

Piccadily Agro Ind. Ltd. ₹ 17**Get High!****Buy**

May 27, 2016

Company Background

Piccadily Agro Industries Ltd. (Piccadily), a Public Limited Company was incorporated in the year 1994. It is spread over an area of 168 Acres of Land. It started its operation in the year 1996 - 97 for manufacture of White crystal sugar with installed capacity of 2500 TCD along with in-house facilities for 6 MW Cogeneration of power at Umri-Indri Road, Tehsil Indri, Distt. Karnal, (Haryana). After continuous expansion & modernization of the Sugar Mill and enhancement in crushing capacity the company was able to crush 3.99 Lac quintals of sugar cane and produce 392450 quintals of sugar in just 131 days of operation, the further path of the company also appears impressive. It is focussing on entering businesses allied to sugar industry especially those which are regulated by the government but highly remunerative.

Key Highlights

- ➔ Piccadily has ultra-modern machines. The company has a sugar mill with a crushing capacity of about 5,000 tons of cane per day (TCD). The company has a distillery unit with an installed capacity of approximately 90 kiloliters per day. PAIL also has approximately 750 milliliters (ml) and 180 ml pet bottle plant. The unit is producing pet bottles to cater to the distillery's own consumption. The company has a distillery unit with an installed fermentation house. It also has two grain plants of approximately 100 tons/day grain handling capacity each setup for distillation. Clear Vision Media Private Limited and Piccadily Agro Ltd are subsidiaries of PAIL.
- ➔ Piccadily management has refrained from announcing any sort of dividend and money so accumulated at the end this year would be utilized to further upgrade the sugar mills and its associated businesses. They also plan to achieve Zero Liquid Discharge in the Distillery, to set up independent feeder for transfer of power and to install a steam saving system.
- ➔ The distillery produced 8.45 mn cases of country liquor and managed to sell around 8.43 mn cases. The brands of the company Malta, Sofia, Ginn and Marshal continue to be well accepted by the people in the state of Haryana. The company also has 0.35 mn liters of malt spirit kept for maturing.

Key Financials

Year Ended 31 st	Mar 13	Mar 14	Mar 15
Revenue (INR mn)	3,295.0	3,805.9	3,499.9
Rev. growth (%)	41.61	15.51	(8.04)
EBITDA (INR mn)	477.3	510.4	331.5
Net profit (INR mn)	208.2	212.8	89.3
Shares outstanding (mn)	23.6	23.6	23.6
EPS (INR)	8.8	9.0	3.8
EPS growth (%)	35.99	2.21	(58.04)
P/E (x)	1.14	2.47	5.23
RONW (%)	22.39	19.09	7.83
ROCE (%)	10.70	10.37	4.68

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Info Codes

Reuters	: PICA.BO
Bloomberg	: PCAI@IN
NSE	: -
BSE	: 530305

Market Data

52 Wk Range (₹)	: 10 / 20
Shares in Issue (mn)	: 23.6
Mkt. Cap (₹ bn)	: 0.8
BSE 2 Wk Avg Vol	: 66000

Share Holding Pattern (%)

Promoters	: 70.90
Public	: 29.10
Others	: 00.00

Past Performance

Piccadily was recommended on Jan 23, 2015 at Rs 39. It gave a return of 9% the year and a Bonus in the ratio of 1:1.

Investment Theme

Piccadily is basically an agro products servicing company and has diversified into various segments related to the Indian sugar industry. The company has an inhouse generation plant which not only suffices the factory but also feeds in the grid. Piccadily also manufactures and sale of country liquor and also started the manufacture of Indian made Foreign liquor. The recent development in ethanol manufacture to be allowed present another untapped opportunity for Piccadily who can easily manufacture the same in their distillation plant. We feel the IMFL, Feeder and Pet bottles factory should help the company by imparting cost saving and better prospects. We therefore recommend a Buy on this scrip at today's prices.

Dry Days Over!

Financial Statements

Income Statement

(₹ mn)

Year end	Mar 13	Mar 14	% Chg	Mar 15	% Chg
Total Sales + Excise	3,335.5	3,835.2	15.0	3,512.3	(8.4)
Other Income	19.7	27.0	37.1	36.2	34.1
Change in Stocks	132.5	(49.3)	(137.2)	120.9	(345.2)
Raw Material Con.	1,949.2	2,214.9	13.6	2,254.0	1.8
Employee Exp.	82.4	105.8	28.4	93.4	(11.7)
Indirect Taxes	81.2	79.3	(2.3)	81.9	3.3
Other Exp.	897.6	902.5	0.5	908.6	0.7
Operating Exp.	2,877.9	3,351.8	16.5	3,217.0	(4.0)
Operating Profit	457.6	483.4	5.6	295.3	(38.9)
Total Interest	97.4	83.5	(14.3)	89.6	7.3
Gross Profit	379.9	426.9	12.4	241.9	(43.3)
Net Dep.	81.4	99.6	22.4	106.6	7.0
Total Taxation	90.3	114.5	26.8	46.0	(59.8)
Net Profit/Loss	208.2	212.8	2.2	89.3	(58.0)

4 Years Balance Sheet

(₹ mn)

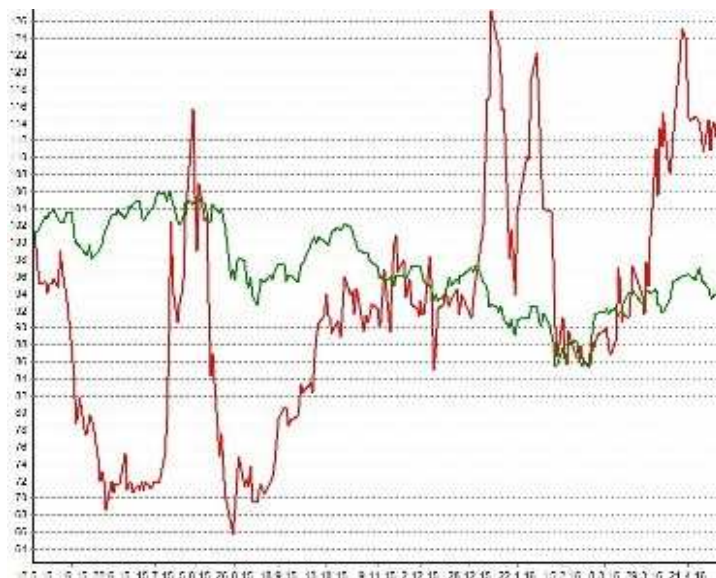
Balance Sheet as on 31 st	Mar 12	Mar 13	Mar 14	Mar 15
SOURCES OF FUNDS	1,916.5	2,088.2	2,156.1	2,186.9
Equity Share capital	239.0	239.0	239.0	239.0
Share Application Money	0.0	0.0	0.0	0.0
Preference Share Capital	0.0	0.0	0.0	0.0
Reserves & Surplus	627.2	807.8	1,020.6	1,096.4
Long Term Loans	348.7	356.7	332.3	188.2
Short Term Loans	701.6	684.7	564.2	663.3
USES OF FUNDS	1,916.5	2,088.2	2,156.1	2,186.9
Gross Block	1,552.5	1,965.3	2,087.5	2,239.0
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	563.1	644.3	741.3	860.5
Net Block	989.4	1,321.0	1,346.2	1,378.5
Capital Work in Progress	180.7	70.2	18.2	38.6
Investments	161.9	182.0	600.3	643.2
Current Assets	1,186.8	1,364.0	1,185.7	1,430.4
Less : Current Liabilities	602.3	849.0	994.3	1,303.8
Total Net Current Assets	584.5	515.0	191.4	126.6
Misc. Expenses not writtenoff	0.0	0.0	0.0	0.0
NOTE				
Bk Val Unquoted Investments	161.9	114.6	600.3	643.2
Mkt Val. Quoted Investments	0.0	0.0	0.0	0.0
Contingent Liabilities	0.0	0.0	0.0	0.0
Dividend (%)	10.0	10.0	0.0	0.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Mar 15	Jun 15	Sep 15	Dec 15
Net Sales	903.6	721.6	465.2	647.7
Cost Of Sales	927.5	661.0	402.9	586.7
Operating Profit	(23.9)	60.6	62.3	61.0
Other Income	12.1	11.7	12.1	11.4
Adjusted PBDIT	(11.8)	72.3	74.4	72.4
Financial Expenses	20.6	32.1	40.9	35.7
Depreciation	26.5	27.6	27.7	27.7
Other Write Offs	0.0	0.0	0.0	0.0
Adjusted PBT	(58.9)	12.6	5.8	9.0
Tax Charges	3.9	4.4	16.4	(7.6)
Adjusted PAT	(62.8)	8.2	(10.6)	16.6
Non Recurring Items	24.0	0.0	4.9	0.0
Other Non Cash Adjust	0.0	0.0	0.0	0.0
Net Profit	(38.8)	8.2	(5.7)	16.6

52 Week Index Relative Percentage Appreciation



Piccadilly vs SENSEX

Risks Associated

➔ Increase in Raw Material Prices

The steep escalation in the prices of sugarcane & raw materials will adversely affect profitability of the sugar mill & other products of the company.

➔ Sugar Imports

The sugar import duty is facilitating the entry of sugar from other sugar producing nations into the country which is depressing sugar prices a continuous downward trend in prices is not good for the company.

➔ Competition

There is heavy competition from other distilleries which are present in Haryana.

➔ Revenue Sharing Formula

The revenue sharing formula as suggested by the expert committee under C Rangarajan, which is prevalent in all major sugar producing countries between farmer and the sugar mills should be implemented by next FY. This will eat up a little into the bottomline of the company.



Piccadilly

In a Nutshell

Piccadilly is a company which is around a decade and a half years old and has progressed nicely over these years. It has focussed on the core sugar business and done everything to expand its capacities. It then focussed on cost saving and recovery. It currently is into the manufacture of sugar, power generation, manufacture of PET bottles which it uses for inhouse consumption in the distillery and distillery business. The company has also entered lately in the brewing industry and has a stock of around 1.8 mn liters of malt for brewing and maturing, something which it can reap profits from in future the country liquor business is also performing good due to its presence in areas where liquor consumption is high. All the technologies adopted by the company are by foreign collaboration. The company is now focussing again on expansion of its capacity and plans to enter into Indian made Foreign Liquor business across all segments, Whisky, Rum, Ginn andVodka. The recent news about making ethanol compulsory in Petrol and the high prices it would fetch would agument the companies financials. The management is also strong about the growth of the company. We feel that the next crushing season which is expected soon will change the financials of the company and make it more progressive and impart good growth factors in the balance sheet. We therefore initiate a Buy on the company.

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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