

GARWARE-WALL ROPES LTD
Result Update (PARENT BASIS): Q4 FY16

CMP: 344.00

JUNE 13th, 2016

Overweight

**ISIN:
INE276A01018**

Index Details

Stock Data

Sector	Textiles
BSE Code	509557
Face Value	10.00
52wk. High / Low (Rs.)	438.00/190.00
Volume (2wk. Avg.)	2200
Market Cap (Rs. in mn.)	7527.41

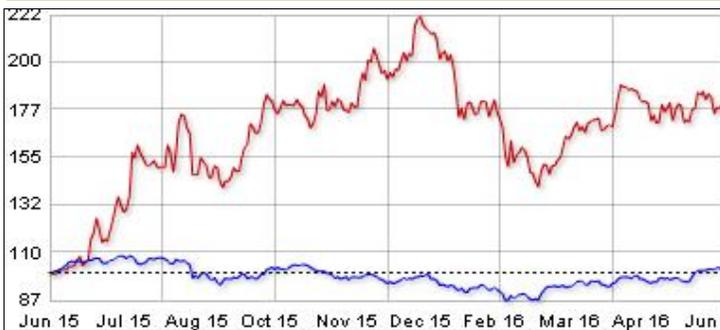
Annual Estimated Results(A*: Actual / E*: Estimated)

YEARS	FY16A	FY17E	FY18E
Net Sales	8275.96	8938.03	9742.46
EBITDA	1088.74	1256.89	1408.27
Net Profit	618.76	739.98	853.20
EPS	28.28	33.82	38.99
P/E	12.17	10.17	8.82

Shareholding Pattern (%)

	As on Mar 2016	As on Dec 2015
Promoter	50.64	50.59
Public	45.04	45.08
Others	4.33	4.33

1 Year Comparative Graph



GARWARE-WALL ROPES LTD

S&P BSE SENSEX

SYNOPSIS

- Garware-Wall Ropes Ltd is a leading player in Technical Textiles, specializing in providing customized solutions to the cordage and infrastructure industry worldwide.
- During Q4 FY16, the company's net profit jumps to Rs. 172.82 million from Rs. 122.60 million in the corresponding quarter ending of previous year, an increase of 40.96%.
- Revenue for the quarter stood to Rs. 1883.81 million from Rs. 1969.11 million, when compared with the prior year period.
- During the quarter, EBIDTA is Rs. 296.45 million as against Rs. 231.25 million in the corresponding period of the previous year.
- EPS of the company stood at Rs. 7.90 during the quarter, as against Rs. 5.60 per share over previous year period.
- The company has recommended a Dividend of Rs. 3.30/- per share (33%) on equity shares of Rs. 10/- each for the financial year 2015-16.
- Revenues for FY2015-16 increased by 6% and stood at Rs. 8275.96 million as compared to Rs. 7842.49 million in FY2014-15.
- During the year ended 2015-16, Net Profit increased by 44% to Rs. 618.76 million from Rs. 430.55 million in the previous year ended FY2014-15.
- Net sales and PAT of the company are expected to grow at a CAGR of 9% and 34% over 2015 to 2018E respectively.

PEER GROUPS	CMP	MARKET CAP	EPS	P/E (X)	P/BV(X)	DIVIDEND
Company Name	(Rs.)	Rs. in mn.	(Rs.)	Ratio	Ratio	(%)
Garware-Wall Ropes Ltd	344.00	7527.41	28.28	12.17	2.06	33.00
APM Industries Ltd	60.00	1296.70	9.30	6.45	0.97	175.00
Bannari Amman Spinning Mills Ltd	212.50	3347.80	11.77	18.05	1.23	16.00
AYM Syntex Ltd	99.90	3920.00	12.17	8.21	2.02	0.00

QUARTERLY HIGHLIGHTS (PARENT BASIS)

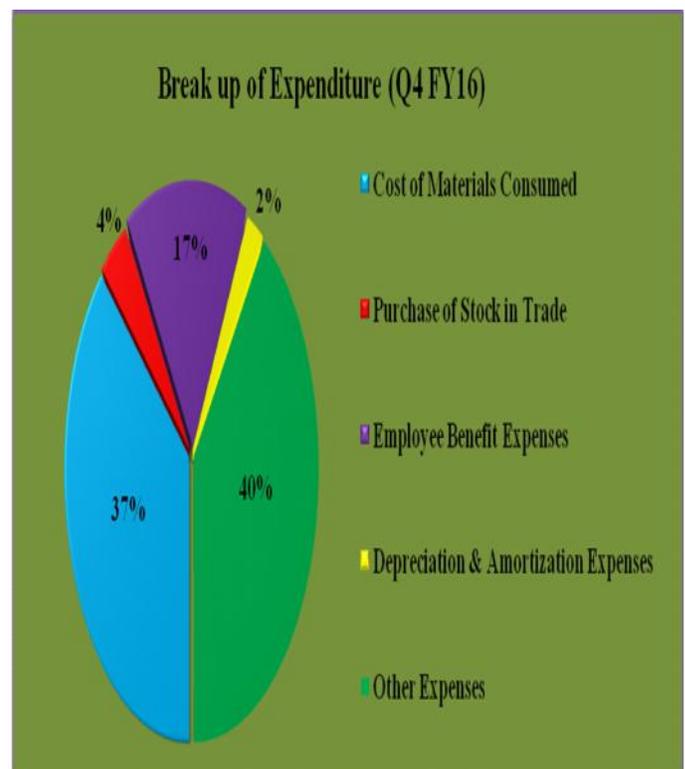
Results updates- Q4 FY16,

Months	Mar-16	Mar-15	% Change
Revenue	1883.81	1969.11	(4.33)
Net Profit	172.82	122.60	40.96
EPS	7.90	5.60	40.96
EBIDTA	296.45	231.25	28.20

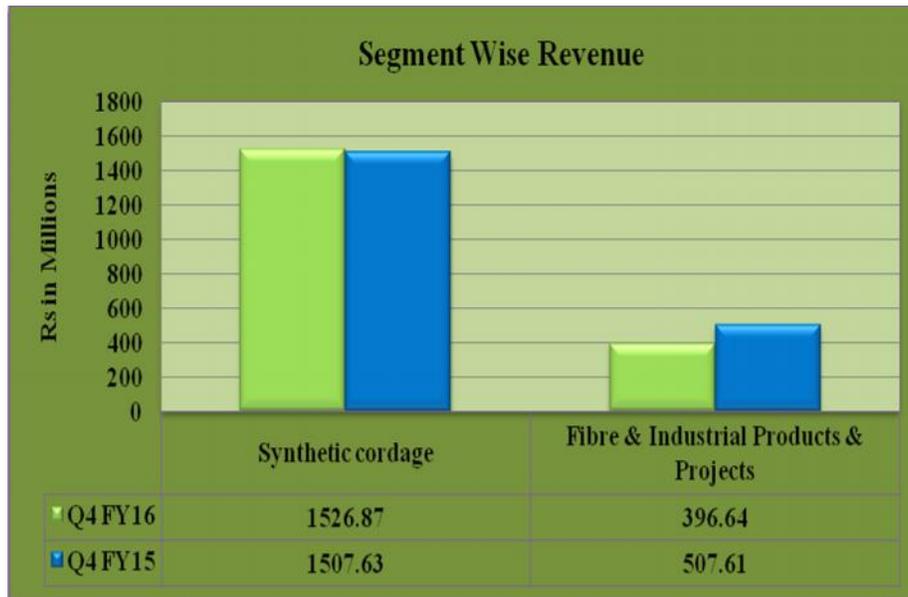
Revenue for the quarter stood to Rs. 1883.81 million from Rs. 1969.11 million, when compared with the prior year period. EBIDTA is Rs. 296.45 million as against Rs. 231.25 million in the corresponding period of the previous year. The company's net profit jumps to Rs. 172.82 million from Rs. 122.60 million in the corresponding quarter ending of previous year, an increase of 40.96%. Reported earnings per share of the company stood at Rs. 7.90 during the quarter, as against Rs. 5.60 per share over previous year period.

Break up of Expenditure

Break up of Expenditure	Value in Rs. Million		
	Q4 FY16	Q4 FY15	% Change
Cost of Materials Consumed	552.63	860.79	-36%
Purchase of Stock in Trade	59.22	85.01	-30%
Employee Benefit Expenses	248.93	208.02	20%
Depreciation & Amortization Expenses	34.24	29.67	15%
Other Expenses	598.56	554.98	8%



Segment Revenue



COMPANY PROFILE

Garware-Wall Ropes Ltd. (GWRL) is an ISO 9001:2008 certified company, established in 1976 and is a leading player in Technical Textiles, specializing in providing customized solutions to the cordage and infrastructure industry worldwide. A global player, the company is known for its innovation in the field of sports, fisheries, aquaculture, shipping, agriculture, coated fabrics and geosynthetics. GWRL products are manufactured in state-of-art facilities at Wai and Pune (both in Maharashtra, India) and marketed in more than 75 countries worldwide.

FINANCIAL HIGHLIGHT (PARENT BASIS)

(A* - Actual, E* -Estimations & Rs. In Millions)

Balance Sheet as of March 31, 2015 -2018E

	FY15A	FY16A	FY17E	FY18E
SOURCES OF FUNDS				
Shareholder's Funds				
Share Capital	218.82	218.82	218.82	218.82
Reserves and Surplus	2881.26	3428.93	4168.42	5021.62
1. Sub Total - Net worth	3100.08	3647.75	4387.24	5240.44
Non Current Liabilities				
Long Term Borrowing	40.60	0.00	0.00	0.00
Deferred Tax Liabilities [Net]	224.70	283.00	333.94	374.01
Other Long Term Liabilities	14.89	62.33	87.26	109.08
Long Term Provisions	23.76	27.25	30.52	33.57
2. Sub Total - Non Current Liabilities	303.95	372.58	451.72	516.66
Current Liabilities				
Short-term borrowings	275.46	298.31	277.43	249.69
Trade Payables	663.11	521.04	427.25	380.25
Other Current Liabilities	865.39	970.52	1057.87	1131.92
Short Term Provisions	1777.18	2293.48	2752.41	3137.74
3. Sub Total - Current Liabilities	3581.14	4083.35	4514.95	4899.60
Total Liabilities (1+2+3)	6985.17	8103.68	9353.91	10656.70
APPLICATION OF FUNDS				
Non-Current Assets				
a) Fixed Assets	1726.09	1994.45	2433.23	2822.54
b) Non-current investments	90.40	89.31	91.10	93.83
c) Long Term Loans and Advances	117.97	118.82	122.38	128.50
d) Other non-current assets	55.66	62.81	67.83	71.90
1. Sub Total - Non Current Assets	1990.12	2265.39	2714.54	3116.78
Current Assets				
Inventories	1371.97	1254.63	1204.44	1288.76
Trade receivables	1820.77	1988.46	2227.08	2449.78
Cash and Bank Balances	105.71	832.23	1339.10	1775.66
Short-terms loans & advances	1696.60	1762.97	1868.75	2025.72
2. Sub Total - Current Assets	4995.05	5838.29	6639.37	7539.92
Total Assets (1+2)	6985.17	8103.68	9353.91	10656.70

Annual Profit & Loss Statement for the period of 2015 to 2018E

Value(Rs.in.mn)	FY15A	FY16A	FY17E	FY18E
Description	12m	12m	12m	12m
Net Sales	7842.49	8275.96	8938.03	9742.46
Other Income	17.08	34.58	46.68	56.02
Total Income	7859.57	8310.54	8984.72	9798.48
Expenditure	-7028.12	-7221.80	-7727.82	-8390.20
Operating Profit	831.45	1088.74	1256.89	1408.27
Interest	-102.48	-87.27	-76.80	-69.12
Gross profit	728.97	1001.47	1180.10	1339.16
Depreciation	-123.85	-131.05	-141.53	-150.02
Profit Before Tax	605.12	870.42	1038.56	1189.13
Tax	-174.57	-251.66	-298.59	-335.93
Net Profit	430.55	618.76	739.98	853.20
Equity capital	218.82	218.82	218.82	218.82
Reserves	2880.68	3428.44	4168.42	5021.62
Face value	10.00	10.00	10.00	10.00
EPS	19.68	28.28	33.82	38.99

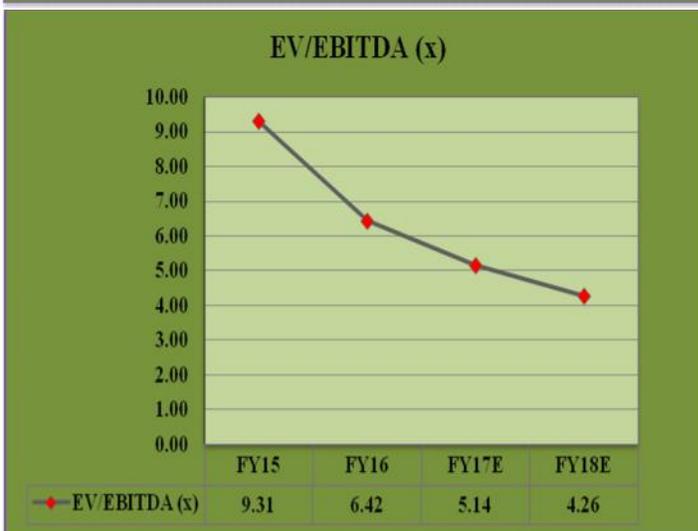
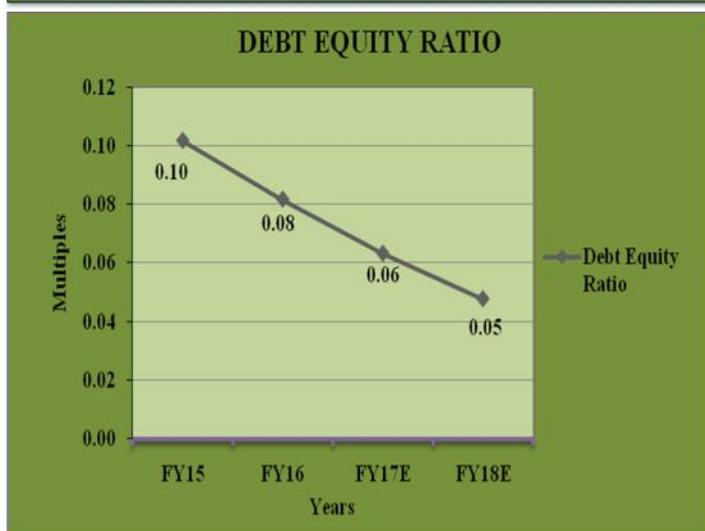
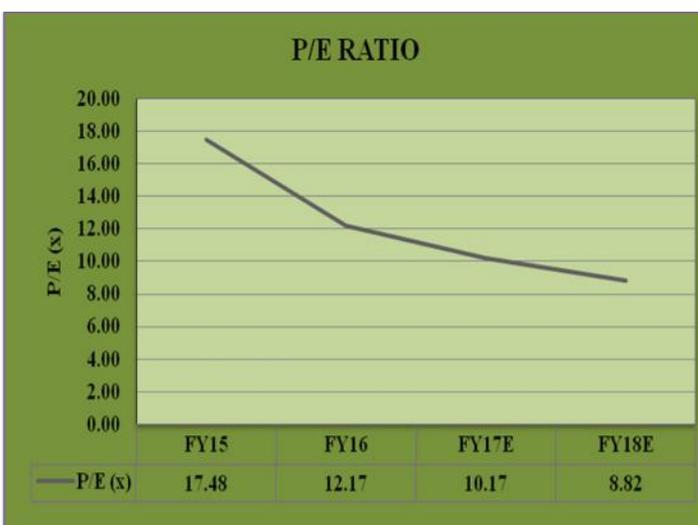
Quarterly Profit & Loss Statement for the period of 30th Sep, 2015 to 30th June, 2016E

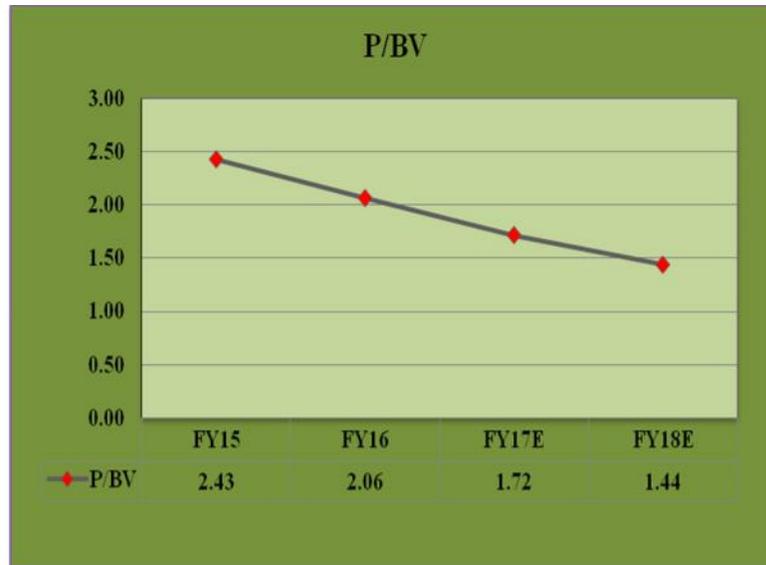
Value(Rs.in.mn)	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16E
Description	3m	3m	3m	3m
Net sales	2142.99	1856.00	1883.81	2411.28
Other income	3.39	12.02	12.01	12.61
Total Income	2146.38	1868.02	1895.82	2423.89
Expenditure	-1878.27	-1610.32	-1599.37	-2079.73
Operating profit	268.11	257.70	296.45	344.16
Interest	-21.42	-28.05	-19.72	-15.77
Gross profit	246.69	229.65	276.74	328.39
Depreciation	-32.39	-32.61	-34.24	-36.29
Profit Before Tax	214.30	197.04	242.50	292.10
Tax	-60.62	-51.00	-69.68	-97.85
Net Profit	153.68	146.04	172.82	194.25
Equity capital	218.82	218.82	218.82	218.82
Face value	10.00	10.00	10.00	10.00
EPS	7.02	6.67	7.90	8.88

Ratio Analysis

Particulars	FY15A	FY16A	FY17E	FY18E
EPS (Rs.)	19.68	28.28	33.82	38.99
EBITDA Margin (%)	10.60	13.16	14.06	14.46
PBT Margin (%)	7.72	10.52	11.62	12.21
PAT Margin (%)	5.49	7.48	8.28	8.76
P/E Ratio (x)	17.48	12.17	10.17	8.82
ROE (%)	13.89	16.97	16.87	16.28
ROCE (%)	27.97	30.92	29.98	28.38
Debt Equity Ratio	0.10	0.08	0.06	0.05
EV/EBITDA (x)	9.31	6.42	5.14	4.26
Book Value (Rs.)	141.65	166.68	200.50	239.49
P/BV	2.43	2.06	1.72	1.44

Charts





OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 344.00**, the stock P/E ratio is at 10.17 x FY17E and 8.82 x FY18E respectively.
- Earning per share (EPS) of the company for the earnings for FY17E and FY18E is seen at Rs. 33.82 and Rs. 38.99 respectively.
- Net sales and PAT of the company are expected to grow at a CAGR of 9% and 34% over 2015 to 2018E respectively.
- On the basis of EV/EBITDA, the stock trades at 5.14 x for FY17E and 4.26 x for FY18E.
- Price to Book Value of the stock is expected to be at 1.72 x and 1.44 x for FY17E and FY18E respectively.
- Hence, we say that, we are Overweight in this particular scrip for Medium term investment.

INDUSTRY OVERVIEW

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The industry realised export earnings worth US\$ 41.4 billion in 2014-15, a growth of 5.4 per cent, as per The Cotton Textiles Export Promotion Council (Texprocil). The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The Indian textiles industry is extremely varied, with the hand-spun and handwoven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of

textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's gross domestic product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The Indian textile industry has the potential to reach US\$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US\$ 315 billion from currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

Outlook

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

Disclosure Section

The information and opinions in Firstcall Research was prepared by our analysts and it does not constitute an offer or solicitation for the purchase or sale of any financial instrument including any companies scrips or this is not an official confirmation of any transaction. The information contained herein is from publicly available secondary sources and data or other secondary sources believed to be reliable but we do not represent that it is accurate or complete and it should not be relied on as such. Firstcall Research or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Firstcall Research and/or its affiliates and/or employees will not be liable for the recipients' investment decision based on this document.

Analyst Certification

The following analysts hereby state that their views about the companies and sectors are on best effort basis to the best of their knowledge. Unless otherwise stated, the individuals listed on the cover page of this report are research analysts. The analyst qualifications, sectors covered and their exposure if any are tabulated hereunder:

Name of the Analyst	Qualifications	Sectors Covered	Exposure/Interest to company/sector Under Coverage in the Current Report
Dr.C.V.S.L. Kameswari	M.Sc, PGDCA, M.B.A, Ph.D (Finance)	Pharma & Diversified	No Interest/ Exposure
U. Janaki Rao	M.B.A	Capital Goods	No Interest/ Exposure
B. Anil Kumar	M.B.A	Auto, IT & FMCG	No Interest/ Exposure
G. Amarender	M.B.A	Diversified	No Interest/ Exposure
M. Vijay	M.B.A	Diversified	No Interest/ Exposure

Important Disclosures on Subject Companies

In the next 3 months, neither Firstcall Research nor the Entity expects to receive or intends to seek compensation for any services from the company under the current analytical research coverage. Within the last 12 months, Firstcall Research has not received any compensation for its products and services from the company under the current coverage. Within the last 12 months, Firstcall Research has not provided or is providing any services to, or has any client relationship with, the company under current research coverage.

Within the last 12 months, Firstcall Research has neither provided or is providing any services to and/or in the past has not entered into an agreement to provide services or does not have a client relationship with the company under the research coverage.

Certain disclosures listed above are also for compliance with applicable regulations in various jurisdictions. Firstcall Research does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, No-Weight and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all weights used in Firstcall Research. In addition, since Firstcall Research contains more complete information concerning the analyst's views, investors should carefully read Firstcall Research, in its entirety, and not infer the contents from the weightages assigned alone. In any case, weightages (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell should depend on individual circumstances (such as the investor's own discretion, his ability of understanding the dynamics, existing holdings) and other considerations.

Analyst Stock Weights

Overweight (O): The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E): The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

No-weight (NR): Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U): The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the weights included in Firstcall Research does not indicate any price targets. The statistical summaries of Firstcall Research will only indicate the direction of the industry perception of the analyst and the interpretations of analysts should be seen as statistical summaries of financial data of the companies with perceived industry direction in terms of weights.

Firstcall Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Firstcall Research. The reports of Firstcall Research are for Information purposes only and is not to be construed as a recommendation or a solicitation to trade in any securities/instruments. Firstcall Research is not a brokerage and does not execute transactions for clients in the securities/instruments.

Firstcall Research - Overall Statement		
S.No	Particulars	Remarks
1	Comments on general trends in the securities market	Full Compliance in Place
2	Discussion is broad based and also broad based indices	Full Compliance in Place
3	Commentaries on economic, political or market conditions	Full Compliance in Place
4	Periodic reports or other communications not for public appearance	Full Compliance in Place
5	The reports are statistical summaries of financial data of the companies as and where applicable	Full Compliance in Place
6	Analysis relating to the sector concerned	Full Compliance in Place
7	No material is for public appearance	Full Compliance in Place
8	We are no intermediaries for anyone and neither our entity nor our analysts have any interests in the reports	Full Compliance in Place
9	Our reports are password protected and contain all the required applicable disclosures	Full Compliance in Place
10	Analysts as per the policy of the company are not entitled to take positions either for trading or long term in the analytical view that they form as a part of their work	Full Compliance in Place
11	No conflict of interest and analysts are expected to maintain strict adherence to the company rules and regulations.	Full Compliance in Place
12	As a matter of policy no analyst will be allowed to do personal trading or deal and even if they do so they have to disclose the same to the company and take prior approval of the company	Full Compliance in Place
13	Our entity or any analyst shall not provide any promise or assurance of any favorable outcome based on their reports on industry, company or sector or group	Full Compliance in Place



14	Researchers maintain arms length/ Chinese wall distance from other employees of the entity	Full Compliance in Place
15	No analyst will be allowed to cover or do any research where he has financial interest	Full Compliance in Place
16	Our entity does not do any reports upon receiving any compensation from any company	Full Compliance in Place

Firstcall Research Provides

Industry Research on all the Sectors and Equity Research on Major Companies forming part of Listed and Unlisted Segments

*For Further Details Contact:
Mobile No: 09959010555*

*E-mail: info@firstobjectindia.com
info@firstcallresearch.com
www.firstcallresearch.com*