

Garware Technical Fibres Ltd. (GRWL)

No. of shares (m)	21.88
Mkt cap (Rs crs/\$m)	2566/361.3
Current price (Rs/\$)	1173/16.5
Price target (Rs/\$)	1404/19.8
52 W H/L (Rs.)	1268/967
Book Value (Rs/\$)	305/4.3
Beta	0.5
Daily NSE volume (avg. monthly)	10920
P/BV (FY20e/21e)	3.3/2.8
EV/EBITDA (FY20e/21e)	10.6/9.3
P/E (FY20e/21e)	17.4/15.0
EPS growth (FY19/20e/21e)	19.4/17.6/15.4
OPM (FY19/20e/21e)	18.9/19.1/19.5
ROE (FY19/20e/21e)	21.6/21.0/20.1
ROCE (FY19/20e/21e)	19.2/19.4/18.8
D/E ratio (FY19/20e/21e)	0.2/0.1/0.1
BSE Code	509557
NSE Code	GARFIBRES
Bloomberg	GTFL IN
Reuters	GRWL.NS

Shareholding Pattern

	%
Promoters	50.7
MFs / Banks / FIs	4.0
Foreign Portfolio Investors	5.1
Govt. Holding	-
Public & Others	40.3
Total	100.0

As on June 30, 2019

Recommendation

ACCUMULATE

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Quarterly Highlights

- The global technical textile market was valued at \$176.83 bn in 2018 and is projected to reach \$220.37 bn by 2022, growing at a CAGR of 5.9% during 2018 to 2022 (source KPMG, FICCI). The development of technical textiles industry has been given prime importance by the governments of various countries globally. Various initiatives have been taken to establish research organizations with the objective of bolstering and promoting research in this segment. Asia Pacific is expected to continue its dominance in the technical textiles market, and is expected to grow at CAGR of 5.6% to 5.8% from 2017 to 2022, due to new technological advancements, increasing awareness among users, and rise in disposable income. Within the Asian region, China and India are expected to lead the growth, thanks to rapid industrialization and economic growth in the area.
- Revenue from operations witnessed a de-growth of 4.9% (yoy) last quarter, mainly due to headwinds faced in fibre and industrial products & projects - topline down by 33.9% yoy - owing to slowdown in release of tenders by both government and private sector because of general elections; post elections, some of these key projects have now been tendered and awarded. However, steady performance of synthetic cordage segment and strong order inflow for V2 technology based products aided in the segment posting sales growth of 5.4% (yoy) in Q1FY20.
- Modest topline coupled with barely modest growth in total expenditure resulted in 16.7% (yoy) decline in operating profits, with OPM standing at 18.6% vs 21.2% a year ago. Had it not been for higher other income (Rs 6.60 crs/\$0.9m vs Rs 1.87 crs/\$0.3m in Q1FY19), PBT would have declined by more than 8.5% (yoy). Post tax earnings recorded de-growth of 5.6% (yoy) and stood at Rs 29.63 crs/\$4.3m.
- The stock currently trades at 17.4x FY20e EPS of Rs 67.55 and 15.0x FY21e EPS of Rs 77.98. Fast growing technical textile industry and greater acceptance of Garware's products globally would aid in topline growth at CAGR of 7.0% during two years ending FY21. With price of crude oil expected to remain stable in the short term, we expect operating profit to grow at a CAGR of 8.9% during FY19-21 period. Yet, its large exposure to international markets - exports constituted 66.4% of sales last fiscal - has made it vulnerable to uncertainty in global markets (as witnessed in FY13, when demand slacked for fishing nets due to reduced demand in Europe and unfavorable economic conditions in USA) and adverse exchange rates. On balance, we recommend accumulating the stock with target price of Rs 1404 (previous target Rs 1345) based on 18x FY21e EPS of Rs 77.98; earnings expected to grow at a CAGR of 16.5% during FY19-21 period.

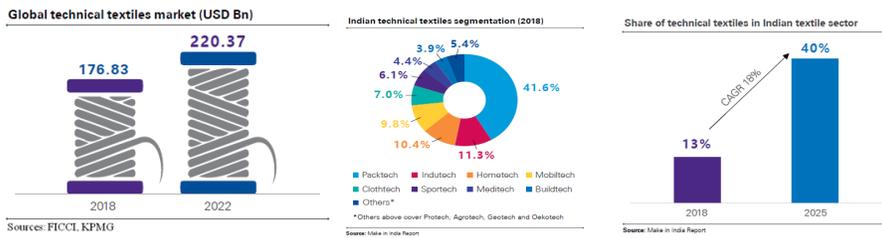
Consolidated figures in Rs crs	FY17	FY18	FY19	FY20e	FY21e
Income from operations	845.87	884.61	1017.82	1059.75	1165.72
Other Income	8.51	17.93	21.08	26.63	34.85
EBITDA (other income included)	143.94	178.41	213.06	229.38	262.60
PAT after EO	84.51	105.27	125.66	147.81	170.64
EPS(Rs)	38.62	48.11	57.43	67.55	77.98
EPS growth (%)	35.7	24.6	19.4	17.6	15.4

Investment Thesis

Technical Textile Industry

According to 'Technical textiles: Growth engine of Indian textiles sector', by KPMG and FICCI, global technical textile market was valued at \$176.83 bn in 2018 and is projected to reach \$220.37 bn by 2022, growing at a CAGR of 5.9% during 2018 to 2022. Rapid increase in awareness regarding multiple advantages of technical textile products has augmented the demand and application of these products. Escalated demand from multiple end-user sectors like construction, automobiles, packaging and healthcare would fuel demand for technical textile products. An upsurge in the application of extensive R&D is expected to further enhance the development of the global technical textile industry. However, high raw material cost and increase in toxic waste generation during the production of these materials are expected to hinder the growth of the global market. On the contrary, recyclability improvement of technical textiles would play a key role in creating future market opportunities.

Ministry of Textiles, GOI, expects Indian technical textile market to record CAGR growth of 20% during FY18 to FY21 period and reach \$28.7 bn by FY21 from \$16.6 bn in FY18. Currently, share of technical textiles in Indian textile value chain is ~ 13%. With the growth potential of various related sectors, technical textile market is poised to grow at 18% CAGR during the period 2018-25 and would witness an increase in its share to 40% in Indian textile market. Despite achieving a high growth rate in the past, India's per capita consumption of technical textiles is 1.7 per kg compared to 10-12 kg in other developing countries due to the fact that 41.6% of Indian technical textiles focuses on low-value low-technology products, Packtech (such as woven sacks, FIBCs, etc). High-value product segments like Indutech, Mobiltech, Sportech, Meditech, Buildtech, etc., have low market penetration.



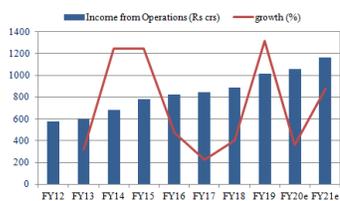
Infrastructure growth in India in terms of airports, roads, bridges, etc. has led to the greater consumption of indutech, geotech, and buildtech, which are expected to be growth drivers for technical textiles applications worldwide. The potential of geotextiles is huge; it only comprises 1% of the global market at present. The demand for automobiles would accelerate the domestic requirement of mobiltech, viz. upholstery, headliners, seat belts, nylon tire cords, filters, etc.

With GOI's consistent efforts, there has been an unprecedented growth in the technical textile industry in India. One of the most significant schemes has been the National Technology Mission for Technical Textiles (TMTT), which was launched for a period of five years (2010-11 to 2014-15) with a total fund outlay of Rs 200 crs and later extended until 2016-2017 with financial allocation of Rs 55.3 crs. Additionally, to drive further momentum in the sector, the government also introduced a scheme for promoting the usage of agrotech in the Northeast region, with a financial outlay of Rs 55 crs aimed at tapping the potential of these textiles for agricultural and horticultural purposes. Furthermore, a scheme for promoting usage of geotech textiles in the Northeast was also launched, with a financial outlay of Rs 427 crs with the objective to use geotextiles to cater to the infrastructural needs of the region.

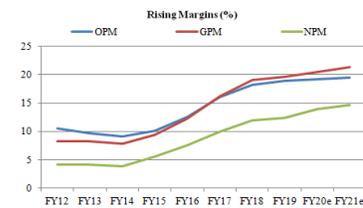
India has a strong hold on technology required to manufacture conventional textiles, but lacks the advanced technology and R&D required to manufacture advanced technical textiles products. Similar to lack of indigenous availability of specialized raw material, limited technology is also impeding growth of the sector. Most of the technical textile machinery is still being imported and this adds to project costs significantly. Not only imports of machinery, chemicals are also outsourced from overseas. Lack of standardization and related regulations have resulted in availability of sub-standard cheaper products. Dearth of skilled manpower and infrastructure bottlenecks are some of the other issues which need to be addressed to overcome the challenges faced by the technical textile industry.

Financials & Valuations

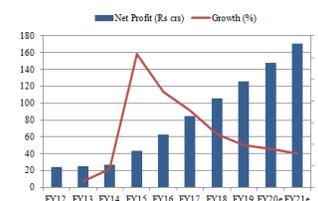
Garware has posted topline growth at a CAGR of 8.3% during FY14-19 period. Sales increased by 15.1% (yoy) last fiscal, highest in recent years, on account of strong performances in aquaculture and sports segments in international markets. Differentiated product mix drove significant growth in markets of Chile, Scotland and Norway. Execution of some large projects in landfill and lining segments in geo-synthesis division and growth in sales of protective shields for use in marine environment in coated fabrics division was witnessed last fiscal. However, liquidity crisis in India, coupled with reduced investments and demand, impacted Garware's domestic performance, where revenue from operations declined by 1.4% (yoy) in FY19; slowdown in fisheries demand owing to changing climatic conditions and alterations in fisheries catching cycle have impacted demand for its products in domestic market, explaining slowdown in domestic sales growth in last three years.



Source: Garware Technical Fibres Ltd., CD Equiresearch

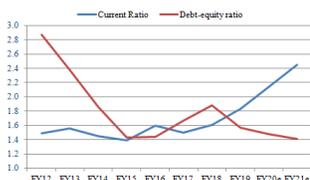


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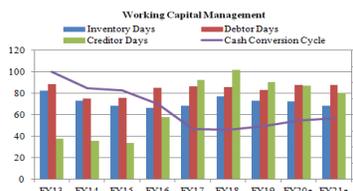


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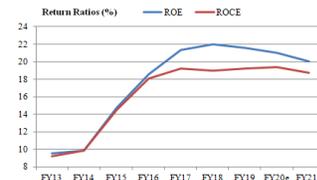
Growth in value added, differentiated products and improvement in operating efficiency aided in slight margin expansion – OPM of 18.9% vs 18.2% in FY18. Its innovative solutions like X12 (which acts as a shield against harmful marine pests) and V2 (an aqua net that reduces costs related to bio fouling by 50% and prevents copper oxide pollution) products which earned patents last fiscal has enabled it to effectively respond to market demand. PBT rose by 18.8% (yoy) to Rs 182.07 crs (\$26.1m), with post tax earnings increasing by 19.4% (yoy) to Rs 125.66 crs (\$18.0m).



Source: Garware Technical Fibres Ltd., CD Equiresearch

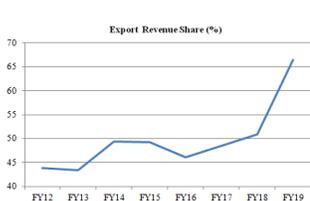


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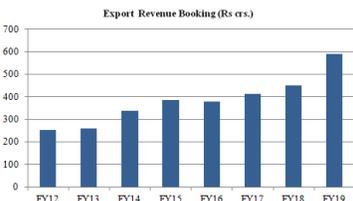


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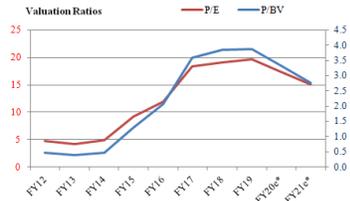
With salmon prices expected to be stable in current fiscal, Garware expects robust demand for aquaculture solutions in international market (exports being 66.4% of sales in FY19). In the domestic market, focus of the government to invest in fisheries (it has already started a fishery infrastructure development fund with Rs 7300 crs) and its aim to double inland fish production to 6 mt from the current 3 mt in the years to come would buoy fisheries sector and revive growth in the domestic market. In view of the current market scenario, we expect synthetic cordage segment and fibre and industrial products & projects segment to post revenue growth at a CAGR of 7.3% and 5.4% respectively during two years ending FY21. Improved product mix and cost efficiencies would allow it to report operating margins of 19.1% and 19.5% in current and next fiscal respectively. Net profit would grow by 17.6% in FY20 and 15.4% in FY21.



Source: Garware Technical Fibres Ltd.



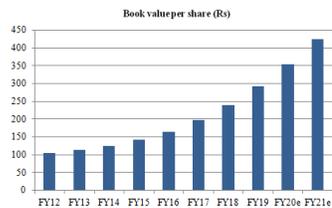
Source: Garware Technical Fibres Ltd.



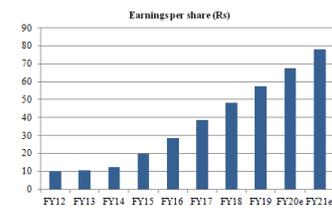
Source: Garware Technical Fibres Ltd., CD Equiresearch; *forward multiple

To boost domestic production and job creation, GOI is soon expected to make use of technical textiles mandatory for ministries and public agencies. Streamlining the export of technical textiles is also on the cards. In January, the government notified HSN (Harmonized System of Nomenclature) codes for 207 technical textile products and 40 new products are expected to get new HSN codes, export of which may then be categorized, planned and boosted; HSN codes classify commercially traded goods globally and facilitate international trade. As a result, the government has standardized 348 types of technical textiles, with a further 159 under development by the Bureau of Indian Standards. Along with planning workshops for exporters, the government will also roll out six courses on technical textiles soon. The upcoming policy is expected to keep cost escalation to a minimum because domestic companies have a significant presence in production of almost all kinds of technical textiles.

The stock currently trades at 17.4x FY20e EPS of Rs 67.55 and 15.0x FY21e EPS of Rs 77.98. India's technical textile is an upcoming segment in textile industry and is expected to grow at impressive rate over next decade due to growth of various industrial and infrastructural activities in India. Innovative solutions aid in generating high business, both in domestic and international markets. However, sharp increases in polymer prices could impact demand. In view of recent performance, we have revised our current fiscal's earnings by 5.5% (EPS of Rs 67.55 vs earlier EPS of Rs 64.05). On balance, we recommend accumulating the stock with target price of Rs 1404 (previous target Rs 1345) based on 18x FY21e EPS of Rs 77.98; earnings expected to grow at a CAGR of 16.5% during FY19-21 period. For more information, refer to our October 2018 report.



Source: Garware Technical Fibres Ltd., CD Equisearch



Source: Garware Technical Fibres Ltd., CD Equisearch

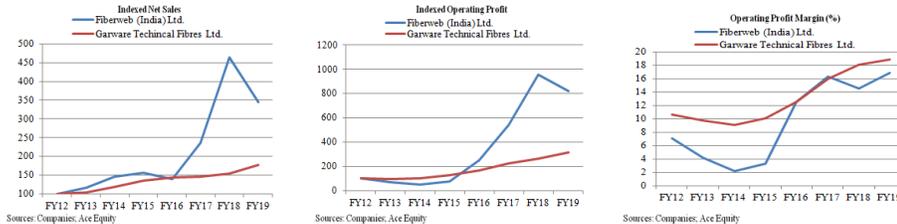
Cross Sectional Analysis

Company	Equity*	CMP	Mcap*	Sales*	Profit*	OPM (%)	NPM (%)	Int cov.	ROE (%)	Mcap/sales	P/BV	P/E
Fiberweb (India) Ltd.	28.8	15	42	145	19	15.2	13.1	703.5	13.9	0.3	0.3	2.2
Garware	21.9	1173	2566	1006	124	18.2	12.3	14.5	20.3	2.6	3.8	20.7

*figures in crores; calculations on ttm basis; consolidated or standalone data as available

Fiberweb recorded sales de-growth of 25.9% (yoy) last fiscal mainly on account of stoppage of production from leased machinery units because of quality issues, which resulted in reduction of turnover by over Rs 50 crs. In September last year, it had to stop the business of exporting to USA through its 100% subsidiary due to high tariff levied by USA on Chinese material which made the business unviable (the subsidiary was buying from China and exporting to USA, giving ~10% margins). It even shut down its R&D department due to its failure to get expected results of heavy expenditure for new product development in last four years.

In Q1FY20, sales declined by abysmal 76.0% (yoy) due to delay in replacing the machine which halted production for ~43 days. Consequently, both operating profit and net profit fell by 77.4% (yoy). Fiberweb expects demand for its products to improve its performance in the years ahead. It has also planned to improve manufacturing efficiency by incorporating various balancing equipment and by emphasizing on efficient utilization of its resources. However, the changing international developments affecting the production and distribution of the essential petrochemical products and raw materials are likely to impact its activities.



Note: consolidated graphs for Garware, standalone graphs for Fiberweb

Financials

Consolidated Quarterly Results

	Figures in Rs crs					
	Q1FY20	Q1FY19	% chg	FY19	FY18	% chg
Income From Operations (Net)	232.33	244.26	-4.9	1017.82	884.61	15.1
Other Income	6.60	1.87	252.7	21.08	17.93	17.6
Total Income	238.92	246.13	-2.9	1038.90	902.54	15.1
Total Expenditure	189.21	192.52	-1.7	825.84	724.13	14.0
EBITDA (other income included)	49.71	53.60	-7.3	213.06	178.41	19.4
Interest	2.81	3.33	-15.5	13.72	9.98	37.5
Depreciation	4.64	4.11	13.0	17.24	15.35	12.3
PBT	42.25	46.17	-8.5	182.09	153.09	18.9
Tax	12.62	14.79	-14.7	56.41	47.91	17.7
PAT	29.63	31.38	-5.6	125.68	105.17	19.5
Share of profit/(loss) of Associate	0.00	0.00	-	0.00	0.00	-
PAT after Associate Profit	29.63	31.38	-5.6	125.68	105.17	19.50
Extraordinary Item	-	-	-	0.02	-0.10	-116.0
Adjusted Net Profit	29.63	31.38	-5.6	125.66	105.27	19.4
EPS(Rs)	13.54	14.34	-5.6	57.43	48.11	19.4
Equity	21.88	21.88	-	21.88	21.88	-

Consolidated Segment Results

	Figures in Rs crs					
	Q1FY20	Q1FY19	% chg.	FY19	FY18	% chg
Segment Revenue						
Fibre & Industrial Products & Projects	41.25	62.39	-33.9	173.41	147.38	17.7
Synthetic Cordage	196.65	186.56	5.4	860.31	753.99	14.1
less: Inter-segment sales	5.57	4.70	18.7	15.90	15.87	0.2
Segment Revenue	232.33	244.26	-4.9	1017.82	885.50	14.9
Segment EBIT						
Fibre & Industrial Products & Projects	4.59	8.71	-47.3	27.51	19.70	39.6
Synthetic Cordage	41.86	43.47	-3.7	181.74	152.37	19.3
Sub Total	46.45	52.18	-11.0	209.24	172.08	21.6
Interest	2.81	3.33	-15.5	13.72	9.98	37.5
Other Unallocable Exp. (net)	1.39	2.68	-48.4	13.43	9.01	48.9
PBT	42.25	46.17	-8.5	182.09	153.09	18.9

Consolidated Income Statement

Figures in Rs crs

	FY17	FY18	FY19	FY20e	FY21e
Income From Operations (Net)	845.87	884.61	1017.82	1059.75	1165.72
Growth (%)	2.6	4.6	15.1	4.1	10.0
Other Income	8.51	17.93	21.08	26.63	34.85
Total Income	854.38	902.54	1038.90	1086.38	1200.57
Total Expenditure	710.44	724.13	825.84	857.00	937.97
EBITDA (other income included)	143.94	178.41	213.06	229.38	262.60
Interest	6.54	9.98	13.72	12.96	13.69
Depreciation	14.16	15.35	17.24	18.89	20.87
PBT	123.24	153.09	182.09	197.53	228.04
Tax	38.88	47.91	56.41	49.72	57.40
PAT	84.36	105.17	125.68	147.81	170.64
Share of profit/(loss) of Associate	0.00	0.00	0.00	0.00	0.00
PAT after Associate Profit	84.36	105.17	125.68	147.81	170.64
Extraordinary Item	-0.15	-0.10	0.02	-	-
Adjusted Net Profit	84.51	105.27	125.66	147.81	170.64
EPS (Rs)	38.62	48.11	57.43	67.55	77.98

Consolidated Segment Results

Figures in Rs crs

	FY17	FY18	FY19	FY20e	FY21e
Segment Revenue					
Fibre & Industrial Products & Projects	140.42	147.38	173.41	175.14	192.66
Synthetic Cordage	726.47	753.99	860.31	900.75	990.82
less: Inter-segment sales	17.58	15.87	15.90	16.14	17.75
Segment Revenue	849.31	885.50	1017.82	1059.75	1165.72
Segment EBIT					
Fibre & Industrial Products & Projects	18.87	19.70	27.51	22.00	25.05
Synthetic Cordage	128.86	152.37	181.74	193.66	217.98
Sub Total	147.73	172.08	209.24	215.66	243.03
Interest	6.54	9.98	13.72	12.96	13.69
Other Unallocable Exp. (net)	17.95	9.01	13.43	5.17	1.29
PBT	123.24	153.09	182.09	197.53	228.04

Consolidated Balance Sheet

Figures in Rs crs

	FY17	FY18	FY19	FY20e	FY21e
Sources of Funds					
Share Capital	21.88	21.88	21.88	21.88	21.88
Reserves & Surplus	424.45	514.91	628.48	763.10	920.55
Total Shareholders' Funds	446.33	536.79	650.36	784.98	942.43
Long Term Debt	-	-	-	-	-
Total Liabilities	446.33	536.79	650.36	784.98	942.43
Application of Funds					
Gross Block	216.29	248.88	271.17	301.17	331.17
Less: Accumulated Depreciation	13.26	27.66	44.48	63.37	84.24
Net Block	203.03	221.23	226.69	237.80	246.93
Capital Work in Progress	0.31	-	-	-	-
Investments	110.67	244.14	330.46	398.38	479.05
Current Assets, Loans & Advances					
Inventory	140.96	164.18	168.21	173.26	178.45
Trade Receivables	197.77	219.06	242.90	267.19	293.91
Cash and Bank	115.07	23.26	12.26	47.51	99.34
Short term loans & advances (incl. other CA)	47.59	83.95	74.42	76.34	78.33
Total CA & LA	501.40	490.45	497.79	564.30	650.02
Current Liabilities	352.85	406.19	379.27	385.71	400.34
Provisions-Short term	5.28	2.73	3.56	3.86	4.28
Total Current Liabilities	358.13	408.91	382.83	389.57	404.62
Net Current Assets	143.27	81.54	114.96	174.73	245.40
Net Deferred Tax	-30.14	-34.72	-38.81	-43.18	-47.55
Net long term assets	19.20	24.61	17.06	17.25	18.60
Total Assets	446.33	536.79	650.36	784.98	942.43

Consolidated Cash Flow Statement

Figures in Rs crs

	FY17	FY18	FY19	FY20e	FY21e
Net Profit after tax (a)	84.36	105.17	125.68	147.81	170.64
Non Cash exp & others (b)	9.02	3.03	1.89	-3.37	-9.61
Depreciation	14.16	15.35	17.24	18.89	20.87
Interest & Dividend Income	-7.72	-5.80	-0.66	-26.63	-34.85
Others	2.58	-6.52	-14.68	4.37	4.37
(Inc.)/Dec. in WC & others (c)	23.67	-87.00	-8.44	-26.86	-25.70
Inventories	-15.50	-23.22	-4.03	-5.05	-5.20
Other assets (net of liabilities)	39.17	-63.78	-4.41	-21.81	-20.51
Operating cash flow (a+b+c)	117.05	21.20	119.13	117.58	135.33
Net Fixed Assets	-18.56	-33.40	-22.69	-30.00	-30.00
Purchase of Investments	-107.24	-133.47	-86.32	-67.92	-80.67
Change in Other Investments	-28.67	108.01	30.81	-34.88	-51.43
Interest Income	7.72	5.77	0.62	26.59	34.81
Dividend Income	0.01	0.02	0.04	0.04	0.04
Investing Cash flow (d)	-146.75	-53.06	-77.53	-106.17	-127.25
Net debt	38.34	52.30	-30.42	2.16	5.51
Dividend paid including CDT	-7.46	-16.38	-11.77	-13.19	-13.19
Financing Cash flow (e)	30.88	35.92	-42.18	-11.03	-7.68
Net change (a+b+c+d+e)	1.18	4.07	-0.58	0.38	0.40

Key Financial Ratios

	FY17	FY18	FY19	FY20e	FY21e
Growth Ratios(%)					
Revenue	2.6	4.6	15.1	4.1	10.0
EBITDA	31.6	23.9	19.3	7.7	14.5
Net Profit	35.7	24.6	19.4	17.6	15.4
EPS	35.7	24.6	19.4	17.6	15.4
Margins (%)					
Operating Profit Margin	16.0	18.2	18.9	19.1	19.5
Gross profit Margin	16.3	19.1	19.6	20.4	21.4
Net Profit Margin	10.0	11.9	12.3	13.9	14.6
Return (%)					
ROCE	19.2	19.0	19.2	19.4	18.8
ROE	21.3	22.0	21.6	21.0	20.1
Valuations					
Market Cap/ Sales	1.8	2.3	2.4	2.4	2.2
EV/EBITDA	10.2	10.9	11.0	10.6	9.3
P/E	18.4	19.1	19.7	17.4	15.0
P/BV	3.6	3.8	3.9	3.3	2.8
Other Ratios					
Interest Coverage	19.9	16.4	14.3	16.2	17.7
Debt Equity	0.2	0.3	0.2	0.1	0.1
Current Ratio	1.5	1.6	1.8	2.1	2.5
Turnover Ratios					
Fixed Asset Turnover	4.2	4.2	4.5	4.6	4.8
Total Asset Turnover	2.1	1.8	1.8	1.5	1.4
Debtors Turnover	4.2	4.2	4.4	4.2	4.2
Inventory Turnover	5.3	4.7	5.0	5.0	5.3
Creditor Turnover	4.0	3.6	4.0	4.2	4.5
WC Ratios					
Debtor Days	86.1	86.0	82.8	87.8	87.8
Inventory Days	68.5	76.9	73.5	72.7	68.4
Creditor Days	92.3	101.5	90.3	87.4	80.7
Cash Conversion Cycle	62.2	61.4	66.0	73.1	75.6

Cumulative Financial Data

Rs crs	FY13-15	FY16-18	FY19-21e
Income from operations	2066	2555	3243
Operating profit	200	399	622
EBIT	171	390	648
PBT	133	364	608
PAT	95	252	444
Dividends	22	34	40
Sales growth (%)	-	23.7	26.9
PAT growth (%)	-	166.2	76.2
OPM (%)	9.7	15.6	19.2
GPM (%)	8.5	15.9	20.5
NPM (%)	4.6	9.9	13.7
Interest coverage	4.6	15.4	16.0
ROE (%)	11.3	20.1	20.4
ROCE (%)	10.9	17.7	18.5
Debt-Equity ratio*	0.1	0.3	0.1
Fixed asset turnover	4.1	4.4	4.6
Total asset turnover	2.3	2.0	1.5
Debtors turnover	4.2	4.2	4.2
Creditors turnover	10.4	5.3	4.2
Inventory turnover	4.8	4.8	5.1
Debtor days	87.9	85.9	86.6
Creditor days	35.2	68.8	86.2
Inventory days	76.5	76.5	71.6
Cash conversion cycle	129.2	93.7	71.9
Dividend payout ratio (%)	23.0	13.4	8.9

FY 13-15 implies three year period ending fiscal 15; *as on terminal year

Garware's differentiated product portfolio and its efforts to increase market penetration, especially in the overseas market, has helped it clock 1.2 x revenue growth in FY16-18 period from FY13-15 period. Increased sale of margin accretive value added products and improved cost efficiency help explain the impressive 2.0x increase in operating profit, enhancing OPM to 15.6% in three years ending FY18 from 9.7% during FY13-15 period (see table). Reduction in cumulative interest expense along with higher EBIT explain surge in interest coverage ratio to 15.4 from a mere 4.6.

With technical textile industry expected to grow at an impressive rate over next decade due to growth of various industrial and infrastructural sectors in India, and on back of increasing awareness about superior functionality of technical textiles and new end usage of these products, we expect Garware to post cumulative revenue growth of 26.9% during FY19-21 period. Its increasing product portfolio and operating efficiency would help earnings to grow by 1.8x in the forecasted period. Yet, profitability remains exposed to volatility in crude oil prices and global economic activities. Better working capital management would improve cash conversion cycle to ~72 days.

Financial Summary- US Dollar denominated

million \$	FY17	FY18	FY19	FY20e	FY21e
Equity capital	3.4	3.4	3.2	3.1	3.1
Shareholders funds	66.8	80.7	92.1	108.7	130.8
Total debt	13.3	21.3	15.6	15.5	16.3
Net fixed assets (including CWIP)	31.4	34.0	32.8	33.5	34.8
Investments	17.1	37.5	47.8	56.1	67.4
Net current assets	20.1	10.7	14.7	22.7	32.7
Total assets	66.8	80.7	92.1	108.7	130.8
Revenues	126.1	137.3	145.6	149.2	164.1
EBITDA	21.5	27.7	30.5	32.3	37.0
EBDT	20.5	26.2	28.5	30.5	35.0
PBT	18.4	23.8	26.1	27.8	32.1
PAT	12.6	16.3	18.0	20.8	24.0
EPS(\$)	0.58	0.75	0.82	0.95	1.10
Book value (\$)	3.05	3.69	4.21	4.97	5.98
Operating cash flow	18.1	3.3	17.2	16.6	19.1
Investing cash flow	-22.6	-8.2	-11.2	-14.9	-17.9
Financing cash flow	4.8	5.5	-6.1	-1.6	-1.1

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 71.03/\$).
All dollar denominated figures are adjusted for extraordinary items.

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Exchange Rates Used- Indicative

Rs/\$	FY16	FY17	FY18	FY19
Average	65.46	67.09	64.45	69.89
Year end	66.33	64.84	65.04	69.17

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.