

Scale up in distillery operations to aid earnings

Dwarikesh sugar (DWSL) reported sturdy results with 16.2% revenue growth aided by higher sugar & distillery segment sales. Sugar sales was up by 13.1% driven by higher sugar exports & higher sale of molasses given the company have crushed record sugarcane this season. However, sugar realisation were down by 1.1% to ₹ 31.3/kg. Sugar sales volumes increased by 4% to ₹ 1.25 lakh tonnes in Q1FY21 vis a vis Q1FY20 which included 0.6 lakh tonnes of exports. Distillery segment sales increased by 70.9% to ₹ 20.8 crore driven by higher volumes as company commissioned new 100 KLD distillery in December 2020. Though distillery volume were higher by 57% to 0.44 cr litres, it is much lower than the capacity of producing 1.0 crore litres every quarter. We believe lower offtake by OMCs due to their constraints of storage impacted ethanol sales. Power segment sales volumes increased from 2.7 crore units to ₹ 4.4 crore units as company crushed 20% higher sugarcane in current season. Operating profit was higher by 38% to ₹ 50.2 crore with higher sugar & ethanol sales. Net profit declined by 9.2% to ₹ 18.1 crore due to tax reversal in base quarter

Stepped up exports to bring down inventory

Dwarikesh sugar has aggressively exported sugar in 2019-20 sugar season. In the third tranche of re-allocation, the company received ~20,000 tonnes for export quota. In the full year, the company will be exporting 1.4 lakh tonnes. However, it has crushed 20% higher sugarcane in current season due to early closure of small scale Jaggery units in surrounding areas, which has led to the higher sugarcane availability for its units in 'Bijnore'. We estimate sugar sales volume of 4.65 lakh tonnes (including exports of 1.4 lakh tonnes) for FY21. With the increase in MSP by ₹ 2/kg, we estimate ₹ 33/kg sugar realisation. We believe the company would be able to liquidate additional 50,000 tonnes of sugar in next two years by exports & diversion towards B heavy molasses.

Delay in scaling up distillery capacity

DWSL has commissioned 100 KLD distillery in December 2020. Though distillery volumes scaled up to 0.7 crore litres in March quarter, it suffered volumes sales in June quarter due to lower off-take by OMCs. With lockdown conditions across countries, petrol demand dipped sharply and OMCs had constraints of storing ethanol. We cut down our volume estimates from 3.9 crore litres to 3.25 crore litres for FY21. Despite disruption during lockdown, distillery sales is likely to increase by 180.9% in FY21E & further 24.8% in FY22E.

Valuation & Outlook

DWSL is one of the most efficient sugar companies with lowest cost of production given more than 12.2% sugar recovery. The company has only ₹ 224 crore of term loan at a concessional interest rate. Moreover with strong ₹ 170 crore operating cash flow generation in FY21E & FY22 each, the company would be able to reduce its peak working capital debt requirement by ₹250 crore by March 2022. We value the stock at 1.2x FY21 book value with a target price of ₹ 38/share and have a **BUY** recommendation.



Particulars

| Particulars (₹ crore) | Amount |
|-----------------------------|-----------|
| Market Capitalization | 470.8 |
| Total Debt (FY20) | 654.4 |
| Cash and Investments (FY20) | 3.1 |
| EV | 1,122.1 |
| 52 week H/L (₹) | 42 / 13.4 |
| Equity capital | 18.8 |
| Face value (₹) | 1.0 |

Key Highlights

- The company sold 1.25 lakh tonnes of sugar against 1.2 lakh tonnes in corresponding period due to 0.6 lakh tonnes of sugar exports
- Distillery revenues increased from ₹ 12.2 crore to ₹ 20.8 crore with commissioning of new 100 KLD capacity in December 2019
- Maintain BUY rating on the stock with a revised target price of ₹ 38/share

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Key Financial Summary

| Key Financials | FY18 | FY19 | FY20 | FY21E | FY22E | CAGR (FY20-22E) |
|------------------------|--------|--------|--------|--------|--------|-----------------|
| Total Operating Income | 1429.9 | 1084.1 | 1336.2 | 1768.2 | 1815.4 | 16.6% |
| EBITDA | 142.5 | 129.1 | 136.1 | 225.1 | 220.9 | 27.4% |
| EBITDA Margin % | 10.0 | 11.9 | 10.2 | 12.7 | 12.2 | |
| Net Profit | 101.4 | 95.1 | 73.5 | 129.0 | 131.6 | 33.8% |
| EPS (₹) | 5.4 | 5.1 | 3.9 | 6.8 | 7.0 | |
| P/E | 4.6 | 4.9 | 6.4 | 3.7 | 3.6 | |
| RoNW % | 27.7 | 20.5 | 15.2 | 22.1 | 19.3 | |
| RoCE (%) | 15.9 | 11.8 | 9.0 | 16.6 | 16.5 | |

Exhibit 1: Variance Analysis

| | Q1FY21 | Q1FY20 | YoY (%) | Q4FY20 | QoQ (%) | Comments |
|--------------------------|--------|--------|----------|--------|---------|--|
| Total Operating Income | 440.3 | 379.0 | 16.2 | 461.8 | -4.6 | Revenues increased by 16.2% led by higher sugar & distillery sales led by higher sugar & distillery volumes. |
| Other Operating Income | 0.0 | 0.0 | N.A. | 0.0 | N.A. | |
| Raw Material Expenses | 345.7 | 311.0 | 11.2 | 348.4 | -0.8 | |
| Employee Expense | 20.1 | 16.8 | 19.7 | 23.4 | -14.0 | |
| Other operating Expenses | 24.4 | 14.9 | 64.5 | 34.1 | -28.3 | |
| EBITDA | 50.2 | 36.3 | 38.0 | 56.0 | -10.4 | Operating profit increased by higher sugar & distillery volumes & stable cost scenario |
| EBITDA Margin (%) | 11.4 | 9.6 | 180 bps | 12.1 | -73 bps | |
| Depreciation | 10.1 | 8.3 | 20.5 | 10.1 | -0.6 | |
| Interest | 15.1 | 10.3 | 46.7 | 10.2 | 47.9 | Interest cost is higher as company was holding higher inventory due to increase in production |
| Other Income | 0.5 | 1.5 | -69.5 | 1.5 | -67.9 | |
| PBT | 25.5 | 19.3 | 32.4 | 37.1 | -31.3 | |
| Tax Outgo | 7.4 | -0.7 | -1,239.6 | -7.2 | -203.0 | |
| PAT | 18.1 | 19.9 | -9.2 | 44.3 | -59.2 | Net profit declined by 9.2% due to higher tax paid this quarter. Moreover, corresponding quarter accounts for tax reversal |

| Key Metrics | | | | | | |
|---------------------------------------|---------|---------|------|---------|-------|---|
| Sugar sales volume (in tonnes) | 125,560 | 120,710 | 4.0 | 122,800 | 2.2 | Sugar volumes were higher mainly on account of 60,000 tonnes of sugar exported this quarter |
| Domestic Sugar realisation (₹ per kg) | 31.3 | 31.7 | -1.1 | 29.1 | 7.8 | Sugar realisation fell given sugar prices were trading at ₹ 31/kg in April & May during lockdown |
| Distillery volumes (in crore litre) | 0.4 | 0.3 | 57.1 | 0.7 | -39.7 | Distillery volumes were up due to commissioning of new distillery in December 2019. However, still much lower than the capacity due to lower offtake by OMCs given constrains of their storage capacities |
| Distillery realisation (₹ per litre) | 46.2 | 43.5 | 6.2 | 50.7 | -8.9 | Distillery realisation was higher due to higher proportion of B heavy molasses |

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

| ₹ Crore) | FY21E | | | FY22E | | | Comments |
|-------------------|--------|--------|----------|---------|---------|----------|--|
| | Old | New | % change | Old | New | % change | |
| Net sales | 1775.3 | 1768.2 | -0.4 | 1,822.9 | 1,815.4 | -0.4 | We have changed some of the operational assumptions related to sugar volumes, sugar realisation, distillery volumes & power volumes for FY21 & FY22. Most of the changes are setting off each other. Hence marginal changes in our estimates |
| EBITDA | 220.7 | 225.1 | 2.0 | 216.3 | 220.9 | 2.1 | |
| EBITDA Margin (%) | 12.4 | 12.7 | 30 bps | 11.9 | 12.2 | 30 bps | |
| PAT | 131.6 | 129.0 | -2.0 | 132.8 | 131.6 | -0.9 | |
| EPS (₹) | 7.0 | 6.8 | -2.2 | 7.10 | 7.0 | -1.6 | |

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

| | Current | | | | | Earlier | | Comments |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---|
| | FY18 | FY19 | FY20 | FY21E | FY22E | FY21E | FY22E | |
| Sugar Sold (in tonne) | 373,610 | 317,700 | 387,848 | 465,418 | 465,418 | 469,296 | 469,296 | We marginally change our sugar volume estimates due to lower domestic quota impacted by Lockdown in April & May |
| Sugar Price (₹ per tonne) | 35,320 | 29,628 | 31,300 | 33,000 | 33,200 | 32,500 | 33,000 | We increased our sugar realisation estimate mainly on account of expected MSP increase from October 2020 |
| Distillery volume | 6,400 | 9,017 | 11,600 | 32,500 | 40,560 | 39,000 | 42,900 | We reduce our distillery estimates due to lower offtake by OMCs in Q1 |
| Distillery price (₹ per KL) | 38,900 | 40,278 | 48,350 | 48,484 | 48,484 | 48,484 | 48,484 | |
| Power Units sold | 19.4 | 20.2 | 16.3 | 18.8 | 19.5 | 16.3 | 18.0 | We are expecting higher power volumes in FY21 |
| Price per unit (₹ per units) | 4.8 | 5.0 | 2.9 | 3.2 | 3.3 | 3.0 | 3.2 | |

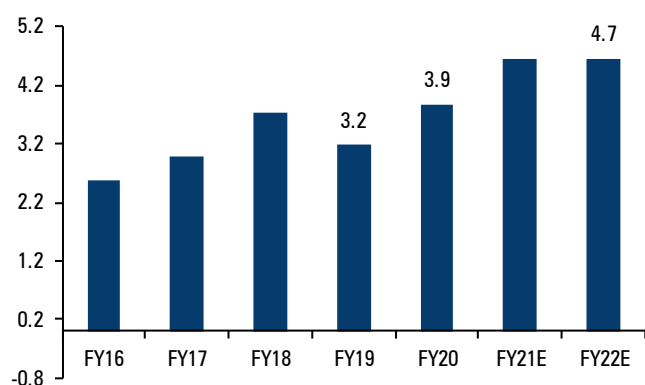
Source: Company, ICICI Direct Research

Conference call Highlights

- Revenue increased by 16.2% to ₹ 440.3 crore on the back of 13.1% growth in sugar segment sale & 70.9% growth in distiller segment sales. Power segment sales also increased by 70.5%.
- The strong sugar sales was aided by higher sugar volumes & additional sales of molasses as company crushed 20% higher sugarcane in 2019-20 sugar season. Sugar volumes sales was 4% higher to 1.25 lakh tonnes, which includes 0.6 lakh tonnes of export in Q1. Domestic sugar volumes were 0.65 lakh tonnes.
- Domestic sugar realisation was 1.1% lower at ₹ 31.3 / kg due to fall in sugar prices in April & May with the sudden decline in bulk consumer demand (ice-creams, Carbonated drinks) due to covid induced lockdown. Export sugar realisation was ₹ 32.6 /kg
- The company already exported 1.2 lakh tonnes of sugar this season & in third tranche of re-allocation, it received another ~20,000 tonnes which would be exported in Q2FY20
- Distillery sales was up mainly due to commissioning of 100 KLD new plant in December 2019. Ethanol volumes were higher by 57% to 0.44 lakh litres.
- The high growth in power due to driven by 64% jump in power volumes as company crushed 20% higher sugarcane 2019-20 crushing season, which led to the higher availability of bagasse.
- The company is holding 2.9 lakh tonnes of sugar valued at ₹ 28.8 / kg. It was holding 2.2 lakh tonnes of inventory in June 2019. The company crushed 21.9% higher sugarcane & produced 21.5% higher sugar (4.58 lakh tonnes) in sugar reason 2019-20.
- Bagasse prices were prevailing at ₹ 2.3 / kg in March dipped to ₹ 1.75/ kg post lockdown as most of the end user industries were shut down for almost 2 months.
- The company is functioning 100 KLD distillery at this time as against its capacity of 130 KLD as the company is awaiting certain approval for full capacity utilisation. It will be utilising full 130 KLD capacity from next crushing season with an additional line for ENA
- The OMCs ethanol off-take is still lower in Q2. However, it is likely to improve from Q3 onwards. The company expects to sell more than 3.0 cr litres in FY21. It will also try to maximise production of B heavy ethanol (Out of total ethanol production in next crushing season - 50% would be through C heavy molasses & rest 50% from B heavy molasses) by higher sugarcane diversions towards it.
- The current long term debt for the company stands at 224 crore, of which ₹ 107 crore was received for farmers payment last year & rest for the distillery expansion. The entire long term debt is at the concessional rate
- The country is expected to produce 30.5 million tonnes of sugar in the next crushed season after the sacrifice of 1.5 million tonnes of sugar sacrifice for B heavy ethanol. In the current crushing season, 1.0 million tonnes was sacrificed for B heavy molasses.
- Sugarcane acreage in UP has increased by 5%. However, sugar production depends on multiple factors (1) whether conditions can impact sugarcane yield (2) higher diversion towards Jaggery & **Khandsari** units can also reduce some sugarcane availability for sugar industry in sugar season (3) sugarcane recovery would also be an important factor in determining sugar production

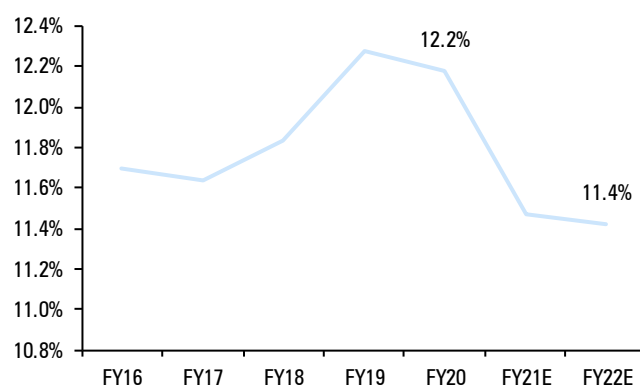
Metrics

Exhibit 4: Sugar sales volume (in lakh tonne)



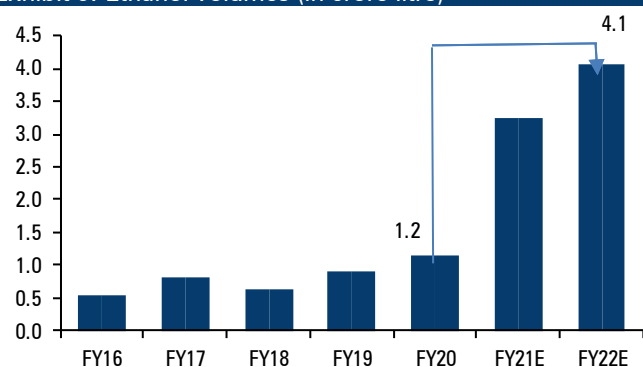
Source: ICICI Direct Research, Company

Exhibit 5: Sugar recovery rate (%)



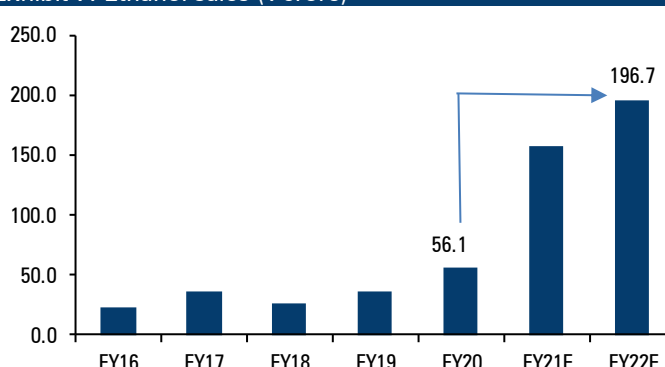
Source: ICICI Direct Research, Company

Exhibit 6: Ethanol volumes (in crore litre)



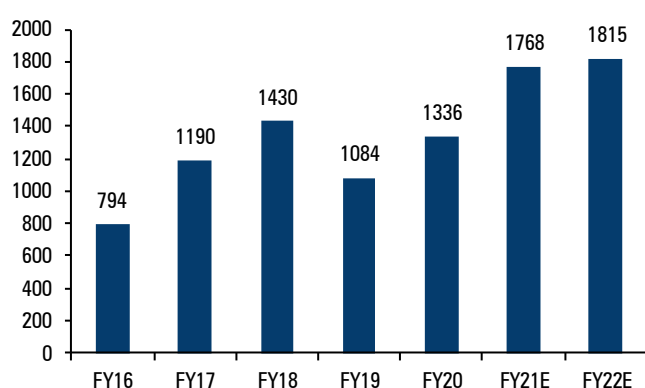
Source: Company, ICICI Direct Research

Exhibit 7: Ethanol sales (₹ crore)



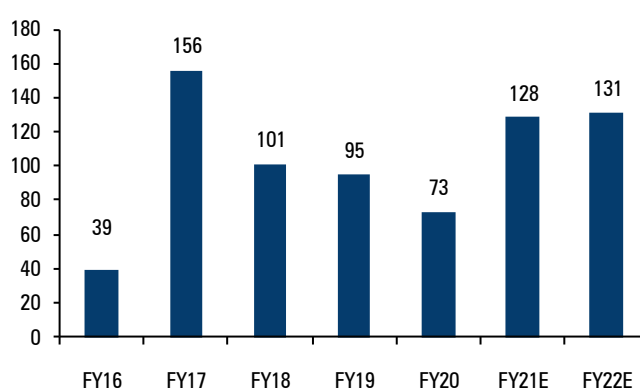
Source: Company, ICICI Direct Research

Exhibit 8: Revenue trend (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 9: Net profit trend (₹ crore)



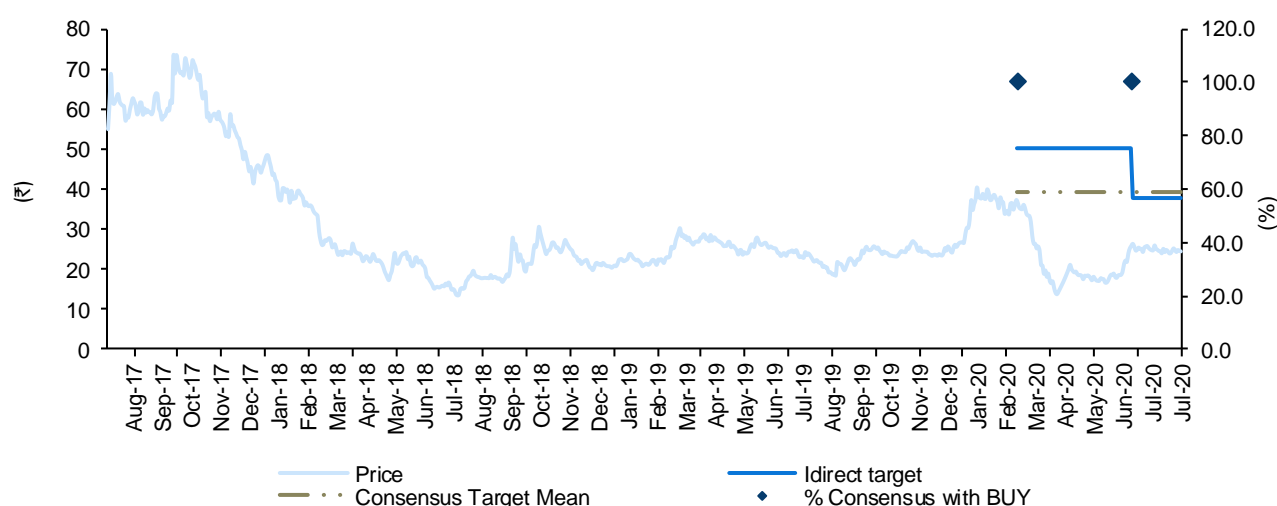
Source: Company, ICICI Direct Research

Exhibit 10: Valuation

| | Sales (₹ cr) | Growth (%) | EPS (₹) | Growth (%) | PE (x) | EV/EBITDA (x) | RoNW (%) | RoCE (%) |
|-------|-----------------|---------------|------------|---------------|-----------|------------------|-------------|-------------|
| FY19 | 1084.1 | -24.2 | 5.1 | -6.3 | 4.9 | 8.3 | 20.5 | 11.8 |
| FY20 | 1336.2 | 23.3 | 3.9 | -22.7 | 6.4 | 8.1 | 15.2 | 9.0 |
| FY21E | 1767.9 | 32.3 | 6.8 | 74.6 | 3.7 | 4.3 | 22.0 | 16.6 |
| FY22E | 1815.1 | 2.7 | 7.0 | 2.0 | 3.6 | 4.0 | 19.3 | 16.5 |

Source: Company, ICICI Direct Research

Exhibit 11: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 12: Top 10 Shareholders

| Rank | Investor Name | Filing Date | % O/S | Position (m) | Change (m) |
|------|----------------------|-------------|-------|--------------|------------|
| 1 | Morarka Gautam R | 30-Jun-20 | 15.2 | 28.6 | 0.0 |
| 2 | Dwarikesh Trading Co | 30-Jun-20 | 13.9 | 26.2 | 0.0 |
| 3 | Morarka Finance Ltd | 30-Jun-20 | 11.5 | 21.6 | 0.0 |
| 4 | Goel Anil Kumar | 30-Jun-20 | 4.4 | 8.2 | 0.0 |
| 5 | Kumbhat Krishna Kuma | 31-Dec-19 | 3.5 | 6.6 | 6.6 |
| 6 | Dsp Blackrock Invest | 30-Jun-20 | 3.3 | 6.3 | 0.0 |
| 7 | Indianivesh Capitals | 30-Jun-19 | 3.1 | 5.9 | 0.3 |
| 8 | Param Value Inv | 17-Jan-17 | 2.8 | 5.2 | 0.0 |
| 9 | Goel Seema | 30-Jun-20 | 2.0 | 3.8 | 0.0 |
| 10 | Rajesh Nuwal | 31-Mar-20 | 1.6 | 3.0 | 3.0 |

Source: Reuters, ICICI Direct Research

Exhibit 13: Shareholding Pattern

| (in %) | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 |
|----------|--------|--------|--------|--------|--------|
| Promoter | 41.9 | 41.9 | 41.9 | 42.1 | 42.1 |
| FII | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| DII | 3.6 | 3.1 | 3.0 | 3.8 | 3.6 |
| Others | 54.5 | 55.0 | 55.1 | 54.1 | 54.3 |

Source: Company, ICICI Direct Research

Financial summary

| Exhibit 14: Profit and loss statement | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| (Year-end March) | FY19 | FY20 | FY21E | FY22E |
| Total Operating Income | 1,084.1 | 1,336.2 | 1,767.9 | 1,815.1 |
| Growth (%) | -24.2 | 23.3 | 32.3 | 2.7 |
| Raw Material Expenses | 799.0 | 1,029.3 | 1,365.0 | 1,415.4 |
| Employee Expenses | 70.8 | 78.8 | 84.9 | 88.9 |
| Administrative Expenses | 4.8 | 0.0 | 0.0 | 0.0 |
| Excise Duty | 0.0 | 0.0 | 0.0 | 0.0 |
| Other expenses | 80.4 | 92.0 | 93.7 | 90.8 |
| Total Operating Expenditure | 955.1 | 1,200.1 | 1,543.5 | 1,595.1 |
| EBITDA | 129.1 | 136.1 | 224.3 | 220.1 |
| Growth (%) | -9.4 | 5.5 | 64.8 | -1.9 |
| Depreciation | 32.9 | 36.9 | 41.9 | 38.8 |
| Interest | 21.3 | 33.0 | 22.2 | 18.4 |
| Other Income | 36.1 | 5.4 | 6.5 | 7.3 |
| PBT | 74.8 | 66.2 | 160.2 | 162.8 |
| Exceptional items | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Tax | 15.8 | -1.9 | 38.3 | 39.1 |
| PAT | 95.1 | 73.5 | 128.3 | 131.0 |
| Growth (%) | -6.3 | -22.7 | 74.6 | 2.0 |
| EPS (₹) | 5.1 | 3.9 | 6.8 | 7.0 |

Source: Company, ICICI Direct Research

| Exhibit 15: Cash flow statement | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | ₹ crore | | | |
| (Year-end March) | FY19 | FY20 | FY21E | FY22E |
| Profit/Loss after Tax | 110.9 | 57.2 | 128.3 | 131.0 |
| Add: Depreciation | 32.9 | 36.9 | 41.9 | 38.8 |
| Add: Interest | 21.3 | 33.0 | 0.0 | 0.0 |
| (Inc)/dec in Current Assets | -355.9 | -145.0 | 37.8 | 65.4 |
| Inc/(dec) in Current Liabilities | -35.3 | 29.3 | -39.9 | -58.9 |
| CF from operating activities | -250.4 | 11.3 | 168.1 | 176.3 |
| (Inc)/dec in Investments | 0.0 | 0.4 | 2.0 | 2.0 |
| (Inc)/dec in Fixed Assets | -47.8 | -111.9 | -20.0 | -40.0 |
| Others | 3.9 | -7.4 | 11.2 | 0.0 |
| CF from investing activities | -43.9 | -119.0 | -6.8 | -38.0 |
| Issue/(Buy back) of Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Inc/(dec) in loan funds | 313.4 | 185.5 | -120.0 | -90.0 |
| Dividend paid & dividend tax | 0.0 | -45.4 | -34.0 | -34.0 |
| Inc/(dec) in Sec. premium | 0.0 | 0.0 | 4.8 | 0.0 |
| Others | -21.1 | -31.0 | 0.0 | 0.0 |
| CF from financing activities | 292.3 | 109.1 | -149.2 | -124.0 |
| Net Cash flow | -2.0 | 1.4 | 12.1 | 14.3 |
| Opening Cash | 2.5 | 0.5 | 1.9 | 14.0 |
| Cash with bank | 0.8 | 1.2 | 0.0 | 0.0 |
| Closing Cash | 1.3 | 3.1 | 14.0 | 28.4 |

Source: Company, ICICI Direct Research

| Exhibit 16: Balance sheet | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| | FY19 | FY20 | FY21E | FY22E |
| Liabilities | | | | |
| Equity Capital | 18.8 | 18.8 | 18.8 | 18.8 |
| Reserve and Surplus | 444.8 | 464.9 | 564.0 | 661.0 |
| Total Shareholders funds | 463.6 | 483.7 | 582.9 | 679.8 |
| Total Debt | 635.6 | 654.4 | 534.4 | 444.4 |
| Long Term Provisions | 17.5 | 19.0 | 17.0 | 15.0 |
| Other Non-current Liabilities | 8.1 | 6.2 | 6.2 | 6.2 |
| Total Liabilities | 1,124.8 | 1,163.4 | 1,140.5 | 1,145.5 |
| Assets | | | | |
| Gross Block | 763.2 | 911.0 | 931.0 | 971.0 |
| Less: Acc Depreciation | 443.8 | 480.6 | 522.5 | 561.4 |
| Net Block | 319.4 | 430.3 | 408.4 | 409.6 |
| Capital WIP | 16.1 | 1.9 | 1.9 | 1.9 |
| Intangible assets | 0.0 | 0.0 | 0.0 | 0.0 |
| Non Current Investments | 0.3 | 0.3 | 0.3 | 0.3 |
| Other non-current assets | 79.6 | 77.7 | 65.7 | 63.7 |
| Current Assets | | | | |
| Inventory | 824.0 | 912.5 | 893.8 | 806.7 |
| Debtors | 60.1 | 98.0 | 58.9 | 60.5 |
| Cash | 1.3 | 3.1 | 14.0 | 28.4 |
| Loans & Advances | 0.2 | 0.1 | 0.1 | 0.1 |
| Other Current Assets | 64.0 | 85.4 | 105.4 | 125.4 |
| Current Liabilities | | | | |
| Creditors | 182.5 | 209.9 | 181.9 | 125.0 |
| Provisions | 2.9 | 2.9 | 2.9 | 2.9 |
| Other CL | 54.9 | 233.2 | 223.2 | 223.2 |
| Net Current Assets | 709.3 | 653.1 | 664.1 | 669.9 |
| Total Assets | 1,124.8 | 1,163.4 | 1,140.5 | 1,145.5 |

Source: Company, ICICI Direct Research

| Exhibit 17: Key ratios | | | | |
|-----------------------------|---------|-------|-------|-------|
| | ₹ crore | | | |
| | FY19 | FY20 | FY21E | FY22E |
| Per share data (₹) | | | | |
| EPS | 5.1 | 3.9 | 6.8 | 7.0 |
| Cash EPS | 6.8 | 5.9 | 9.0 | 9.0 |
| BV | 24.6 | 25.7 | 31.0 | 36.1 |
| DPS | 0.0 | 2.4 | 1.8 | 1.8 |
| Cash Per Share | 23.6 | 25.5 | 27.7 | 29.8 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 11.9 | 10.2 | 12.7 | 12.1 |
| PBT / Net Sales | 10.2 | 5.4 | 9.4 | 9.4 |
| PAT Margin | 8.8 | 5.5 | 7.3 | 7.2 |
| Inventory days | 277.4 | 249.3 | 184.5 | 162.2 |
| Debtor days | 20.2 | 26.8 | 12.2 | 12.2 |
| Creditor days | 61.4 | 57.3 | 37.6 | 25.1 |
| Return Ratios (%) | | | | |
| RoE | 20.5 | 15.2 | 22.0 | 19.3 |
| RoCE | 11.8 | 9.0 | 16.6 | 16.5 |
| Valuation Ratios (x) | | | | |
| P/E | 4.9 | 6.4 | 3.7 | 3.6 |
| EV / EBITDA | 8.3 | 8.1 | 4.3 | 4.0 |
| EV / Net Sales | 1.0 | 0.8 | 0.6 | 0.5 |
| Market Cap / Sales | 0.4 | 0.4 | 0.3 | 0.3 |
| Price to Book Value | 1.0 | 1.0 | 0.8 | 0.7 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 4.9 | 4.8 | 2.4 | 2.0 |
| Debt / Equity | 1.4 | 1.4 | 0.9 | 0.7 |
| Current Ratio | 4.7 | 4.9 | 5.6 | 7.6 |
| Quick Ratio | 0.6 | 0.8 | 0.9 | 1.4 |

Source: Company, ICICI Direct Research

Exhibit 18: ICICI Direct coverage universe (Sugar)

| Sector / Company | CMP | TP | M Cap | EPS (₹) | | | P/E (x) | | | EV/EBITDA (x) | | | P/B | | | RoCE (%) | | | |
|------------------------------|-----|-----|-------|---------|--------|------|---------|-------|-------|---------------|-------|-------|-------|-------|-------|----------|-------|-------|-------|
| | (₹) | (₹) | | Rating | (₹ Cr) | FY20 | FY21E | FY22E | FY20E | FY21E | FY22E | FY20E | FY21E | FY22E | FY20E | FY21E | FY22E | FY20E | FY21E |
| Balrampur Chini (BALCHI) | 130 | 176 | Buy | 2,860 | 23.6 | 24.1 | 27.5 | 5.5 | 5.4 | 4.7 | 6.2 | 5.1 | 4.5 | 1.2 | 1.1 | 1.0 | 16.1 | 18.5 | 19.7 |
| Dhampur Sugar (DHASUG) | 132 | 160 | Buy | 851 | 32.5 | 35.9 | 40.1 | 4.1 | 3.7 | 3.3 | 6.7 | 5.0 | 4.0 | 0.6 | 0.5 | 0.5 | 10.4 | 13.3 | 14.5 |
| Dwarikesh sugar (DWASUG) | 25 | 38 | Buy | 471 | 3.9 | 6.8 | 7.0 | 6.5 | 3.7 | 3.6 | 8.1 | 4.3 | 4.0 | 1.0 | 0.8 | 0.7 | 9.0 | 16.6 | 16.5 |
| Triveni Engineering (TRIENG) | 72 | 82 | Buy | 1,351 | 13.5 | 15.4 | 16.4 | 5.3 | 4.7 | 4.4 | 4.9 | 4.4 | 4.1 | 1.0 | 0.8 | 0.7 | 17.6 | 18.1 | 17.7 |
| Dalmia Bharat Sugar (DALSUG) | 127 | 160 | Buy | 1,004 | 23.9 | 26.8 | 28.4 | 5.3 | 4.7 | 4.5 | 8.1 | 7.2 | 5.9 | 0.7 | 0.6 | 0.5 | 11.8 | 11.9 | 12.1 |

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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