VENTURA

Kyon ki bhaiya, sabse bada rupaiya.

Jain Irrigation Systems Ltd
BUY

Target Price ₹ 250 | **CMP ₹ 94** | **FY19 EV / EBITDA 4.5x**

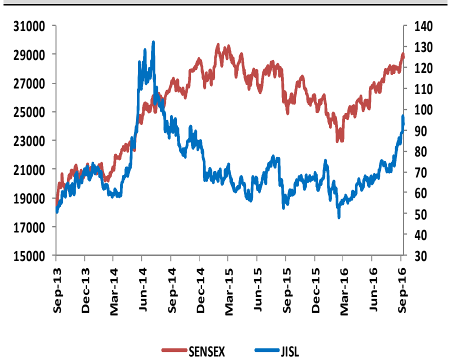
STOCK POINTER

Index Details	
Sensex	28,797
Nifty	8,867
Industry	Ariculture, Plastic & Food Processing

Scrip Details	
MktCap(₹cr)	4,238.43
BVPS (₹)	51.1
O/s Shares (cr)	47.6
Av Vol (Lacs)	7.60
52 Week H/L	97.8/47
Div Yield (%)	0.01
FVPS (₹)	2

Shareholding Pattern	
Shareholders	%
Promoters	30.95
Public	69.05
Total	100.0

JISL vs. Sensex



Over the period FY13-16, the performance of Jain Irrigation Systems Ltd (JISL) has been less than exemplary. It was marred by forex losses and high interest payments, which led to PAT losses in FY14. The two years that followed were also marked by lacklustre growth due to the drought-like situation prevailing in India and Maharashtra in particular.

However, we believe that the fortunes of the company are on the verge of a turn-around, given the good monsoon and the government impetus to kick-start the economy. Further, the infusion of ~Rs 800 crore of capital should help lower interest costs and improve the health of the balance sheet. We expect the revenues to grow at a CAGR of 14.7% to Rs 9,504 crore while the EBITDA and net earnings are expected to grow at a faster pace of 20.8% and 93.7% to Rs 1,440 crore and Rs 641 crore by FY19. EBITDA and PAT margins are also expected to improve to 15.2% (+217 bps) and 6.7% (+534 bps) over the same period.

We initiate coverage on JISL as a BUY with a price objective of Rs 250, representing a potential upside of 166% from the CMP of Rs 94. At present, the stock is trading at 5.7X and 4.5X its estimated EV/EBITDA for FY18 and FY19. We have assigned an EV/EBITDA of 12X on FY19 EBITDA.

Although our valuation is aggressive, we believe that the following factors warrant a premium:

a. **Robust outlook of the micro irrigation systems (MIS) segment, not only on the domestic front but globally too, augurs well for JISL.**

b. **The company is well placed to grow exponentially in the sunrise food processing segment. Spin off of Jain Farm Fresh Foods Limited (JFFFL) can lead to significant value unlocking. We have not factored this into the valuation and it remains an upside risk to our estimates.**

Key Financials (Rs cr)

Y/E Mar	Net Revenue	EBITDA	Adj. PAT	EPS (Rs)	EPS Growth (%)	RONW (%)	ROCE (%)	P/E (x)	EV / EBITDA (x)
2016	6292	816	86	1.9	59.50	3.6	9.2	44.9	9.3
2017E	7201	983	220	4.6	141.4	8.4	11.5	18.6	7.6
2018E	8260	1194	410	8.0	73.6	12.5	14.6	10.7	5.7
2019E	9504	1440	641	12.5	56.2	16.4	17.3	6.9	4.5

Tuesday, 21 Sept, 2016

c. **Infusion of equity to lower gearing and interest cost**

d. **Margins all set to improve to steady state**

e. **Alluring return ratios**

Our optimism stems from the following:

- **Strong revenue CAGR of 14.7% to Rs 9,504 crore by FY19 driven by robust growth across all segments:**

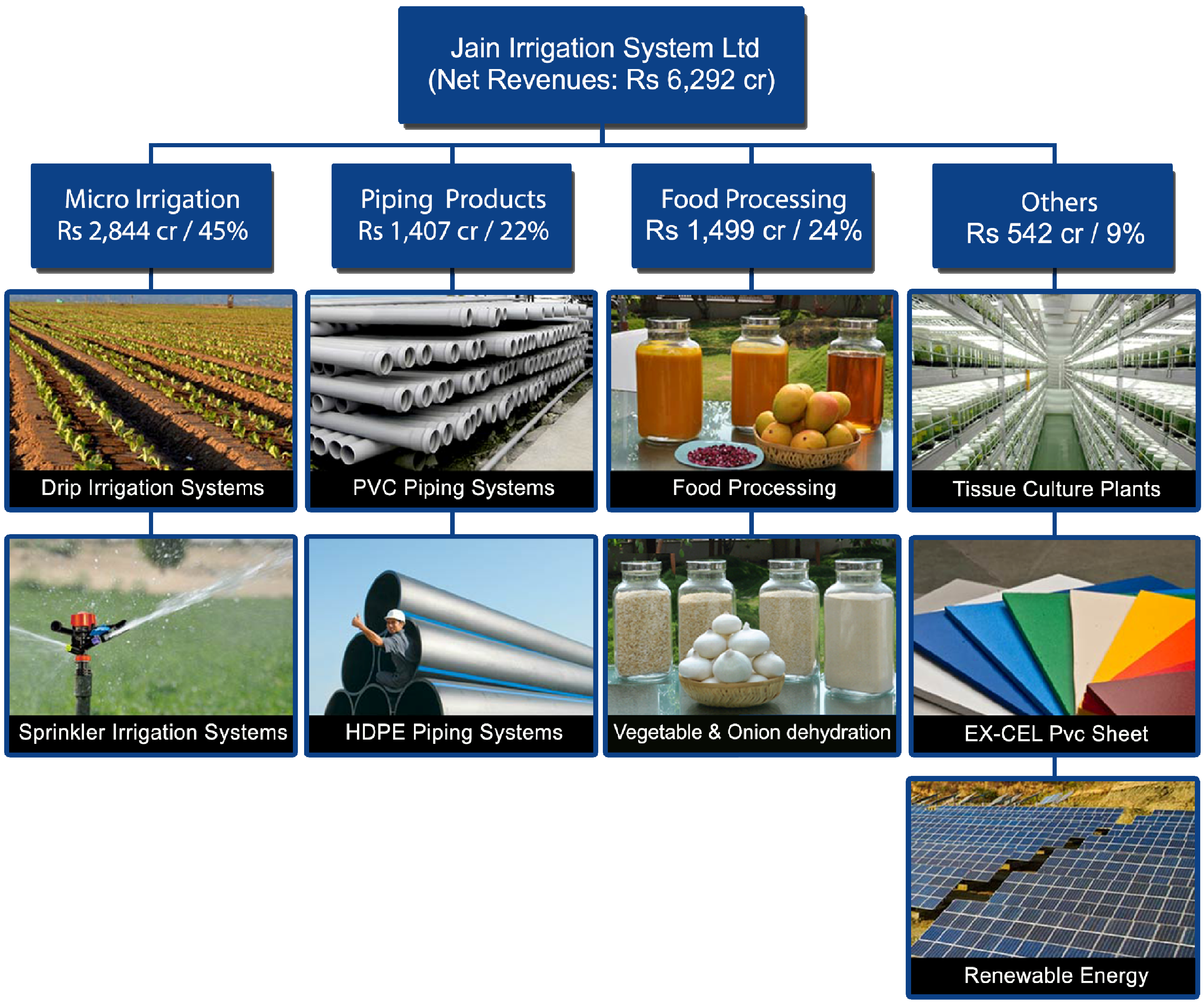
    1. **Micro irrigation business revenue to grow at a CAGR of 14.7% to Rs 4,291 crore**
    2. **Piping business to grow at a faster clip of 17.3% CAGR to Rs 2,273 crore**
    3. **Food processing segment to grow at a robust-paced CAGR of 16.7% to Rs 2,380 crore**
    4. **Other products viz tissue culture, green products & misc. to experience moderate growth of 8.6% CAGR to Rs 696 crore**

- **Infusion of funds by Mandala Capital Ltd and promoters to the tune of Rs 804.6 crore both at the consolidated and sub-JFFFL level (Rs 402.2 crore by Mandala Capital which invests only in agri-business) is a big positive. This fund infusion should lead to not only lower interest cost payments and a lower debt equity ratio, but also give impetus to the organic and inorganic growth of JISL.**

❖ Company Background

Jain Irrigation Systems Ltd (JISL) is currently the world's second largest and India's largest micro irrigation company. Another little known feature is that JISL is the largest global player in mango processing. Its business verticals are as shown below.

Business Verticals of Jain Irrigation Systems Ltd



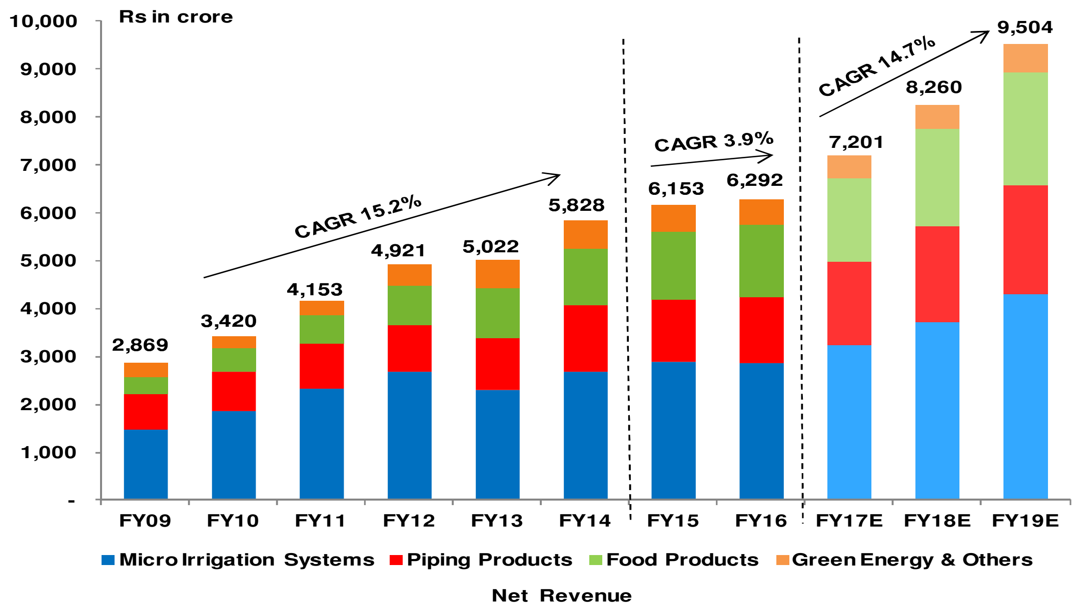
JISL's operations are conducted through 30 global manufacturing facilities and it employs over 10,000+ employees worldwide.

❖ Key Investment Highlights

➢ Sharp spurt in revenue trajectory

Historically, over the period FY09-FY14, JISL experienced strong revenue growth of 15.2% CAGR to Rs 5,828 crore. This secular growth somewhat stagnated over the period FY14-16 due to drought conditions with revenues climbing (CAGR of 3.9%) to Rs 6,292 crore. However, the recent bountiful rainfall and significant measures taken by the government to boost irrigation and water conservation augurs well for agricultural growth. Consequently, we expect the growth trajectory to resume.

Business segments to experience all round growth



Source: Jain Irrigation Systems Ltd, Ventura Research

We expect net revenues to grow at a CAGR of 14.7% (from Rs 6,292 crore in FY16) to Rs 9,504 crore in FY19 driven by:

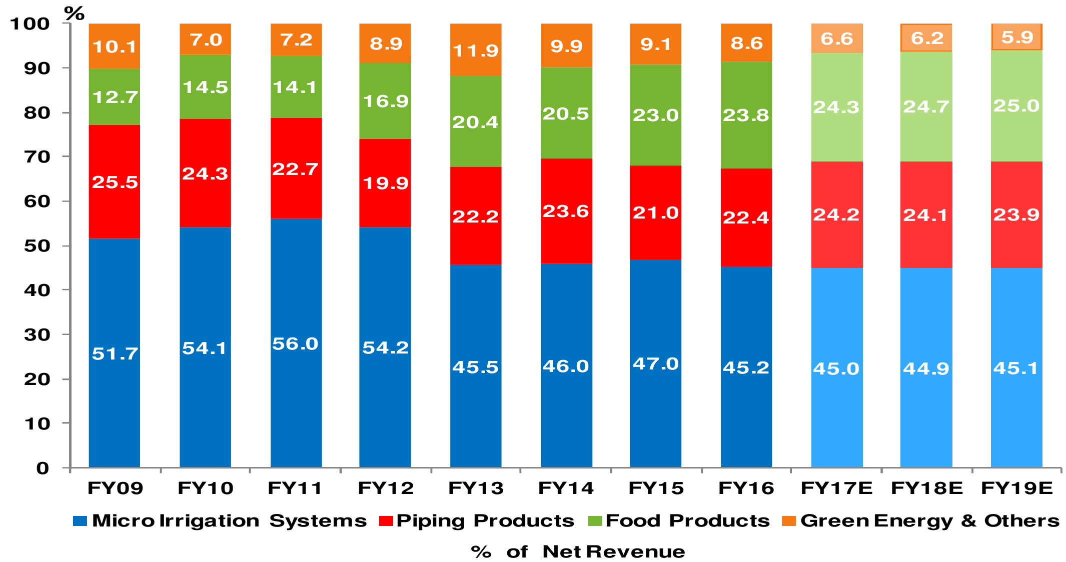
1) Robust growth in the micro irrigation business (MIS) – revenue to grow at a CAGR of 14.7% to Rs 4,291 crore.

2) Piggy backing on MIS growth, we expect the piping business to grow at a faster clip of 17.3% CAGR to Rs 2,273 crore. The introduction of a new category - CPVC pipes - will mark the foray of JISL into the building segment.

3) The carving out of the food processing business into a separate subsidiary, Jain Farm Fresh Foods Ltd (JFFFL), is expected to enhance the focus on the sunrise sector. We expect this segment to grow at a robust pace of 16.7% CAGR to Rs 2,380 crore. This segment enjoys healthy margins of ~18%.

4) Other products viz., tissue culture, green products & misc. to experience a moderate CAGR of 8.6% to Rs 696 crore.

Well diversified product portfolio

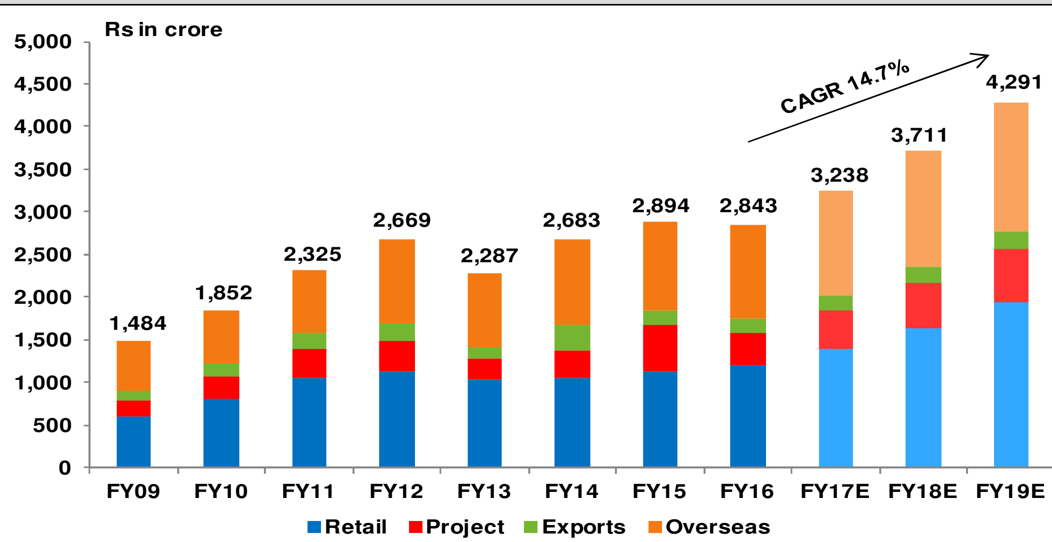


Source: Jain Irrigation Systems Ltd, Ventura Research

1. Micro Irrigation Systems: Government initiative to the fore

The micro irrigation segment is set to experience robust revenue CAGR of 14.7% to Rs 4,291 crore by FY19 earning an EBITDA margin of ~17%,on account of:

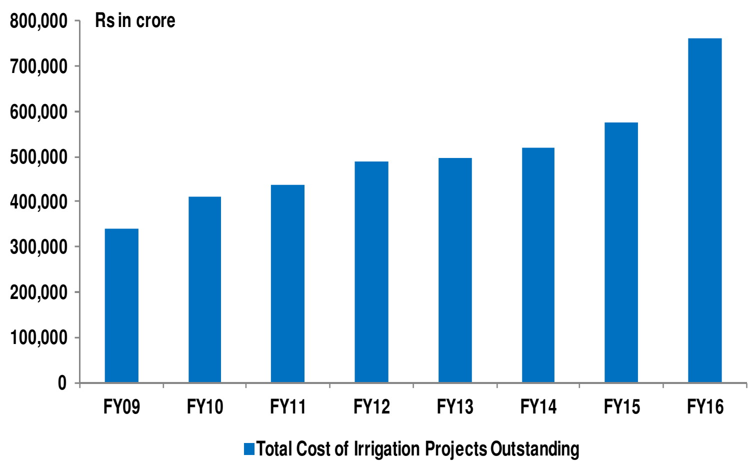
MIS business growth by segment



Source: Jain Irrigation Systems Ltd, Ventura Research

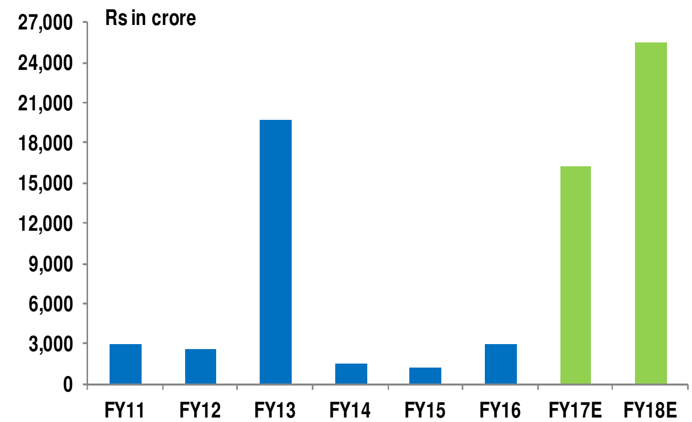
- **Focus on water conservation and micro irrigation:**
  - The Pradhan Mantri Krishi Sinchai Yojana has been strengthened and will be implemented in mission mode.
  - 28.5 lakh hectares will be brought under irrigation.
  - Implementation of 89 irrigation projects under Accelerated Irrigation Benefits Programme (AIBP), which are languishing for a long time, to be fast tracked.
  - A dedicated Long Term Irrigation Fund will be created within NABARD, with an initial corpus of about Rs 20,000 crore.
  - Programme for sustainable management of ground water resources with an estimated cost of Rs 6,000 crore will be implemented through 3 multilateral funding bodies.

Irrigation projects set to get a fillip



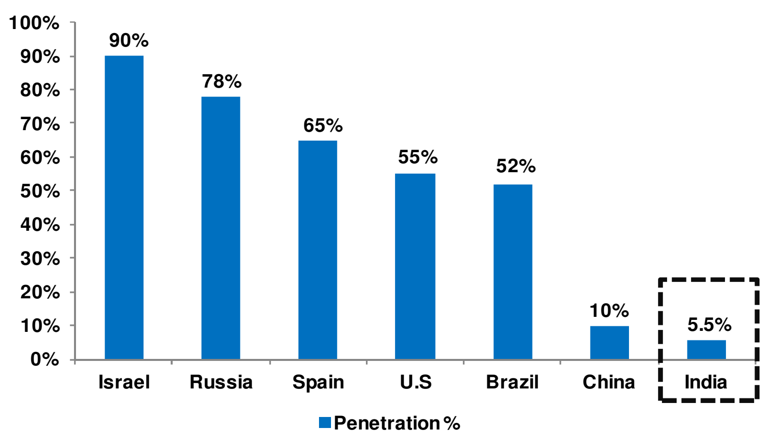
Source: CMIE, Ventura Research

Value of irrigation projects commissioned



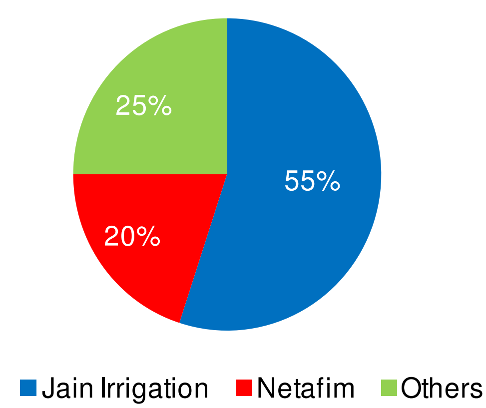
Source: CMIE, Ventura Research

Significant head room for MIS penetration



Source: Jain Irrigation Systems Ltd, Ventura Research

JISL has a dominant share of domestic MIS



Source: Jain Irrigation Systems Ltd, Ventura Research

- **Mandatory drip irrigation for sugar cane crop in Maharashtra - a huge positive:**

  Maharashtra is the second-highest producer of sugarcane after UP and nearly 3 mn farmers are engaged in sugarcane farming. Although one million hectares (ha) of the state is under sugarcane cultivation, only 100,000 hectares have drip irrigation systems. In the light of successive droughts during the previous two years, the Maharashtra Government has been toying with the idea of introducing compulsory drip irrigation for the high water consuming sugar cane crop.

  At present, the state gives a 50% subsidy to farmers and 60% to so-called marginal farmers (owning less than 2 ha) to buy drip irrigation systems. Maharashtra Government is expected to shell out ~Rs.4,000 crore by way of subsidies to implement drip irrigation on the remaining 900,000 ha of land (drip irrigation system costs ~ Rs.90,000 – Rs 1.1 lac per ha). With pro-voices getting increasingly louder, the probability of the scheme seeing fruition prior to the sugar cane planting season (end October) presents a huge untapped potential.

- **JISL to be the prime beneficiary of MIS for sugarcane:**

  Maharashtra is the mainstay of JISL's operations (50% of retail MIS revenues comes from the state) and logically, we expect the company to get the lion's share from this prospective business. We have not factored the same in our model and, if this opportunity materializes, it would lead to a further re-rating of the stock as it represents an upside risk to our estimates.

- **Strong Monsoons to drive growth:**

  Maharashtra is a key retail market for JISL's MIS business as the state accounts for nearly 50% of its retail MIS business. Thus good rainfall in Maharashtra, after two years of drought, augurs well for JISL.

- **Contract for solar agri-pumps:**

  JISL has bagged the largest ever solar agri-pump tender worth Rs 473 crore from Maharashtra State Electricity Distribution Company's (MSEDCL). The order is for the supply and installation of 8,959 solar agri-pumps. The execution period is over the next 6-12 months, with 5 years of operational and maintenance support.

  Over the last few years, JISL has installed more than 15,000 solar agri-pump sets across India in 8-9 states, which is more than 50% of the total installations across the country.

➢ **Global thrust on Micro Irrigation is a positive:**

Micro Irrigation (MI) is one of the fastest growing segments of the global agricultural industry. Over the period 2016-2021, the global MI industry is expected to grow at a CAGR of 18.3% to USD 6.81 bn. JISL, which derives ~40% of its MIS vertical from international operations, is expected to be a significant beneficiary.

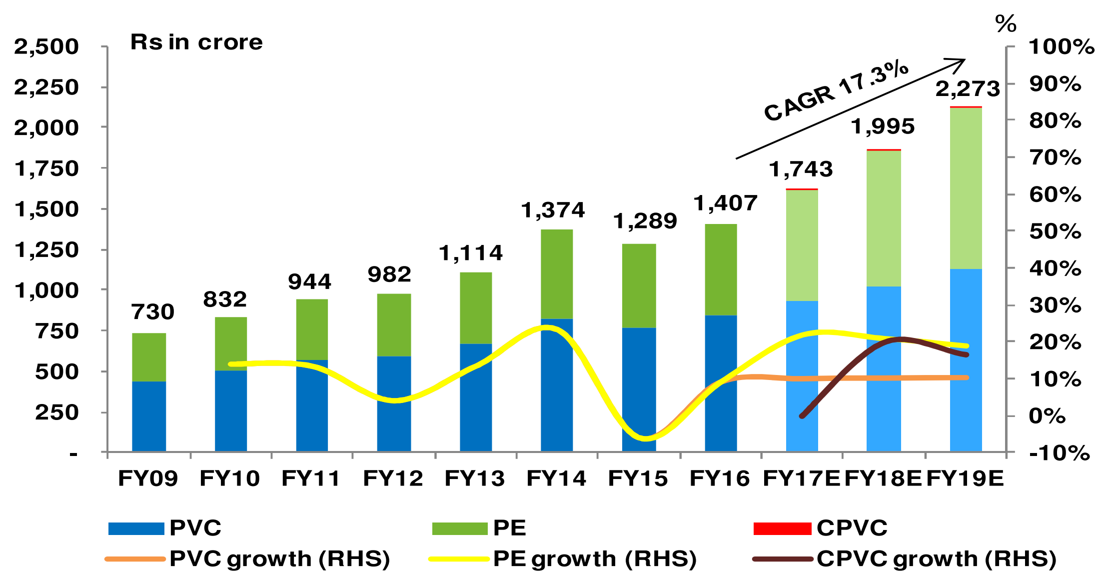
Its global footprint is well diversified and it has a presence across most major MI markets. In addition, it has a strong product portfolio which augurs well for milking the global opportunity.

Recently, its Israeli subsidiary NaanDan Jain Irrigation Ltd. won a first of its kind off-grid solar powered drip irrigation system order worth ~Rs 140 crore (Euro 18.7 mn), which is to be executed over the next 18 months. This order will be the role model globally where the farms are not connected with electricity.

2. Piping Products:

We are optimistic about the piping business and expect a robust growth of 17.3% CAGR to Rs 2,273 crore. (EBITDA margins for the piping segment are expected to be ~7.2%). This growth is driven by:

Resurgent growth of the piping business segment



Source: Jain Irrigation Systems Ltd, Ventura Research

- **PE and PVC pipes : Massive boost from Government's drive towards improving agriculture and infrastructure**

a. PVC Pipes (60% of segmental revenues) :

The piping business is strongly correlated with Indian infrastructure spends. The Indian PVC pipes and fittings market is projected to register a strong CAGR of 15% over the period FY2015-19 to Rs 39,100 crore on the back of:

- Government thrust on rural water management, which requires proper infrastructure for transportation of water to the end-user. The demand is principally for pipes from the agriculture, plumbing and industrial segments.
- PVC pipes are increasingly replacing conventional piping systems due to their lower cost and higher durability. Use of PVC pipes for the irrigation and sanitation space are also expected to pick up in the coming years, which should benefit JISL.
- Newer areas of application like Roof gutter systems, which have a total market share of 5% (i.e. Rs 1,200 crore) will enhance penetration of PVC pipes

b. PE Pipes (40% of segmental revenues) to experience robust growth:

- With gas becoming an integral part of our economy, demand for Polyethylene Pipes (PE Pipes) fittings used for water and gas transportation is only expected to go up. Gas pipeline infrastructure in the country stood at 15,808 km in Dec-15 and is expected to expand to ~28,000 kms in next 5-6 years. This should boost PE volumes for JISL. PE piping systems are extremely cheap at ~10% of the total cost of conventional steel pipe networks.
- In the water transportation section, the PE pipes turnover has scaled revenues of Rs 6,139 crore, while the fast growing telecom ducts segment (market size of Rs 700 crore) is projected to grow at a remarkable pace of 25% annually, considering the expansion plans of telecom companies.
- **Rs 220 crore water project in Tanzania (Africa):**

  In Dec 2015, JISL bagged an order worth Rs 220 crore for the supply and installation of a water distribution network. The company intends to complete the project in the next 9-12 months.

- **CPVC pipes : Entry into the fast growing building construction segment:**

  - CPVC pipes, because of its compelling properties (corrosion resistant, durable, friction free, resistant to bacterial growth and environment friendly), is making fast inroads into the building construction industry.

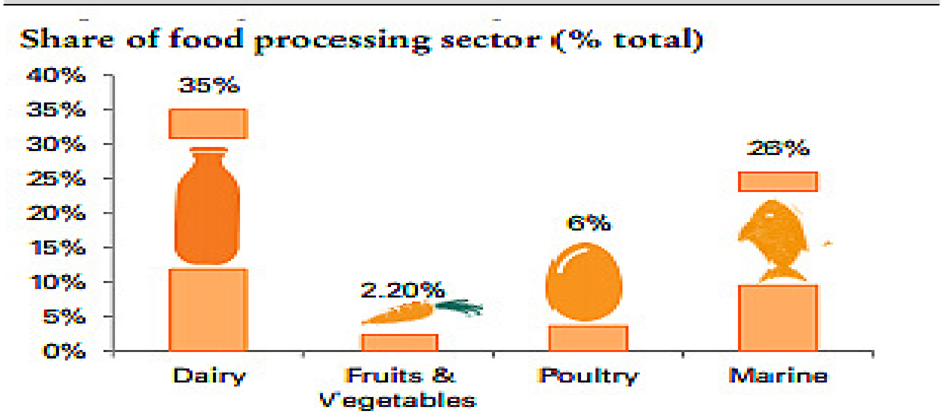
- The Indian real estate market is expected to increase at a CAGR of 11.2% to touch US$ 180 billion by 2020. Given the boom in the real estate industry and unmatchable characteristics of CPVC pipes, we expect the demand to grow stupendously. JISL's foray is well intentioned, however, the competitive intensity is very high.

3. Food Processing: Sunrise sector with huge potential

➢ Tremendous potential for food processing:

India ranks first in the world in production of fruits and second in vegetables, accounting for roughly 10% and 15% respectively, of total global production. Despite the large production, it is estimated that at present only 6% (2.20% in 2013) of total agr-output is currently processed (as against up to 60-80 per cent in some developed countries). The National policy aims to increase this to 25% by 2025. All of these imply that there is an exponential growth opportunity.

Domestic processing of Fruits & Vegetables is grossly under penetrated (2013)



Source: Ministry of Food Processing Industries, Ventura Research

➢ Food processing - a priority area for the GOI

The 2015 Vision Document prepared by the Ministry of Food Processing Industries envisages trebling the size of investments in the processed food sector by

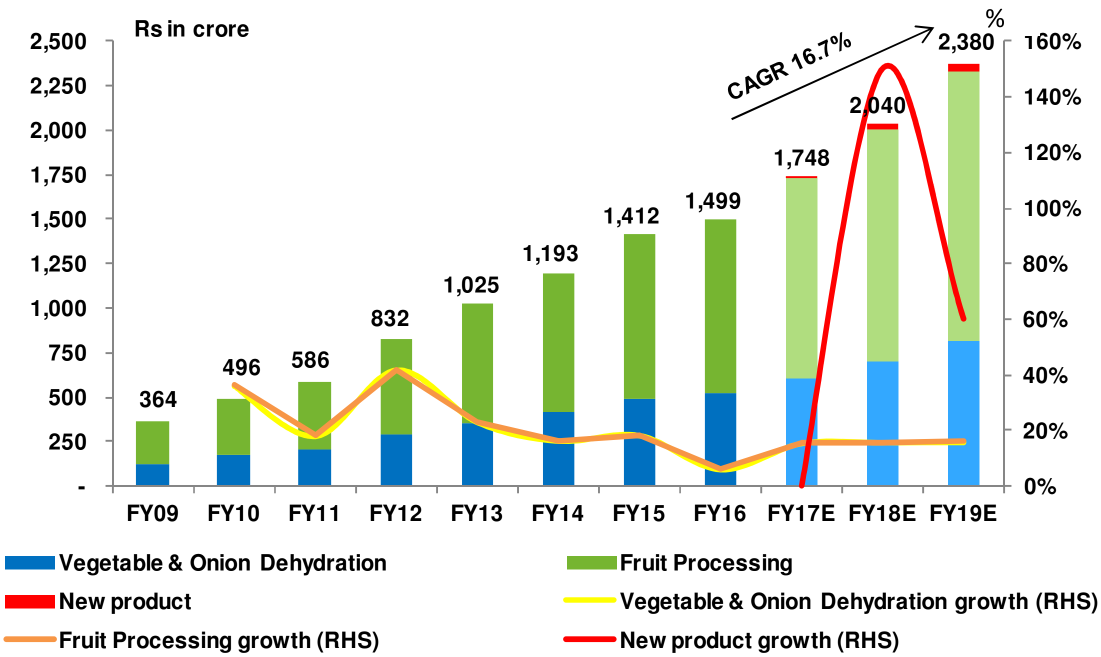
- increasing the level of processing of perishables from 6 per cent to 20 per cent
- enhancing the value addition from 20% to 35%, and
- upping the share in global food trade from 1.5% to 3% by 2015.

Though the targets aren't achieved yet, they seem to be well within reach in the near term.

- **Benefit from the strong thrust on food processing:**

JISL undertakes dehydration of onions and vegetable products, aseptic fruit purees, clarified juices, and frozen products of the finest quality under its brand name Jain Farm Fresh. Revenues from this segment are expected to clock a brisk CAGR of 16.7% to Rs 2,380 crore by FY19, with EBITDA margins of ~18%.

Food Processing – strong growth on the cards



Source: Jain Irrigation Systems Ltd, Ventura Research

- **Separate entity Jain Farm Fresh Foods Limited (JFFFL) set up to sharpen focus on this segment:**

  - To create a strategic focus on the fast-growing food business, JISL had carved out its food processing segment into a separate entity- Jain Farm Fresh Foods Ltd (subsidiary). Its esteemed customers comprise Coca-Cola (Maaza), Nestle, Unilever, Minute-Maid, Frito-Lay, and many more.

  - **Contract renewal with Coca-Cola India speaks volumes for the company being a dependable vendor for global brands:**

    JISL - a strategic supplier of fruit purees to Hindustan Coca-Cola Beverages Ltd (HCCBPL) has signed a 3-year contract for supply of mango pulp to HCCBPL worth ~Rs. 751 crore.

- **Foray into retail space:**

  In addition to the B2B segment, JFFFL has recently forayed into the retail space with the launch of its first branded retail product 'AamRus' (frozen mango pulp). Being the largest processor of mango pulp, this foray into retail is a step in the right direction.

Frozen Aamrus – foray into B2C

Source: Jain Irrigation Systems Ltd, Ventura Research

- **New business line with exponential potential:**

  JISL has recently taken baby steps to enter new lines of business - Spice and Citrus processing. These businesses have a huge untapped market with potential for exponential growth over the coming years.

- **Imminent value unlocking from the capital infusion by Mandala Capital Limited:**

  Mandala Capital Limited (a Mauritius based fund, focused exclusively on investing in the agri-business in India) has made a 2-way investments worth ~ Rs 396 crore in JFFFL. It has:

  - Acquired a stake of 11.19% (FY16) in JFFFL for ~ Rs 236 crore in the form of equity shares (at a premium of ~ Rs 743 per share on the face value of Rs 10) valuing JFFL at Rs 2109 crore

  - Further subscribed to 20.88 lakh compulsorily convertible debentures ("CCDs") worth ~Rs 160 crore (at Rs 770.36 each) with an option to convert into equity shares within 60 months (starting from March 30, 2016).

The above capital infusion will be utilized for furthering the organic and inorganic growth of the business.

Shareholding pattern of JFFFL

Description	% shareholding
Jain Irrigation Systems Ltd	**81.65**
Jain Processed Foods Trading & Investments Pvt. Ltd. *	7.16
Mandala Capital Ltd	11.19
Total	**100.00**

* Jain Processed Food Trading & Investments Pvt. Ltd. is a wholly owned subsidiary of JISL

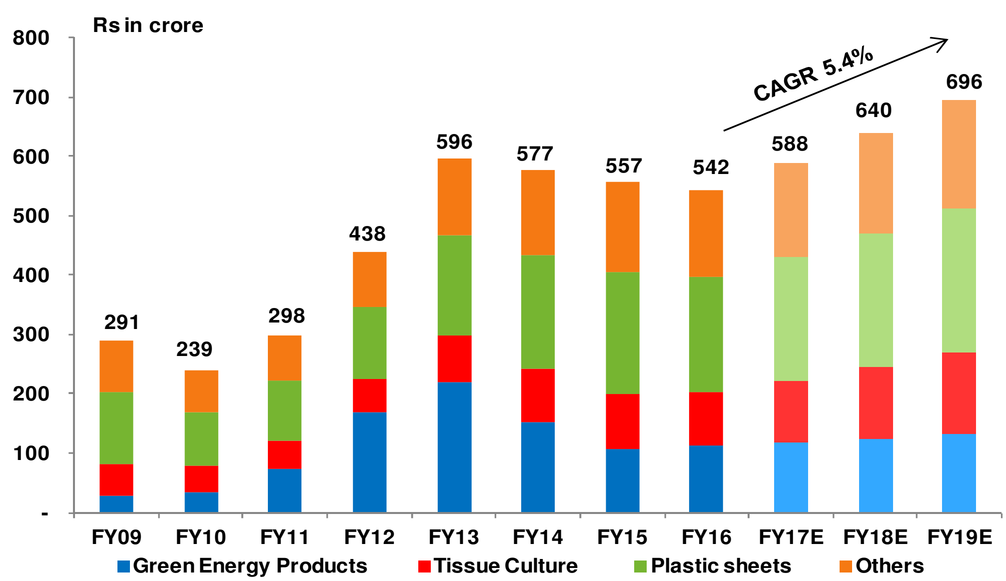
Source: Jain Irrigation Systems Ltd, Ventura Research

4. Green Energy & Others:

This segment includes green energy products, tissue culture, plastic sheets & misc. and contributes about 9% to the total net revenues (FY16). It is expected to experience tepid growth of 8.7% CAGR to Rs 696 crore by FY19, earning ~12% EBITDA margin. By FY19, the sub-segmental revenue growth is expected is as follows:

- green energy products (CAGR 8.5%) to Rs 132 crore,
- tissue culture (CAGR 15%) to Rs 136 crore,
- plastic sheets (CAGR 8%) to Rs 243 crore, and
- miscellaneous (CAGR 8%) to Rs 183 crore.

Tepid growth of green energy & others business



Source: Jain Irrigation Systems Ltd, Ventura Research

- **Capital restructuring to the rescue:**

Historically, high gearing posed as a limiting factor to the company's earnings. Of the total net debt, foreign currency loans constituted 59%, which induced volatility in earnings due to the impact of forex loses in addition to the interest cost. Over the period FY13-14 this impacted profitability resulting in PAT loss in FY14.

High interest cost and forex losses impacted bottomline sharply

Capital restructuring to pare losses (Rs in crore)

Description	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Total Revenue	**4,921**	**5,022**	**5,828**	**6,153**	**6,292**	**7,201**	**8,260**	**9,504**
EBITDA	**815**	**725**	**770**	**780**	**816**	**983**	**1,194**	**1,440**
Interest Cost	477	486	468	469	477	449	389	348
FOREX losses	105	124	230	57	19	30	30	30
PAT	**223**	**3**	**(40)**	**55**	**88**	**220**	**410**	**641**
Net Debt	3,800	4,200	3,890	3,927	3,559	3,457	3,017	2,717
Net Debt to Equity	**1.8**	**1.5**	**1.6**	**1.7**	**1.5**	**1.4**	**0.9**	**0.7**

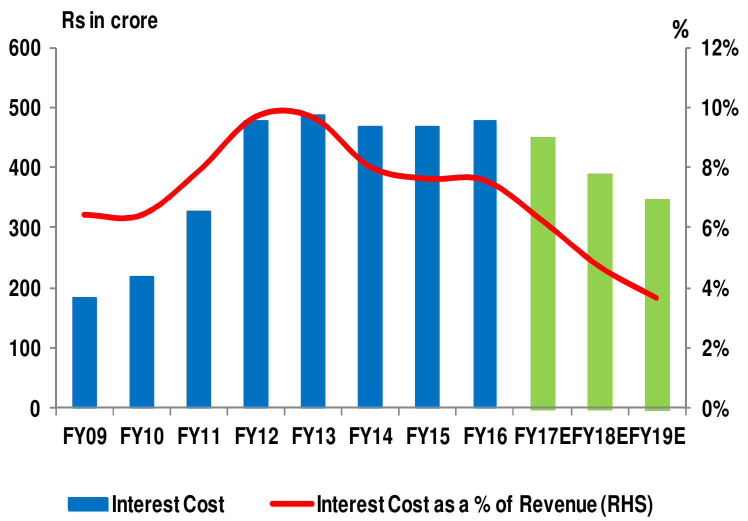
Source: Jain Irrigation Systems Ltd, Ventura Research

With a view to lower the gearing (from its highest level) and the management's commitment to bring down net debt to equity to 1:1:

- JAF Products Pvt Ltd (the promoter group company) infused capital worth Rs 112 crore in the form of equity (at a premium of Rs 78 per share on the face value of Rs 2) in FY16.
- Further, JISL issued Compulsory Convertible Debentures (CCDs) worth Rs 289.6 crore to Mandala Capital. This CCD is due for conversion to equity shares at Rs 80 per share (premium of Rs 78 per share on the face value of Rs 2) in September 2017. This will lead to an increase of 3.62 crore shares to 51.27 crore in FY18.

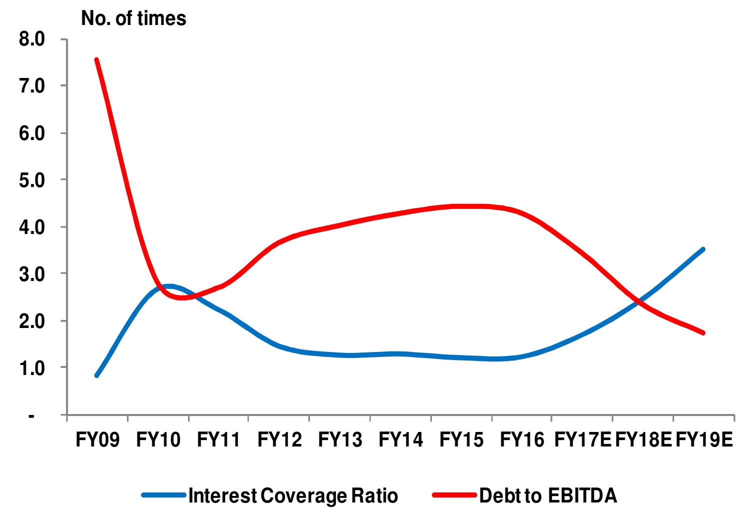
As a result, the debt to equity is expected to reduce meaningfully from ~1.5 in FY16 to ~0.7 in FY19 post conversion of the CCDs. In turn, the ROCE is expected to improve to ~14.2%/16.8% in FY18/FY19 from 9.2% in FY16.

Plunging interest cost augurs well



Source: Jain Irrigation Systems Ltd, Ventura Research

Improvement in solvency ratios on the cards



Source: Jain Irrigation Systems Ltd, Ventura Research

❖ Key Risks:

- Less than average rainfall could pose a threat to the revenue outlook to JISL as it is a predominantly agri-based company.
- International operations could be materially impacted in case the global economy enters a recession.

❖ Financial Performance

JISL, on a consolidated basis, reported a topline growth of 4.3% to Rs 1,713 crore in Q1FY17 on the back of growth in its Food Processing (7.9%) and Pipes (20%) business. The MIS business in India de-grew by 6.7%, in contrast to the overseas business, which grew by 10.3%. The EBITDA margins improved by 140bps to 13.6% in Q1FY17. The consolidated PAT grew exponentially to Rs 58.5 crore in Q1FY17 due to:

1) Higher EBITDA margins 2) A significant decline in finance costs.

In FY16, JISL's net sales grew marginally by 2.2% YoY to Rs 6,291.7 crore. However, the EBITDA margin surged by 20 bps to Rs 816.5 crore and the PAT margin rose significantly by 380 bps to Rs 88.3 crore.

Consolidated Quarterly Financial Performance (Rs in crore)

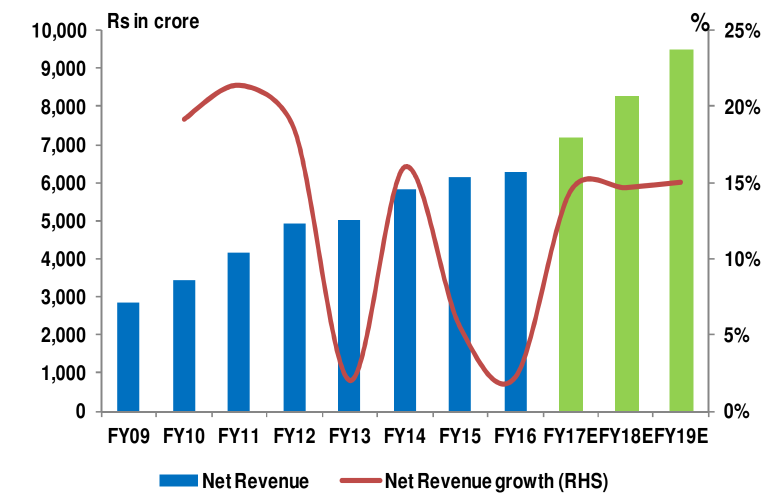
Description	Q1 FY17	Q1 FY16	FY16	FY15
Net Sales	**1713.2**	**1643.3**	**6291.7**	**6157.9**
Growth (%)	*4.3*		*2.2*	
Total expenditure	1479.7	1443.2	5475.2	5370.4
EBITDA	**233.5**	**200.1**	**816.5**	**787.6**
Margin (%)	*13.6*	*12.2*	*13.0*	*12.8*
Depreciation	68.7	67.2	263.6	244.1
EBIT (Ex. OI)	164.8	132.9	552.9	543.5
Non-Operating Income	13.1	6.0	41.3	33.1
EBIT	**177.9**	**138.8**	**594.2**	**576.7**
Margin (%)	*10.4*	*8.4*	*10.9*	*10.7*
Finance Cost	108.6	123.6	476.9	469.3
Exceptional Items	0.0	0.0	20.6	76.3
PBT	**69.3**	**15.2**	**96.7**	**31.1**
Margin (%)	*4.0*	*0.9*	*1.5*	*0.5*
Prov. for Tax	8.4	1.5	10.9	-23.9
Reported PAT	**60.9**	**13.8**	**85.9**	**55.0**
Margin (%)	*3.6*	*0.8*	*1.4*	*0.9*
Share of Associate	*0.7*	*0.8*	*2.7*	*0.8*
Minority Interest	-3.0	0.0	-0.3	0.0
Profit after Tax	**58.5**	**14.5**	**88.3**	**55.4**
Margin (%)	*25.1*	*7.3*	*10.8*	*7.0*

Source: Jain Irrigation Systems Ltd, Ventura Research

❖ Financial Outlook

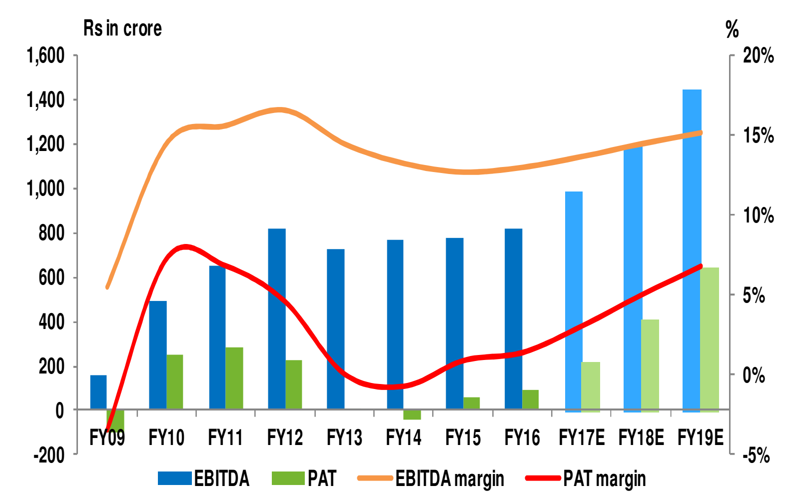
Significant initiatives undertaken by the GoI, a bountiful rainfall, untapped potential for pipes, under penetrated food processing markets and range of new products, are expected to drive the next phase of growth. We expect the consolidated net revenues to grow at a 3-year CAGR of 14.7% from Rs 6,292 crore in FY16 to Rs 9,504 crore by FY19. Further, benefits from cost efficiency and a plunge in interest cost are expected to improve profitability. EBITDA and PAT margins are expected to reach 15.2% (+217bps) and 6.7% (+534bps) respectively by FY19 from current levels.

Strong Business growth visible



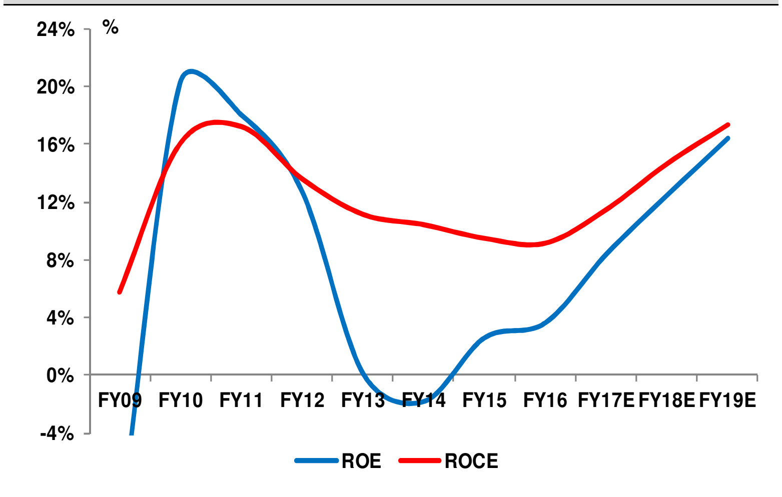
Source: Jain Irrigation Systems Ltd, Ventura Research

Soaring EBITDA & PAT margins



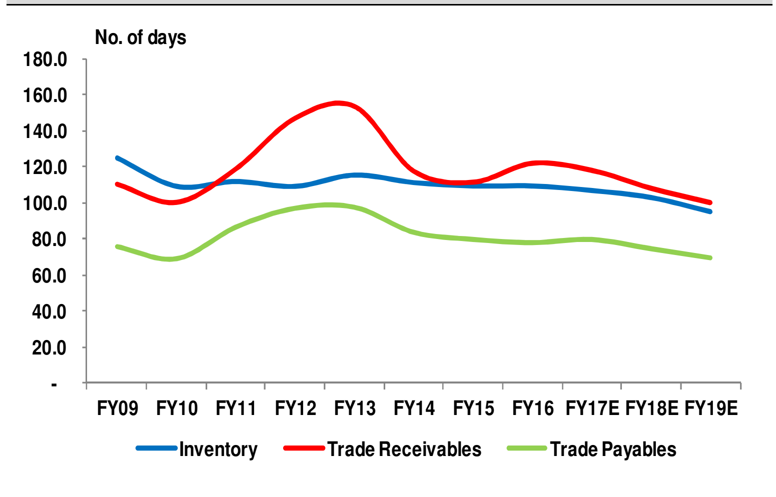
Source: Jain Irrigation Systems Ltd, Ventura Research

Upswing in return ratios



Source: Jain Irrigation Systems Ltd, Ventura Research

Healthy Working Capital cycle



Source: Jain Irrigation Systems Ltd, Ventura Research

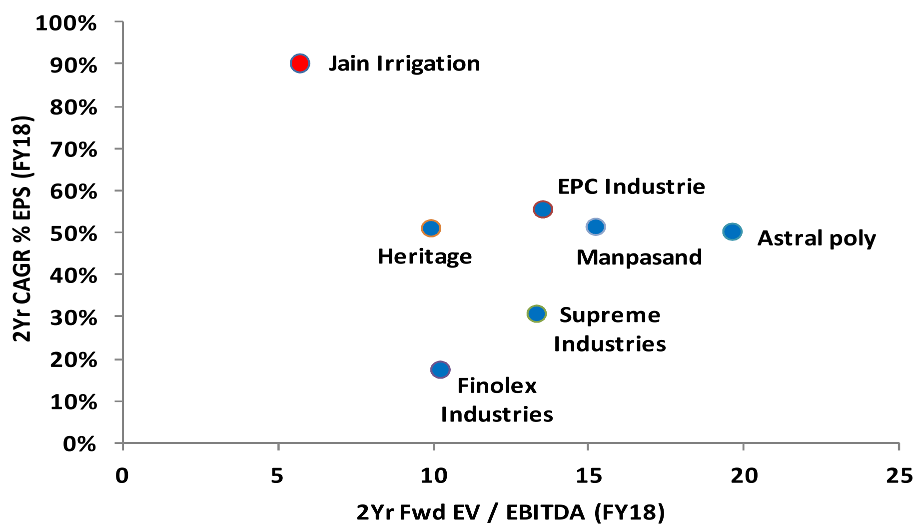
❖ Valuation

We initiate coverage on JISL as a BUY with a price objective of Rs 250, representing a potential upside of 166% from the CMP of Rs 94. At present, the stock is trading at 5.7X and 4.5X its estimated EV/EBITDA for FY18 and FY19. We have assigned an EV/EBITDA of 12X on FY19 EBITDA.

Although our valuation is aggressive, we believe that the following factors warrant a premium:

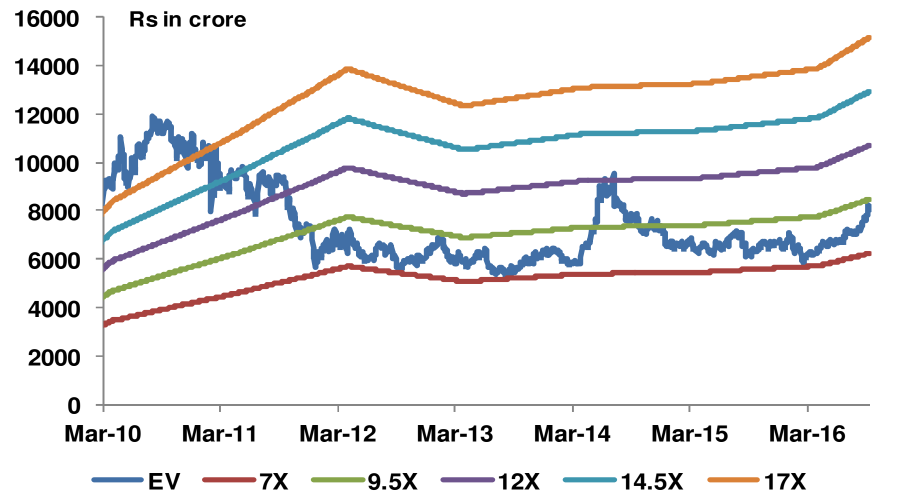
a. Robust outlook of the MIS segment, not only on the domestic front but globally too, augurs well for JISL
b. The company is well placed to grow exponentially in the sunrise food processing segment. The spin-off of JFFFL can lead to significant value unlocking. We have not factored this into the valuation and it remains an upside risk to our estimates.
c. Infusion of equity will lower gearing and interest costs
d. Margins all set to improve to steady state
e. Alluring return ratios

Attractive Valuation in comparison to peers



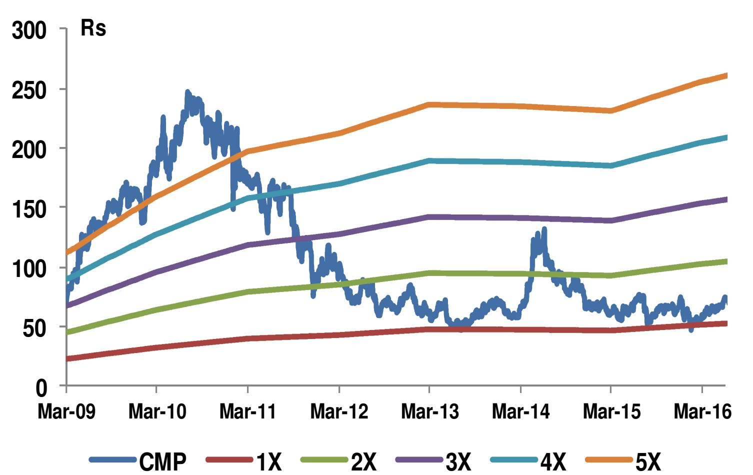
Source: Ventura Research

JISL EV / EBITDA Trend



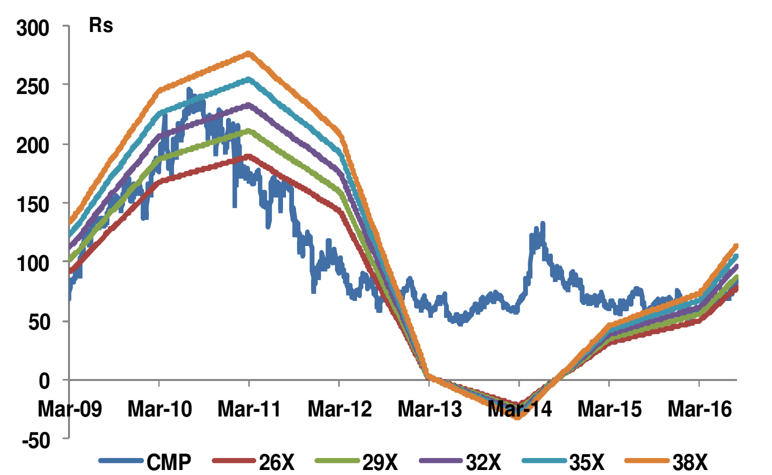
Source: Ventura Research

JISL PB band chart



Source: Ventura Research

JISL PE band chart



Source: Ventura Research

VENTURA

Kyon ki bhaiya, sabse bada rupaiya.

Financials and Projections

Y/E March, Fig in ₹ Cr	FY16	FY17E	FY18E	FY19E
Profit & Loss Statement				
Net Sales	**6291.6**	**7200.9**	**8260.0**	**9504.2**
% Chg.		*14.5*	*14.7*	*15.1*
Total Expenditure	5475.2	6217.9	7066.4	8064.3
% Chg.		*13.6*	*13.6*	*14.1*
EBDITA	**816.4**	**982.9**	**1193.6**	**1439.9**
EBDITA Margin %	*13.0*	*13.7*	*14.5*	*15.2*
Other Income	41.3	57.6	49.6	71.3
PBDIT	**857.7**	**1040.5**	**1243.1**	**1511.2**
Depreciation	263.6	272.0	282.5	285.4
Interest	476.9	449.4	389.2	347.8
Exceptional items	20.6	30.0	30.0	30.0
PBT	**96.6**	**289.1**	**541.4**	**847.9**
Tax Provisions	10.9	69.4	131.0	206.9
Reported PAT	**85.7**	**219.7**	**410.4**	**641.0**
Minority Interest	0.3	0.0	0.0	0.0
Share of Associate	2.7	0.0	0.0	0.0
PAT	**88.2**	**219.7**	**410.4**	**641.0**
PAT Margin (%)	*1.4*	*3.1*	*5.0*	*6.7*
RM / Sales (%)	*55.6*	*55.1*	*54.5*	*53.8*
Tax Rate (%)	11.2	24.0	24.2	24.4
Balance Sheet				
Share Capital	95.3	95.3	102.5	102.5
Reserves & Surplus	2339.8	2530.9	3192.8	3803.0
Minority Interest	69.2	75.0	80.0	80.0
Long Term Borrowings	1931.0	1940.8	1556.4	1509.5
Other Non Current Liabilities	59.8	61.8	63.8	65.9
Total Liabilities	**4495.1**	**4703.8**	**4995.5**	**5560.9**
Gross Block	4671.2	4771.2	4871.2	4921.2
Less: Acc. Depreciation	1869.3	2141.2	2423.7	2709.2
Net Block	2802.0	2630.0	2447.5	2212.0
Capital Work in Progress	60.4	100.0	50.0	0.0
Deferred Tax Assets	7.3	16.0	22.0	30.0
Non Current Investments	65.0	70.0	75.0	80.0
Other Non Current Assets	452	483	519	561
Net Current Assets	1108.5	1405.3	1882.1	2677.9
Total Assets	**4495.1**	**4703.8**	**4995.5**	**5560.9**

Y/E March, Fig in ₹ Cr	FY16	FY17E	FY18E	FY19E
Per Share Data (Rs)				
Adj. EPS	1.9	4.6	8.0	12.5
Cash EPS	7.3	10.3	13.5	18.1
DPS	0.5	0.5	0.5	0.5
Book Value	51.1	55.1	64.3	76.2
Capital, Liquidity, Returns Ratio				
Debt / Equity (x)	1.5	1.4	0.9	0.7
Current Ratio (x)	1.3	1.3	1.4	1.6
ROE (%)	3.6	8.4	12.5	16.4
ROCE (%)	9.2	11.5	14.6	17.3
Dividend Yield (%)	0.6	0.6	0.6	0.6
Valuation Ratio (x)				
P/E	44.9	18.6	10.7	6.9
P/BV	1.7	1.6	1.3	1.1
EV/Sales	1.2	1.0	0.8	0.7
EV/EBIDTA	9.3	7.6	5.7	4.5
Efficiency Ratio (x)				
Inventory (days)	110	107	103	95
Debtors (days)	122	118	108	100
Creditors (days)	78	80	75	70
Cash Flow Statement				
Profit Before Tax	**96.7**	**289.1**	**541.4**	**847.9**
Depreciation	263.6	272.0	282.5	285.4
Working Capital Changes	(327.2)	(203.1)	(247.8)	(361.6)
Others	517.7	392.9	227.5	131.1
Operating Cash Flow	**550.7**	**751.0**	**803.6**	**902.9**
Capital Expenditure	(312.6)	(100.0)	(100.0)	(50.0)
Other Investment Activities	(23.9)	49.6	11.9	19.2
Cash Flow from Investing	**(336.5)**	**(50.4)**	**(88.1)**	**(30.8)**
Changes in Share Capital	0.0	0.0	0.0	0.0
Changes in Borrowings	235.3	(100.0)	(440.0)	(300.0)
Dividend and Interest	(572.1)	(478.1)	(420.1)	(378.6)
Cash Flow from Financing	**(336.9)**	**(578.1)**	**(860.1)**	**(678.6)**
Net Change in Cash	**(122.6)**	**122.5**	**(144.6)**	**193.5**
Opening Cash Balance	**304.1**	**380.8**	**503.3**	**358.6**
Closing Cash Balance	**380.8**	**503.3**	**358.6**	**552.1**

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