



Choice
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IPO REPORT

“AVOID” to
Garden Reach Shipbuilders & Engineers Ltd.

Salient features of the IPO:

- **Garden Reach Shipbuilders & Engineers Ltd. (GRSE)**, a “Mini Ratna - Category - 1” firm specializing in production of ship and warship for Indian Navy and Indian Coast Guard, is planning to raise around Rs. 3.4bn through an IPO by offering 29.21mn share between the price range Rs. 115 - 118 per share.
- The issue is fully OFS, the company will not receive any proceeds from it.

Key competitive strengths:

- Modern manufacturing platform and integrated shipbuilding facilities
- End-to-end solutions provider
- Strong and established relationships with Indian Navy and Indian Coast Guard
- Strong order book

Risk and concerns:

- Lower defence budget
- Rise or volatility in raw material prices
- Highly labor oriented operations
- Lumpy business cycle
- Lower or cancellation of orders / poor execution of orders
- Competition

Valuation & recommendation: There are no comparable listed companies in India that engage in the same line of business as the company. At the higher price band of Rs. 118 per share, GRSE's share is valued at a P/E multiple of 15.6x (to its restated FY18 EPS of Rs. 7.6).

Below are few key observations of the issue: (For detailed valuation, refer to page 8 & 9 of the report)

- Incorporated in 1934, GRSE has built India's first indigenous warship - the INS Ajay, in the year 1961. The company is also the first domestic defence player to export a warship to Mauritius a few years back. GRSE is primarily involved into meeting the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. In addition to ship & warship building, the company is engaged in engineering and engine production activities. The shipbuilding division contributes a significant majority of the revenue i.e. 82.4% of the revenue in FY18.
- Currently, the Indian Navy fleet includes 135-140 ships and submarines while the Indian Coast Guard fleet includes another 120 vessels. These are expected to grow to about 200 vessels each by 2027. Thus entities like GRSE engaged into the ship and warship building are expected to benefit from these orders.
- As of 31st Jul. 2018, the company's order book was Rs. 203,136.1mn, which generally includes products to be manufactured and delivered. Based on the FY18 revenue, this order book provides a revenue visibility for around 15 years.
- As of Mar. 2017, the Indian shipbuilding industry had orders for 248 ships, of which the public sector accounted for 78 ships and rest by the private sector. In the public sector, with respect to the number of ships, GRSE had the highest number of orders followed by Goa Shipyard Ltd.
- Despite having robust order book, the operating and financial performance of GRSE is not encouraging. Over FY15-18, it has reported a 5% CAGR fall in the total operating revenue to Rs. 13,465.2mn in FY18. Total operating expenditure declined by 3.3% CAGR, mainly due to 8.7% CAGR fall in the cost of material consumed, which was an average of 45% of the top-line during the period. Of the last four reported financials, GRSE has reported EBITDA loss in two years i.e. FY17 and FY18. Other income, which averaged 13% of the top-line during FY15-18, increased by 43.3% CAGR, which led to profitability at the PAT level. Reported PAT increased by 18.8% CAGR with an average PAT margin of 5.2%. Cash flow from operations was positive in FY15 and FY16, while was negative in FY17 and FY18. Average RoE was 7.3% over FY15-18.
- The company has paid dividend in the last four years with dividend payout increasing from 23.9% in FY15 to 62.3% in FY18. As of 31st Mar. 2018, it has a capital base of Rs. 1.1bn with reserves of around Rs. 9bn. Being a public sector enterprise, the company is entitled to pay a minimum dividend of 30% of the reported PAT or 5% of the net worth, whichever is higher. At the higher price band, the dividend yield comes out to be 4%, which seems to be attractive for dividend investors.

On valuation front, at higher price band, the company is demanding a P/E valuation of 15.6x (to its restated FY18 EPS of Rs. 7.6) as against the peer average of 13.6x. Considering the lumpy business cycle, highly labor intensive industry and poor financial performance, we believe the demand valuation by the company is not justified. Also, since majority of the contracts are on fixed price basis - there would be pressure on profitability due to rise or volatility in the raw material prices. Thus we assign an “**AVOID**” rating to the issue.

Recommendation	AVOID
Price Band (Rs.)	Rs. 115 - 118 per Share
Face Value (Rs.)	Rs. 10
Shares for Fresh Issue (mn)	Nil
Shares for OFS (mn)	29.21mn Shares
Fresh Issue Size (Rs. mn)	N/A
OFS Issue Size (Rs. mn)	Rs. 3,359.2 - 3,446.9mn
Total Issue Size (Rs. mn)	Rs. 3,359.2 - 3,446.9mn
Bidding Date	24 th Sept. - 26 th Sept. 2018
Reservation for GRSE's Employees	0.57mn Shares
Net Offer for Sales (mn Shares)	28.64mn Shares (Rs. 3,293.4 - 3,379.3mn)
MCAP at Higher Price Band	Rs. 13,517mn
Enterprise Value at Higher Price Band (*)	Rs. 3,296mn
Book Running Lead Manager	IDBI Capital Markets & Securities Ltd. and YES Securities (India) Ltd.
Registrar	Alankit Assignments Ltd.
Sector/Industry	Defence
Promoters	The President of India acting through the Ministry of Defence, Govt. of India

Pre and post - issue shareholding pattern		
	Pre - Issue	Post - Issue
Promoter and Promoter Group	100.00%	74.50%
Public	0.00%	25.50%
Total	100.00%	100.00%

Retail Application Money at Higher Cut-Off Price per Lot	
Number of Shares per Lot	120
Application Money	Rs. 14,160 per Lot
Employee and Retail Discount	Rs. 5 per Share on the Offer Price

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About the issue:

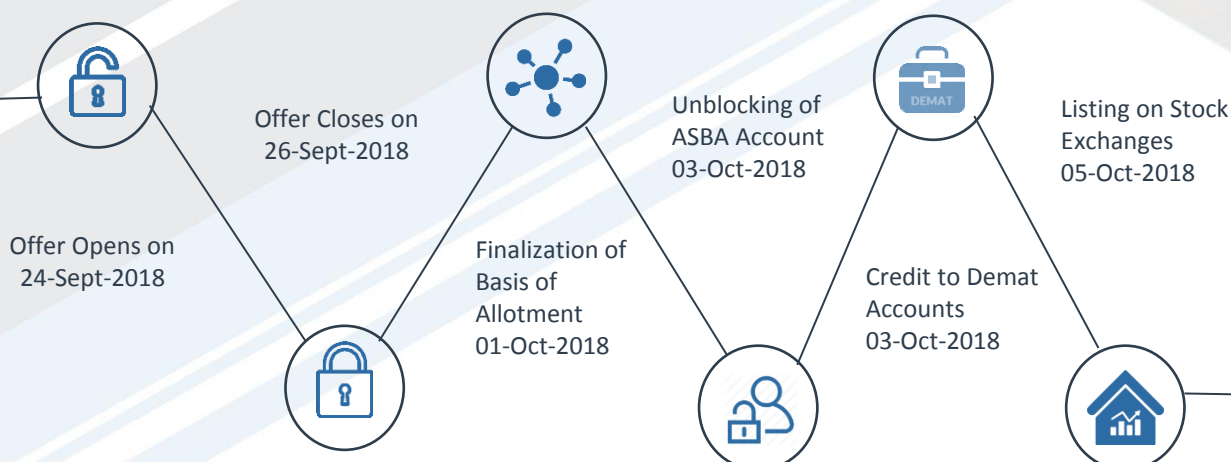
- GRSE is coming up with an initial public offering (IPO) with 29.21mn shares (fresh issue: nil; OFS shares: 29.21mn shares) in offering. The offer represents around 25.50% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 3,359.2 - 3,446.9mn.
- The issue will open on 24th Sept. 2018 and close on 26th Sept. 2018.
- The issue is book building with a price band of Rs. 115 - 118 per share.
- The employee and retail discount is Rs. 5 per share on the offer price.
- Since the issue is fully OFS, the company will not receive any proceeds from it.
- 0.57mn shares are reserved for GRSE's employees, thus the net issue size is 28.64mn shares (Rs. 3,293.4 - 3,379.3mn).
- 50% of the net issue shall be allocated on a proportionate basis to qualified institutional buyers, while rest 15% and 35% is reserved for non-institutional bidders and retail investors, respectively.
- Its promoter holds 100% stake in the company and post IPO this will come down to 74.5%. Public holding will increase from current nil to 25.5%.

Pre and Post Issue Shareholding Pattern (%)

	Pre Issue	Post Issue (at higher price band)
Promoter & Promoter Group (%)	100.00%	74.50%
Public (%)	0.00%	25.50%

Source: Company RHP

Indicative IPO Process Time Line:



Company Introduction:

GRSE is a shipbuilding company in India under the administrative control of the Ministry of Defence (MoD) and primarily adhere to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. In addition to ship & warship building, the company is engaged in engineering and engine production activities. As a part of its engineering division, GRSE manufacture deck machinery items, pre-fabricated portable steel bridges and marine pumps. The shipbuilding division contributes a significant majority of the revenue i.e. 82.4%, 75.1%, 79.1% and 83.3% of the net revenue from operations in FY18, FY17, FY16 and FY15, respectively.

Incorporated in 1934 under the Indian Companies Act, 1913, GRSE was later acquired by the Government of India from Macneill & Barry Ltd. on May 1960. Shortly after becoming a CPSE in 1960, the company built India's first indigenous warship - the INS Ajay, in the year 1961.

Over the years, the company has established capabilities for in-house design and shipbuilding and has made a considerable contributions to the indigenous warship construction program of the country. Its shipbuilding product line spans from technologically sophisticated frigates and corvettes to fast patrol vessels. In last five decades, GRSE has built and delivered ships ranging from small to large and advanced vessels including frigates, anti-submarine warfare corvettes, missile corvettes, landing ship tanks, landing craft utilities, survey vessels, fleet replenishment tankers, fast patrol vessels, offshore patrol vessels, inshore patrol vessels, WJ-FAC, hover crafts and fast interceptor boats to the Indian Navy, Indian Coast Guard, Ministry of Home Affairs and Governments of other countries. The company has built and supplied more than 750 vessels to carry men and materials as well as for the surveillance of the coast line. Over the years, it has responded to the varied shipbuilding requirements of the Indian Defence Services and has evolved from building simpler vessels to building bigger and technically advanced warships.

Presently, GRSE has three separate facilities for shipbuilding, all of which are located in close vicinity of each other at Kolkata, India. It builds the ships at the main works unit and the Rajabagan Dockyard. The third facility, the FOJ Unit is primarily used for fitting out and repair of ships. The company acquired the Rajabagan Dockyard from Central Inland Water Transport Corporation Ltd. in the year 2006. Its diesel engine plant (DEP) is engaged in the testing and overhauling of marine propulsion engines and assembly of semi-knocked down units of diesel engines. GRSE's Engineering segment is engaged in the manufacturing and fabrication of portable steel bridges, deck machineries of ships and marine pumps.

Over the years, the company has been credited with many firsts in the Indian shipbuilding industry. For instance, it is the first Indian shipyard to integrate carbon composite superstructure with steel hull, which resulted in a reduction in weight and increase in stability of the ships. In 2000, the company became the first and the only Indian shipyard to build and subsequently deliver a fleet tanker to the Indian Navy and to build and subsequently deliver a hovercraft to the Indian Coast Guard among others. These are in addition to pioneering works in supplying the first ever indigenous warship for Indian Navy.

On 5th Sept. 2006, GRSE was conferred with the status of Schedule B & Mini Ratna-Category I company by the Department of Public Enterprises under the Ministry of Heavy Industries and Public Enterprises, Government of India.

Order Book: As of 31st Jul. 2018, the company's order book was Rs. 203,136.1mn, which generally includes products to be manufactured and delivered. The company has a firm contracts for manufacturing and delivery of 13 ships comprising of (i) one ASW corvettes; (ii) four landing craft utility; (iii) five fast patrol vessels; and (iv) three P17-A class frigates. Additionally, the DEP segment has received an order for twenty-eight 1MW diesel alternators worth Rs. 2,250mn.

In addition to the above firm orders, GRSE is also been declared L1 or L2 for certain other projects, for which contracts have not yet been signed, including construction and delivery of (i) four survey vessels for the MoD; (ii) eight anti-submarine warfare shallow water craft for the Indian Navy and (iii) one Ocean Going Passenger and Cargo Ferry Vessel.

Company Introduction (Contd...):

Competition: In shipbuilding segment, the company operates in a competitive environment and is expected to face greater competition from existing competitors located both in India and globally. GRSE competes on the basis of its ability to fulfill the contractual obligations including the timely delivery of vessels constructed or repaired by it, its shipyard's capacity and capabilities and the price and quality of the vessels it construct. Some of the company's competitors in defence shipbuilding are Mazagon Dock Shipbuilders Ltd, Cochin Shipyard Ltd., Goa Shipyard Ltd., Hindustan Shipyard Ltd., L&T Shipyard and Reliance Naval and Engineering Ltd.

In the Engineering segment, the company face competition from domestic and global public and private suppliers of deck machinery including Anjana Steel Industries Pvt. Ltd., Bridge and Roof Co. (India) Ltd., Essen Fabricators Pvt. Ltd., Gourika India Ltd., Lucky Engineering Company, Machine Works (International) Ltd., Madnani Engineerings Works, Shiva Engineering Works, Tata Steel Ltd., Titagarh Wagons Ltd., Traco Enterprises, Vinayak Rail Track (India) Pvt. Ltd., Vishwa Traders, WIL. The company faces competition from domestic and global producers of bridges.

In the Engine segment, the company face competition from domestic and global public and private suppliers of marine engines, including Wartsila, Cummins, Caterpillar, KOEL and MAN.

Company Introduction (Contd...):

Financial performance: On account of 5.3% CAGR decline in the business from the Shipbuilding segment over FY15-18, the company reported a 5% CAGR fall in the total operating revenue to Rs. 13,465.2mn in FY18. The Shipbuilding segment contributed around 82% to the total revenue in FY18.

Total operating expenditure declined by 3.3% CAGR, mainly due to 8.7% CAGR fall in the cost of material consumed, which was an average of 45% of the top-line during the period. Employee benefit expenses, which formed around an average of 22% of the top-line increased by 0.8% CAGR. EBITDA was at loss in FY17 (Rs. 1,611mn) and FY18 (Rs. 148.3mn) as compared to a profit of Rs. 620.8mn and Rs. 922.7mn in FY15 and FY16, respectively.

Depreciation & amortization charges increased by 2.2% CAGR, while finance cost increased by 10.1% CAGR over FY15-18. Other income increased by 43.3% CAGR, which can be primarily attributable to interest income. Consequently, the reported PAT was in green over FY15-18 and increased by 18.8% CAGR to be at Rs. 868.1mn in FY18. Average PAT margin during the period was 5.2%.

Cash flow from operations was positive in FY15 and FY16, while was negative in FY17 and FY18. Free cash flow was positive through out the period and increased by 26.7% CAGR to Rs. 4,987.6mn in FY18. Average RoE was 7.3% over FY15-18. The company has paid dividend in the last four years with dividend payout increasing from 23.9% in FY15 to 62.3% in FY18.

	FY15	FY16	FY17	FY18	CAGR (%)	Y-o-Y (%)
Revenue from Operations	15,684.9	16,645.9	9,293.2	13,465.2	-5.0%	44.9%
EBITDA	620.8	922.7	(1,611.0)	(148.3)	-162.1%	-90.8%
Reported PAT	517.3	1,644.5	114.7	868.1	18.8%	657.1%
Restated Adjusted EPS	4.5	14.4	1.0	7.6	18.8%	657.1%
NOPLAT	200.7	421.5	(1,070.0)	(297.5)	-214.0%	-72.2%
FCF	2,450.4	2,929.6	1,248.5	4,987.6	26.7%	299.5%
NOPLAT	200.7	421.5	(1,070.0)	(297.5)	-214.0%	-72.2%
RoIC (%)	2.8%	9.3%	-47.9%	9.8%	699 bps	5,771 bps
Revenue Growth Rate (%)	-2.9%	6.1%	-44.2%	44.9%		
EBITDA Growth Rate (%)	-49.4%	48.6%	-274.6%	-90.8%		
EBITDA Margin (%)	4.0%	5.5%	-17.3%	-1.1%	(506) bps	1,623 bps
EBIT Growth Rate (%)	-65.0%	84.3%	-391.2%	-76.7%		
EBIT Margin (%)	2.2%	3.9%	-20.2%	-3.3%	(548) bps	1,695 bps
Reported PAT Growth Rate (%)	-55.6%	217.9%	-93.0%	657.1%		
Reported PAT Margin (%)	3.3%	9.9%	1.2%	6.4%	315 bps	521 bps
Inventories Turnover Ratio (x)	0.5	2.2	1.6	2.7	73.8%	66.1%
Trade Receivable Turnover Ratio (x)	15.3	10.7	5.3	6.7	-24.1%	27.0%
Accounts Payable Turnover Ratio (x)	3.6	3.2	2.1	2.5	-10.6%	22.9%
Fixed Asset Turnover Ratio (x)	4.2	4.5	2.4	3.3	-7.2%	36.4%
Total Asset Turnover Ratio (x)	0.4	0.4	0.2	0.3	-6.9%	55.3%
Current Ratio (x)	1.1	1.0	1.0	0.8	-11.2%	-147.7%
Debt to Equity (x)	0.0	0.0	0.0	0.0		
Net Debt to EBITDA (x)	(27.9)	(20.1)	9.9	68.9	-235.1%	-51.1%
RoE (%)	5.1%	14.5%	1.1%	8.5%	341 bps	749 bps
RoA (%)	1.3%	3.7%	0.3%	2.0%	74 bps	179 bps
RoCE (%)	3.3%	5.5%	-16.8%	-4.2%	(751) Bps	1,259 bps

Source: Company RHP



Competitive Strengths:

- Modern manufacturing platform and integrated shipbuilding facilities to deliver quality products
- End-to-end solutions provider
- Strong and established relationships with Indian Navy and Indian Coast Guard
- Strong order book

Business Strategy:

- Further strengthen relationship with Indian Navy and Indian Coast Guard
- Repair and refitting of Indian Navy and Indian Coast Guard Vessels
- Upgrading technological capabilities and facilities
- Enhance research and development capabilities
- Aligning processes to changing market environments
- Pursue new market opportunities



Risk and Concerns:

- Lower defence budget
- Rise or volatility in raw material prices
- Highly labor oriented operations
- Lumpy business cycle
- Lower or cancellation of orders / poor execution of orders
- Competition

Peer Comparison and Valuation:

Company Name	Face Value (Rs.)	CMP (Rs.)	MCAP (Rs. mn)	EV (Rs. mn)	Stock Return (%)		Total Operating Revenue (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EBITDA Margin (%)	PAT Margin (%)
					1M	3M					
Garden Reach Shipbuilders & Engineers Ltd.	10	118	13,517	3,296			13,465.2	(148.3)	868.1	-1.1%	6.4%
Bharat Dynamics Ltd.	10	346	63,379	57,458	-8.2%	-13.3%	45,876.0	6,680.2	5,281.5	14.6%	11.5%
Hindustan Aeronautics Ltd	10	906	303,089	246,274	-6.7%	-6.8%	185,197.4	35,298.9	20,734.6	19.1%	11.2%
Cochin Shipyard Ltd.	10	417	56,645	22,821	-8.2%	-12.5%	-19.1%	-25.4%	23,551.2	4,644.0	3,963.6
Average										17.8%	13.2%

Company Name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt Equity Ratio	Fixed Asset Turnover Ratio	RoE (%)	RoCE (%)	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earnings Yield (%)	Order Book to Sales (x)
Bharat Dynamics Ltd.	28.8	106.7	7.3	0.0	4.6	27.0%	25.5%	12.0	3.2	1.3	8.6	1.4	8.3%	1.9
Hindustan Aeronautics Ltd	62.0	360.6	8.3	0.1	2.1	17.2%	10.9%	14.6	2.5	1.3	7.0	1.6	6.8%	3.3
Cochin Shipyard Ltd.	29.2	239.9	12.0	0.0	5.0	12.2%	12.5%	14.3	1.7	1.0	4.9	2.4	7.0%	0.8
Average				0.0	3.9	18.8%	16.3%	13.6	2.5	1.2	6.8	1.8	7.4%	2.0

Note: All financials is of FY18; Source: Choice Broking Research

There are no comparable listed companies in India that engage in the same line of business as the company. However, the above peer are considered as the proxy peers as they provide services to the Indian Defence or have business model similar to GRSE. At the higher price band of Rs. 118 per share, the company's share is valued at a P/E multiple of 15.6x (to its restated FY18 EPS of Rs. 7.6).

Below are few key observations of the issue:

- Incorporated in 1934, GRSE has built India's first indigenous warship - the INS Ajay, in the year 1961. The company is also the first domestic defence player to export a warship to Mauritius a few years back. GRSE is primarily involved into meeting the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. In addition to ship & warship building, the company is engaged in engineering and engine production activities. As a part of its engineering division, GRSE manufacture deck machinery items, pre-fabricated portable steel bridges and marine pumps. The shipbuilding division contributes a significant majority of the revenue i.e. 82.4% of the net revenue in FY18.
- Currently, the Indian Navy fleet includes 135-140 ships and submarines, while the Indian Coast Guard fleet includes another 120 vessels. The Indian Navy and Indian Coastal Guard fleet are expected to grow to about 200 vessels each by 2027. The two defence units have jointly approved a shipbuilding program spanning over fifteen years, under which they would place orders for 165 warships and 400 aerial resources by 2022. Indian Navy's estimated capital budget for up to 2027 amounts to Rs. 4.5tn approximately. Thus entities like GRSE engaged into the ship and warship building are expected to benefit from these orders.
- As of Mar. 2017, the Indian shipbuilding industry had orders for 248 ships with a combined capacity of 2,189 thousand DWT (dead weight tonnage), of which the public sector accounted for 78 ships and rest by the private sector. In the public sector, with respect to the number of ships, GRSE had the highest number of orders followed by Goa Shipyard Ltd.
- As of 31st Jul. 2018, the company's order book was Rs. 203,136.1mn, which generally includes products to be manufactured and delivered. The company has firm contracts for manufacturing and delivery of 13 ships. Based on the FY18 revenue, this order book provides a revenue visibility for around 15 years.
- The domestic portable steel bridge industry is dominated by two PSUs namely, GRSE and Bridge and Roof Co. (India) Ltd. These two Kolkata-based companies account for around 90% of the market share. The domestic market for portable steel bridges is estimated to be around Rs. 2-2.5bn. In terms of capacity, GRSE has around 60% share and has manufactured around 4,800 tonnes in FY17. The steel bridge industry has grown at around 15% CAGR over the past five years and is expected to double in size in coming five years. Increase in orders from state governments (given the boost in rural development efforts) and a growing export market are the key drivers of growth for this industry.

Peer Comparison and Valuation (Contd...):

- Moreover, among the organized shipyards, GRSE is the only shipyard among all private and public shipyards in India to produce deck machinery items. The company caters to orders from the Indian Navy and the Indian Coast Guard and orders from other shipyards such as Mazgaon Dock Ltd., Goa Shipyard Ltd., Cochin Shipyard Ltd., Hindustan Shipyard Ltd., Reliance Naval and Engineering Ltd., and L&T shipyard Ltd.
- Despite having robust order book, the operating and financial performance of GRSE is not encouraging. Over FY15-18, it has reported a 5% CAGR fall in the total operating revenue to Rs. 13,465.2mn in FY18. Total operating expenditure declined by 3.3% CAGR, mainly due to 8.7% CAGR fall in the cost of material consumed, which was an average of 45% of the top-line during the period. Of the last four reported financials, GRSE has reported EBITDA loss in two years i.e. FY17 and FY18. Other income, which averaged 13% of the top-line during FY15-18, increased by 43.3% CAGR, which led to profitability at the PAT level. Reported PAT increased by 18.8% CAGR with an average PAT margin of 5.2%. Cash flow from operations was positive in FY15 and FY16, while was negative in FY17 and FY18. Average RoE was 7.3% over FY15-18.
- The company has paid dividend in the last four years with dividend payout increasing from 23.9% in FY15 to 62.3% in FY18. As of 31st Mar. 2018, it has a capital base of Rs. 1.1bn with reserves of around Rs. 9bn. Being a public sector enterprise, the company is entitled to pay a minimum dividend of 30% of the reported PAT or 5% of the net worth, whichever is higher. At the higher price band, the dividend yield comes out to be 4%, which seems to be attractive for dividend investors.

On valuation front, at higher price band, the company is demanding a P/E valuation of 15.6x (to its restated FY18 EPS of Rs. 7.6) as against the peer average of 13.6x. Considering the lumpy business cycle, highly labor intensive industry and poor financial performance, we believe the demand valuation by the company is not justified. Also, since majority of the contracts are on fixed price basis - there would be pressure on profitability due to rise or volatility in the raw material prices. Thus we assign an **“AVOID”** rating to the issue.

Financial Statements:

Profit and Loss Statement (Rs. mn)

	FY15	FY16	FY17	FY18	CAGR over FY15 - 18 (%)	Annual Growth over FY17 (%)
Revenue from Operations	15,684.9	16,645.9	9,293.2	13,465.2	-5.0%	44.9%
Cost of Materials Consumed	(7,650.0)	(8,269.8)	(3,398.5)	(5,815.1)	-8.7%	71.1%
Purchase of Products for Resale (B & D Spares)	(1,518.2)	(1,864.4)	(1,146.1)	(1,415.7)	-2.3%	23.5%
Changes on Inventories of Work-in-Progress and Scrap	(16.9)	5.6	(80.3)	13.4	-192.5%	-116.6%
Sub-Contracting Charges	(1,215.7)	(1,241.9)	(1,072.5)	(1,370.5)	4.1%	27.8%
Excise Duty	(57.4)	(65.0)	(75.5)	(19.0)	-30.8%	-74.8%
Employee Benefits Expense	(2,913.5)	(2,917.4)	(2,857.8)	(2,986.0)	0.8%	4.5%
Other Expenses - Project Related	(441.0)	(508.3)	(505.8)	(726.6)	18.1%	43.6%
Other Expenses	(1,251.4)	(861.9)	(1,767.8)	(1,294.0)	1.1%	-26.8%
EBITDA	620.8	922.7	(1,611.0)	(148.3)	-162.1%	-90.8%
Depreciation and Amortization Expenses	(271.1)	(278.0)	(266.5)	(289.6)	2.2%	8.6%
EBIT	349.8	644.7	(1,877.5)	(437.9)	-207.8%	-76.7%
Finance Costs	(57.7)	(44.0)	(91.2)	(76.9)	10.1%	-15.6%
Other Income	609.6	1,914.7	2,169.9	1,792.3	43.3%	-17.4%
PBT	901.7	2,515.4	201.2	1,277.5	12.3%	535.0%
Tax Expenses	(384.4)	(871.0)	(86.5)	(409.5)	2.1%	373.2%
Reported PAT	517.3	1,644.5	114.7	868.1	18.8%	657.1%

Balance Sheet Statement (Rs. mn)

	FY15	FY16	FY17	FY18	CAGR over FY15 - 18 (%)	Annual Growth over FY17 (%)
Equity Share Capital	1,238.4	1,238.4	1,238.4	1,145.5	-2.6%	-7.5%
Other Equity	8,829.8	10,128.2	9,593.0	9,013.9	0.7%	-6.0%
Non Current Trade Payables	79.6	84.0	79.6	78.0	-0.7%	-2.0%
Long Term Provisions	80.7	81.2	117.1	94.0	5.2%	-19.7%
Deferred Tax Liabilities (Net)	230.9	164.7	174.7	171.3	-9.5%	-1.9%
Short Term Borrowings			250.0			-100.0%
Trade Payables	5,079.1	5,285.4	3,679.6	6,888.3	10.7%	87.2%
Other Current Financial Liabilities	1,490.6	449.4	355.7	215.5	-47.5%	-39.4%
Other Current Liabilities	22,317.3	26,367.3	28,688.3	23,636.5	1.9%	-17.6%
Short Term Provisions	663.3	740.4	1,490.1	1,359.5	27.0%	-8.8%
Total Liabilities	40,009.8	44,538.9	45,666.4	42,602.3	2.1%	-6.7%
Property, Plant and Equipment	3,600.6	3,406.9	3,529.5	3,829.6	2.1%	8.5%
Capital Work-in-Progress	112.1	222.8	231.8	160.3	12.7%	-30.9%
Intangible Assets	56.8	30.1	53.9	62.1	3.0%	15.1%
Non Current Investments	0.0	0.0	0.0	0.0	0.0%	0.0%
Non Trade and Other Receivables	66.9	20.3	12.0	3.8	-61.6%	-68.4%
Other Non Current Financials Assets	2,579.3	6,734.1	7,812.3	12,584.9	69.6%	61.1%
Non Current Tax Assets	512.2	238.6	949.7	855.7	18.7%	-9.9%
Other Non Current Assets	237.8	149.8	193.7	84.0	-29.3%	-56.7%
Inventories	8,412.6	6,545.6	4,858.9	5,086.6	-15.4%	4.7%
Trade and Other Receivables	1,585.1	1,538.3	1,988.6	2,033.7	8.7%	2.3%
Cash and Bank Balances	17,340.5	18,525.0	16,202.6	10,221.5	-16.2%	-36.9%
Other Current Financial Assets	3,666.8	5,722.5	7,024.9	4,722.4	8.8%	-32.8%
Other Current Assets	1,835.6	1,401.2	2,804.6	2,954.1	17.2%	5.3%
Assets Classified as Held for Sale	3.6	3.8	3.8	3.7	0.7%	-3.2%
Total Assets	40,009.8	44,538.9	45,666.4	42,602.3	2.1%	-6.7%

Source: Company RHP

Financial Statements:

Cash Flow Statement (Rs. mn)

Particulars (Rs. mn)	FY15	FY16	FY17	FY18	CAGR over FY15 - 18 (%)	Annual Growth over FY17 (%)
Cash Flow Before Working Capital Changes	731.7	916.0	(1,542.5)	(113.7)	-1.54	-0.93
Change in Working Capital	984.0	3,952.4	420.7	(995.4)	-2.00	-3.37
Cash Flow from Operating Activities	1,074.5	4,230.2	(1,912.2)	(740.2)	-188.3%	-61.3%
Purchase of Property, Plant & Equipment	(234.6)	(169.8)	(422.1)	(501.8)	28.8%	18.9%
Cash Flow from Investing Activities	100.7	(4,832.5)	2,268.2	2,673.7	198.4%	17.9%
Cash Flow from Financing Activities	(184.4)	(295.8)	(500.0)	(1,933.2)	118.9%	286.6%
Net Cash Flow	990.8	(898.0)	(144.0)	0.4	-92.5%	-100.3%
Opening Balance of Cash and Bank Balances	169.5	1,160.3	262.3	118.3	-11.3%	-54.9%
Closing Balance of Cash and Bank Balances	1,160.3	262.3	118.3	118.7	-53.2%	0.3%

Financial Ratios

Particulars (Rs. mn)	FY15	FY16	FY17	FY18
Revenue Growth Rate (%)	-2.9%	6.1%	-44.2%	44.9%
EBITDA Growth Rate (%)	-49.4%	48.6%	-274.6%	-90.8%
EBITDA Margin (%)	4.0%	5.5%	-17.3%	-1.1%
EBIT Growth Rate (%)	-65.0%	84.3%	-391.2%	-76.7%
EBIT Margin (%)	2.2%	3.9%	-20.2%	-3.3%
Reported PAT Growth Rate (%)	-55.6%	217.9%	-93.0%	657.1%
Reported PAT Margin (%)	3.3%	9.9%	1.2%	6.4%

Liquidity Ratios

	FY15	FY16	FY17	FY18
Current Ratio	1.1	1.0	1.0	0.8
Debt Equity Ratio	0.0	0.0	0.0	0.0
Net Debt to EBITDA	(27.9)	(20.1)	9.9	68.9

Turnover Ratios

	FY15	FY16	FY17	FY18
Inventories Days	707.7	164.0	224.0	134.8
Debtor Days	23.9	34.2	69.3	54.5
Payable Days	(102.2)	(113.6)	(176.1)	(143.2)
Cash Conversion Cycle	629.4	84.6	117.2	46.1
Fixed Asset Turnover Ratio (x)	4.2	4.5	2.4	3.3
Total Asset Turnover Ratio (x)	0.4	0.4	0.2	0.3

Return Ratios

	FY15	FY16	FY17	FY18
RoE (%)	5.1%	14.5%	1.1%	8.5%
RoA (%)	1.3%	3.7%	0.3%	2.0%
RoCE (%)	3.3%	5.5%	-16.8%	-4.2%

Per Share Data

	FY15	FY16	FY17	FY18
Restated Reported EPS (Rs.)	4.5	14.4	1.0	7.6
Restated DPS (Rs.)	1.1	2.2	4.6	4.7
Restated BVPS (Rs.)	87.9	99.2	94.6	88.7
Restated Operating Cash Flow Per Share (Rs.)	9.4	36.9	(16.7)	(6.5)
Restated Free Cash Flow Per Share (Rs.)	21.4	25.6	10.9	43.5
Dividend Payout Ratio	23.9%	15.1%	464.2%	62.3%

Source: Company RHP

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