

## CONFERENCE TAKEAWAYS

Industry Textiles

## Rating and target price

Companies	Rating	TP (Rs)
Arvind Ltd	NR	NA
Himatsingka Seide	NR	NA
Indo Count Inds.	NR	NA
PDS Multinational	NR	NA
SP Apparels	BUY	365
Welspun India	NR	NA

Source: Company, Systematix Institutional Research

## Indian Textile Industry

26 August 2021

## Growth levers in place, outlook upbeat

India's garment exports (USD 17bn) are lower than its peer countries like Vietnam (USD 35bn), Bangladesh (USD 32bn) and China (USD 175bn) even as it accounts for ~27% of the global cotton capacity and has the world's second-largest labour force along with significantly lower water costs. This is attributable to the EU's duty-free access to several countries (Vietnam, Bangladesh, Cambodia, Pakistan), while imports from India attract a ~10% duty and involve higher power costs & longer lead times. Strong tailwinds that should support India's overall textile exports are 1) the US ban on cotton from China's Xinjiang region (from Jan-2021), 2) extension of the RoSCTL scheme till Mar-2024 (incentives visibility), 3) acceleration of the China+1 theme and 4) expected positive outcome of the free trade agreement (FTA) negotiations with the UK, EU and Canada. All the companies that participated in our textiles conference were optimistic about the industry's growth outlook for the next 5-6 years and guided for double-digit revenue growth. Most textile companies are already seeing improved order books, fresh enquiries and increased wallet share with existing accounts. They believe that a positive outcome of the FTA talks will be a game-changer and would guarantee a level playing field for Indian textile companies in the EU and UK markets. The expected normalisation of the cotton-yarn spread (currently Rs 119/kg) and higher cotton prices in the upcoming procurement season could hurt short term margins.

**Arvind Ltd (ARVND):** It plans to sweat its existing assets for the next 2-3 years for growth and hence, requires minimal capex. The company plans to reduce debt by Rs 2-3bn p.a. through internal accruals and partial land monetization of Rs 3bn over the next 2 years. It has guided for double-digit revenue growth with a sustainable OPM of 10-12%.

**Himatsingka Seide (HSS):** It is focusing on the branded business for better pricing power and margins. It also hopes to improve the revenue share from the non-US region. The benefits of the recent upward product price revision should accrue from 2HFY22. It expects strong growth for the next 2-3 quarters and raised its OPM guidance to 20-22% from 18-22%.

**Indo Count Industries (ICNT):** Focus on the fashion bedding category has expanded its total addressable market by ~3x to USD 14bn in the US. Brownfield expansion of Rs 2bn will add ~20% capacity and generate revenue of Rs 6bn p.a. It has guided for double-digit revenue growth for the next 4-5 years with an OPM of 18-20%.

**PDS Multinational Fashion (PMFL):** It remains focused on having an asset-light business model; expects its manufacturing division to turnaround and become PAT positive by FY23. PMFL has guided for 15% revenue growth p.a. with an OPM improvement of 125-150bps in 2-3 years. It is also targeting zero working capital days in its outsourcing business.

**SP Apparels (SPAL):** It reiterated its guidance of Rs 10bn revenue in 2 years (24% CAGR) along with 18-20% garment OPM and indicated fundraising of Rs 200-300mn for the expansion of its retail division. The extension of the RoDTEP benefit can add a further 15-20bps to the OPM. Partial lockdowns in Coimbatore are impacting 40% of its capacity.

**Welspun India Ltd (WLSI):** It is expanding its traditional business capacity after four years with capacity addition of 7% in towels (from 1QFY21), 20% in bed linen and 50% in rugs (from 2HFY22). WLSI is targeting debt reduction of Rs 4-5bn p.a. It aims to achieve Rs 125bn revenue by FY25 (14% CAGR) with a sustainable OPM of 20-21%.

Naushad Chaudhary  
naushadchaudhary@systematixgroup.in  
+91 22 6704 8036

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# Arvind Ltd

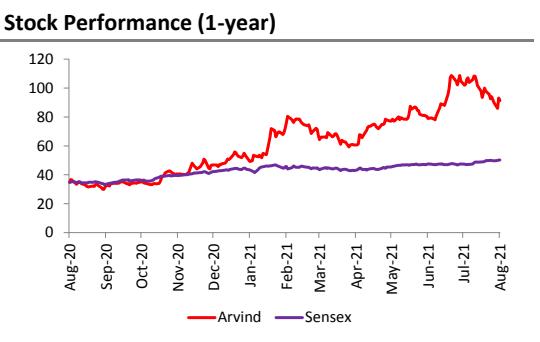
## Prioritizing debt reduction; increases focus on garment

CONFERENCE TAKEAWAYS	
Sector: Textiles	Rating: NR
CMP: Rs 91	Target Price: NA

Stock Info	
Sensex/Nifty	55,944 / 16,635
Bloomberg	ARVND IN
Equity shares (mn)	258.9
52-wk High/Low	Rs 115/30
Face value	Rs 10
M-Cap	Rs 24bn/ US\$327mn
3-m Avg volume	US\$ 0.4mn

Financial Snapshot (Rs mn)			
Y/E Mar	FY19	FY20	FY21
Net sales	71,422	73,690	50,730
EBITDA	6,768	6,526	4,417
APAT	2,516	1,279	7
EPS (Rs)	9.7	4.9	0.0
PE (x)	9.3	4.0	NA
P/B (x)	0.9	0.2	0.6
EV/EBITDA (x)	7.5	4.9	8.8
RoE (%)	7.7	4.7	0.0
RoCE (%)	8.0	7.5	4.0
OPM (%)	9.5	8.9	8.7
D/E (x)	1.0	1.0	0.8
Dividend Yield (%)	2.2	-	-
Dividend payout (%)	22.7	-	-

Shareholding Pattern (%)			
	Jun-21	Mar-21	Dec-20
Promoter	42.6	45.1	45.1
- Pledged	-	-	-
FII	15.2	16.3	14.2
DII	6.2	6.4	6.4
Others	36.0	32.2	34.3



### About the company:

It is amongst the leading integrated textile and apparel companies and a pioneer of denim in India. Its operating segment include textiles (87% sales; includes denim, woven, garments) and advanced materials (13% sales; includes industrials, human protection, composites). It has an installed capacity of 100 million meters for denim, 140 million meters for woven fabric and ~56 million garment pieces.

**Naushad Chaudhary**  
naushadchaudhary@systematixgroup.in  
+91 22 6704 8036

# FINANCIALS

## Profit & Loss Statement

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
<b>Net revenues</b>	<b>92,213</b>	<b>67,937</b>	<b>71,422</b>	<b>73,690</b>	<b>50,730</b>
Revenue growth (%)	15.1	-26.3	5.1	3.2	-31.2
- Op. expenses	82,789	61,490	64,654	67,164	46,313
<b>EBITDA (Excl. OI)</b>	<b>9,424</b>	<b>6,447</b>	<b>6,768</b>	<b>6,526</b>	<b>4,417</b>
EBITDA margins (%)	10.2	9.5	9.5	8.9	8.7
- Interest expenses	3,120	1,922	2,365	2,546	2,395
- Depreciation	2,943	2,223	2,351	2,904	2,851
+ Other income	836	1,551	848	602	520
- Tax	989	693	616	757	-35
Effective tax rate (%)	24	18	21	45	11
Reported PAT	3,208	3,160	2,284	921	-274
+/- Extraordinary items	-116	-121	-254	-323	-172
+/- Minority interest	62	63	22	-35	-109
<b>Adjusted PAT</b>	<b>3,262</b>	<b>3,218</b>	<b>2,516</b>	<b>1,279</b>	<b>7</b>
EPS (Rs/share)	12.6	12.4	9.7	4.9	0.0

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
Share capital	2,584	2,586	2,586	2,588	2,589
Reserves & Surplus	33,086	35,242	24,918	24,498	24,604
Networth	35,670	37,828	27,504	27,086	27,193
Minority interest	1,514	3,053	863	580	473
Total Debt	30,472	34,691	28,136	27,694	22,325
Def. tax liab. (net)	-813	-1,498	295	-84	19
<b>Capital employed</b>	<b>66,843</b>	<b>74,074</b>	<b>56,798</b>	<b>55,276</b>	<b>50,010</b>
Net Fixed assets	37,678	40,784	36,831	39,478	36,688
Investments	2,767	761	785	904	703
Net Working capital	25,858	31,873	18,378	14,051	12,101
Cash and bank balance	540	656	804	843	518
<b>Capital deployed</b>	<b>66,843</b>	<b>74,074</b>	<b>56,798</b>	<b>55,276</b>	<b>50,010</b>
Net debt	29,932	34,035	27,332	26,851	21,807
WC (days)	60	74	45	35	36
DE(x)	0.8	0.8	1.0	1.0	0.8

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
PAT	3,262	3,218	2,516	1,279	7
+ Non cash items	3,369	1,538	4,144	2,525	2,954
Cash profit	6,631	4,756	6,660	3,804	2,961
- Incr/(Decr) in WC	2,007	6,015	-13,495	-4,327	-1,950
<b>Operating cash flow</b>	<b>4,624</b>	<b>-1,259</b>	<b>20,155</b>	<b>8,131</b>	<b>4,911</b>
- Capex	5,585	5,329	-1,602	5,551	61
Free cash flow	-961	-6,588	21,757	2,580	4,850
- Dividend	620	621	518	-	-
+ Equity raised	2	2	-	2	1
+ Debt raised	-8,682	4,219	-6,555	-442	-5,369
- Investments	-2,671	-2,006	24	119	-201
- Misc. items	-7,520	-1,098	14,512	1,982	8
<b>Net cash flow</b>	<b>-70</b>	<b>116</b>	<b>148</b>	<b>39</b>	<b>-325</b>
+ Opening cash	610	540	656	804	843
Closing cash	540	656	804	843	518

Source: Company, Systematix Institutional Research

## Ratios

YE: Mar	FY17	FY18	FY19	FY20	FY21
P/E (x)	31	31	9	4	NA
P/BV (x)	2.9	2.6	0.9	0.2	0.6
EV/EBITDA (x)	14.0	20.7	7.5	4.9	8.8
RoE (%)	10.5	8.8	7.7	4.7	0.0
RoCE (%)	11.1	8.2	8.0	7.5	4.0
Fixed Asset turnover (x)	2.3	1.5	1.6	1.6	1.0
Dividend (%)	24	24	20	-	-
Dividend yield (%)	0.6	0.6	2.2	-	-
Dividend payout (%)	19	20	23	-	-
Debtors days	31	95	46	52	79
Creditor days	77	154	91	86	134
Inventory days	105	133	90	69	91
Revenue growth (%)	15	-26	5	3	-31
EBITDA growth (%)	-2	-32	5	-4	-32
PAT growth (%)	5	-1	-22	-49	-99

Source: Company, Systematix Institutional Research

# Himatsingka Seide

## Focus on increasing non-US, branded business revenue share

We hosted Mr. Dilip Panjwan (Sr. VP & CFO) and Mr. Sachin Garg (VP Finance) of Himatsingka Seide at our textiles conference to discuss the company's growth plan, geographical diversification focus and the recent developments in the business and industry. The management is focusing on the branded business for better pricing power and margins. It also hopes to improve the revenue share from the non-US region. The benefits of the recent upward product price revision should accrue from 2H. The industry outlook for the next 4-6 years remains positive. Key takeaways:

- **Expects strong growth for the next 2-3 quarters** driven by terry towels and an upward price revision in the category. For FY22, it expects 13-15% blended volume growth.
- **EBITDA margin guidance is raised to 20-22%** from 18-22% guided earlier due to stability in export incentives.
- **The benefits of the recent price hikes** in key categories are expected to start reflecting from 2QFY22 onwards.
- **The overall home textile capacity utilisation** is expected to be 75%+ in FY22 vs. 66% in 1QFY22 due to strong demand revival.
- **Focused on increasing its non-US revenue share** to over 40% in the next 2-3 years. It plans to increase penetration and revenue share from the European region.
- **To enhance its brand portfolio** to secure pricing power and thereby stable margins.
- **Vertically integrated business model helps HSS absorb volatility in raw material prices**; however, the risk of global raw cotton price volatility remains and is likely to impact short-term profitability.
- **Industry outlook:** FTA talks with the UK & EU are a big positive for Indian textile players and may guarantee a level playing field as peer countries currently enjoy duty benefits; despite all capabilities, India's market share in the EU is currently small in home textiles (towel 16%, sheet 6%).

CONFERENCE TAKEAWAYS			
Sector: Textiles	Rating: NR	CMP: Rs 245	Target Price: NA
<b>Stock Info</b>			
Sensex/Nifty	55,944 / 16,635		
Bloomberg	HSS IN		
Equity shares (mn)	98.5		
52-wk High/Low	Rs 280/72		
Face value	Rs 10		
M-Cap	Rs 24bn/ US\$ 335mn		
3-m Avg volume	US\$ 0.2mn		
<b>Financial Snapshot (Rs mn)</b>			
Y/E Mar	FY19	FY20	FY21
Net sales	26,176	23,579	22,583
EBITDA	5,433	3,443	2,889
APAT	1,927	244	-534
EPS (Rs)	19.6	2.5	-5.4
PE (x)	11.1	24.0	NA
P/B (x)	1.5	0.4	1.1
EV/EBITDA (x)	9.2	10.6	14.5
RoE (%)	14.6	1.8	-4.0
RoCE (%)	11.5	6.1	3.4
D/E (x)	2.2	2.4	2.2
OPM (%)	20.8	14.6	12.8
Dividend Yield (%)	2.3	0.8	0.3
Dividend payout (%)	25	37	NA
<b>Shareholding Pattern (%)</b>			
	Jun-21	Mar-21	Dec-20
Promoter	47.6	47.6	47.6
- Pledged	-	-	-
FII	4.7	4.5	4.2
DII	14.3	15.7	14.9
Others	33.4	32.2	33.3
<b>Stock Performance (1-year)</b>			
	300	250	200
	250	200	150
	200	150	100
	150	100	50
	100	50	0
Aug-20	80	80	80
Sep-20	100	100	100
Oct-20	140	140	140
Nov-20	120	120	120
Dec-20	150	150	150
Jan-21	140	140	140
Feb-21	170	170	170
Mar-21	160	160	160
Apr-21	180	180	180
May-21	190	190	190
Jun-21	210	210	210
Jul-21	250	250	250
Aug-21	270	270	270
	Himatsingka	Sensex	

### About the company:

HSS is a vertically integrated global home textile major that designs, develops, manufactures and distributes a suite of textile products. Its operating segments are bed linen, terry towels and branded business (15 licensed & own brands including *Calvin Klein, Tommy Hilfiger, Disney*). It has vertically integrated operations with an installed capacity of 2.1 lakh spindles, 61 million meters of bed linen and 25k tpa towels. It is a global leader in the cotton track and trace space, using the patented DNA tagging technology for its cotton brands.

**Naushad Chaudhary**  
naushadchaudhary@systematixgroup.in  
+91 22 6704 8036

# FINANCIALS

## Profit & Loss Statement

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
<b>Net revenues</b>	<b>21,384</b>	<b>22,490</b>	<b>26,176</b>	<b>23,579</b>	<b>22,583</b>
Revenue growth (%)	13.2	5.2	16.4	-9.9	-4.2
- Op. expenses	17,578	17,977	20,743	20,136	19,694
<b>EBITDA (Excl. OI)</b>	<b>3,806</b>	<b>4,513</b>	<b>5,433</b>	<b>3,443</b>	<b>2,889</b>
EBITDA margins (%)	17.8	20.1	20.8	14.6	12.8
- Interest expenses	963	1,065	1,631	1,947	1,772
- Depreciation	580	720	1,088	1,262	1,524
+ Other income	132	177	367	618	142
- Tax	573	889	1,112	719	269
Effective tax rate (%)	24	31	36	84	-102
Reported PAT	1,822	2,016	1,969	133	-534
+/- Extraordinary items	70	14	42	-111	-
+/- Minority interest	-	-	-	-	-
<b>Adjusted PAT</b>	<b>1,752</b>	<b>2,002</b>	<b>1,927</b>	<b>244</b>	<b>-534</b>
EPS (Rs/share)	17.8	20.3	19.6	2.5	-5.4

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
Share capital	492	492	492	492	492
Reserves & Surplus	10,180	11,783	13,718	13,108	12,660
Networth	10,672	12,275	14,210	13,600	13,152
Minority interest	-	-	-	-	-
Total Debt	14,625	24,823	30,755	32,592	28,828
Def. tax liab. (net)	-365	-235	176	284	512
<b>Capital employed</b>	<b>24,932</b>	<b>36,863</b>	<b>45,141</b>	<b>46,476</b>	<b>42,492</b>
Net Fixed assets	13,842	22,677	30,158	33,293	33,260
Investments	2	1,256	1,234	295	185
Net Working capital	9,252	11,583	11,237	11,083	7,785
Cash and bank balance	1,836	1,347	2,512	1,805	1,262
<b>Capital deployed</b>	<b>24,932</b>	<b>36,863</b>	<b>45,141</b>	<b>46,476</b>	<b>42,492</b>
Net debt	12,789	23,476	28,243	30,787	27,566
WC (days)	98	125	125	115	55
DE(x)	1.4	2.0	2.2	2.4	2.2

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
PAT	1,752	2,002	1,927	244	-534
+ Non cash items	903	850	1,499	1,370	1,752
Cash profit	2,655	2,852	3,426	1,614	1,218
- Incr/(Decr) in WC	3,027	2,331	-346	-154	-3,298
<b>Operating cash flow</b>	<b>-372</b>	<b>521</b>	<b>3,772</b>	<b>1,768</b>	<b>4,516</b>
- Capex	3,869	9,555	8,569	4,397	1,491
<b>Free cash flow</b>	<b>-4,241</b>	<b>-9,034</b>	<b>-4,797</b>	<b>-2,629</b>	<b>3,025</b>
- Dividend	246	246	492	49	49
+ Equity raised	-	-	-	-	-
+ Debt raised	4,359	10,198	5,932	1,837	-3,764
- Investments	-474	1,254	-22	-939	-110
- Misc. items	-269	153	-500	805	-135
<b>Net cash flow</b>	<b>615</b>	<b>-489</b>	<b>1,165</b>	<b>-707</b>	<b>-543</b>
+ Opening cash	1,221	1,836	1,347	2,512	1,805
Closing cash	1,836	1,347	2,512	1,805	1,262

Source: Company, Systematix Institutional Research

## Ratios

YE: Mar	FY17	FY18	FY19	FY20	FY21
P/E (x)	19	17	11	24	NA
P/BV (x)	3.1	2.8	1.5	0.4	1.1
EV/EBITDA (x)	12.2	12.8	9.2	10.6	14.5
RoE (%)	17.9	17.4	14.6	1.8	(4.0)
RoCE (%)	15.5	12.8	11.5	6.1	3.4
Fixed Asset turnover (x)	1.1	0.9	0.8	0.6	0.5
Dividend (%)	50	50	100	10	10
Dividend yield (%)	0.7	0.7	2.3	0.8	0.3
Dividend payout (%)	14	12	25	37	(9)
Debtors days	12	16	23	18	54
Creditor days	70	92	105	100	146
Inventory days	157	201	207	197	147
Revenue growth (%)	13	5	16	-10	-4
EBITDA growth (%)	28	19	20	-37	-16
PAT growth (%)	40	14	-4	-87	-319

Source: Company, Systematix Institutional Research

# Indo Count Industries

## Expanding category to fuel growth

We hosted Mr. KK Laluria, ED & CEO of Indo Count Industries (ICNT), at our textiles conference to understand the company's growth plan and industry outlook for the next 3-4 years. Focus on the fashion bedding category has expanded its total addressable market by ~3x to USD 14bn in the US (will be a major growth driver). While neighbouring countries enjoy the duty-free benefits, imports from India attract a 12-16% duty. A positive outcome of the FTA talks with the UK & EU would open doors to new possibilities for the Indian home textile and garment manufacturers. Key takeaways:

- **Targets to double revenue growth over the next 4-5 years** (15%+ CAGR; 85-90 million meters volume in FY22). Growth will be driven by 1) category expansion with a focus on fashion bedding - targeting 30% revenue share vs. 16% currently, 2) market share gains due to the China+1 wave and 3) geographical expansion – increasing penetration in the EU market.
- **Guided for EBITDA margin of 18-20% in FY22**, including the RoSCTL benefit, led by better pricing and product mix.
- **Brownfield capex plan of Rs 2bn** (19% addition on the FY21 gross block) to generate revenue of Rs 6bn p.a. Of the total Rs 2bn, Rs 500mn will be for the modernization of the spinning capacity and Rs 1.5bn for expanding the bed linen capacity by 20% to 108 million meters vs. 90 million meters currently.
- **Also evaluating a Greenfield capex**; however, the management did not disclose details.
- **Cotton price is expected to remain high in the upcoming season**; however, pre-expectation vs. actual post-harvesting results could differ.
- **Industry outlook**: Expects a favourable outcome from the FTA talks with the UK, EU, Canada and the USA, which would lead to a structural shift in India's home textile industry in the next 5-6 years. A positive outcome would open the USD 31bn EU home textile market for India and guarantee a level playing field (peer countries enjoy duty-free benefits currently).

## About the company:

ICNT is a specialized end-to-end bedding provider (cotton sheets, pillowcases, bedspreads) with an annual capacity of 90 million meters. During the last 10 years, it has emerged as one of India's leading bed linen exporters and gained ~15% market share in the US home textile (bed sheets) industry.

CONFERENCE TAKEAWAYS			
Sector: Textiles	Rating: NR	CMP: Rs 241	Target Price: NA
<b>Stock Info</b>			
Sensex/Nifty	55,944 / 16,635		
Bloomberg	ICNT IN		
Equity shares (mn)	197.4		
52-wk High/Low	Rs 285/70		
Face value	Rs 10		
M-Cap	Rs 48bn/ US\$661mn		
3-m Avg volume	US\$ 0.2mn		
<b>Financial Snapshot (Rs mn)</b>			
Y/E Mar	FY19	FY20	FY21
Net sales	19,342	20,801	25,192
EBITDA	1,558	847	3,730
APAT	602	1,535	2,536
EPS (Rs)	3.0	7.8	12.8
PE (x)	15.9	3.1	10.3
P/B (x)	1.0	0.5	2.0
EV/EBITDA (x)	8.2	8.1	8.2
RoE (%)	6.2	15.7	22.3
RoCE (%)	9.0	6.7	21.8
OPM (%)	8.1	4.1	14.8
D/E (x)	0.4	0.4	0.5
Dividend Yield (%)	-	-	-
Dividend payout (%)	-	-	-
<b>Shareholding Pattern (%)</b>			
	Jun-21	Mar-21	Dec-20
Promoter	58.9	58.9	58.9
- Pledged	-	-	-
FII	12.1	11.8	11.5
DII	0.1	-	-
Others	28.9	29.3	29.6
<b>Stock Performance (1-year)</b>			
Indo Count		Sensex	

**Naushad Chaudhary**  
naushadchaudhary@systematixgroup.in  
+91 22 6704 8036

# FINANCIALS

## Profit & Loss Statement

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
<b>Net revenues</b>	<b>21,528</b>	<b>18,585</b>	<b>19,342</b>	<b>20,801</b>	<b>25,192</b>
Revenue growth (%)	4.4	-13.7	4.1	7.5	21.1
- Op. expenses	18,294	16,961	17,784	19,954	21,462
<b>EBITDA (Excl. OI)</b>	<b>3,234</b>	<b>1,624</b>	<b>1,558</b>	<b>847</b>	<b>3,730</b>
EBITDA margins (%)	15.0	8.7	8.1	4.1	14.8
- Interest expenses	421	347	356	393	281
- Depreciation	331	331	353	435	431
+ Other income	1,050	997	105	546	378
- Tax	1,212	690	355	-164	905
Effective tax rate (%)	34	36	37	-29	27
Reported PAT	2,320	1,263	599	729	2,491
+/- Extraordinary items	-8	-2	1	-799	-30
+/- Minority interest	-2	-8	-4	-7	-15
<b>Adjusted PAT</b>	<b>2,330</b>	<b>1,263</b>	<b>602</b>	<b>1,535</b>	<b>2,536</b>
EPS (Rs/share)	11.8	6.4	3.0	7.8	12.8

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
Share capital	395	395	395	395	395
Reserves & Surplus	8,067	9,169	9,353	9,465	12,451
Networth	8,462	9,564	9,748	9,860	12,846
Minority interest	82	74	70	69	55
Total Debt	3,133	3,879	3,513	3,690	5,842
Def. tax liab. (net)	1,176	1,199	1,086	575	796
<b>Capital employed</b>	<b>12,853</b>	<b>14,716</b>	<b>14,417</b>	<b>14,194</b>	<b>19,539</b>
Net Fixed assets	5,450	5,671	5,908	5,805	5,688
Investments	-	1	464	1	1,669
Net Working capital	7,216	8,789	7,710	6,886	10,917
Cash and bank balance	187	255	335	1,502	1,265
<b>Capital deployed</b>	<b>12,853</b>	<b>14,716</b>	<b>14,417</b>	<b>14,194</b>	<b>19,539</b>
Net debt	2,946	3,624	3,178	2,188	4,577
WC (days)	100	135	120	88	139
DE(x)	0.4	0.4	0.4	0.4	0.5

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
<b>PAT</b>	<b>2,330</b>	<b>1,263</b>	<b>602</b>	<b>1,535</b>	<b>2,536</b>
+ Non cash items	640	354	240	-76	652
<b>Cash profit</b>	<b>2,970</b>	<b>1,617</b>	<b>842</b>	<b>1,459</b>	<b>3,188</b>
- Incr/(Decr) in WC	1,091	1,573	-1,079	-824	4,031
<b>Operating cash flow</b>	<b>1,879</b>	<b>44</b>	<b>1,921</b>	<b>2,283</b>	<b>-843</b>
- Capex	839	552	590	332	314
<b>Free cash flow</b>	<b>1,040</b>	<b>-508</b>	<b>1,331</b>	<b>1,951</b>	<b>-1,157</b>
- Dividend	-	-	-	-	-
+ Equity raised	-	-	-	-	-
+ Debt raised	-973	746	-366	177	2,152
- Investments	-	1	463	-463	1,668
- Misc. items	173	169	422	1,424	-436
<b>Net cash flow</b>	<b>-106</b>	<b>68</b>	<b>80</b>	<b>1,167</b>	<b>-237</b>
+ Opening cash	293	187	255	335	1,502
<b>Closing cash</b>	<b>187</b>	<b>255</b>	<b>335</b>	<b>1,502</b>	<b>1,265</b>

Source: Company, Systematix Institutional Research

## Ratios

YE: Mar	FY17	FY18	FY19	FY20	FY21
P/E (x)	17	13	16	3	10
P/BV (x)	4.6	1.8	1.0	0.5	2.0
EV/EBITDA (x)	12.9	12.5	8.2	8.1	8.2
RoE (%)	31.6	14.0	6.2	15.7	22.3
RoCE (%)	32.7	16.6	9.0	6.7	21.8
Fixed Asset turnover (x)	2.5	2.0	2.0	2.0	2.4
Dividend (%)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Dividend payout (%)	-	-	-	-	-
Debtors days	53	56	48	43	75
Creditor days	47	49	38	50	58
Inventory days	94	127	109	96	122
Revenue growth (%)	4	-14	4	8	21
EBITDA growth (%)	-22	-50	-4	-46	340
PAT growth (%)	-7	-46	-52	155	65

Source: Company, Systematix Institutional Research

# PDS Multinational Fashion

## Going asset-light; manufacturing turnaround likely in FY23E

We hosted CFO, Mr. Sanjay Jain and IR Head, Ms. Reenah Joseph at our textiles conference to understand the company's strategy to scale up in the US market, loss reduction plan in the garment manufacturing segment and growth & margin outlook. The management remains confident of lowering the manufacturing division EBIT loss to Rs 500mn in FY22 (Rs 1bn in FY21 due to lower utilisation) and becoming PAT positive in FY23 through optimal utilisation and operational efficiency (shifting to large order sizes). It has guided for 15% revenue growth and 125-150bps OPM improvement for the next 2-3 years. It is targeting zero working capital days in its outsourcing business. Key takeaways:

- **It is focusing on an asset-light business model** as designing and marketing are handled by the company while manufacturing is outsourced (65% from Bangladesh).
- **Expects revenue growth of 15% p.a. for the next 2-3 years** led by a strengthened position in the US market, higher utilisation of garment manufacturing capacities and new client additions in the EU market.
- **Targets EBITDA margin improvement of 125-150bps** in the next 2-3 years, led by the increase in manufacturing business revenue share, higher utilisation & efficiency improvement in the manufacturing segment and a better product mix in the outsourcing segment.
- **Expects the manufacturing business to turnaround in 2 years:** Five years back, the company ventured into own-manufacturing to expand its footprint in the US market (US clients require in-house manufacturing); the total capital employed was ~Rs 5bn for a capacity of 36 million pieces (77% in Bangladesh). It is currently operating at 50% utilisation and expects to reach 100% by FY22 with efficiency improvement in FY23.
- **The manufacturing segment reported an EBIT loss of ~Rs 1bn in FY21;** the losses are likely to narrow to Rs 500mn in FY22 and the company expects a positive PAT in FY23.
- **Minimal capex requirements for the next 2-3 years** and also in the long-term; the company does not intend to add garment manufacturing capacity even after fully utilising its existing capacities.
- **Targeting negative working capital cycle in the outsourcing business:** It works on a 5-days cycle and is striving to reduce it to 'zero' by FY22-end and 'negative' by FY23.
- Of the total capital employed, 42% is for the sourcing business (RoCE 60%), 42% for manufacturing and 16% is for Venture Tech Investments.
- **Industry outlook is positive** given the announcement of seven mega textile parks, export incentives visibility, PLI scheme and positivity around the FTA talks with the EU & UK.

### About the company

It is India leading garment sourcing & manufacturing company. Its business segments are 1) Garment outsourcing (96% of sales) and 2) Garment manufacturing (4% sales). It houses 150+ designers and 500+ partner factories to source products for 190+ clients across 22+ countries. It sources & handles ~1 million pieces of garment and has a manufacturing capacity of 36 million pieces of garment p.a. Its PDS Venture Tech Investments vertical has investments in 24 different ventures across sustainability, technology & consumer brands.

**Naushad Chaudhary**  
naushadchaudhary@systematixgroup.in  
+91 22 6704 8036

# FINANCIALS

## Profit & Loss Statement

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
<b>Net revenues</b>	<b>46,160</b>	<b>49,239</b>	<b>64,859</b>	<b>66,480</b>	<b>62,129</b>
Revenue growth (%)	7.9	6.7	31.7	2.5	-6.5
- Op. expenses	45,590	48,861	63,502	64,574	59,721
<b>EBITDA (Excl. OI)</b>	<b>570</b>	<b>378</b>	<b>1,357</b>	<b>1,906</b>	<b>2,408</b>
EBITDA margins (%)	1.2	0.8	2.1	2.9	3.9
- Interest expenses	131	217	563	744	405
- Depreciation	129	164	263	522	677
+ Other income	145	244	161	265	374
- Tax	51	32	1	95	216
Effective tax rate (%)	11	13	0	10	13
Reported PAT	404	209	691	810	1,484
+/- Extraordinary items	19	13	-	-122	36
+/- Minority interest	241	274	251	351	641
<b>Adjusted PAT</b>	<b>144</b>	<b>-78</b>	<b>440</b>	<b>581</b>	<b>807</b>
EPS (Rs/share)	5.5	-3.0	16.9	22.3	31.0

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
Share capital	261	261	261	261	261
Reserves & Surplus	4,369	4,386	4,421	5,326	6,208
Networth	4,630	4,647	4,682	5,587	6,469
Minority interest	769	792	309	525	687
Total Debt	4,656	5,531	7,090	8,255	5,526
Def. tax liab. (net)	-2	-3	-14	2	-73
<b>Capital employed</b>	<b>10,053</b>	<b>10,967</b>	<b>12,067</b>	<b>14,369</b>	<b>12,609</b>
Net Fixed assets	2,296	3,037	3,690	4,997	4,685
Investments	677	983	795	890	1,541
Net Working capital	4,595	4,693	3,880	3,455	2,076
Cash and bank balance	2,485	2,254	3,702	5,027	4,307
<b>Capital deployed</b>	<b>10,053</b>	<b>10,967</b>	<b>12,067</b>	<b>14,369</b>	<b>12,609</b>
Net debt	2,171	3,277	3,388	3,228	1,219
WC (days)	28	23	12	6	2
DE(x)	0.9	1.0	1.4	1.4	0.8

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
PAT	144	-78	440	581	807
+ Non cash items	166	163	252	538	602
Cash profit	310	85	692	1,119	1,409
- Incr/(Decr) in WC	-1,069	98	-813	-425	-1,379
<b>Operating cash flow</b>	<b>1,379</b>	<b>-13</b>	<b>1,505</b>	<b>1,544</b>	<b>2,788</b>
- Capex	245	905	916	1,829	365
<b>Free cash flow</b>	<b>1,134</b>	<b>-918</b>	<b>589</b>	<b>-285</b>	<b>2,423</b>
- Dividend	-	-	-	-	410
+ Equity raised	-	-	-	-	-
+ Debt raised	-199	875	1,559	1,165	-2,729
- Investments	242	306	-188	95	651
- Misc. items	196	-118	888	-540	-647
<b>Net cash flow</b>	<b>497</b>	<b>-231</b>	<b>1,448</b>	<b>1,325</b>	<b>-720</b>
+ Opening cash	1,988	2,485	2,254	3,702	5,027
Closing cash	2,485	2,254	3,702	5,027	4,307

Source: Company, Systematix Institutional Research

## Ratios

YE: Mar	FY17	FY18	FY19	FY20	FY21
P/E (x)	31	-96	16	13	22
P/BV (x)	1.0	1.6	1.5	1.3	2.7
EV/EBITDA (x)	11.5	28.4	7.6	5.5	7.8
RoE (%)	3.1	(1.7)	9.4	11.3	13.4
RoCE (%)	5.8	4.4	10.9	12.5	15.6
Fixed Asset turnover (x)	14.9	13.9	14.1	10.8	8.4
Dividend (%)	-	-	-	-	158
Dividend yield (%)	-	-	-	-	2.4
Dividend payout (%)	-	-	-	-	28
Debtors days	58	58	58	46	53
Creditor days	33	40	54	50	64
Inventory days	3	5	8	10	12
Revenue growth (%)	8	7	32	2	-7
EBITDA growth (%)	38	-34	259	40	26
PAT growth (%)	-49	-154	-664	32	39

Source: Company, Systematix Institutional Research

## SP Apparels

### Expects high double-digit garment volume growth from 2H

We hosted Mr. V Balaji, CFO, SP Apparels (SPAL), at our textiles conference to understand the company's growth plan, benefits of the factories consolidation initiative and strategy for the retail division. The management has reiterated its guidance of Rs 10bn revenue in 2 years (24% CAGR) & 18-20% garment OPM and indicated fundraising of Rs 200-300mn for the expansion of its retail division. Key takeaways:

- **Targets to achieve Rs 10bn revenue by FY23 (24% CAGR)** from its existing capacity. The garment volume run-rate is likely to pick up from 4QFY22 onwards and is expected to cross a quarterly run-rate of 18 million pieces. It has guided for FY22 garment volumes of 56-58 million pieces.
- **Expects garment EBITDA margin of 18-20%** for the next 2-3 years; however, the 2Q & 3QFY22 OPM will be higher (20-22%) as order pricing was done based on 2% export incentives expectation while the RoSCTL is ~4.5%.
- **The extension of the RoDTEP benefit can add a further 15-20bps to the OPM** as certain products that were not included in RoSCTL will be considered for the RoDTEP benefit.
- **Retail division planning to raise Rs 200-300mn** to fund the inventory and expand the EBO (exclusive brand outlet) network in the southern market (largely franchise owned and franchise operated model). It also plans to add more brands, probably in sportswear & kids wear (vs. single brand currently) to increase its revenue per store.
- **Partial lockdown in Coimbatore** (restrictions after 5 pm) is impacting 40% of the capacity.
- **Consolidated garment factories over the last 1.5 years**, taking the factory count to 16 from 23, for cost efficiency (lower people transportation and administration costs).
- **No major capex required** in garments for the next 2 years. The existing infrastructure can add 20% more capacity at a 70% lesser cost compared to the greenfield expansion. The existing capacity is sufficient for a 20-25% volume growth over the next 2 years.

- **Industry outlook:** Clients now look at China as a competitor; hence, orders are shifting from China to other countries.
- **View & valuation:** On a low base of FY21, we expect a PAT CAGR of 47% for FY21-23E. At the CMP, the stock trades at 9x FY23E earnings and PEG ratio of 0.3x. We have a **BUY** rating on the stock with a target price of Rs 365 based on FY23E earnings.

#### About the company:

It is a leading garment manufacturer & exporter of knitted garments for infants and children. Its key operating segments are garment (82% sales), retail – licensed *Crocodile* brand (12% sales) and SPUK – garment outsourcing model (6% sales).

**Naushad Chaudhary**  
naushadchaudhary@systematixgroup.in  
+91 22 6704 8036

# FINANCIALS

## Profit & Loss Statement

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
<b>Net revenues</b>	<b>8,264</b>	<b>8,090</b>	<b>6,523</b>	<b>8,014</b>	<b>9,700</b>
Revenue growth (%)	25	(2)	(19)	23	21
- Op. expenses	6,920	7,258	5,480	6,735	7,998
<b>EBITDA (Excl. OI)</b>	<b>1,344</b>	<b>831</b>	<b>1,043</b>	<b>1,279</b>	<b>1,702</b>
EBITDA margins (%)	16.3	10.3	16.0	16.0	17.5
- Interest expenses	62	228	143	144	151
- Depreciation	216	299	323	337	351
+ Other income	34	237	14	40	48
- Tax	361	(25)	160	209	312
Effective tax rate (%)	33	(5)	27	25	25
<b>Reported PAT</b>	<b>739</b>	<b>567</b>	<b>432</b>	<b>628</b>	<b>937</b>
+/- Extraordinary items	5	97	-	-	-
+/- Minority interest	1	0	0	-	-
<b>Adjusted PAT</b>	<b>733</b>	<b>469</b>	<b>431</b>	<b>628</b>	<b>937</b>
EPS (Rs/share)	28.5	18.2	16.8	24.5	36.5

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Share capital	257	257	257	257	257
Reserves & Surplus	4,581	4,975	5,327	5,924	6,814
Networth	4,838	5,232	5,584	6,181	7,070
Minority interest	(64)	(64)	(65)	(65)	(65)
Total Debt	2,255	2,557	2,222	2,238	2,347
Def. tax liab. (net)	350	201	302	302	302
<b>Capital employed</b>	<b>7,379</b>	<b>7,926</b>	<b>8,043</b>	<b>8,656</b>	<b>9,655</b>
Net Fixed assets	3,707	4,439	4,542	4,403	4,352
Investments	3	2	2	2	2
Net Working capital	3,088	3,022	3,087	3,398	3,706
Cash and bank balance	581	463	412	854	1,595
<b>Capital deployed</b>	<b>7,379</b>	<b>7,926</b>	<b>8,043</b>	<b>8,656</b>	<b>9,655</b>
Net debt	1,674	2,094	1,810	1,384	752
WC (days)	117	107	149	134	119
DE (x)	0.47	0.49	0.40	0.36	0.33

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
<b>PAT</b>	<b>733</b>	<b>469</b>	<b>431</b>	<b>628</b>	<b>937</b>
+ Non cash items	231	151	424	337	351
Cash profit	964	619	855	965	1,287
- Incr/(Decr) in WC	350	(66)	65	311	308
Operating cash flow	614	685	790	655	979
- Capex	312	1,571	324	300	300
<b>Free cash flow</b>	<b>302</b>	<b>(886)</b>	<b>466</b>	<b>355</b>	<b>679</b>
- Dividend	-	-	58	31	47
+ Equity raised	5	-	-	-	-
+ Debt raised	(139)	302	(335)	16	109
- Investments	(308)	(1)	-	-	-
- Minority Interest	(1)	(0)	(0)	-	-
- Misc Items	350	(465)	124	(102)	-
Net cash flow	125	(118)	(52)	442	741
+ Opening cash	456	581	463	412	854
<b>Closing cash</b>	<b>581</b>	<b>463</b>	<b>412</b>	<b>854</b>	<b>1,595</b>

Source: Company, Systematix Institutional Research

## Ratios

YE: Mar	FY19	FY20	FY21	FY22E	FY23E
P/E (x)	10.2	6.3	9.3	12.3	8.2
P/BV (x)	1.6	0.6	0.7	1.2	1.1
EV/EBITDA (x)	6.7	4.7	5.5	6.9	4.8
RoE (%)	16.6	9.3	8.0	10.7	14.1
RoCE (%)	16.1	7.0	9.0	11.3	14.8
Fixed Asset turnover (x)	1.5	1.2	0.9	1.1	1.2
D/E ratio (x)	0.5	0.5	0.4	0.4	0.3
OPM (%)	16.2	10.0	16.0	15.9	17.5
NPM (%)	8.9	5.8	6.6	7.8	9.7
Debtors days	57	42	65	65	60
Creditor days	50	38	51	51	51
Inventory days	110	103	135	120	110
Working capital cycle	117	107	149	134	119
Revenue growth (%)	25	(2)	(19)	23	21
EBITDA growth (%)	13	(22)	(1)	25	33
PAT growth (%)	58	(36)	(8)	46	49

Source: Company, Systematix Institutional Research

# Welspun India

## Expanding capacities and business verticals for growth

We hosted Mr. Sanjay Gupta, CFO, Welspun India Ltd (WLSI), at our textiles conference to understand the company's capex plan and growth outlook. The management remains optimistic about the growth and margin outlook for the next 3-5 years with the China+1 theme playing out well, US ban on cotton from China's Xingjian region and the expected level playing field in the EU market. Key takeaways:

- Targets to achieve Rs 125bn revenue by FY25 (14% CAGR on FY21 base).** Segment-wise, the major growth to come from flooring (50% p.a.), advance textiles (25% p.a.) and rugs (12-15% p.a.). The traditional home textile segment (towels & sheets) to grow at 8-10% p.a.
- Guided for a sustainable EBITDA margin of 20-21%** for the next 3-4 years led by improved pricing, operating leverage and a favourable product mix. It also targets to reduce the working capital days to 80-85 from 100 currently.
- Debt reduction of Rs 4-5bn p.a.;** targets a net debt zero balance sheet in the next 4-5 years.
- Traditional business capacity expansion after four years:** It expanded its towel capacity by 7% in 1QFY21; bed linen (+20%) and rugs (+50%) capacity addition is likely in 2HFY22.
- Doubling advance textiles capacity** by adding a greenfield plant at Telangana (capex Rs 2bn) with a revenue potential of Rs 4bn p.a. and RoCE of 20%+.
- The flooring business** will require the remaining Rs 2bn capex (of the Rs 13bn total capital planned) to complete the 27mn sq meter capacity. At full capacity, it can generate revenue of Rs 22-25bn with a RoCE of 20%. Targets 50% capacity utilisation in FY23E and 100% by FY24-25E.
- Still evaluating backward integration to yarn; will consider expansion only** if it sees a RoCE of 20%+. It has 3.25 lakh spindles and an additional 2 lakh are required to become fully integrated.
- RoDTEP will offer ~2% incentive benefits** on rugs, flooring and advance textiles export - was not included in RoSCTL.
- Targets to reduce geographical concentration:** It has a presence in 50+ countries with the US being the largest revenue contributor (64%) followed by the EU (19%), India (13%) and RoW (4%). WLSI targets to increase its revenue share from the non-US geographies.
- Clients:** Its clients in the US include big box retailers, departmental stores and club stores with major customers being Wal-Mart, JC Penny, Costco, Macy's, Kohl's, The Home depot, Bed Bath & Beyond, Amazon and Wayfair.
- Capacities:** With an employee base of 26k+ it has an installed capacity of towels (85k tn), sheets (90k mtr), rugs (10mn sq mtrs), advance textiles (13.4k tn), and flooring (38mn sq mtr); its manufacturing plants are located in VAPI and Anjar in Gujarat.

### About the company:

It is India's leading towel and bed linen exporter to the US home textile market and every 5<sup>th</sup> towel/9<sup>th</sup> bed sheet sold in the US is made by WLSI. It is known for its innovation (30 patents) and product developing capabilities.

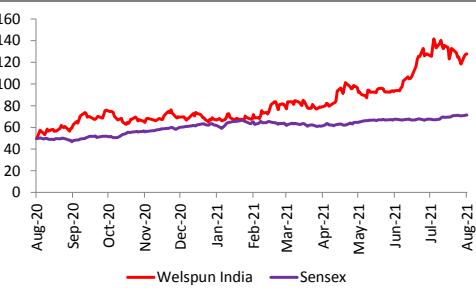
CONFERENCE TAKEAWAYS	
Sector: Textiles	Rating: NR
CMP: Rs 128	Target Price: NA

Stock Info	
Sensex/Nifty	55,944 / 16,635
Bloomberg	WLSI IN
Equity shares (mn)	1004.7
52-wk High/Low	Rs 145/48
Face value	Rs 2
M-Cap	Rs 35bn/ \$538mn
3-m Avg volume	US\$ 0.8mn

Financial Snapshot (Rs mn)			
Y/E Mar	FY19	FY20	FY21
Net sales	65,266	67,411	73,402
EBITDA	10,649	12,147	13,520
APAT	3,918	4,640	5,396
EPS (Rs)	3.9	4.6	5.4
PE (x)	16.7	7.5	10.2
P/B (x)	2.3	1.2	1.5
EV/EBITDA (x)	9.3	5.9	6.1
RoE (%)	14.6	16.1	16.3
RoCE (%)	11.3	12.3	13.8
OPM (%)	16.3	18.0	18.4
D/E (x)	1.2	1.3	0.8
Dividend Yield (%)	0.5	3.7	2.1
Dividend payout (%)	13	25	21

Shareholding Pattern (%)			
	Jun-21	Mar-21	Dec-20
Promoter	70.0	70.0	70.0
-Pledged	-	-	-
FII	7.2	6.2	5.9
DII	7.3	7.3	7.4
Others	15.5	16.5	16.7

### Stock Performance (1-year)



**Naushad Chaudhary**  
naushadchaudhary@systematixgroup.in  
+91 22 6704 8036

# FINANCIALS

## Profit & Loss Statement

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
<b>Net revenues</b>	<b>66,379</b>	<b>60,500</b>	<b>65,266</b>	<b>67,411</b>	<b>73,402</b>
Revenue growth (%)	12.1	-8.9	7.9	3.3	8.9
- Op. expenses	50,544	49,265	54,617	55,264	59,882
<b>EBITDA (Excl. OI)</b>	<b>15,835</b>	<b>11,235</b>	<b>10,649</b>	<b>12,147</b>	<b>13,520</b>
EBITDA margins (%)	23.9	18.6	16.3	18.0	18.4
- Interest expenses	1,583	1,407	1,593	1,777	1,975
- Depreciation	5,054	5,042	4,358	4,811	4,536
+ Other income	805	811	818	951	678
- Tax	1,731	1,615	608	1,700	2,179
Effective tax rate (%)	17	29	11	26	28
Reported PAT	8,272	3,982	4,908	4,809	5,507
+/- Extraordinary items adj.	1,618	44	827	-	-
+/- Minority interest	48	132	163	170	111
<b>Adjusted PAT</b>	<b>6,606</b>	<b>3,806</b>	<b>3,918</b>	<b>4,640</b>	<b>5,396</b>
EPS (Rs/share)	6.6	3.8	3.9	4.6	5.4

Source: Company, Systematix Institutional Research

## Balance Sheet

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
Share capital	1,005	1,005	1,005	1,005	1,005
Reserves & Surplus	22,966	25,051	26,788	28,716	35,442
Networth	23,971	26,056	27,793	29,721	36,447
Minority interest	355	467	709	849	986
Total Debt	33,960	33,720	35,180	38,497	31,026
Def. tax liab. (net)	1,466	1,366	2,008	1,927	2,494
<b>Capital employed</b>	<b>59,752</b>	<b>61,609</b>	<b>65,691</b>	<b>70,993</b>	<b>70,953</b>
Net Fixed assets	37,453	35,427	37,946	39,908	39,871
Investments	1,256	1,282	1,269	2,444	1,111
Net Working capital	19,415	23,244	24,744	26,337	25,979
Cash and bank balance	1,628	1,656	1,731	2,305	3,991
<b>Capital deployed</b>	<b>59,752</b>	<b>61,609</b>	<b>65,691</b>	<b>70,993</b>	<b>70,953</b>
Net debt	32,332	32,064	33,449	36,192	27,035
WC (days)	85	102	102	100	100
DE(x)	1.4	1.3	1.2	1.3	0.8

Source: Company, Systematix Institutional Research

## Cash Flow

YE: Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21
PAT	6,606	3,806	3,918	4,640	5,396
+ Non cash items	5,923	4,942	5,000	4,730	5,104
Cash profit	12,529	8,748	8,918	9,370	10,500
- Incr/(Decr) in WC	2,468	3,829	1,501	1,592	-357
<b>Operating cash flow</b>	<b>10,061</b>	<b>4,919</b>	<b>7,417</b>	<b>7,777</b>	<b>10,857</b>
- Capex	7,191	3,016	6,877	6,773	4,499
<b>Free cash flow</b>	<b>2,870</b>	<b>1,903</b>	<b>540</b>	<b>1,004</b>	<b>6,358</b>
- Dividend	653	653	301	1,306	1,155
+ Equity raised	-	-	-	-	-
+ Debt raised	878	-240	1,460	3,317	-7,471
- Investments	971	26	-13	1,175	-1,333
- Misc. items	1,739	956	1,637	1,267	-2,622
<b>Net cash flow</b>	<b>385</b>	<b>28</b>	<b>75</b>	<b>574</b>	<b>1,687</b>
+ Opening cash	1,243	1,628	1,656	1,731	2,305
Closing cash	1,628	1,656	1,731	2,305	3,991

Source: Company, Systematix Institutional Research

## Ratios

YE: Mar	FY17	FY18	FY19	FY20	FY21
P/E (x)	13.3	15.3	16.7	7.5	10.2
P/BV (x)	3.7	2.2	2.3	1.2	1.5
EV/EBITDA (x)	7.6	8.0	9.3	5.9	6.1
RoE (%)	30.3	15.2	14.6	16.1	16.3
RoCE (%)	20.5	11.6	11.3	12.3	13.8
Fixed Asset turnover (x)	1.5	1.3	1.3	1.1	1.1
Dividend (%)	65	65	30	130	115
Dividend yield (%)	0.7	1.1	0.5	3.7	2.1
Dividend payout (%)	18	16	13	25	21
Debtors days	53	56	60	59	59
Creditor days	61	51	47	59	67
Inventory days	93	97	89	101	108
Revenue growth (%)	12	-9	8	3	9
EBITDA growth (%)	-1	-29	-5	14	11
PAT growth (%)	-11	-42	3	18	16

Source: Company, Systematix Institutional Research

## Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
Navin Roy Vallabhaneni	President & Head – IE & ECM	+91-22-6704 8065	navin@systematixgroup.in
<b>Equity Research</b>			
<b>Analysts</b>	<b>Industry Sectors</b>	<b>Desk-Phone</b>	<b>E-mail</b>
Rahul Jain	Metals & Mining	+91-22-6704 8066	rahuljain@systematixgroup.in
Ronak Sarda	Auto, Auto Ancillaries	+91-22-6704 8059	ronaksarda@systematixgroup.in
Rakesh Kumar	Banking, Insurance	+91-22-6704 8041	rakeshkumar@systematixgroup.in
Praful Bohra	Pharmaceuticals and Healthcare	+91-22-6704 8064	prafulbohra@systematixgroup.in
Shubhranshu Mishra	NBFCs & Diversified Financials	+91-22-6704 8024	shubhranshumishra@systematixgroup.in
Sanjeev Kumar Singh	Cement, Building Materials, Paints	+91-22-6704 8017	sanjeevsingh@systematixgroup.in
Premal Kamdar	Consumer Staples	+91-22-6704 8090	premkamdar@systematixgroup.in
Amar Kedia	Infra, Cap Goods, Logistics, Consumer Durables	+91-22-6704 8084	amarkedia@systematixgroup.in
Ashutosh Joytiraditya	Consumer, Retail	+91-22-6704 8068	ashutoshj@systematixgroup.in
Naushad Chaudhary	Chemicals, Textiles, Building Materials, Midcaps	+91-22-6704 8036	naushadchaudhary@systematixgroup.in
Harsh Mittal	Cement, Building Materials, Paints	+91-22-6704 8098	harshmittal@systematixgroup.in
Poorvi Banka	Auto, Auto Ancillaries	+91-22-6704 8063	poorvibanka@systematixgroup.in
Nikhil Shah	Banking, Insurance	+91-22-6704 8091	nikhilshah@systematixgroup.in
Tausif Shaikh	Pharmaceuticals and Healthcare	+91-22-6704 8046	tausifshaikh@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Shilpashree Venkatesh	Macro-Strategy	+91-22-6704 8078	shilpav@systematixgroup.in
<b>Equity Sales &amp; Trading</b>			
<b>Name</b>		<b>Desk-Phone</b>	<b>E-mail</b>
Vipul Sanghvi	Director and Head - Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Ashok Kumar Agarwal	Sales	+91-22-6704 8058	ashokagarwal@systematixgroup.in
Jigar Kamdar	Sales	+91-22-6704 8060	jigarkamdar@systematixgroup.in
Nirbhay Kumar Singh	Sales	+91-22-6704 8061	nirbhaysingh@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8033	rahul@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Rahul Thakar	Sales Trading - Derivatives	+91-22-6704 8073	rahulthakar@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8050	vipulchheda@systematixgroup.in
Amit Sawant	Dealer	+91-22-6704 8054	amitsawant@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Suketu Vyas	Dealer	+91-22-6704 8050	suketuvyas@systematixgroup.in
<b>Corporate Access</b>			
Audrey Leolyn Mendonca	Assistant Vice President	+91-22-6704 8088	audreymendonca@systematixgroup.in
<b>Production</b>			
Yukti Vidyarthi	Editor	+91-22-6704 8071	yukti@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in
<b>Operations</b>			
Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Sugandha Rane	Assistant Vice President	+91-22-6704 8056	sugandha@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Ravikiran Dasaka	Manager	+91-22-6704 8622	ravikiran@systematixgroup.in
Ravi Agarwal	Assistant Manager	+91-22-6704 8016	raviagarwal@systematixgroup.in

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**Registered and Corporate address:** The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

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