

May 26, 2017

Rating matrix		
Rating	:	Sell
Target	:	₹ 12500
Target Period	:	12 months
Potential Upside	:	-13%

What's changed?	
Target	Changed from ₹ 12000 to ₹ 12500
EPS FY18E	Changed from ₹ 323.4 to ₹ 296.6
EPS FY19E	Changed from ₹ 382 to ₹ 351.2
Rating	Unchanged

Quarterly performance					
	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Revenue	498.9	440.6	13.2	528.3	-5.6
EBITDA	97.4	90.9	7.2	99.1	-1.7
EBITDA (%)	19.5	20.6	-110 bps	18.8	76 bps
PAT	66.8	56.7	17.8	62.9	6.2

Key financials				
₹ Crore	FY16	FY17E	FY18E	FY19E
Net Sales	1,749	2,130	2,735	3,418
EBITDA	377	413	517	605
Net Profit	233	266	331	392
EPS (₹)	208.5	238.7	296.6	351.2

Valuation summary				
	FY16	FY17E	FY18E	FY19E
P/E	68.7	60.0	48.3	40.8
Target P/E	59.9	52.4	42.1	35.6
EV to EBITDA	42.6	38.8	31.0	26.5
Price to book	25.9	19.6	17.6	14.4
RONW (%)	46.0	40.0	44.5	43.2
ROCE (%)	61.0	53.0	59.1	58.7

Stock data	
Particular	Amount
Market Capitalisation (₹ Crore)	15,983.5
Debt (FY17) (₹ Crore)	67.3
Cash (FY17) (₹ Crore)	20.6
EV (₹ Crore)	16,030.2
52 week H/L	17351 / 9770
Equity Capital (₹ Crore)	11.2
Face Value (₹)	10.0

Price performance				
	1M	3M	6M	12M
Rupa & Co	-5.0	19.6	42.7	23.4
Lovable Lingerie	-4.7	2.9	10.0	2.5
Ashapura Inti.	0.4	-3.8	4.3	59.2
Page Industries	2.2	2.9	11.9	9.2

Research Analysts	
Bharat Chhoda	bharat.chhoda@icicisecurities.com
Ankit Panchmatia	ankit.panchmatia@icicisecurities.com
Cheragh Sidhwa	cheragh.sidhwa@icicisecurities.com

Page Industries (PAGIND)

₹ 14330

Decelerating volume growth; key concern...

- Page Industries' Q4FY17 results were in line with our estimates on the revenue and EBITDA front. However, on account of higher other income, PAT came in above our estimates
- Page registered topline growth of 13.2% YoY to ₹ 498.9 crore (l-direct estimate: ₹ 497.5 crore). The growth was mainly supported by increase in revenue from the men's segment (up 17% YoY to ₹ 232.5 crore). In value terms, women, brassiere and leisure segments reported YoY growth of 10.9%, 13.3% and 17.5%, respectively, whereas Speedo and socks segment reported a decline of 24.5% and 5.3%, respectively, in value terms
- Absolute EBITDA grew 7.2% YoY to ₹ 97.4 crore (l-direct estimate: ₹ 96.3 crore). Increase in employee expense (up 20% YoY) and other expense (up 19% YoY) resulted in a decline in operating margins by 110 bps YoY to 19.5% vs. l-direct estimate of 19.4%
- Other income was at ₹ 10.3 crore in Q4FY17 vs. ₹ 2.7 crore in Q4FY16, owing to exceptional write-back of employee benefit accruals to the extent of ₹ 4.5 crore. Subsequently, PAT grew 17.8% YoY to ₹ 66.8 crore (l-direct estimate: ₹ 56.8 crore)
- In addition to an interim dividend of ₹ 26/share, Page has also recommended a final dividend of ₹ 25/share

Sluggish growth in women's, brassiere segment lower trajectory

The company registered overall volume growth of 8.4% YoY to 34.6 million pieces while blended realisations grew 4.9% YoY to ₹ 142/piece. Men's wear grew 17% YoY to ₹ 232.5 crore led by 10.5% YoY volume growth to 19.6 million pieces, also supported by increase in average realisation by 5.9% YoY to ₹ 119/piece. Leisure segment continued its stellar performance by reporting 17.5% revenue growth to ₹ 137.2 crore led by 10.3% volume growth (5.1 million pieces) and 6.5% average realisation growth (₹ 271/piece). Volume growth for women's segment tapered to 8.7% YoY to 5.5 million pieces (vs. average growth rate of ~15%) while volume growth for brassiere segment was lower at 5.3% YoY to 1.6 million pieces (vs. average growth rate of ~18%). Revenues in socks (3.8% of revenue) and Speedo (2.3% of revenue) de-grew 24.5% and 5.3% due to de-growth in volumes by 21.3% and 4.2%, respectively.

Traditional channels remain major contributor to revenues

With a strong brand name, it has also built a strong distribution network through which it distributes its products. With a combination of exclusive brand outlets (EBO), large format stores (LFS), multi brand outlets (MBO) and traditional hosiery/multipurpose store, the company has adopted an omni channel distribution strategy. Page has more than doubled its EBOs from 140 in FY14 to >325 stores in FY17. It has 150 international outlets in Sri Lanka and UAE. However, traditional channels continue to remain the largest distribution channel for the company.

GST to bring optimism followed by higher competition; maintain SELL

The Indian innerwear category is shifting from price sensitive market to a fashion quotient market. The segment remains keen on implementation of GST enabling a shift from highly unorganised market promising high growth in the organised market. Subsequently, the lucrative organised market is attracting increased competition in terms of existing brand launching product extensions and newer brands. Though we continue to believe in Page's high quality franchisee, realisation growth would be difficult to come, going ahead, impacting overall growth rates. We continue to maintain **SELL** rating with a target price of ₹ 12500.

Variance analysis

	Q4FY17	Q4FY17E	Q4FY16	YoY (%)	Q3FY17	QoQ (%)	Comments
Revenue	498.9	497.5	440.6	13.2	528.3	-5.6	Volume growth was at 8.4%; realisation grew 4.9%
Other income	10.3	1.6	2.7		2.0		
Employee Expense	101.1	85.2	84.0	20.4	95.6	5.7	
Raw Material Expense	176.6	228.4	161.6	9.3	213.1	-17.1	
SG&A Expenses	123.9	87.6	104.2	18.9	120.4	2.8	
EBITDA	97.4	96.3	90.9	7.2	99.1	-1.7	
EBITDA Margin (%)	19.5	19.4	20.6	-110 bps	18.8	76 bps	Increase in employee & other expense led to contraction in margins
Depreciation	6.6	6.9	7.0	-5.8	6.2	5.0	
Interest	5.6	4.5	5.6	0.4	4.5	24.9	
PBT	95.5	86.6	81.0	17.8	90.4	5.6	
Tax Outgo	28.7	29.7	24.4	17.9	27.5	4.4	
PAT	66.8	56.8	56.7	17.8	62.9	6.2	Higher other income resulted in 17.8% growth in PAT

Key Metrics

Menswear Volume (Mn pcs)	19.6	19.1	17.7	10.5	19.5	0.2
Womenwear Volume (Mn pcs)	5.5	5.3	5.1	8.7	5.6	-1.6
Brasserie Volume (Mn pcs)	1.6	1.6	1.6	5.3	1.8	-7.3
Leisurewear Volume (Mn pcs)	5.1	5.1	4.6	10.3	5.1	0.2
Speedo Volume (Mn pcs)	0.2	0.1	0.2	-21.3	0.0	325.0
Average Realisation (₹)	142.1	139.8	135.5	4.9	146.2	-2.8

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			FY19E		
	Old	New	% Change	Old	New	% Change
Revenue	2,780.1	2,735.2	-1.6	3,469.9	3,418.2	-1.5
EBITDA	561.4	516.5	-8.0	656.5	604.9	-7.9
EBITDA margin (%)	20.2	18.9	-131 bps	18.9	17.7	-122 bps
PAT	360.7	330.8	-8.3	426.1	391.7	-8.1
EPS (₹)	323.4	296.6	-8.3	382.0	351.2	-8.1

Source: Company, ICICIdirect.com Research

Assumptions

	Current			Earlier		Comments
	FY17	FY18E	FY19E	FY18E	FY19E	
Volume (In Lakh Pieces)						We have kept our assumptions unchanged
Men's	855.8	1,040.7	1,196.9	1,040.7	1,196.9	
Women's	239.2	289.8	333.2	289.8	333.2	
Brassieres	76.8	105.0	131.3	105.0	131.3	
Leisure	198.1	375.0	442.5	375.0	442.5	
Speedo	5.8	7.3	9.2	7.3	9.2	
Blended realisation (₹ per piece)	140.1	150.5	161.8	150.5	161.8	

Source: Company, ICICIdirect.com Research

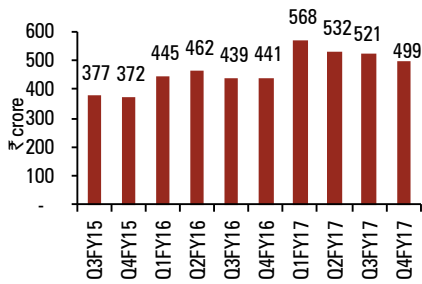
Company Analysis

Revenue growth supported by men's segment, leisure segment

FY17 was a challenging year for the company owing to sluggish consumer sentiments and demonetisation negatively impacting the trade channels (MBOs). Despite a tough scenario, Page reported a revenue growth of 19.4% YoY to ₹ 2130.1 crore in FY17, led by 13% YoY volume growth to 149.3 million pieces and 5.2% expansion in blended realisation (₹ 140/piece). Major growth driving product categories include sports (21% revenue growth) and men's (17% revenue growth) in FY17.

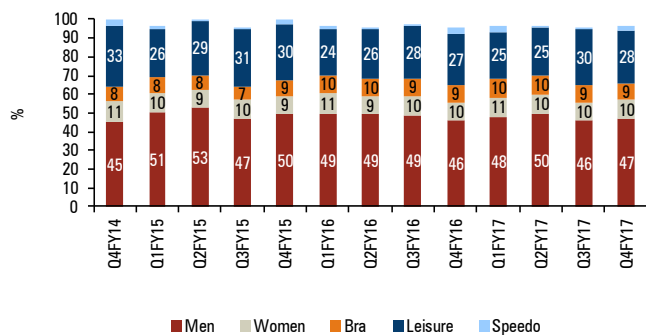
Page's revenues have grown at 35% CAGR in FY10-15. However, for FY16, the growth rate dropped to 15.6% YoY. As new EBOs stabilise, growth rates would take some time to scale up following which we expect revenues to grow at 24% CAGR in FY16-19E owing to a larger base effect. We believe majority of the growth would be driven by volumes as the competitive scenario would lead to marginal growth in realisation.

Topline growth trajectory



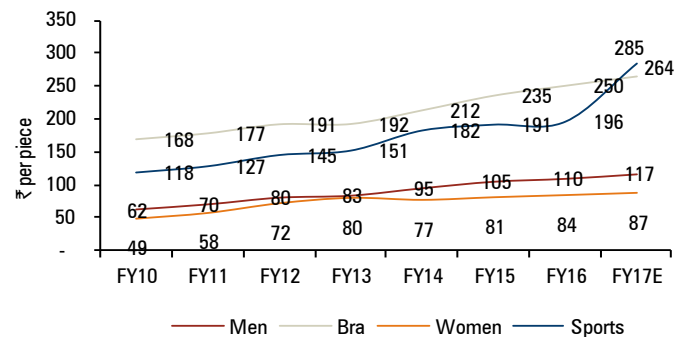
Source: Company, ICICIdirect.com, Research

Exhibit 1: Revenues dominated by men's segment...



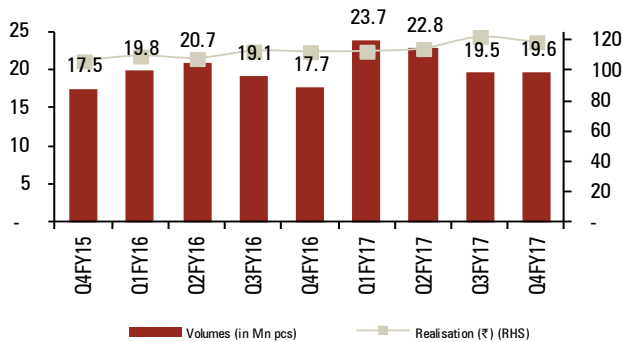
Source: Company, ICICIdirect.com Research

Exhibit 2: Realisation growth to get difficult...



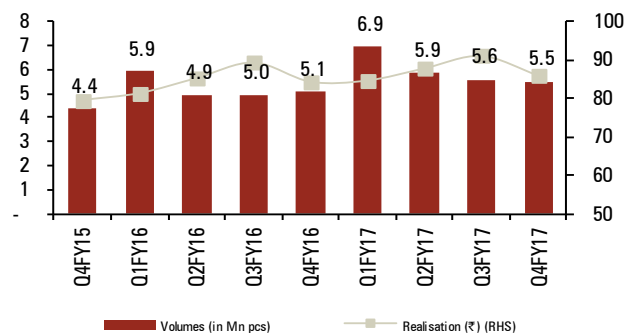
Source: Company, ICICIdirect.com Research

Exhibit 3: Men's segment witnesses volume growth of 10.5% YoY...



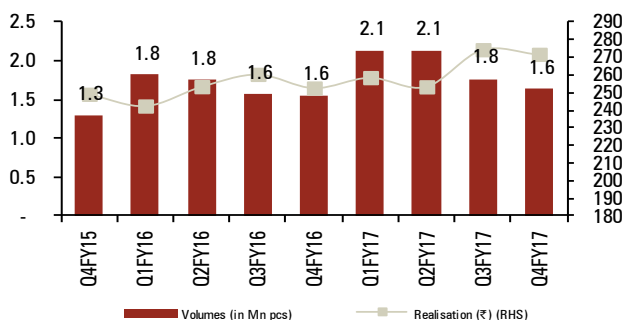
Source: Company, ICICIdirect.com Research

Exhibit 4: ...while women's segment grows at 8.7% YoY



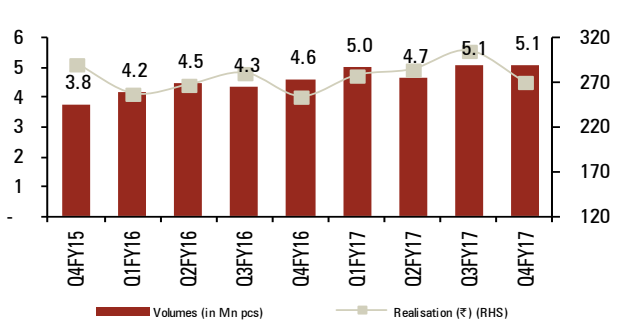
Source: Company, ICICIdirect.com Research

Exhibit 5: Brassiere segment grows at 5.3% YoY..



Source: Company, ICICIdirect.com Research

Exhibit 6: ...and leisure wear (excl. socks) segment grows at 10.3% YoY

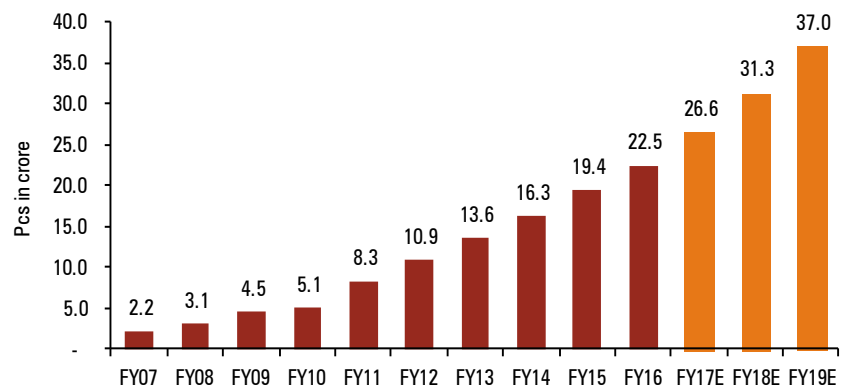


Source: Company, ICICIdirect.com Research; (impact of exclusion of socks in Q1FY16)

Capacity addition to continue

Page has continuously expanded capacity in line with the growing demand for its products. The company's capacity has increased from 2.2 crore pieces in FY07 to 22.5 crore pieces in FY16. We expect the same to go up to 37 crore pieces by FY19E. As the company is absent in a highly capital intensive segment, Page has comfortably been able to fund the same through internal accruals. We expect the same to continue, going forward. With the current rate of capacity addition, the company is only able to cater to Indian markets despite holding licenses for Sri Lanka, Bangladesh, Nepal and UAE as well. In a scenario when Indian demand starts to flatten out, the company can access these markets for growth opportunities.

Exhibit 7: Continuous capacity addition aids healthy topline growth

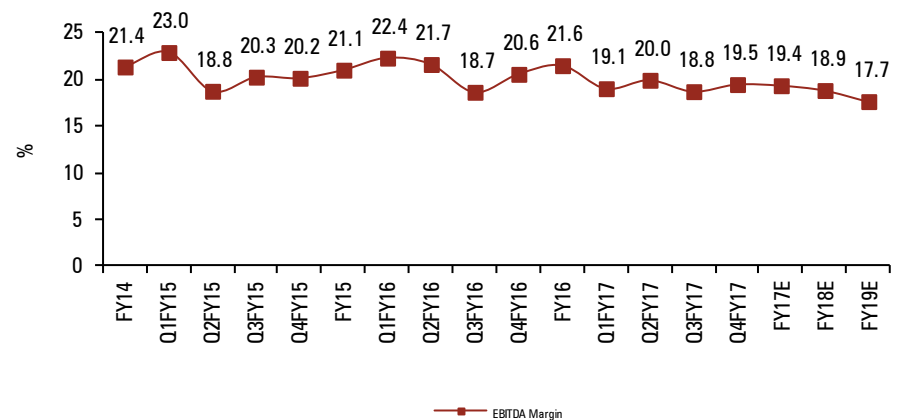


Source: Company, ICICIdirect.com Research

Expect margins to remain in range of 18-21%

The management aims to maintain the operating margin around 18-21%. The company does not take aggressive price hikes despite the strong demand and believes in taking price hikes that are necessary to maintain its operating margins. Though the operating margin touched 21.1% (in FY15) owing to the benefits of removal of excise duty, we expect margins to remain pressurised with a negative bias over the next three years.

Exhibit 8: EBITDA margin trend

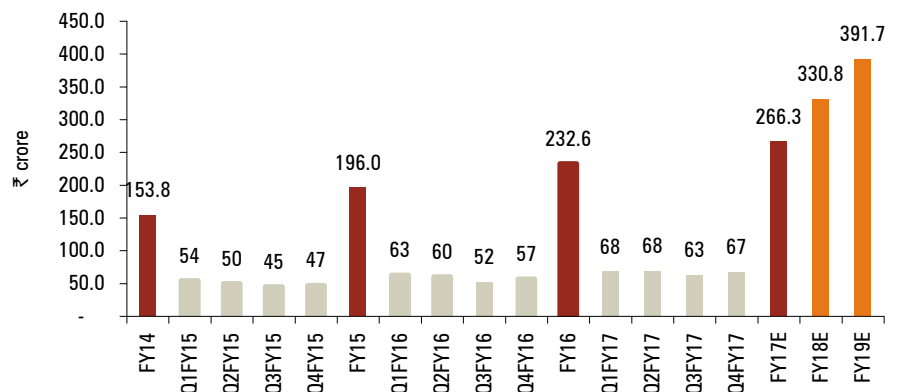


Source: Company, ICICIdirect.com Research

PAT to grow at CAGR of 19% in FY16-19E

For FY17, Page registered healthy bottomline growth of 14.5% YoY to ₹ 266.3 crore mainly driven by higher other income (up 290% YoY). Owing to a healthy topline growth and fairly stable margins, the company has been able to grow PAT consistently. We expect the same to continue, going forward. PAT has increased at a CAGR of 38% in FY10-16. However given the subdued FY17, growth rate is expected at a CAGR of 19% in FY16-19E.

Exhibit 9: Net profit trend



Source: Company, ICICIdirect.com Research

Dividend payouts to be maintained

Over the years, Page has maintained a dividend payout in excess of 40%. Despite the continuous capacity addition, the company has been able to maintain this owing to the strong cash generated in the business. We expect this to be maintained at current levels.

Exhibit 10: Product portfolio well diversified

MEN	WOMEN	KIDS	SPORTS & LEISURE	THERMALS
INNERWEAR BOTTOMS	BRAS	BOYS	MEN	MEN
Regular Brief	Padded Bra	Brief	Vest	Sleeved Vest
Boxer Brief	Underwire Bra	Vest	Muscle Vest	Long Sleeve T-Shirt
Trunk	Seamless Cup Bra		T-Shirt	Long Pant
Boxer Shorts	Seamed Cup Bra		Polo T-Shirt	
INNERWEAR TOPS	Active / Sports Bra		Boxer Shorts	WOMEN
Vest	Multiway Bra		Shorts	Camisole
Muscle Vest	Beginners Bra		Lounge Pants	Spaghetti
Sleeved Vest	Strapless Bra		Track Pants	3 by 4 Sleeved Vest
OUTERWEAR BOTTOMS	PANTIES		WOMEN	Leggings
Boxer Shorts	Bikini		Camisole	BOYS
Shorts	Boy Leg		Tank Top	Short Sleeve Vest
Lounge Pants	Hipster		T-Shirt	Long Sleeve Vest
Track Pants	Long Leg Panty		3 by 4 Sleeved Top	Long John
OUTERWEAR TOPS	CAMISOLES AND TOPS		Boxer Shorts	GIRLS
Vest	Crop Top		Shorts	Short Sleeve Vest
Muscle Vest	Camisole		Capri Pants	Long Sleeve Vest
T-Shirt	Tank Top		Leggings	Long John
Polo T-Shirt	T-Shirt		Lounge Pants	
SOCKS	3 by 4 Sleeved Top			
Casual Socks	OUTERWEAR BOTTOMS			
Formal Socks	Boxer Shorts			
Sports Socks	Shorts			
	Capri Pants			
	Leggings			
	Lounge Pants			

Source: Company presentation, ICICIdirect.com Research

Valuation

We believe changing demographics will continue to work in favour of consumption oriented companies like Page Industries. The company will be a beneficiary of the shift from unbranded to branded products. Apart from local demand, Page has licenses to cater to countries like Nepal, Sri Lanka, Bangladesh and UAE. Currently, Page's exports are negligible. The company will be able to explore export opportunities as and when domestic demand begins to dry up.

The stock has also faced some concerns that the company will need to resort to debt to be able to maintain its current dividend payout and capex requirements. The company incurs a capex of ₹ 30-40 crore each year and pays out ₹ 50-60 crore in the form of dividends. With cash from operations of ~₹ 100 crore, the company should be able to maintain the payout as well as the capacity addition without needing to raise substantial debt. Most debt that the company raises is typically towards working capital requirements.

Given the unorganised nature of the Indian hosiery market, Page Industries with its strong brand recall of "Jockey" is expected to lead the market shift towards organised and premium innerwear segment. We anticipate growth will be multi-pronged (growth in brassier and leisure segment together with women's wear besides the men's innerwear segment) and long drawn as the industry moves towards more organised segment. To capture this growth, we shift towards three phase discounted cash flow based valuation. We reduce Page's estimates to an average growth rate of ~23% CAGR in FY15-20E buoyed by volume growth of ~16% in the same period. We estimate the women's segment will grow at an average CAGR of 21% over the same period followed by men's innerwear segment registering growth of 21%. In subsequent phases of transition and stable growth (FY21-25 & FY26-30, respectively) we expect revenue to grow at a CAGR of ~21% and 15%, respectively, supported by volume growth of 14% and 10%, respectively. We expect average realisation in the period to grow at 6%, 6% and 4%, respectively. Consequently, based on our DCF valuation, we arrive at a target price of ₹ 12500. We continue to have a **SELL** recommendation on the stock.

Exhibit 11: DCF valuation

DCF Valuation	
Terminal growth (%)	3
PV of high growth period (₹)Cr	821.8
PV of transitional growth period (₹ Cr)	1959.8
PV of stable growth period (₹ Cr)	5424.4
PV of terminal growth (₹ Cr)	5736.4
Total (₹ Cr)	13942.3
Per share Value (₹)	12500

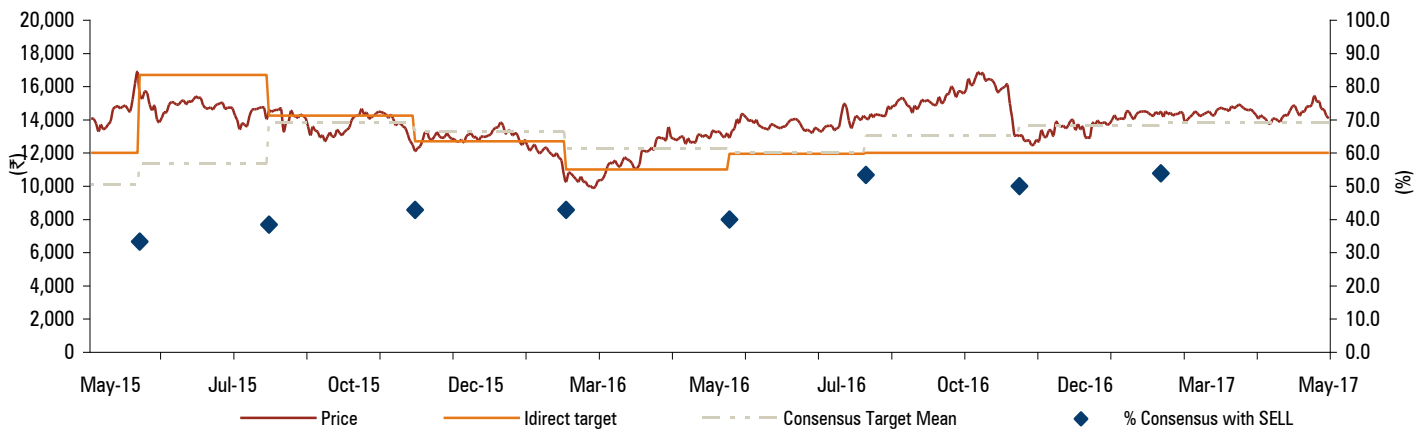
Source: Company, ICICIdirect.com Research

Exhibit 12: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY15	1514.0	29.1	175.7	27.5	81.5	50.5	50.7	57.8
FY16	1749.5	15.6	208.5	18.7	68.7	42.6	46.0	61.0
FY17E	2130.1	21.8	238.7	14.5	60.0	38.8	40.0	53.0
FY18E	2735.2	28.4	296.6	24.2	48.3	31.0	44.5	59.1
FY19E	3418.2	25.0	351.2	18.4	40.8	26.5	43.2	58.7

Source: Company, ICICIdirect.com Research

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-08	Continues capacity expansion from 2.2 crore pieces in FY07 to 3.1 crore pieces in FY08; witnessed topline growth of 42% and PAT growth of 40% YoY
Mar-09	Further expands capacity from 3.1 crore pieces (FY08) to 4.5 crore pieces translating to topline growth of 32% and PAT growth of 33% YoY
Jul-10	Capacity increases 60% YoY from 5.1 crore pieces (FY10) to 8.3 crore pieces (FY11), leading to 45% & 48% topline and PAT growth, respectively
Aug-11	Continues topline and bottomline growth at 30%+ and also increases dividend payout from ~30% in FY07 to ~50%
Mar-13	Revenue growth relatively slows down to 26.3% in FY13, mainly due to lower price hikes taken during the year
Jul-13	Reports strong ~40% topline and 32% bottomline growth in Q1FY14
Mar-15	Reports 29% topline and 28% bottomline growth in FY15
Aug-15	Reports slowest growth since FY10. Topline grew by 16% (run rate ~25%) and PAT grew by 16% (run rate ~30%) in Q1FY16
Nov-15	Reports 16% YoY growth; PAT grew 21% YoY to ₹ 60.3 crore. Tapered our estimates and lowered TP to ₹ 12700
Feb-16	Reports 15% YoY growth in revenues; PAT was at ₹ 52 crore
May-16	Reports 15% YoY growth; men's volumes de-grew by 1%. EBITDA margins at 18.9% and PAT at ₹ 57 crore
Aug-16	Reports 28% YoY growth; men's volumes grew by 20%. EBITDA margins at 18.5% and PAT at ₹ 73 crore
Nov-16	Reports 15% YoY growth; men's volumes grew by 10% ;Brasserie and women wear grew by ~20% each. Margins subdued at 19%.

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Investor Name	Last Filing Date	%O/S	Position (m)	Change (m)
1	Genomal (Nari)	31-Mar-17	16.3%	1.8	0.0
2	Genomal (Ramesh)	31-Mar-17	16.3%	1.8	0.0
3	Genomal (Sunder)	31-Mar-17	16.3%	1.8	0.0
4	Nalanda Capital Pte Ltd	31-Mar-17	10.0%	1.1	0.0
5	Cartica Capital, Ltd.	31-Mar-17	7.7%	0.9	0.0
6	IIFL Inc	31-Mar-17	5.7%	0.6	0.0
7	ABG Capital, Ltd.	31-Mar-17	2.2%	0.2	0.0
8	Capital World Investors	31-Mar-17	1.5%	0.2	0.2
9	Capital Research Global Investors	31-Dec-16	1.5%	0.2	0.0
10	SBI Funds Management Pvt. Ltd.	31-Mar-17	1.3%	0.1	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	49.0	49.0	49.0	49.0	49.0
FII	37.2	37.4	37.2	37.8	37.5
DII	4.8	4.7	4.6	4.8	4.6
Others	9.0	8.9	9.2	8.4	8.9

Recent Activity

Buys			Sells		
Investor Name	Value	Shares	Investor Name	Value	Shares
Capital World Investors	36.6	0.2	ABG Capital, Ltd.	-5.2	0.0
Waddell & Reed Investment Management Company	1.2	0.0	Fidelity Management & Research (Hong Kong) Limited	-4.6	0.0
BlackRock Institutional Trust Company, N.A.	1.1	0.0	IIFL Inc	-4.5	0.0
Russell Investments Limited	0.7	0.0	Axis Asset Management Company Limited	-2.6	0.0
Deutsche Asset Management Investment GmbH	0.6	0.0	J.P. Morgan Asset Management (Hong Kong) Ltd.	-0.8	0.0

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement					₹ Crore				
(Year-end March)	FY16	FY17E	FY18E	FY19E					
Total operating Income	1,783.4	2,130.1	2,735.2	3,418.2					
Growth (%)	15.6	19.4	28.4	25.0					
Raw Material Expenses	813.3	862.3	1,362.1	1,729.0					
Employee Expenses	313.0	375.6	507.9	640.0					
Other Expenses	280.1	479.0	348.7	444.4					
Total Operating Expenditure	1,406.4	1,716.9	2,218.7	2,813.4					
EBITDA	377.0	413.2	516.5	604.9					
Growth (%)	18.2	9.6	25.0	17.1					
Depreciation	23.8	24.7	24.3	27.9					
EBIT	353.2	388.5	492.2	577.0					
Growth (%)	17.2	10.0	26.7	17.2					
Interest	15.3	18.0	10.7	7.6					
Other Income	6.2	24.3	15.3	18.8					
PBT	344.2	394.8	496.8	588.2					
Growth (%)	17.4	14.7	25.8	18.4					
Total Tax	111.6	128.5	166.0	196.5					
PAT	232.6	266.3	330.8	391.7					
Growth (%)	18.7	14.5	24.2	18.4					
EPS (₹)	208.5	238.7	296.6	351.2					

Source: Company, ICICIdirect.com Research

Cash flow statement					₹ Crore				
(Year-end March)	FY16	FY17E	FY18E	FY19E					
Profit before Tax	344.2	394.8	496.8	588.2					
Add: Depreciation	23.8	24.7	24.3	27.9					
(Inc)/dec in Current Assets	(117.8)	(83.1)	(53.1)	(140.3)					
Inc/(dec) in CL and Provisions	46.3	114.0	(76.7)	43.0					
Taxes Paid	(111.6)	(128.5)	(166.0)	(196.5)					
Others	28.3	33.4	18.1	14.0					
CF from operating activities	213.1	355.3	243.5	336.4					
(Inc)/dec in Investments	0.4	(51.4)	54.5	4.6					
(Inc)/dec in Fixed Assets	(18.9)	(76.2)	(52.7)	(76.6)					
Others	-	-	-	-					
CF from investing activities	(18.5)	(127.5)	1.8	(72.0)					
Issue/(Buy back) of Equity	-	-	-	-					
Inc/(dec) in loan funds	(61.0)	(6.2)	21.5	(12.9)					
Dividend paid & dividend tax	(114.2)	(159.8)	(198.5)	(229.1)					
Others	(15.3)	(49.9)	(51.4)	(13.0)					
CF from financing activities	(190.4)	(215.8)	(228.4)	(255.1)					
Net Cash flow	4.2	11.9	16.8	9.3					
Opening Cash	4.4	8.6	20.6	37.4					
Closing Cash	8.6	20.6	37.4	46.7					

Source: Company, ICICIdirect.com Research

Balance sheet					₹ Crore				
(Year-end March)	FY16	FY17E	FY18E	FY19E					
Liabilities									
Equity Capital	11.2	11.2	11.2	11.2					
Reserve and Surplus	494.1	654.6	732.9	895.4					
Total Shareholders funds	505.2	665.8	744.0	906.6					
Total Debt	73.4	67.3	88.8	75.9					
Deferred Tax Liability	11.0	11.2	15.1	19.8					
Other long term liabilities	73.5	11.6	12.4	13.2					
Total Liabilities	663.2	755.8	860.3	1,015.5					
Assets									
Gross Block	315.6	368.0	435.3	510.1					
Less: Acc Depreciation	106.3	131.0	155.3	183.2					
Net Block	209.3	237.1	280.0	326.9					
Capital WIP	0.4	24.1	9.6	11.3					
Intangible Assets	3.6	2.7	2.7	2.7					
Total Fixed Assets	213.2	263.9	292.2	340.9					
Investments	-	52.1	-	-					
Inventory	539.3	622.9	644.5	749.2					
Debtors	103.4	109.9	89.9	93.7					
Loans and Advances	70.5	2.9	106.5	136.8					
Cash	8.6	20.6	37.4	46.7					
Total Current Assets	731.2	778.3	878.3	1,026.3					
Sundry Creditors	94.1	111.2	167.9	184.7					
Current Liabilities	123.4	267.4	94.6	111.7					
Provisions	64.0	20.6	56.2	65.4					
Total Current Liabilities	281.5	399.2	318.8	361.9					
Net Current Assets	449.6	379.1	559.5	664.4					
Other Non-current Assets	-	60.7	8.6	10.2					
Application of Funds	663.1	755.8	860.3	1,015.5					

Source: Company, ICICIdirect.com Research

Key ratios									
(Year-end March)	FY16	FY17E	FY18E	FY19E					
Per share data (₹)									
EPS	208.5	238.7	296.6	351.2					
Cash EPS	229.9	260.9	318.4	376.2					
BV	453.0	596.9	667.1	812.8					
DPS	85.0	119.4	148.3	175.6					
Cash Per Share	7.8	18.4	33.5	41.9					
Operating Ratios									
EBITDA Margin (%)	21.6	19.4	18.9	17.7					
PBT Margin (%)	19.7	18.5	18.2	17.2					
PAT Margin (%)	13.3	12.5	12.1	11.5					
Inventory days	102.5	99.6	86.0	80.0					
Debtor days	20.0	18.3	12.0	10.0					
Creditor days	42.2	47.1	45.0	39.0					
Return Ratios (%)									
RoE	46.0	40.0	44.5	43.2					
RoCE	61.0	53.0	59.1	58.7					
RoIC	62.0	61.1	62.6	62.4					
Valuation Ratios (x)									
P/E	68.7	60.0	48.3	40.8					
EV / EBITDA	42.6	38.8	31.0	26.5					
EV / Net Sales	9.2	7.5	5.9	4.7					
Market Cap / Sales	9.1	7.5	5.8	4.7					
Price to Book Value	25.9	19.6	17.6	14.4					
Solvency Ratios									
Debt/EBITDA	0.2	0.2	0.2	0.1					
Debt / Equity	0.1	0.1	0.1	0.1					
Current Ratio	2.6	2.0	2.8	2.8					
Quick Ratio	0.6	0.4	0.7	0.8					

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Apparel)

Sector / Company			CMP			M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
			(₹)	TP(₹)	Rating	(₹ Cr)	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
Kewal Kiran Clothing	1692	1844	Hold	2131	55.1	69.2	65.9	32.1	25.6	26.8	21.0	21.7	18.5	30.5	23.8	29.9	22.7	23.8	23.0		
Page Industries	14330	12500	Sell	15983.5	208.5	238.7	296.6	68.7	60.0	48.3	42.6	38.8	31.0	61.0	53.0	59.1	46.0	40.0	44.5		
Rupa & Company	375	310	Buy	2860	8.3	9.2	10.4	35.7	32.2	28.5	18.9	17.7	16.1	22.9	20.4	20.3	17.9	16.9	16.8		
Vardhman Textiles (MAH)	1310	1240	Hold	7206	100.9	179.0	107.6	13.0	7.3	12.2	8.3	7.3	6.9	14.1	14.5	14.3	15.4	23.0	13.1		
Arvind Ltd (ARVMIL)	373	480	Buy	9676	12.3	12.4	17.5	33.2	32.4	22.9	14.5	13.9	11.5	11.6	10.1	12.9	11.9	9.0	12.6		

Source: Company, ICICIdirect.com Research

RATING RATIONALE

ICICIdirect.com endeavours to provide objective opinions and recommendations. ICICIdirect.com assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

We /I, Bharat Chhoda, MBA, Ankit Panchmatia, MBA and Cheragh Sidhwa, MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, *inter alia*, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

It is confirmed that Bharat Chhoda, MBA, Ankit Panchmatia, MBA and Cheragh Sidhwa, MBA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that Bharat Chhoda, MBA, Ankit Panchmatia, MBA and Cheragh Sidhwa, MBA Research Analysts do not serve as an officer, director or employee of the companies mentioned in the report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.