

# FIRST GLOBAL

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*India Research*



*Sector: Textiles*  
*Update*

***Trident Ltd. (TRIE.BO / TRID.IN)***

*Maintain Buy*

*Mkt Cap: Rs. 23.4 bn (\$344 mn)*

*Mkt Price: Rs. 45.9*

*Doubling of towel capacity and foray into high margin bed linen segment to improve volume*

*Major capex is over and de-leveraging to improve cash flows*

*Stock's valuation appears inexpensive with P/E trading 7xFY17E and 5.5xFY18E earnings*

*February 10, 2016*

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# Financial Snapshot - Consolidated

| Key Financials  |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| YE Mar 31 (Rs. mn)                                      | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
| <b>Total Revenues</b>                                   | <b>27,323</b> | <b>33,352</b> | <b>38,690</b> | <b>37,553</b> | <b>40,213</b> | <b>51,339</b> | <b>60,524</b> |
| <i>Revenue Growth (Y-o-Y)</i>                           | NA            | 22.1%         | 16.0%         | (2.9%)        | 7.1%          | 27.7%         | 17.9%         |
| <b>EBIDTA</b>   | <b>3,001</b>  | <b>5,553</b>  | <b>7,276</b>  | <b>6,608</b>  | <b>7,826</b>  | <b>10,091</b> | <b>11,476</b> |
| <i>EBIDTA Growth (Y-o-Y)</i>                            | NA            | 85.1%         | 31.0%         | (9.2%)        | 18.4%         | 28.9%         | 13.7%         |
| <b>Net Profit</b>                                       | <b>(435)</b>  | <b>493</b>    | <b>1,940</b>  | <b>1,179</b>  | <b>2,123</b>  | <b>3,371</b>  | <b>4,242</b>  |
| <i>Net Profit Growth (Y-o-Y)</i>                        | NA            | (213.4%)      | 293.5%        | (39.3%)       | 80.2%         | 58.8%         | 25.8%         |
| <b>Net Profit Excl. extra-ordinaries</b>                | <b>(435)</b>  | <b>493</b>    | <b>1,940</b>  | <b>1,179</b>  | <b>2,123</b>  | <b>3,371</b>  | <b>4,242</b>  |
| <i>Net Profit Growth Excl. extra-ordinaries (Y-o-Y)</i> | NA            | (213.4%)      | 293.5%        | (39.3%)       | 80.2%         | 58.8%         | 25.8%         |
| <b>Shareholders Equity</b>                              | <b>6,504</b>  | <b>7,061</b>  | <b>9,278</b>  | <b>14,554</b> | <b>16,028</b> | <b>18,428</b> | <b>21,474</b> |
| <b>Number of Diluted shares (mn)</b>                    | <b>276</b>    | <b>308</b>    | <b>320</b>    | <b>478</b>    | <b>510</b>    | <b>510</b>    | <b>510</b>    |

NA – Not Applicable

| Key Operating Ratios                                     |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| YE Mar 31  | FY12         | FY13         | FY14         | FY15         | FY16E        | FY17E        | FY18E        |
| <b>Diluted EPS (Rs.)</b>                                 | <b>(1.6)</b> | <b>1.6</b>   | <b>6.1</b>   | <b>2.5</b>   | <b>4.2</b>   | <b>6.6</b>   | <b>8.3</b>   |
| <i>Diluted EPS Growth (Y-o-Y)</i>                        | NA           | -201.6%      | 278.2%       | -59.3%       | 68.8%        | 58.8%        | 25.8%        |
| <b>Diluted EPS Excl. extra-ordinaries (Rs.)</b>          | <b>(1.6)</b> | <b>1.6</b>   | <b>6.1</b>   | <b>2.5</b>   | <b>4.2</b>   | <b>6.6</b>   | <b>8.3</b>   |
| <i>Diluted EPS Excl. extra-ordinaries Growth (Y-o-Y)</i> | NA           | -201.6%      | 278.2%       | -59.3%       | 68.8%        | 58.8%        | 25.8%        |
| CEPS Excl. extra-ordinaries (Rs.)                        | 5.9          | 10.1         | 14.4         | 9.2          | 10.9         | 13.8         | 15.8         |
| <b>EBIDTA (%)</b>  | <b>11.0%</b> | <b>16.7%</b> | <b>18.8%</b> | <b>17.6%</b> | <b>19.5%</b> | <b>19.7%</b> | <b>19.0%</b> |
| <b>NPM (%)</b>   | <b>-1.6%</b> | <b>1.5%</b>  | <b>5.0%</b>  | <b>3.1%</b>  | <b>5.3%</b>  | <b>6.6%</b>  | <b>7.0%</b>  |
| Tax/PBT (%)  | 26.0%        | 39.2%        | 25.7%        | 29.8%        | 20.0%        | 27.0%        | 30.0%        |
| <b>RoE (%)</b>   | <b>-7.3%</b> | <b>7.3%</b>  | <b>23.5%</b> | <b>9.7%</b>  | <b>13.6%</b> | <b>19.0%</b> | <b>20.6%</b> |
| <b>RoCE (%)</b>  | <b>3.0%</b>  | <b>6.3%</b>  | <b>11.7%</b> | <b>7.4%</b>  | <b>7.9%</b>  | <b>9.3%</b>  | <b>10.3%</b> |
| Return on Operating Assets (%)                           | 2.5%         | 6.0%         | 11.8%        | 6.9%         | 7.6%         | 9.1%         | 10.2%        |
| Book Value Per share (Rs.)                               | 23.6         | 22.9         | 29.0         | 30.5         | 31.4         | 36.1         | 42.1         |
| Debt/Equity (x)  | 3.5          | 3.2          | 2.0          | 1.8          | 2.0          | 1.7          | 1.4          |
| Dividend Payout Ratio (%)                                | -4.0%        | 0.0%         | 8.1%         | 30.0%        | 30.6%        | 28.8%        | 28.2%        |

NA – Not Applicable

| Free Cash Flow Analysis  |        |       |       |         |        |       |       |
|--------------------------|--------|-------|-------|---------|--------|-------|-------|
| YE Mar 31 (Rs. mn)       | FY12   | FY13  | FY14  | FY15    | FY16E  | FY17E | FY18E |
| Operating Cash Flow      | 3,186  | 2,551 | 6,265 | 4,850   | 8,018  | 3,916 | 6,571 |
| Capex                    | 6,698  | 1,034 | 1,040 | 15,752  | 13,781 | 1,200 | 1,600 |
| Investments - Strategic  | -427   | 0     | 0     | 0       | 0      | 0     | 0     |
| Free Cash Flow to Firm   | -3,568 | 1,827 | 5,372 | -10,877 | -5,799 | 3,050 | 5,247 |
| Free Cash flow to Equity | -5,286 | -525  | 3,268 | -12,937 | -7,712 | 982   | 3,369 |

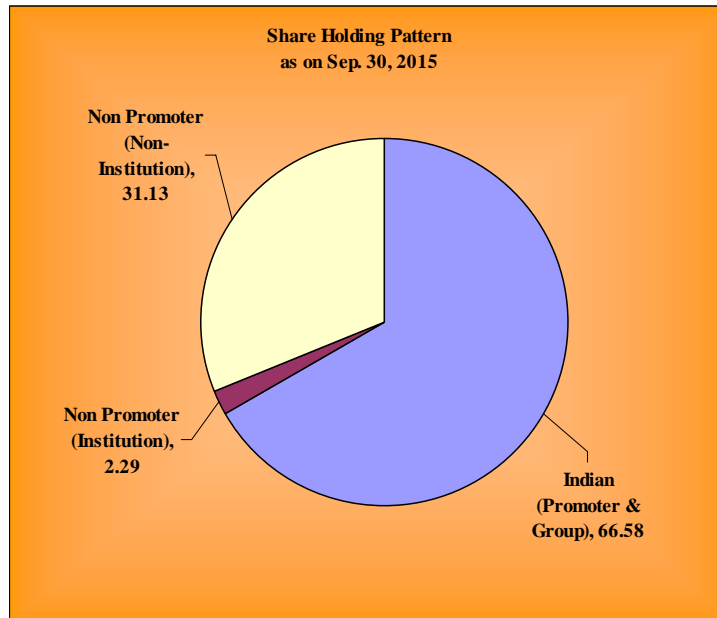
## Market Cap. And Enterprise Value Data as on February 10, 2016

|                            |               |                |
|----------------------------|---------------|----------------|
| Current Market Price (Rs.) |               | 46             |
| No. of Basic Shares (mn)   |               | 510            |
|                            | <b>Rs. mn</b> | <b>US\$ mn</b> |
| <b>Market Cap</b>          | <b>23,396</b> | <b>344</b>     |
| Total Debt*                | 25,801        | 379            |
| Cash & Cash Equivalents*   | 170           | 3              |
| <b>Enterprise Value</b>    | <b>49,027</b> | <b>721</b>     |

\* Debt & Cash & Cash Equivalents as on FY15; Exchange Rate: US\$1 = INR 68.02

| Valuation Ratios                           |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| YE Mar 31                                  | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
| P/E (x)                                    |               |               |               |               | 11.0          | 6.9           | 5.5           |
| P/BV (x)                                   |               |               |               |               | 1.5           | 1.3           | 1.1           |
| P/CEPS (x)                                 |               |               |               |               | 4.2           | 3.3           | 2.9           |
| <b>EV/EBIDTA (x)</b>                       |               |               |               |               | <b>7.3</b>    | <b>5.6</b>    | <b>4.6</b>    |
| Market Cap./ Sales (x)                     |               |               |               |               | 0.6           | 0.5           | 0.4           |
| Net Cash/Market Cap (%)                    |               |               |               |               | NM            | NM            | NM            |
| Dividend Yield (%)                         |               |               |               |               | 2.3%          | 3.7%          | 4.6%          |
| <i>NM – Not Meaningful</i>                 |               |               |               |               |               |               |               |
| DuPont Model                               |               |               |               |               |               |               |               |
| YE Mar 31                                  | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
| EBIDTA/Sales (%)                           | 11.0%         | 16.7%         | 18.8%         | 17.6%         | 19.5%         | 19.7%         | 19.0%         |
| Sales/Operating Assets (x)                 | 1.0           | 1.1           | 1.3           | 1.1           | 0.9           | 1.0           | 1.2           |
| <b>EBIDTA/Operating Assets (%)</b>         | <b>10.9%</b>  | <b>18.8%</b>  | <b>25.3%</b>  | <b>19.1%</b>  | <b>17.1%</b>  | <b>19.6%</b>  | <b>21.8%</b>  |
| Operating Assets/ Net Assets(x)            | 1.0           | 1.0           | 1.0           | 1.0           | 1.0           | 1.0           | 1.0           |
| Net Earnings/ EBIDTA (%)                   | -14.5%        | 8.9%          | 26.7%         | 17.8%         | 27.1%         | 33.4%         | 37.0%         |
| Net Assets/ Equity (x)                     | 4.7           | 4.5           | 3.6           | 2.9           | 3.0           | 2.9           | 2.6           |
| <b>Return on Equity (%)</b>                | <b>-7.3%</b>  | <b>7.3%</b>   | <b>23.5%</b>  | <b>9.7%</b>   | <b>13.6%</b>  | <b>19.0%</b>  | <b>20.6%</b>  |
| Common Sized Profit & Loss Account         |               |               |               |               |               |               |               |
| YE Mar 31                                  | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
| <b>Total Revenues</b>                      | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>Less:</b>                               |               |               |               |               |               |               |               |
| Net Raw Materials                          | 59.5%         | 55.2%         | 53.0%         | 51.4%         | 47.0%         | 47.5%         | 48.0%         |
| Employee Benefits Expense                  | 7.4%          | 7.1%          | 7.4%          | 10.3%         | 11.6%         | 10.9%         | 11.1%         |
| Stores and spares consumed                 | 1.8%          | 1.8%          | 2.1%          | 1.8%          | 1.8%          | 1.8%          | 1.8%          |
| Packing material consumed                  | 2.8%          | 2.7%          | 2.6%          | 3.2%          | 1.8%          | 1.8%          | 1.8%          |
| Power and fuel (Net of utilized by others) | 7.9%          | 8.0%          | 7.5%          | 8.6%          | 3.2%          | 3.2%          | 3.2%          |
| Repairs and maintenance                    | 0.3%          | 0.4%          | 0.5%          | 0.4%          | 8.6%          | 8.6%          | 8.6%          |
| Commission                                 | 0.9%          | 0.9%          | 1.2%          | 0.8%          | 0.4%          | 0.4%          | 0.4%          |
| Freight, clearing and octroi charges       | 2.7%          | 2.8%          | 3.0%          | 2.9%          | 0.8%          | 0.8%          | 0.8%          |
| Rebates and discount                       | 0.4%          | 0.5%          | 0.7%          | 0.5%          | 2.9%          | 2.9%          | 2.9%          |
| Advertisement and business promotion       | 0.2%          | 0.2%          | 0.6%          | 0.6%          | 0.6%          | 0.6%          | 0.6%          |
| Other Operating Expenses                   | 5.1%          | 3.7%          | 2.4%          | 1.9%          | 1.9%          | 1.9%          | 1.9%          |
| <b>Total Operating Expenditure</b>         | <b>89.0%</b>  | <b>83.3%</b>  | <b>81.2%</b>  | <b>82.4%</b>  | <b>80.5%</b>  | <b>80.3%</b>  | <b>81.0%</b>  |
| <b>EBIDTA</b>                              | <b>11.0%</b>  | <b>16.7%</b>  | <b>18.8%</b>  | <b>17.6%</b>  | <b>19.5%</b>  | <b>19.7%</b>  | <b>19.0%</b>  |
| Depreciation                               | 7.6%          | 7.8%          | 6.9%          | 8.6%          | 8.6%          | 7.1%          | 6.3%          |
| <b>EBIT</b>                                | <b>3.4%</b>   | <b>8.8%</b>   | <b>11.9%</b>  | <b>9.0%</b>   | <b>10.9%</b>  | <b>12.5%</b>  | <b>12.6%</b>  |
| Interest Paid                              | 6.3%          | 7.1%          | 5.4%          | 5.5%          | 4.8%          | 4.0%          | 3.1%          |
| Non-Operating Income                       | 0.7%          | 0.7%          | 0.4%          | 0.9%          | 0.5%          | 0.5%          | 0.5%          |
| <b>Profit Before Tax</b>                   | <b>-2.2%</b>  | <b>2.4%</b>   | <b>6.9%</b>   | <b>4.5%</b>   | <b>6.6%</b>   | <b>9.0%</b>   | <b>10.0%</b>  |
| Tax  | -0.6%         | 1.0%          | 1.8%          | 1.3%          | 1.3%          | 2.4%          | 3.0%          |
| Share of Loss in Associate                 | 0.0%          | 0.0%          | -0.1%         | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Net Profit</b>                          | <b>-1.6%</b>  | <b>1.5%</b>   | <b>5.0%</b>   | <b>3.1%</b>   | <b>5.3%</b>   | <b>6.6%</b>   | <b>7.0%</b>   |
| <b>Net Profit Excl. extra-ordinaries</b>   | <b>-1.6%</b>  | <b>1.5%</b>   | <b>5.0%</b>   | <b>3.1%</b>   | <b>5.3%</b>   | <b>6.6%</b>   | <b>7.0%</b>   |

## *Key Statistics*



## *Equity History*

| Date      | Equity Capital | Reason                             |
|-----------|----------------|------------------------------------|
| 31-Mar-94 | 168.50         | As Per Annual Report               |
| 28-Jul-99 | 514.80         | Shares Issued On Amalgamation      |
| 19-Feb-02 | 858.00         | Preferential Issue Of Shares       |
| 28-Mar-02 | 1794.90        | Shares Issued On Amalgamation      |
| 25-Jul-02 | 1941.90        | Issued To Promoters                |
| 03-Jan-09 | 2221.90        | Conversion of Warrants             |
| 16-Dec-10 | 2222.70        | Issued under ESOP Scheme           |
| 03-Feb-11 | 2223.00        | Issued under ESOP Scheme           |
| 16-May-11 | 2223.30        | Issued under ESOP Scheme           |
| 12-Dec-11 | 2758.40        | Scheme of Arrangement/Amalgamation |
| 30-Mar-12 | 3058.40        | Conversion of Warrants             |
| 25-Oct-12 | 3108.40        | Conversion of Warrants             |
| 01-Feb-14 | 3110.90        | Issued under ESOP Scheme           |
| 15-May-14 | 4474.40        | Scheme of Amalgamation             |
| 03-Jul-14 | 4480.90        | Issued under ESOP Scheme           |
| 06-Oct-14 | 5084.90        | Preferential Issue Of Shares       |
| 12-Feb-15 | 5086.40        | Issued under ESOP Scheme           |
| 27-May-15 | 5088.50        | Issued under ESOP Scheme           |
| 27-Oct-15 | 5089.50        | Issued under ESOP Scheme           |

***Category of Shareholder % of Holding***

| Category of Shareholder % of Holding                  | 30-Sep-15<br>% of Holding |
|---|---------------------------|
| <b>A) Shareholding of Promoter and Promoter Group</b> |                           |
| <b>(1) Indian</b>                                     |                           |
| Bodies Corporate                                      | 39.04                     |
| Any Others (Specify)                                  | 27.54                     |
| <b>Total Indian</b>                                   | <b>66.58</b>              |
| <b>(2) Foreign</b>                                    |                           |
|   | 0.00                      |
| <b>Total Indian &amp; Foreign</b>                     | <b>66.58</b>              |
| <b>(B) Public Shareholding</b>                        |                           |
| <b>(1) Institutions</b>                               |                           |
|   | 2.29                      |
| <b>(2) Non-Institutions</b>                           |                           |
| Bodies Corporate                                      | 19.29                     |
| Individuals   | 8.98                      |
| Any Others (Specify)                                  | 2.86                      |
| <b>Total Public shareholding</b>                      | <b>33.42</b>              |
| <b>Total</b>  | <b>100.00</b>             |

***Category Promoter and Promoter Group***

| Name of the Shareholder         | As a % of<br>grand total |
|---------------------------------|--------------------------|
| Madhuraj Foundation             | 27.54                    |
| Trident Group Limited           | 28.92                    |
| Trident Capital Limited         | 3.93                     |
| Trident Corp Limited            | 0.28                     |
| Trident Industrial Corp Limited | 5.90                     |
| Trident Comtrade LLP            | 0.00                     |
| <b>Total</b>                    | <b>66.58</b>             |

***Category Public and holding more than 1% of the total number of shares***

| Name of the Shareholder                                 | Shares as %<br>of Total No.<br>of Shares |
|---|--|
| Brand Equity Treaties Limited                           | 3.77                                     |
| Glaze Ventures Private Limited                          | 2.65                                     |
| Asian Trading Corporation Limited                       | 2.92                                     |
| TAL Benefit Trust                                       | 2.86                                     |
| Trident Limited-Unclaimed Securities Suspense Account   | 1.89                                     |
| Punjab State Industrial Development Corporation Limited | 1.52                                     |
| Rainbow Integrated Texpark Limited                      | 5.90                                     |
| <b>Total</b>  | <b>21.51</b>                             |

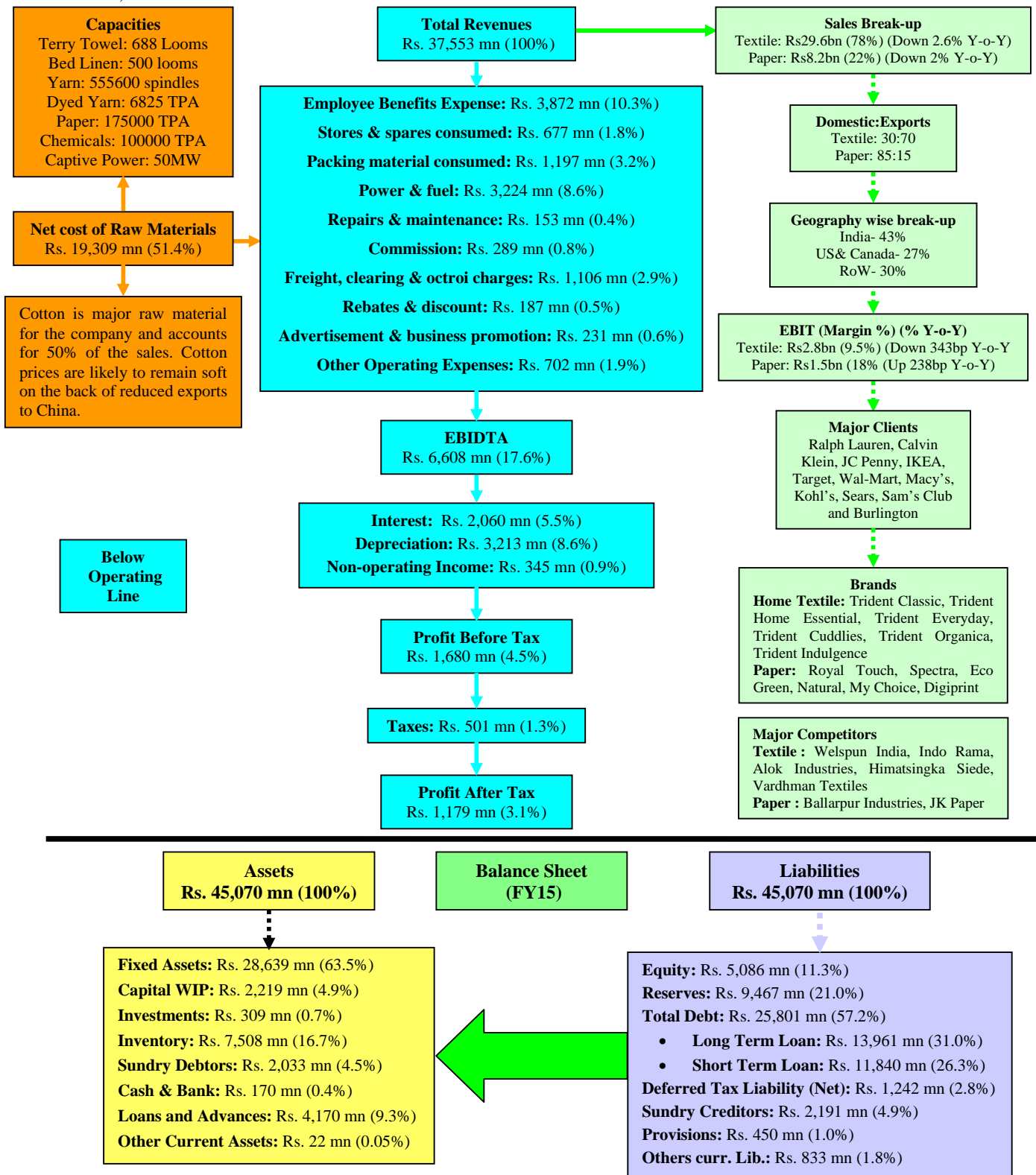
# Key Ratios – Consolidated

| YE Mar 31  | FY12         | FY13         | FY14         | FY15         | FY16E        | FY17E        | FY18E        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Raw Materials / Sales (%)                          | 59.5%        | 55.2%        | 53.0%        | 51.4%        | 47.0%        | 47.5%        | 48.0%        |
| Employee Benefits Expense / Sales (%)                  | 7.4%         | 7.1%         | 7.4%         | 10.3%        | 11.6%        | 10.9%        | 11.1%        |
| Stores and spares consumed / Sales (%)                 | 1.8%         | 1.8%         | 2.1%         | 1.8%         | 1.8%         | 1.8%         | 1.8%         |
| Packing material consumed / Sales (%)                  | 2.8%         | 2.7%         | 2.6%         | 3.2%         | 1.8%         | 1.8%         | 1.8%         |
| Power and fuel (Net of utilized by others) / Sales (%) | 7.9%         | 8.0%         | 7.5%         | 8.6%         | 3.2%         | 3.2%         | 3.2%         |
| Repairs and maintenance / Sales (%)                    | 0.3%         | 0.4%         | 0.5%         | 0.4%         | 8.6%         | 8.6%         | 8.6%         |
| Commission / Sales (%)                                 | 0.9%         | 0.9%         | 1.2%         | 0.8%         | 0.4%         | 0.4%         | 0.4%         |
| Freight, clearing and octroi charges / Sales (%)       | 2.7%         | 2.8%         | 3.0%         | 2.9%         | 0.8%         | 0.8%         | 0.8%         |
| Rebates and discount / Sales (%)                       | 0.4%         | 0.5%         | 0.7%         | 0.5%         | 2.9%         | 2.9%         | 2.9%         |
| Advertisement and business promotion / Sales (%)       | 0.2%         | 0.2%         | 0.6%         | 0.6%         | 0.6%         | 0.6%         | 0.6%         |
| Other Operating Expenses / Sales (%)                   | 5.1%         | 3.7%         | 2.4%         | 1.9%         | 1.9%         | 1.9%         | 1.9%         |
| Other Income/EBT (%)                                   | -34.1%       | 27.7%        | 6.2%         | 20.5%        | 7.6%         | 5.6%         | 5.0%         |
| <b>EBITDA Margin (%)</b>                               | <b>11.0%</b> | <b>16.7%</b> | <b>18.8%</b> | <b>17.6%</b> | <b>19.5%</b> | <b>19.7%</b> | <b>19.0%</b> |
| Tax / PBT (%)  | 26.0%        | 39.2%        | 25.7%        | 29.8%        | 20.0%        | 27.0%        | 30.0%        |
| Net Profit Margin (%)                                  | -1.6%        | 1.5%         | 5.0%         | 3.1%         | 5.3%         | 6.6%         | 7.0%         |
| <b>RoE (%)</b>   | <b>-7.3%</b> | <b>7.3%</b>  | <b>23.5%</b> | <b>9.7%</b>  | <b>13.6%</b> | <b>19.0%</b> | <b>20.6%</b> |
| <b>RoCE (%)</b>  | <b>3.0%</b>  | <b>6.3%</b>  | <b>11.7%</b> | <b>7.4%</b>  | <b>7.9%</b>  | <b>9.3%</b>  | <b>10.3%</b> |
| Sales/Operating Assets (x)                             | 1.0x         | 1.1x         | 1.3x         | 1.1x         | 0.9x         | 1.0x         | 1.2x         |
| Optg. Assets/Total Assets (x)                          | 1.0x         | 1.0x         | 1.0x         | 1.0x         | 1.0x         | 1.0x         | 1.0x         |
| <b>Debt/ Equity (X)</b>                                | <b>3.5x</b>  | <b>3.2x</b>  | <b>2.0x</b>  | <b>1.8x</b>  | <b>2.0x</b>  | <b>1.7x</b>  | <b>1.4x</b>  |
| <b>Interest Coverage (x)</b>                           | <b>1.7x</b>  | <b>2.4x</b>  | <b>3.5x</b>  | <b>3.2x</b>  | <b>4.1x</b>  | <b>4.9x</b>  | <b>6.1x</b>  |
| Interest / Debt (%)                                    | NM           | 10.4%        | 10.3%        | 9.3%         | 6.5%         | 6.3%         | 6.0%         |
| Growth in Gross Block (%)                              | NM           | 2.2%         | 2.4%         | 39.7%        | 28.8%        | 3.2%         | 3.1%         |
| Sales Growth (%)                                       | NM           | 22.3%        | 15.8%        | (2.4%)       | 9.8%         | 27.7%        | 17.9%        |
| Operating (EBITDA) Profit Growth (%)                   | NM           | 85.1%        | 31.0%        | (9.2%)       | 18.4%        | 28.9%        | 13.7%        |
| Net Profit Growth (%)                                  | NM           | (213.4%)     | 293.5%       | (39.3%)      | 80.2%        | 58.8%        | 25.8%        |
| Debtors (Days of net sales)                            | 27           | 24           | 24           | 23           | 23           | 25           | 26           |
| Creditors (Days of Raw Materials)                      | 46           | 34           | 34           | 42           | 43           | 40           | 40           |
| Inventory (Days of Optg. Costs)                        | 135          | 120          | 119          | 132          | 135          | 118          | 124          |
| <b>Current Ratio (x)</b>                               | <b>4.1x</b>  | <b>5.2x</b>  | <b>4.4x</b>  | <b>4.0x</b>  | <b>3.9x</b>  | <b>4.2x</b>  | <b>4.5x</b>  |
| Net Current Assets/Capital Employed (%)                | 26.6%        | 32.5%        | 32.8%        | 25.1%        | 18.4%        | 26.3%        | 31.5%        |
| Number of Diluted Shares (mn)                          | 275.85       | 308.00       | 320.45       | 477.90       | 510.00       | 510.00       | 510.00       |
| Fully Diluted EPS (Rs.)                                | (1.6)        | 1.6          | 6.1          | 2.5          | 4.2          | 6.6          | 8.3          |
| <b>Fully Diluted EPS Excl. extra-ordinaries (Rs.)</b>  | <b>(1.6)</b> | <b>1.6</b>   | <b>6.1</b>   | <b>2.5</b>   | <b>4.2</b>   | <b>6.6</b>   | <b>8.3</b>   |
| EPS Growth Excl. extra-ordinaries (%)                  | NM           | (201.6%)     | 278.2%       | (59.3%)      | 68.8%        | 58.8%        | 25.8%        |
| Dividend Payout (%)                                    | -4.0%        | 0.0%         | 8.1%         | 30.0%        | 30.6%        | 28.8%        | 28.2%        |
| Fully Diluted CEPS (Rs.)                               | 5.9          | 10.1         | 14.4         | 9.2          | 10.9         | 13.8         | 15.8         |
| Book Value Per Share (Rs.)                             | 23.6         | 22.9         | 29.0         | 30.5         | 31.4         | 36.1         | 42.1         |

NM – Not Meaningful

# Trident Ltd's Business in Picture... (FY15)(Consolidated)

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



# Result Highlights

During Q3FY16 topline of the company has gone down by 3.5% Y-o-Y. Volume for towel and paper division has remained flat and for yarn it increased by 6% Y-o-Y whereas realization for yarn and paper division has gone down by 4% Y-o-Y resulting into subdued topline for the quarter.

During 9MFY16 topline of the company has gone down by 2.5% Y-o-Y led by 10% drop in yarn realization and 3% drop in towel realization inspite of 4% and 11% Y-o-Y increase in volume respectively for both products.

Operating Margin for the quarter improved by 223bp to 19.3% Y-o-Y largely benefited by cotton price reduction. EBIT margin for textile division improved by 230bp Y-o-Y to 10.2% and the same for paper & chemicals improved by 350bp Y-o-Y to 20%. During 9MFY16 margin improved by 241bp Y-o-Y to 20%.

During 9MFY16 the company repaid debt of Rs3.55bn including high cost debt of Rs1.08bn and during Q3 the company repaid high cost debt of Rs540mn. It also got benefit of reduction in base rate, interest equalization scheme during the quarter. As a result interest cost during the quarter has come down by 54% Y-o-Y to Rs230mn.

Tax rate during the quarter has gone down from 22% in Q3FY15 to 15% in Q3FY16 as Trident has got tax incentives on its Baddhi, Madhya Pradesh facility. As a result bottomline of the company has increased by 153% Y-o-Y. During 9MFY16 bottmline improved by 123% Y-o-Y.

## Other Highlights

The company has doubled its towel capacity to 88000MT and bed linen capacity to 43mn mtrs. The management has guided for 15-20% Y-o- Y volume growth for towel division however, during 9MFY16 towel volume increased by 10% Y-o-Y. Blended capacity utilization for towel manufacturing has been at 65% during the quarter. We expect capacity utilization to increase to 72% in FY17E and 80% in FY18E.

The company is planning to utilize its bed linen capacity by FY18E. It is planning to utilize 50% of the total capacity by FY17E. However, looking at the subdued market conditions we expect the company to utilize around 35% in FY17E and 70% in FY18E. As volume from towel and bed linen is likely to go up captive consumption from yarn is likely to increase. Therefore, sales from yarn division is likely to go down over the period. Currently, yarn business contributes around 30% of total sales which is likely to go down to 25% by FY18E.

Revenue from paper division is likely to be steady and company's focus on value added copier paper to keep margin stable.

Gross debt of the company is at Rs33bn and debt:equity ratio of the company is at 2x which is likely to come down to 1.3x by FY18E. Out of the total debt Rs23bn is term loan. The company is likely to pay Rs3.6bn annually its long term debt. As company has been paying its high cost debt therefore cost of debt is likely to go down to 6-6.5% in FY17E as major part of the debt will be funded by TUF and state incentive scheme. Also Trident will get benefit of interest equalization scheme.

We expect Trident to post sales CAGR of 23% over FY16-18E backed by improved volumes from towel and bed linen business. Stable cotton prices are likely to keep margins stable for the company at 19-19.5%. Therefore, we expect bottomline of the company to improve at a CAGR of 41% over FY16-18E. Improving profitability to improve return ratios of the company with ROE increasing from 10% in FY15 to 20% by FY18E and ROCE increasing from 7% to 10% over the same period.



Increased capex is likely to keep free cash flow of the company under pressure for FY16E. However, over FY17E and FY18E the company is likely to generate free cash flow of Rs3bn and Rs5.2bn respectively. At current price free cash flow yield works out at 22% on FY17E basis. At current market price the stock is trading at 7x FY17E and 5.4x FY18E earnings and 5.5x FY17E and 4.5x FY18E EV/EBITDA. We feel the company has completed its investment phase and is likely to reap its benefit in the near term. We recommend **'BUY'**.

# Quarterly Result Analysis - Standalone

| YE Mar 31 (Rs. mn)                                  | Q3<br>FY16   | Q3<br>FY15   | Y-o-Y<br>change<br>%  | Q2<br>FY16   | Q-o-Q<br>change<br>%  | 9M<br>FY16    | 9M<br>FY15    | Y-o-Y<br>change<br>%  |
|---|--------------|--------------|-----------------------|--------------|-----------------------|---------------|---------------|-----------------------|
| <b>Total Revenue</b>                                | <b>8,978</b> | <b>9,301</b> | <b>(3.5%)</b>         | <b>9,610</b> | <b>(6.6%)</b>         | <b>27,378</b> | <b>28,091</b> | <b>(2.5%)</b>         |
| <b>Less:</b>  |              |              |                       |              |                       |               |               |                       |
| Net Raw Material consumed                           | 4,291        | 4,852        | (11.6%)               | 4,678        | (8.3%)                | 12,864        | 14,510        | (11.3%)               |
| Employee benefits expense                           | 1,049        | 893          | 17.5%                 | 1,053        | (0.3%)                | 3,117         | 2,901         | 7.4%                  |
| Other expenses                                      | 1,908        | 1,972        | (3.2%)                | 2,099        | (9.1%)                | 5,926         | 5,741         | 3.2%                  |
| <b>Total Expenditure</b>                            | <b>7,249</b> | <b>7,718</b> | <b>(6.1%)</b>         | <b>7,829</b> | <b>(7.4%)</b>         | <b>21,906</b> | <b>23,152</b> | <b>(5.4%)</b>         |
| <b>EBIDTA</b>                                       | <b>1,728</b> | <b>1,583</b> | <b>9.2%</b>           | <b>1,781</b> | <b>(3.0%)</b>         | <b>5,472</b>  | <b>4,939</b>  | <b>10.8%</b>          |
| Less: Depreciation                                  | 813          | 793          | 2.6%                  | 818          | (0.6%)                | 2,445         | 2,384         | 2.6%                  |
| Less: Interest                                      | 230          | 496          | (53.6%)               | 368          | (37.4%)               | 1,042         | 1,523         | (31.6%)               |
| Add: Other income                                   | 37           | 15           | 141.2%                | 8            | 370.5%                | 63            | 62            | 0.9%                  |
| <b>Profit Before Extra-ordinary items &amp; Tax</b> | <b>722</b>   | <b>310</b>   | <b>133.1%</b>         | <b>603</b>   | <b>19.8%</b>          | <b>2,047</b>  | <b>1,093</b>  | <b>87.2%</b>          |
| Less: Total Tax                                     | 112          | 69           | 63.3%                 | 94           | 19.8%                 | 317           | 319           | (0.6%)                |
| <b>Profit After Tax</b>                             | <b>610</b>   | <b>241</b>   | <b>153.0%</b>         | <b>510</b>   | <b>19.8%</b>          | <b>1,730</b>  | <b>774</b>    | <b>123.5%</b>         |
| <b>Profit After Tax Excl. extra-ordinaries</b>      | <b>610</b>   | <b>241</b>   | <b>153.0%</b>         | <b>510</b>   | <b>19.8%</b>          | <b>1,730</b>  | <b>774</b>    | <b>123.5%</b>         |
| <b>Diluted EPS (Rs.)</b>                            | <b>1.18</b>  | <b>0.47</b>  | <b>151.1%</b>         | <b>1.00</b>  | <b>18.0%</b>          | <b>3.40</b>   | <b>1.61</b>   | <b>111.4%</b>         |
| <b>Proforma EPS (Rs.)</b>                           | <b>1.18</b>  | <b>0.47</b>  | <b>151.1%</b>         | <b>1.00</b>  | <b>18.0%</b>          | <b>3.40</b>   | <b>1.61</b>   | <b>111.4%</b>         |
| Diluted Number of shares (mn)                       | 517          | 513          |                       | 510          |                       | 509           | 481           |                       |
| <b>Margin Analysis</b>                              |              |              | <b>Change<br/>BPS</b> |              | <b>Change<br/>BPS</b> |               |               | <b>Change<br/>BPS</b> |
| EBIDTA Margin                                       | 19.3%        | 17.0%        | 223                   | 18.5%        | 72                    | 20.0%         | 17.6%         | 241                   |
| Proforma NPM  | 6.8%         | 2.6%         | 420                   | 5.3%         | 150                   | 6.3%          | 2.8%          | 356                   |
| Effective Tax Rate                                  | 15.5%        | 22.1%        | -663                  | 15.5%        | 0                     | 15.5%         | 29.2%         | -1370                 |
| <b>Cost Analysis</b>                                |              |              |                       |              |                       |               |               |                       |
| RM/Total Revenue                                    | 47.8%        | 52.2%        | -437                  | 48.7%        | -87                   | 47.0%         | 51.7%         | -467                  |
| Personnel/Total Revenue                             | 11.7%        | 9.6%         | 209                   | 11.0%        | 74                    | 11.4%         | 10.3%         | 106                   |
| Other expenses/Total Revenue                        | 21.3%        | 21.2%        | 5                     | 21.8%        | -58                   | 21.6%         | 20.4%         | 121                   |

# Financials

## Profit & Loss A/c

| YE Mar 31 (Rs. mn)                         | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total Revenue</b>                       | <b>27,323</b> | <b>33,352</b> | <b>38,690</b> | <b>37,553</b> | <b>40,213</b> | <b>51,339</b> | <b>60,524</b> |
| <b>Less:</b>                               |               |               |               |               |               |               |               |
| Net Raw Materials                          | 16,256        | 18,415        | 20,521        | 19,309        | 18,900        | 24,386        | 29,052        |
| Employee Benefits Expense                  | 2,015         | 2,379         | 2,870         | 3,872         | 4,646         | 5,575         | 6,690         |
| Stores and spares consumed                 | 505           | 596           | 817           | 677           | 725           | 926           | 1,092         |
| Packing material consumed                  | 764           | 916           | 1,009         | 1,197         | 725           | 926           | 1,092         |
| Power and fuel (Net of utilized by others) | 2,152         | 2,654         | 2,918         | 3,224         | 1,282         | 1,636         | 1,929         |
| Repairs and maintenance                    | 75            | 138           | 190           | 153           | 3,452         | 4,407         | 5,196         |
| Commission                                 | 239           | 312           | 451           | 289           | 164           | 209           | 247           |
| Freight, clearing and octroi charges       | 731           | 926           | 1,179         | 1,106         | 309           | 395           | 465           |
| Rebates and discount                       | 123           | 173           | 276           | 187           | 1,184         | 1,512         | 1,783         |
| Advertisement and business promotion       | 61            | 65            | 237           | 231           | 248           | 316           | 373           |
| Other Operating Expenses                   | 1,403         | 1,225         | 946           | 702           | 751           | 959           | 1,131         |
| <b>Total Operating Expenditure</b>         | <b>24,322</b> | <b>27,799</b> | <b>31,414</b> | <b>30,946</b> | <b>32,387</b> | <b>41,249</b> | <b>49,049</b> |
| <b>EBIDTA</b>                              | <b>3,001</b>  | <b>5,553</b>  | <b>7,276</b>  | <b>6,608</b>  | <b>7,826</b>  | <b>10,091</b> | <b>11,476</b> |
| Less: Depreciation                         | 2,075         | 2,614         | 2,684         | 3,213         | 3,459         | 3,661         | 3,841         |
| <b>EBIT</b>                                | <b>925</b>    | <b>2,939</b>  | <b>4,592</b>  | <b>3,394</b>  | <b>4,367</b>  | <b>6,430</b>  | <b>7,635</b>  |
| Interest Paid                              | 1,718         | 2,353         | 2,103         | 2,060         | 1,914         | 2,068         | 1,877         |
| Non-operating Income                       | 202           | 224           | 163           | 345           | 201           | 257           | 303           |
| <b>Profit Before tax</b>                   | <b>(591)</b>  | <b>810</b>    | <b>2,652</b>  | <b>1,680</b>  | <b>2,654</b>  | <b>4,618</b>  | <b>6,060</b>  |
| Tax  | (153)         | 318           | 681           | 501           | 531           | 1,247         | 1,818         |
| Share in profit/(loss) of associates       | 3             | 0             | (30)          | 0             | 0             | 0             | 0             |
| <b>Net Profit</b>                          | <b>(435)</b>  | <b>493</b>    | <b>1,940</b>  | <b>1,179</b>  | <b>2,123</b>  | <b>3,371</b>  | <b>4,242</b>  |
| <b>Net Profit Excl. extra-ordinaries</b>   | <b>(435)</b>  | <b>493</b>    | <b>1,940</b>  | <b>1,179</b>  | <b>2,123</b>  | <b>3,371</b>  | <b>4,242</b>  |

## Common sized Profit & Loss A/c

| YE Mar 31                                  | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total Revenue</b>                       | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>Less:</b>                               |               |               |               |               |               |               |               |
| Net Raw Materials                          | 59.5%         | 55.2%         | 53.0%         | 51.4%         | 47.0%         | 47.5%         | 48.0%         |
| Employee Benefits Expense                  | 7.4%          | 7.1%          | 7.4%          | 10.3%         | 11.6%         | 10.9%         | 11.1%         |
| Stores and spares consumed                 | 1.8%          | 1.8%          | 2.1%          | 1.8%          | 1.8%          | 1.8%          | 1.8%          |
| Packing material consumed                  | 2.8%          | 2.7%          | 2.6%          | 3.2%          | 1.8%          | 1.8%          | 1.8%          |
| Power and fuel (Net of utilized by others) | 7.9%          | 8.0%          | 7.5%          | 8.6%          | 3.2%          | 3.2%          | 3.2%          |
| Repairs and maintenance                    | 0.3%          | 0.4%          | 0.5%          | 0.4%          | 8.6%          | 8.6%          | 8.6%          |
| Commission                                 | 0.9%          | 0.9%          | 1.2%          | 0.8%          | 0.4%          | 0.4%          | 0.4%          |
| Freight, clearing and octroi charges       | 2.7%          | 2.8%          | 3.0%          | 2.9%          | 0.8%          | 0.8%          | 0.8%          |
| Rebates and discount                       | 0.4%          | 0.5%          | 0.7%          | 0.5%          | 2.9%          | 2.9%          | 2.9%          |
| Advertisement and business promotion       | 0.2%          | 0.2%          | 0.6%          | 0.6%          | 0.6%          | 0.6%          | 0.6%          |
| Other Operating Expenses                   | 5.1%          | 3.7%          | 2.4%          | 1.9%          | 1.9%          | 1.9%          | 1.9%          |
| <b>Total Operating Expenditure</b>         | <b>89.0%</b>  | <b>83.3%</b>  | <b>81.2%</b>  | <b>82.4%</b>  | <b>80.5%</b>  | <b>80.3%</b>  | <b>81.0%</b>  |
| <b>EBIDTA</b>                              | <b>11.0%</b>  | <b>16.7%</b>  | <b>18.8%</b>  | <b>17.6%</b>  | <b>19.5%</b>  | <b>19.7%</b>  | <b>19.0%</b>  |
| Less: Depreciation                         | 7.6%          | 7.8%          | 6.9%          | 8.6%          | 8.6%          | 7.1%          | 6.3%          |
| <b>EBIT</b>                                | <b>3.4%</b>   | <b>8.8%</b>   | <b>11.9%</b>  | <b>9.0%</b>   | <b>10.9%</b>  | <b>12.5%</b>  | <b>12.6%</b>  |
| Interest Paid                              | 6.3%          | 7.1%          | 5.4%          | 5.5%          | 4.8%          | 4.0%          | 3.1%          |
| Non-operating Income                       | 0.7%          | 0.7%          | 0.4%          | 0.9%          | 0.5%          | 0.5%          | 0.5%          |
| <b>Profit Before tax</b>                   | <b>-2.2%</b>  | <b>2.4%</b>   | <b>6.9%</b>   | <b>4.5%</b>   | <b>6.6%</b>   | <b>9.0%</b>   | <b>10.0%</b>  |
| Tax  | -0.6%         | 1.0%          | 1.8%          | 1.3%          | 1.3%          | 2.4%          | 3.0%          |
| Share in profit/(loss) of associates       | 0.0%          | 0.0%          | -0.1%         | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Net Profit</b>                          | <b>-1.6%</b>  | <b>1.5%</b>   | <b>5.0%</b>   | <b>3.1%</b>   | <b>5.3%</b>   | <b>6.6%</b>   | <b>7.0%</b>   |
| <b>Net Profit Excl. extra-ordinaries</b>   | <b>-1.6%</b>  | <b>1.5%</b>   | <b>5.0%</b>   | <b>3.1%</b>   | <b>5.3%</b>   | <b>6.6%</b>   | <b>7.0%</b>   |

## Balance Sheet

| YE Mar 31( Rs. mn)                                | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Liabilities</b>                                |               |               |               |               |               |               |               |
| Equity Capital                                    | 3,058         | 3,108         | 3,111         | 5,086         | 5,089         | 5,089         | 5,089         |
| Money received against share warrants             | 21            | 0             | 430           | 0             | 0             | 0             | 0             |
| Reserves & Surplus                                | 3,425         | 3,953         | 5,737         | 9,467         | 10,940        | 13,339        | 16,385        |
| <b>Equity</b>                                     | <b>6,504</b>  | <b>7,061</b>  | <b>9,278</b>  | <b>14,554</b> | <b>16,028</b> | <b>18,428</b> | <b>21,474</b> |
| Preference Share Capital                          | 0             | 0             | 0             | 0             | 600           | 600           | 601           |
| <b>Net Worth</b>                                  | <b>6,504</b>  | <b>7,061</b>  | <b>9,278</b>  | <b>14,554</b> | <b>16,628</b> | <b>19,028</b> | <b>22,075</b> |
| Minority Interest                                 | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Net Deferred tax liability/(Asset)                | 760           | 1,070         | 1,082         | 1,242         | 1,206         | 1,540         | 1,816         |
|   |               |               |               |               |               |               |               |
| Long Term Loans                                   | 12,726        | 9,492         | 7,659         | 13,961        | 20,080        | 16,480        | 12,881        |
| Short Term Loans                                  | 10,111        | 12,906        | 10,964        | 11,840        | 12,920        | 15,920        | 16,920        |
| <b>Total Loans</b>                                | <b>22,837</b> | <b>22,398</b> | <b>18,623</b> | <b>25,801</b> | <b>33,000</b> | <b>32,400</b> | <b>29,801</b> |
| Other Long-Term Liabilities                       | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Capital Employed</b>                           | <b>30,101</b> | <b>30,530</b> | <b>28,983</b> | <b>41,597</b> | <b>50,835</b> | <b>52,969</b> | <b>53,692</b> |
|   |               |               |               |               |               |               |               |
| <b>Assets</b>                                     |               |               |               |               |               |               |               |
| Gross Block                                       | 33,323        | 34,056        | 34,858        | 48,688        | 62,688        | 64,688        | 66,688        |
| Less: Depreciation                                | 11,843        | 14,374        | 16,902        | 20,049        | 23,508        | 27,169        | 31,010        |
| <b>Net Block</b>                                  | <b>21,480</b> | <b>19,682</b> | <b>17,956</b> | <b>28,639</b> | <b>39,180</b> | <b>37,519</b> | <b>35,678</b> |
| Capital WIP                                       | 64            | 281           | 363           | 2,219         | 2,000         | 1,200         | 800           |
| <b>Investments</b>                                | <b>555</b>    | <b>639</b>    | <b>1,152</b>  | <b>309</b>    | <b>309</b>    | <b>309</b>    | <b>309</b>    |
| Intangible Assets                                 | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Other Non-Current Assets                          | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
|   |               |               |               |               |               |               |               |
| <b>Current Assets</b>                             |               |               |               |               |               |               |               |
| Inventories                                       | 5,204         | 6,911         | 6,429         | 7,508         | 6,473         | 9,295         | 10,445        |
| Sundry Debtors                                    | 1,919         | 2,322         | 2,641         | 2,033         | 3,035         | 3,998         | 4,624         |
| Cash and Bank Balance                             | 230           | 336           | 250           | 170           | 157           | 335           | 1,188         |
| Loans and Advances                                | 3,201         | 2,661         | 3,002         | 4,170         | 2,815         | 4,621         | 5,447         |
| Other Current Assets                              | 12            | 36            | 22            | 22            | 40            | 51            | 61            |
| <b>Total Current Assets</b>                       | <b>10,566</b> | <b>12,266</b> | <b>12,344</b> | <b>13,904</b> | <b>12,520</b> | <b>18,300</b> | <b>21,765</b> |
|   |               |               |               |               |               |               |               |
| <b>Less: Current Liabilities &amp; Provisions</b> |               |               |               |               |               |               |               |
| Sundry Creditors                                  | 1,822         | 1,659         | 2,210         | 2,191         | 2,263         | 3,082         | 3,285         |
| Provisions  | 49            | 71            | 239           | 450           | 106           | 249           | 364           |
| Other Current Liabilities                         | 693           | 609           | 383           | 833           | 804           | 1,027         | 1,210         |
| <b>Total Current Liabilities &amp; Provisions</b> | <b>2,564</b>  | <b>2,338</b>  | <b>2,832</b>  | <b>3,473</b>  | <b>3,173</b>  | <b>4,359</b>  | <b>4,859</b>  |
|   |               |               |               |               |               |               |               |
| Miscellaneous Assets                              | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Capital Applied</b>                            | <b>30,101</b> | <b>30,530</b> | <b>28,983</b> | <b>41,597</b> | <b>50,835</b> | <b>52,969</b> | <b>53,692</b> |

## Common sized Balance Sheet

| YE Mar 31   | FY12          | FY13          | FY14          | FY15          | FY16E         | FY17E         | FY18E         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Liabilities</b>                                |               |               |               |               |               |               |               |
| Equity Capital                                    | 10.2%         | 10.2%         | 10.7%         | 12.2%         | 10.0%         | 9.6%          | 9.5%          |
| Money received against share warrants             | 0.1%          | 0.0%          | 1.5%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Reserves & Surplus                                | 11.4%         | 12.9%         | 19.8%         | 22.8%         | 21.5%         | 25.2%         | 30.5%         |
| <b>Equity</b>                                     | <b>21.6%</b>  | <b>23.1%</b>  | <b>32.0%</b>  | <b>35.0%</b>  | <b>31.5%</b>  | <b>34.8%</b>  | <b>40.0%</b>  |
| Preference Share Capital                          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 1.2%          | 1.1%          | 1.1%          |
| <b>Net Worth</b>                                  | <b>21.6%</b>  | <b>23.1%</b>  | <b>32.0%</b>  | <b>35.0%</b>  | <b>32.7%</b>  | <b>35.9%</b>  | <b>41.1%</b>  |
| Minority Interest                                 | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Net Deferred tax liability/(Asset)                | 2.5%          | 3.5%          | 3.7%          | 3.0%          | 2.4%          | 2.9%          | 3.4%          |
| <b>Loans</b>                                      |               |               |               |               |               |               |               |
| Long Term Loans                                   | 42.3%         | 31.1%         | 26.4%         | 33.6%         | 39.5%         | 31.1%         | 24.0%         |
| Short Term Loans                                  | 33.6%         | 42.3%         | 37.8%         | 28.5%         | 25.4%         | 30.1%         | 31.5%         |
| <b>Total Loans</b>                                | <b>75.9%</b>  | <b>73.4%</b>  | <b>64.3%</b>  | <b>62.0%</b>  | <b>64.9%</b>  | <b>61.2%</b>  | <b>55.5%</b>  |
| Other Long-Term Liabilities                       | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Capital Employed</b>                           | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>Assets</b>                                     |               |               |               |               |               |               |               |
| Gross Block                                       | 110.7%        | 111.6%        | 120.3%        | 117.0%        | 123.3%        | 122.1%        | 124.2%        |
| Less: Depreciation                                | 39.3%         | 47.1%         | 58.3%         | 48.2%         | 46.2%         | 51.3%         | 57.8%         |
| <b>Net Block</b>                                  | <b>71.4%</b>  | <b>64.5%</b>  | <b>62.0%</b>  | <b>68.8%</b>  | <b>77.1%</b>  | <b>70.8%</b>  | <b>66.4%</b>  |
| Capital WIP                                       | 0.2%          | 0.9%          | 1.3%          | 5.3%          | 3.9%          | 2.3%          | 1.5%          |
| <b>Investments</b>                                | <b>1.8%</b>   | <b>2.1%</b>   | <b>4.0%</b>   | <b>0.7%</b>   | <b>0.6%</b>   | <b>0.6%</b>   | <b>0.6%</b>   |
| Intangible Assets                                 | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other Non-Current Assets                          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Current Assets</b>                             |               |               |               |               |               |               |               |
| Inventories                                       | 17.3%         | 22.6%         | 22.2%         | 18.0%         | 12.7%         | 17.5%         | 19.5%         |
| Sundry Debtors                                    | 6.4%          | 7.6%          | 9.1%          | 4.9%          | 6.0%          | 7.5%          | 8.6%          |
| Cash and Bank Balance                             | 0.8%          | 1.1%          | 0.9%          | 0.4%          | 0.3%          | 0.6%          | 2.2%          |
| Loans and Advances                                | 10.6%         | 8.7%          | 10.4%         | 10.0%         | 5.5%          | 8.7%          | 10.1%         |
| Other Current Assets                              | 0.0%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          |
| <b>Total Current Assets</b>                       | <b>35.1%</b>  | <b>40.2%</b>  | <b>42.6%</b>  | <b>33.4%</b>  | <b>24.6%</b>  | <b>34.5%</b>  | <b>40.5%</b>  |
| <b>Less: Current Liabilities &amp; Provisions</b> |               |               |               |               |               |               |               |
| Sundry Creditors                                  | 6.1%          | 5.4%          | 7.6%          | 5.3%          | 4.5%          | 5.8%          | 6.1%          |
| Provisions  | 0.2%          | 0.2%          | 0.8%          | 1.1%          | 0.2%          | 0.5%          | 0.7%          |
| Other Current Liabilities                         | 2.3%          | 2.0%          | 1.3%          | 2.0%          | 1.6%          | 1.9%          | 2.3%          |
| <b>Total Current Liabilities &amp; Provisions</b> | <b>8.5%</b>   | <b>7.7%</b>   | <b>9.8%</b>   | <b>8.3%</b>   | <b>6.2%</b>   | <b>8.2%</b>   | <b>9.1%</b>   |
| Miscellaneous Assets                              | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Capital Applied</b>                            | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

## Cash Flow Statement

| YE Mar 31 (Rs. mn)                            | FY12         | FY13         | FY14           | FY15          | FY16E          | FY17E        | FY18E          |
|---|--------------|--------------|----------------|---------------|----------------|--------------|----------------|
| <b>Cash Inflow</b>                            |              |              |                |               |                |              |                |
| <b>From Operations</b>                        |              |              |                |               |                |              |                |
| Profit Before Tax                             | (591)        | 810          | 2,652          | 1,680         | 2,654          | 4,618        | 6,060          |
| Depreciation                                  | 2,075        | 2,614        | 2,684          | 3,213         | 3,459          | 3,661        | 3,841          |
| <b>Less:</b>                                  |              |              |                |               |                |              |                |
| Dividend Payout                               | 17           | 0            | 157            | 354           | 651            | 972          | 1,196          |
| Tax Paid                                      | (153)        | 318          | 681            | 501           | 531            | 1,247        | 1,818          |
| <b>Operating Cashflow</b>                     | <b>1,621</b> | <b>3,107</b> | <b>4,498</b>   | <b>4,038</b>  | <b>4,932</b>   | <b>6,061</b> | <b>6,887</b>   |
| <b>Changes in Capital Structure</b>           |              |              |                |               |                |              |                |
| Increase in Equity Share capital              | 857          | 29           | 433            | 1,546         | 2              | 0            | 0              |
| Increase in Share premium                     | 212          | 35           | 0              | 2,543         | 0              | 0            | 0              |
| Increase in Other reserves                    | 576          | 0            | (29)           | 362           | 0              | 0            | 0              |
| Increase in Pref Capital                      | 0            | 0            | 0              | 0             | 600            | 0            | 1              |
| Increase in Others                            | (153)        | 310          | 12             | 160           | (36)           | 334          | 276            |
| Inc/(Dec) in Loans                            | 3,679        | (438)        | (3,775)        | 7,179         | 7,199          | (600)        | (2,599)        |
| Inc/(Dec) in Minority Interest                | 0            | 0            | 0              | 0             | 0              | 0            | 0              |
| <b>Inc/(Dec) in Equity/Loans/MI</b>           | <b>5,170</b> | <b>(64)</b>  | <b>(3,360)</b> | <b>11,789</b> | <b>7,765</b>   | <b>(266)</b> | <b>(2,322)</b> |
| <b>Adjustments</b>                            |              |              |                |               |                |              |                |
| Prior Period Adjustments                      | 0            | 0            | 0              | 0             | 0              | 0            | 0              |
| Diff.in Depreciation                          | (127)        | (83)         | (157)          | (66)          | 0              | 0            | 0              |
| <b>Total Inflow</b>                           | <b>6,664</b> | <b>2,960</b> | <b>981</b>     | <b>15,761</b> | <b>12,697</b>  | <b>5,794</b> | <b>4,564</b>   |
| <b>Cash Outflow</b>                           |              |              |                |               |                |              |                |
| <b>Working Capital Changes</b>                |              |              |                |               |                |              |                |
| Inc/(Dec) in Provisions                       | (391)        | 22           | 168            | 211           | (344)          | 143          | 114            |
| Inc/(Dec) in Current Liabilities              | 109          | (248)        | 326            | 430           | 43             | 1,042        | 386            |
| <b>Less:</b>                                  |              |              |                |               |                |              |                |
| Inc/(Dec) in Inventory                        | (1,585)      | 1,707        | (482)          | 1,079         | (1,035)        | 2,822        | 1,150          |
| Inc in Debtors                                | (69)         | 403          | 319            | (608)         | 1,001          | 964          | 626            |
| Inc/(Dec) in Loans & Advances                 | 1,180        | (540)        | 341            | 1,168         | (1,356)        | 1,806        | 827            |
| Inc/(Dec) in Other Current Assets             | 12           | 25           | (14)           | 0             | 18             | 11           | 9              |
| <b>Inc/(Dec) in Working Capital</b>           | <b>(180)</b> | <b>1,821</b> | <b>(330)</b>   | <b>998</b>    | <b>(1,071)</b> | <b>4,416</b> | <b>2,111</b>   |
| <b>Capex/Investments</b>                      |              |              |                |               |                |              |                |
| Inc/(Dec) in Investments                      | 110          | 83           | 513            | (844)         | 0              | 0            | 0              |
| Addition to Gross Block                       | 7,496        | 734          | 801            | 13,830        | 14,000         | 2,000        | 2,000          |
| Inc/(Dec) in Capital WIP                      | (925)        | 217          | 82             | 1,856         | (219)          | (800)        | (400)          |
| Inc/(Dec) in Other Assets                     | 0            | 0            | 0              | 0             | 0              | 0            | 0              |
| Inc. in Misc. Assets                          | 0            | 0            | 0              | 0             | 0              | 0            | 0              |
| <b>Inc/(Dec) in Fixed Assets/ Investments</b> | <b>6,681</b> | <b>1,034</b> | <b>1,397</b>   | <b>14,843</b> | <b>13,781</b>  | <b>1,200</b> | <b>1,600</b>   |
| Inc/(Dec) in Cash/Bank Balance                | 163          | 105          | (86)           | (80)          | (13)           | 178          | 853            |
| <b>Total Outflow</b>                          | <b>6,664</b> | <b>2,960</b> | <b>981</b>     | <b>15,761</b> | <b>12,697</b>  | <b>5,794</b> | <b>4,564</b>   |

## Common sized Cash Flow Statement

| YE Mar 31                                     | FY12          | FY13          | FY14            | FY15          | FY16E         | FY17E         | FY18E          |
|---|---------------|---------------|-----------------|---------------|---------------|---------------|----------------|
| <b>Cash Inflow</b>                            |               |               |                 |               |               |               |                |
| <b>From Operations</b>                        |               |               |                 |               |               |               |                |
| Profit Before Tax                             | (8.9%)        | 27.4%         | 270.2%          | 10.7%         | 20.9%         | 79.7%         | 132.8%         |
| Depreciation                                  | 31.1%         | 88.3%         | 273.5%          | 20.4%         | 27.2%         | 63.2%         | 84.1%          |
| <b>Less:</b>                                  |               |               |                 |               |               |               |                |
| Dividend Payout                               | 0.3%          | 0.0%          | 16.0%           | 2.2%          | 5.1%          | 16.8%         | 26.2%          |
| Tax Paid                                      | (2.3%)        | 10.7%         | 69.4%           | 3.2%          | 4.2%          | 21.5%         | 39.8%          |
| <b>Operating Cashflow</b>                     | <b>24.3%</b>  | <b>105.0%</b> | <b>458.3%</b>   | <b>25.6%</b>  | <b>38.8%</b>  | <b>104.6%</b> | <b>150.9%</b>  |
| <b>Changes in Capital Structure</b>           |               |               |                 |               |               |               |                |
| Increase in Equity Share capital              | 12.9%         | 1.0%          | 44.1%           | 9.8%          | 0.0%          | 0.0%          | 0.0%           |
| Increase in Share premium                     | 3.2%          | 1.2%          | 0.0%            | 16.1%         | 0.0%          | 0.0%          | 0.0%           |
| Increase in Other reserves                    | 8.6%          | 0.0%          | (3.0%)          | 2.3%          | 0.0%          | 0.0%          | 0.0%           |
| Increase in Pref Capital                      | 0.0%          | 0.0%          | 0.0%            | 0.0%          | 4.7%          | 0.0%          | 0.0%           |
| Increase in Others                            | (2.3%)        | 10.5%         | 1.2%            | 1.0%          | (0.3%)        | 5.8%          | 6.0%           |
| Inc/(Dec) in Loans                            | 55.2%         | (14.8%)       | (384.7%)        | 45.5%         | 56.7%         | (10.4%)       | (56.9%)        |
| Inc/(Dec) in Minority Interest                | 0.0%          | 0.0%          | 0.0%            | 0.0%          | 0.0%          | 0.0%          | 0.0%           |
| <b>Inc/(Dec) in Equity/Loans/MI</b>           | <b>77.6%</b>  | <b>(2.2%)</b> | <b>(342.3%)</b> | <b>74.8%</b>  | <b>61.2%</b>  | <b>(4.6%)</b> | <b>(50.9%)</b> |
| <b>Adjustments</b>                            |               |               |                 |               |               |               |                |
| Prior Period Adjustments                      | 0.0%          | 0.0%          | 0.0%            | 0.0%          | 0.0%          | 0.0%          | 0.0%           |
| Diff.in Depreciation                          | (1.9%)        | (2.8%)        | (15.9%)         | (0.4%)        | 0.0%          | 0.0%          | 0.0%           |
| <b>Total Inflow</b>                           | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  |
| <b>Cash Outflow</b>                           |               |               |                 |               |               |               |                |
| <b>Working Capital Changes</b>                |               |               |                 |               |               |               |                |
| Inc/(Dec) in Provisions                       | (5.9%)        | 0.7%          | 17.1%           | 1.3%          | (2.7%)        | 2.5%          | 2.5%           |
| Inc/(Dec) in Current Liabilities              | 1.6%          | (8.4%)        | 33.2%           | 2.7%          | 0.3%          | 18.0%         | 8.5%           |
| <b>Less:</b>                                  |               |               |                 |               |               |               |                |
| Inc/(Dec) in Inventory                        | (23.8%)       | 57.7%         | (49.1%)         | 6.8%          | (8.2%)        | 48.7%         | 25.2%          |
| Inc in Debtors                                | (1.0%)        | 13.6%         | 32.5%           | (3.9%)        | 7.9%          | 16.6%         | 13.7%          |
| Inc/(Dec) in Loans & Advances                 | 17.7%         | (18.2%)       | 34.7%           | 7.4%          | (10.7%)       | 31.2%         | 18.1%          |
| Inc/(Dec) in Other Current Assets             | 0.2%          | 0.8%          | (1.5%)          | 0.0%          | 0.1%          | 0.2%          | 0.2%           |
| <b>Inc/(Dec) in Working Capital</b>           | <b>(2.7%)</b> | <b>61.5%</b>  | <b>(33.6%)</b>  | <b>6.3%</b>   | <b>(8.4%)</b> | <b>76.2%</b>  | <b>46.3%</b>   |
| <b>Capex/Investments</b>                      |               |               |                 |               |               |               |                |
| Inc/(Dec) in Investments                      | 1.7%          | 2.8%          | 52.3%           | (5.4%)        | 0.0%          | 0.0%          | 0.0%           |
| Addition to Gross Block                       | 112.5%        | 24.8%         | 81.6%           | 87.8%         | 110.3%        | 34.5%         | 43.8%          |
| Inc/(Dec) in Capital WIP                      | (13.9%)       | 7.3%          | 8.4%            | 11.8%         | (1.7%)        | (13.8%)       | (8.8%)         |
| Inc/(Dec) in Other Assets                     | 0.0%          | 0.0%          | 0.0%            | 0.0%          | 0.0%          | 0.0%          | 0.0%           |
| Inc. in Misc. Assets                          | 0.0%          | 0.0%          | 0.0%            | 0.0%          | 0.0%          | 0.0%          | 0.0%           |
| <b>Inc/(Dec) in Fixed Assets/ Investments</b> | <b>100.3%</b> | <b>34.9%</b>  | <b>142.3%</b>   | <b>94.2%</b>  | <b>108.5%</b> | <b>20.7%</b>  | <b>35.1%</b>   |
| Inc/(Dec) in Cash/Bank Balance                | 2.4%          | 3.6%          | (8.7%)          | (0.5%)        | (0.1%)        | 3.1%          | 18.7%          |
| <b>Total Outflow</b>                          | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  |



## *Free Cash Flow Statement*

| YE Mar 31 (Rs. mn)                        | FY12           | FY13         | FY14         | FY15            | FY16E          | FY17E        | FY18E        |
|---|----------------|--------------|--------------|-----------------|----------------|--------------|--------------|
| <b>EBITA</b>                              | <b>925</b>     | <b>2,939</b> | <b>4,592</b> | <b>3,394</b>    | <b>4,367</b>   | <b>6,430</b> | <b>7,635</b> |
| Less: Adjusted Taxes                      | 240            | 1,152        | 1,180        | 1,013           | 873            | 1,736        | 2,290        |
| <b>NOPLAT</b>                             | <b>685</b>     | <b>1,787</b> | <b>3,412</b> | <b>2,382</b>    | <b>3,493</b>   | <b>4,694</b> | <b>5,344</b> |
| Plus: Depreciation                        | 2,075          | 2,614        | 2,684        | 3,213           | 3,459          | 3,661        | 3,841        |
| <b>Gross Cashflow</b>                     | <b>2,761</b>   | <b>4,402</b> | <b>6,096</b> | <b>5,595</b>    | <b>6,952</b>   | <b>8,355</b> | <b>9,185</b> |
| Less: Increase in Working Capital         | (426)          | 1,851        | (169)        | 745             | (1,066)        | 4,439        | 2,614        |
| <b>Operating Cashflow</b>                 | <b>3,186</b>   | <b>2,551</b> | <b>6,265</b> | <b>4,850</b>    | <b>8,018</b>   | <b>3,916</b> | <b>6,571</b> |
| Less: Net Capex                           | 6,698          | 1,034        | 1,040        | 15,752          | 13,781         | 1,200        | 1,600        |
| Less: Increase in Net Other Assets        | 484            | (310)        | (146)        | (26)            | 36             | (334)        | (276)        |
| <b>FCF From Operation</b>                 | <b>(3,996)</b> | <b>1,827</b> | <b>5,372</b> | <b>(10,877)</b> | <b>(5,799)</b> | <b>3,050</b> | <b>5,247</b> |
| Less: Inc./(Dec.) in Investment           | (427)          | 0            | 0            | 0               | 0              | 0            | 0            |
| <b>FCF after Investment</b>               | <b>(3,568)</b> | <b>1,827</b> | <b>5,372</b> | <b>(10,877)</b> | <b>(5,799)</b> | <b>3,050</b> | <b>5,247</b> |
| Plus: Gain/(loss) on Extraordinary Items  | 0              | 0            | 0            | 0               | 0              | 0            | 0            |
| Plus: Foreign currency Translation Effect | 0              | 0            | 0            | 0               | 0              | 0            | 0            |
| <b>Total FCF</b>                          | <b>(3,568)</b> | <b>1,827</b> | <b>5,372</b> | <b>(10,877)</b> | <b>(5,799)</b> | <b>3,050</b> | <b>5,247</b> |

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