

Reviews

In this issue, we have reviewed Garware Wall Ropes and Pitti Lamination. We suggest that investors hold in Garware Wall Ropes and Pitti Lamination

GARWARE WALL ROPES	Hold	Change 21 Per Cent 	CMP - ₹196
BSE CODE 509557	Reco. Price ₹162	Volume 82026	Face Value ₹10

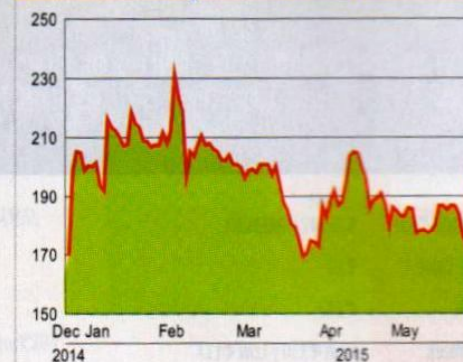
Garware Wall Ropes (GWRL), a leading player in technical textiles was recommended by us in our Issue No. 2 dated January 11, 2015 in our cover story. The recommendation was based on transformation of the company's commoditized business to higher value-added business, acceptance of its new product in the aquaculture as well agriculture markets, and growth avenues of its technical textile business in the defence sector.

Post our recommendation, the shares of GWRL touched a 52-week high of ₹238 on February 3, 2015 but failed to reach our one-year target of ₹300. It is currently trading at ₹173.5, which is still 7 per cent higher than our recommendation. GWRL has recently posted its fourth quarter and

FY15 results which have been above our expectation. We estimated earnings per share (EPS) of ₹18 for FY15; however the actual EPS came at ₹19.71 on a consolidated basis, which is 62 per cent higher than FY14. For the entire year its net sales improved by 14.3 per cent to ₹782.23 crore in FY15 as against ₹684.57 crore in FY14. Its profit before tax (PBT) stood at ₹60.51 crore; a growth of 54.9 per cent on a yearly basis as compared to ₹39.08 crore in FY14.

The substantial jump in PBT is attributed to a fall in the interest cost and better control on other expenses. The interest cost declined from ₹12.82 crore in FY14 to ₹10.24 crore in FY15 due to fall in both long-term as well as short-term borrowings. Other expenses fell from 35

Scrip's Movement



per cent of sales in FY14 to 32 per cent of sales in FY15. The net profit grew by 61.5 per cent to ₹43.05 crore as against ₹26.66 crore in the corresponding period last year. The company has also recommended a dividend of ₹3 per share. The shares of GWRL are currently trading at a price to earnings ratio of 8.37 times, which still looks quite attractive given its growth rate. Therefore we maintain our earlier stance of a price target of ₹300 by this year-end.