

Weblink: [http://www.business-standard.com/article/economy-policy/first-public-private-rail-neer-plant-set-to-quench-your-thirst-soon-115012400753\\_1.html](http://www.business-standard.com/article/economy-policy/first-public-private-rail-neer-plant-set-to-quench-your-thirst-soon-115012400753_1.html)

## **First public-private Rail Neer plant set to quench your thirst soon**

### **The Rs 10-cr unit set up in Amethi by Ion Exchange has a capacity of 72k litres/day**

The first public-private partnership (PPP) initiative in bottled drinking water has taken shape at Amethi in Uttar Pradesh, with a Rail Neer plant set for commissioning.

The plant was set up by Ion Exchange as a PPP project launched by the United Progressive Alliance government.

Rail Neer is the bottled water brand of Indian Railway Catering and Tourism Corporation (IRCTC). Though the Indian Railways-promoted IRCTC chose Amethi, Congress Vice-President Rahul Gandhi's constituency, for the first plant, it will be commissioned by the National Democratic Alliance government. Railway minister Suresh Prabhu might inaugurate the Rs 10-crore plant.

A senior official said the project cost did not include the expenditure on land, which was provided by IRCTC. "The private company had to invest in the development of the site, plant and machinery. It will also be responsible for operation and maintenance," he said.

Besides land, IRCTC has provided an assured offtake of the entire production of the plant.

The plant has a capacity of 72,000 litres a day. IRCTC will buy the bottled water for sale at railway stations and on trains.

Though the railways has not been able to attract much private investment and has virtually no private partnerships in plants or workshops, IRCTC is on track to set up more plants under the PPP mode. Besides the Amethi unit, the corporation intended to set up 10 more Rail Neer plants, contracts for which were at various stages of being awarded, said the official. After award of contract and land allotment, it takes two to three years to set up a plant with similar capacity.

IRCTC produces 610,000 litres of bottled water every day at its four plants in Nangloi, Danapur, Palur and Ambarnath, against the daily requirement of 2.5 million litres.

The contract for PPP projects, valid for 15 years, was placed after companies offered a margin to IRCTC on every bottle. The margin offered was such that the price IRCTC charged from the retailer should not be more than Rs 10 a bottle.

"The company offering the highest margin is given the contract. The PPP model helps IRCTC earn this margin without making any investment in the plant itself," said the official.

After buying from Ion Exchange, IRCTC will sell the bottles to retailers at Rs 10. Retailers are free to make a profit above this price.

The Mumbai-based Ion Exchange has seven plants, including one in the United Arab Emirates. The Amethi unit will be its first in a tie-up with the Indian Railways.

Weblink:<https://in.newshub.org/buy-ion-exchange-target-rs-340-firstcall-research-13118515.html>

## **BUY ION EXCHANGE; TARGET OF RS 340: FIRSTCALL RESEARCH**

*9 March, 2015 9:30 AM*

**"The company has achieved a turnover of Rs. 1982.10 million for the 3rd quarter of the financial year 2015 as against Rs. 1711.50 million in the corresponding quarter of the previous year. EBITDA of Rs. 134.60 million in Q3 FY15 and increase of 68.25% against the corresponding period of last year. In Q3 FY15, net profit Jumps to 127.87% y-o-y of Rs. 55.60 million compared to Rs. 24.40 million in Q3 FY14. The company has reported an EPS of Rs. 3.83 for the 3rd quarter as against an EPS of Rs. 1.68 in the corresponding quarter of the previous year."**

At the current market price of Rs. 300.10, the stock P/E ratio is at 18.66 x FY15E and 16.51 x FY16E respectively.

Earning per share (EPS) of the company for the earnings for FY15E and FY16E is seen at Rs.16.08 and Rs.18.17 respectively.

Operating Profit and PAT of the company are expected to grow at a CAGR of 7% and 7% over 2013 to 2016E respectively.

On the basis of EV/EBITDA, the stock trades at 8.64 x for FY15E and 7.65 x for FY16E. Price to Book Value of the stock is expected to be at 1.94 x and 1.76 x respectively for FY15E and FY16E.

"We recommend 'BUY' in this particular scrip with a target price of Rs 340 for Medium to Long term investment", says Firstcall Research Report.

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