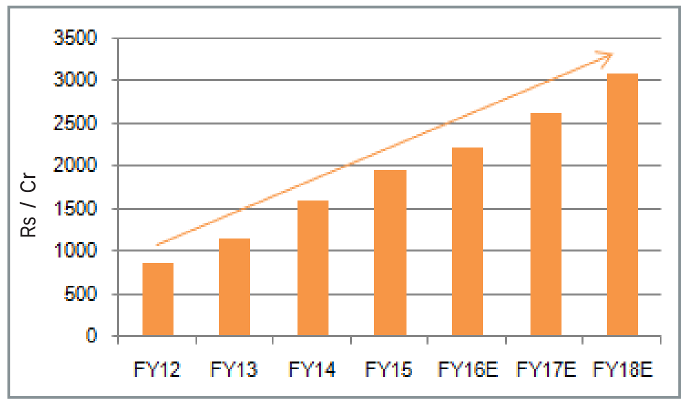
Source: Company, Sharekhan

Jambusar CSM facility expansion: The company is adding two new plants at Jambusar with a total capex of Rs300 crore; these will be commissioned by H2FY2016. The company is targeting an asset turnover of 2.0-2.5x from Jambusar which will give it visibility of growth over the next two to three years. The Jambusar plant is spread over 90,000 square meter of area and has three multi-purpose plants functioning. After the expansion, two more plants will be added, taking the total plant count to 5 in Jambusar. Currently, the Jambusar facility is operating at 85% capacity utilisation which, we believe, is optimum, given that PI is a chemical company. Inquiry at Jambusar has improved by 20% in Q2FY2016 which is a positive development for the company and will further improve its growth prospects. The Jambusar facility will have a 10-year tax holiday and a ramp-up in the production capacity of the plant will result in tax savings and margin expansion.

Earnings to grow at 24% CAGR over FY2015-18, balance sheet to be deleveraged by FY2017: The commissioning of the Jambusar facility and the launch of new products in the agro-chemical segment will help the company to achieve a revenue CAGR of around 17% and earnings CAGR of around 24% over FY2015-18. On the other hand, the margins are expected to improve by 225BPS over the next three years. On the balance sheet front, the company is expected to become debt-free by FY2017 on account of strong cash flow from operations. The return ratios, among the best in the industry, will remain strong at RoCE of around 36% and RoE of around 28%. With a major capex behind it, the company will generate strong free cash flows, so there's room to increase the dividend pay-out from 15% currently.

Revenue growth to remain intact: We expect PI's revenues to grow at a CAGR of 17% over FY2015-18 led by a strong order book ($610 million till H1FY2016) in the CSM business and a steady growth in the domestic agri-input business with focus on the in-licenced products (we expect the agri-input business to grow at a CAGR of 12% over the next three years). The CSM business is likely to grow at a CAGR of 22% over the next three years on the back of the capacity expansion at the Jambusar plant with incremental order flows.

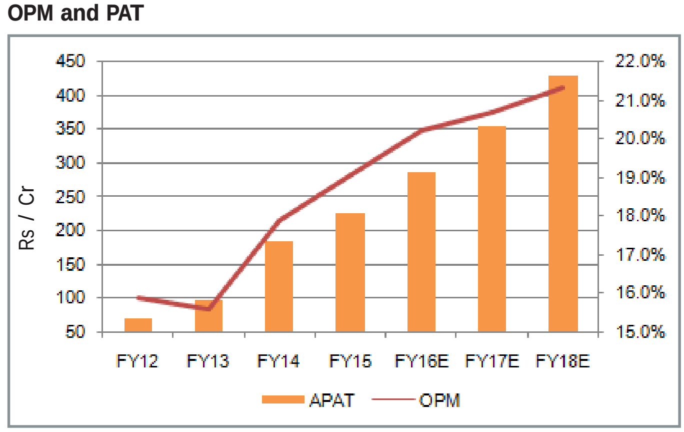
Trend in revenue



Source: Company, Sharekhan

CSM contribution to revenues will improve the margin scenario: After the capex the company is targeting roughly Rs750 crore of revenues from the new plant at Jambusar (accounts for 65% of the CSM revenues). The CSM business has high margins compared with the agro-chemicals. Hence, an increase in contribution from the CSM business will boost the margins over the next three years. Therefore, high margins and no interest cost will help the company to record a higher earnings growth of 24% CAGR over FY2015-18.

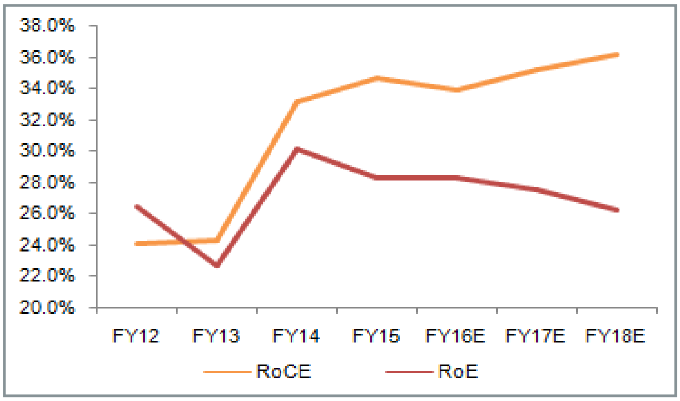
OPM and PAT



Source: Company, Sharekhan

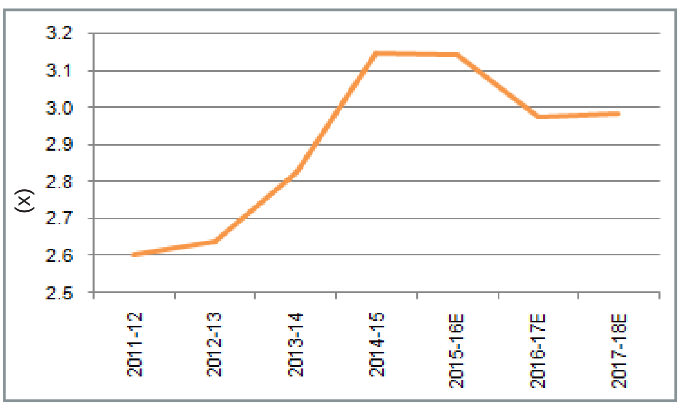
Balance sheet to remain strong: PI is one of the very few agro-chemical companies in the domestic market and is likely to become debt-free by FY2017 (its debt/equity ratio is 0.2x currently). On the return ratio front, the company will be able to maintain the ratios at higher level with an RoCE of around 36% and RoE of around 28%.

Return ratios



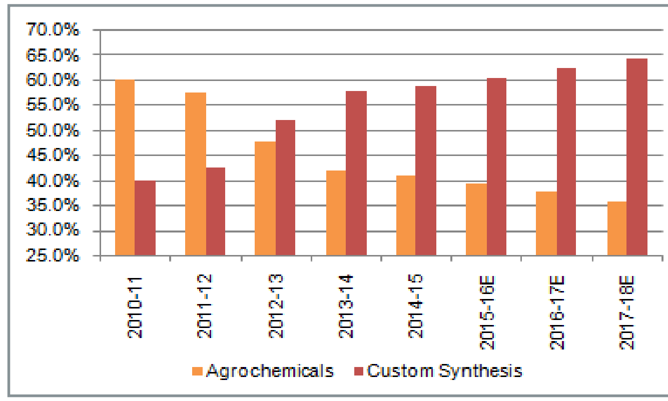
Source: Company, Sharekhan

Asset turnover ratio



Source: Company, Sharekhan

Segment-wise revenue break-up

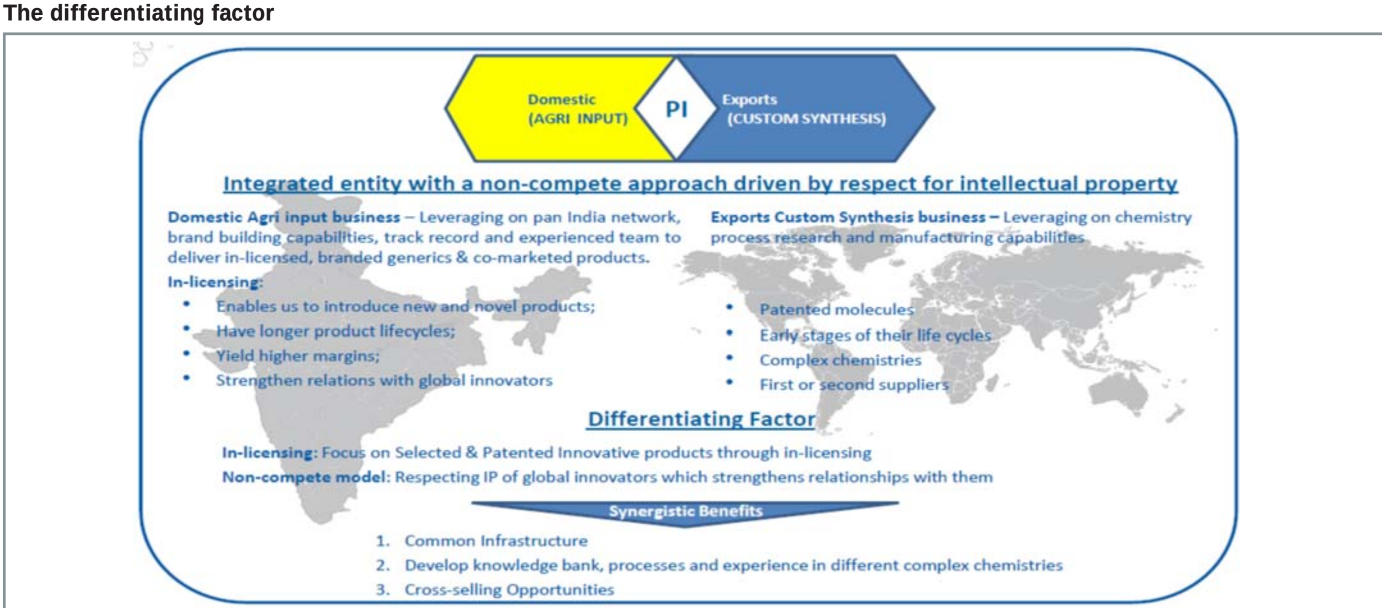


Source: Company, Sharekhan

About the company

PI is a leading agro-chemical and CSM company in India. With over five decades of experience in working with millions of Indian farmers and a vast marketing & distribution set-up in India, the company offers innovative agro-chemical products in India. Having highly accredited R&D skills and laboratory and manufacturing set-up for fine chemicals, it meets the process research and contract manufacturing needs of the newly discovered molecules. The company currently operates three formulation and two manufacturing facilities as well as five multi-product plants under its three business units across Gujarat (Panoli and Jambusar) and Jammu. These state-of-the-art facilities have integrated process development teams with in-house engineering capabilities.

The differentiating factor



Source: Company

Key management personal details

Salil Singhal, chairman and managing director (promoter director)

After taking charge of the family business in July 1979 he headed the Pesticide Association of India (now Crop Care Federation of India) as it chairman for 17 years and is now Chairman Emeritus. He was the chairman of the Environment Committee and FICCI for five years. He is currently on the boards of Wolkem India; Historic Resorts Hotels; The Lake Palace Hotels and Motels; Secure Meters; Somani Ceramics; Usha Martins, PILL Finance and Investments and Entity Holding PTE, Singapore.

Mayank Singhal, managing director and CEO (promoter director)

An engineering and management graduate from the UK, he joined PI in 1988. He worked at the plant level for two years and was inducted to the board of the company in 2000. He was appointed as the joint managing director in 2004. He is also a director on the boards of PI Life Science Research and PILL Finance & Investments.

Rajnish Sarna (executive director)

An enterprising chartered accountant and law graduate associated with the company for a long time, he brings industry knowledge, leadership skills and strong operational expertise. He provides leadership to business strategy and overseas operations and finance. He is also a director on the boards of PI Life Science Research and PILL Finance and Investments

Segmental details

Agro-chemicals: Contributes roughly 38% of the total revenues

- The agro-chemical business offers plant-protection products, specialty-plant nutrient products and solutions. PI has a strong rural reach and brand equity with millions of Indian farmers duly backed by a robust pipeline of products for a sustained growth in the sector.
- The company is well positioned to make the most of the opportunities arising in the Indian agro-chemical industry.
- It possesses a strong product portfolio for crops like rice, vegetables, sugar-cane and cotton. It has tied up with several global innovators to exclusively manufacture and distribute agro-chemical products in India.
- Niche products are developed keeping in mind the emerging patterns in crop protection and the need for holistic farm solutions. Going ahead, it plans to introduce seven to eight new products over the next three to four years.
- The company's unique product portfolio is ably backed by a strong distribution network of 9,000 dealers across the country.

Custom synthesis and manufacturing: The business contributes roughly 60% of the total revenues; the total order book at the end of Q2FY2016 was $610 million (3.1x its FY2015 CSM revenues).

- The CSM business offers contract research and production services. It produces agro-chemicals, intermediates and other niche, fine chemicals for global innovators. This business is backed by a strong R&D team, which works to develop and commercialise products based on the newly discovered molecules with reputed MNC innovators.
- India has emerged as a preferred destination for contract research and manufacture, owing to the vast pool of talented resources available at a competitive cost. Global innovators seek partners in India to catalyse their process development and manufacture newly discovered molecules on a large scale.
- The company possesses a state-of-the-art GLP-accredited laboratory that provides comprehensive services to customers. PI has six multi-product plants within its manufacturing locations.
- The company's recently commissioned unit at Jambusar was optimised quickly and has started delivering products. With an increase in revenues generated from fine chemical exports, PI strengthened its global position as one of the leading suppliers to the crop protection industry.
- At any given point in time, the company has a number of molecules being evaluated at the R&D level. Commercialisation follows a disciplined time table of development which may take one to two years. Deliveries are aligned to the global demand for these molecules, leveraging the company's rich experience.

Products

PI's domestic agri-input portfolio consists of in-licenced products, which are newly launched/patented molecules of innovators. Some of the key brands are *Nominee Gold*, *Osheen*, *Foratox, Fosmite, Biovita* and *Roket*. The company also produces and markets branded generic agri-input products. It has pioneered the introduction of granular formulations in India and over the years has emerged as a market leader and largest producer of molecules like Profenofos, Ethion and Phorate.

The company introduced two new products in FY2014—Melsa, a wheat herbicide, and Pimix, a rice herbicide—under the co-marketing agreements with the innovator MNCs to provide integrated weed management solutions to wheat and rice growers respectively.

Domestic agriculture and agri-input industry

At 179.9 million hectares, India accounts for the second largest agricultural area in the world with a majority of the population dependent on agriculture (for employment and livelihood). Agriculture accounts for 14% of the country's gross domestic product. India is the world's largest rice exporter and second largest exporter of wheat. India's agro exports during 2013-14 touched $45 billion as against $41 billion in 2011-12. At prevailing yields (among the lowest in the world), India's incremental food grain demand could exceed incremental supply by about 50MTPA over a decade. At the current yield, the annual food grain production per capita could decline to 188kg. The agri-input sector continued to perform creditably due to favourable monsoons, higher crop prices and increased output. Correspondingly, the agro-chemical companies continued to report robust results while the fertiliser sector lagged due to higher discounts and interest costs.

For FY2016 the minimum support prices of key crops were raised by the government. The Commission for Agricultural Costs and Prices (CACP) had proposed a hike of Rs50 per quintal for different grades of paddy crops. For pulses the cabinet made an exception and decided to give a bonus of Rs200 per quintal for pulses over and above the recommendations of the CACP (a Rs50-75 increase per quintal). This will motivate farmers to grow more pulses above cereals which are in large surplus.

Domestic crop protection sector

The Indian crop protection market was estimated at $3.8 billion in FY2012 with exports constituting about 50%. The country's crop protection market is expected to grow at around 12% annually to reach $6.8 billion by FY2017, largely driven by an export-demand growth of 15-16% per annum and domestic-demand growth of 8-9% annually. Despite the demonstrated benefits of agro-chemicals, penetration is not even 30% of the potential market. While India has consumed low-value insecticides in the past, the increasing cost of labour is expected to enhance the use of herbicides and fungicides. India's crop protection industry is largely dominated by insecticides (65%) while herbicides, fungicides and others (rodenticides and nematicides) account for 16%, 15% and 4% respectively. Biopesticides, which currently represent only 4.2% of the overall pesticides market in India, are expected to grow by about 10%.

Key risks

Uneven weather conditions: The performance of the pesticide industry remains highly dependent on the weather, which affects the presence of disease and pest infestations in the short term on a regional basis. Normal monsoons are an important but not the only factor driving demand for pesticides. Pest occurrence is also critical in driving sales volumes for the pesticide companies. Therefore, adverse weather conditions and inadequate pest occurrence can negatively affect the performance of the pesticide companies.

Delay in execution of new capacity: Execution delay in setting up new capacities would affect the growth in the custom synthesis business of PI.

Peer comparison Rs cr

Company	CMP	Revenue		Adj PAT		PE (x)		P/B (x)		RoE (%)	
	(Rs)	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E
PI Industires	610	2,613.4	3,090.1	354.9	428.9	23.2	19.2	5.7	4.5	27.5	26.2
Dhanuka Agritech	480	992.7	1,178.5	130.3	166.2	18.7	14.7	4.1	3.3	24.0	24.8
Insecticides India	401	1,247.4	1,314.0	77.7	89.3	10.3	8.6	1.8	-	18.4	20.6
Rallis India	175	1,937.8	2,463.0	19.3	273.0	16.2	12.4	3.3	2.8	21.6	23.5

Financials

Profit & loss

Rs cr

Particulars	FY14	FY15	FY16E	FY17E	FY18E
Net sales	1,595.0	1,939.7	2,225.0	2,613.4	3,090.1
Gross profit	675.9	824.8	988.3	1161.9	1377.3
Operating profit	285.6	369.9	449.8	541.3	658.9
Other income	15.6	23.2	25.2	27.2	29.2
PBIDT	301.2	393.0	475.0	568.4	688.1
Depreciation	31.4	49.2	60.2	73.8	84.0
PBIT	269.8	343.9	414.8	494.6	604.1
Interest	11.8	9.7	5.0	0.0	0.0
PBT	258.0	352.5	409.8	494.6	604.1
Total tax	74.3	109.4	123.0	139.7	175.2
Net profit	183.7	243.1	286.9	354.9	428.9
Adjusted profit	183.7	224.8	286.9	354.9	428.9

Key ratios

Particulars	FY14	FY15	FY16E	FY17E	FY18E
EBIDTA margin (%)	17.9	19.1	20.2	20.7	21.3
Net profit magins (%)	11.5	12.5	12.9	13.6	13.9
EPS (Rs)	13.6	16.7	21.3	26.3	31.8
P/E (x)	44.8	36.6	28.7	23.2	19.2
P/BV	11.9	9.2	7.2	5.7	4.5
EV/EBIDTA	29.3	22.8	18.7	15.2	12.5
RoE (%)	30.1	28.3	28.2	27.5	26.2
RoCE (%)	33.1	34.7	33.9	35.2	36.1
Debt/Equity ratio	0.2	0.2	0.1	0.0	0.0
Asset turnover ratio	2.8	3.1	3.1	3.0	3.0

Balance sheet

Rs cr

Particulars	FY14	FY15	FY16E	FY17E	FY18E
Share capital	13.6	13.7	13.7	13.7	13.7
Reserves & surplus	680.9	882.8	1,122.3	1,429.8	1,811.3
Net worth	694.5	896.5	1,136.0	1,443.5	1,825.0
Total debt	131.0	181.5	160.4	0.0	0.0
Deferred liabilities	43.7	36.9	36.9	36.9	36.9
Total liabilities	**869.2**	**1,114.8**	**1,333.2**	**1,480.4**	**1,861.9**
Net fixed assets	569.1	662.9	855.7	931.9	1,048.0
Investments	0.6	0.6	0.6	0.6	0.6
Inventories	318.8	378.2	420.2	493.1	581.9
Sundry debtors	256.8	382.6	487.7	572.8	677.3
Cash and bank balances	43.8	34.1	34.9	66.4	195.6
Other current assets	9.5	8.9	8.9	8.9	8.9
Loans and advances	119.4	163.0	170.5	178.0	185.5
Current liabilities	124.7	123.1	123.1	123.1	123.1
Creditors	291.6	348.7	474.4	596.5	656.9
Provision	32.4	43.6	47.6	51.6	55.6
Net working capital	255.8	417.2	442.1	481.5	617.8
Total assets	**869.2**	**1,114.8**	**1,333.2**	**1,480.4**	**1,861.9**

Cash Flow

Particulars	FY14	FY15	FY16E	FY17E	FY18E
Operating profit before working capital	301.2	400.8	492.9	568.4	688.1
Cash generated from Operating activities	293.4	303.6	468.0	529.0	551.8
Net cash generated from operation	219.1	184.1	345.1	389.2	376.6
Cash flow from Investing activities	-50.2	-146.2	-250.0	-150.0	-200.0
Net cash generated/ (used) in financing activities	-145.1	-52.6	-73.4	-207.8	-47.4
Increase / (decrease) in cash and cash equivalents	23.9	-14.7	21.6	31.5	129.2