June 1, 2018

Gati Ltd (GATLIM)

₹ 98

Impacted by one-offs

- Revenues for Q4FY18 grew 10% YoY to ₹ 455 crore (I-direct estimate: ₹ 426 crore). Express distribution and supply chain (EDSC) grew 9% to ₹ 370 crore. Growth was further accelerated by growth of 12% and 8% YoY in fuel and other sales, respectively
- Higher cost of sales continues to dent EBITDA margins that declined 96 bps to 3.4% (I-direct estimate: 5.5%). Subsequently, EBITDA de-grew 15% YoY to ₹ 16 crore (I-direct estimate: ₹ 23 crore)
- PAT was at a loss of ₹ 5 crore (I-direct estimate: profit of ₹ 6 crore) against loss of ₹ 2 crore in Q4FY17, mainly due to a weak operational performance. Exceptional loss of ₹ 23.6 crore due to invocation of corporate guarantee in favour of financial institution was largely negated by a higher other income of ₹ 21 crore

Tapering e-com revenues drag FY18 standalone revenue growth

Standalone revenues remained flat QoQ, post experiencing de-growth for four consecutive quarters, with a YoY decline of 9% over Q4FY17 to ₹ 111 crore vs. ₹ 122 crore. For FY18, standalone revenues de-grew 10% YoY to ₹ 446 crore. Ecommerce continues to remain the spoilsport with abnormal growth rates peaking out faster than expected (in Q4FY16) and turning to a negative territory (from Q4FY17). Competition from captive logistics arm of e-tail players coupled with tapering gross merchandise value (GMVs) of these players are a concern for the Gati e-commerce revenues. Although the management is making efforts to revive the segment we believe the same will remain subdued in the near term. Given its pan-India reach, Gati would continue to remain the logistics partner across e-tailing players however the growth would remain amiss.

Growth in express distribution division critical for improving performance

For FY18, consolidated revenues showed marginal growth of 3% to ₹ 1736 crore. Express distribution and logistics (82% of sales) remained flat at ₹ 1422 crore whereas fuel sales (14% of sales) grew 12% to ₹ 240 crore. Revival of revenue growth in express division remains critical for growth in consolidated revenues. On the EBIT margin front, express distribution and logistics (93% of EBIT) showed 62 bps expansion to 6.6% and fuel sales (14% of sales) showed 43 bps expansion to 2.8%. Going forward, we expect overall revenues to grow at 15% CAGR to ₹ 2287 crore in FY20.

Induction of new partner, key for stock re-rating

The management communicated in Q4 they have been planning to consider strategic/financial partner, a key positive for the stock. A strategic buyer would especially supplement the company with newer growth opportunities. Also, the GST regime is expected to be a significant factor for growth and profitability for logistics companies. Businesses across industries in India are expected to make their storage/transportation decisions on the basis of logistical efficiencies instead of their tax efficiency, which is likely to result in significant business opportunities for large, integrated logistics solutions providers like Gati. Post the resolution of the foreign currency convertible bonds (FCCB) issue, Gati would now be able to bring in a strategic investor and raise funds for expansion and/or de-merge its business into separate entities. Given these strategic decisions, we maintain our **BUY** rating on the stock. However, with a revision in e-commerce revenues, we revise our target price to ₹ 120 (vs. ₹ 135 earlier).

Rating matrix

Rating	:	Buy
Target	:	₹ 120
Target Period	:	12 months
Potential Upside	:	23%

What's changed?

Target	Changed from ₹ 135 to ₹ 120
EPS FY19E	Changed from ₹ 3.4 to ₹ 3.3
EPS FY20E	Changed from ₹ 4.2 to ₹ 4.7
Rating	Unchanged

Quarterly performance

₹ Crore	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)
Revenue	454.6	414.9	9.6	448.5	1.4
EBITDA	15.5	21.4	(27.6)	24.1	(35.8)
EBITDA (%)	3.4	5.1	-174 bps	5.4	-197 bps
PAT	(4.8)	10.6	NA	4.8	NA

Key financials

₹ Crore	FY17	FY18E	FY19E	FY20E
Net Sales	1,691	1,736	1,969	2,287
EBITDA	96	77	125	162
Net Profit	9.3	34.3	36.1	51.4
EPS (₹)	1.1	3.2	3.3	4.7

Valuation summary

	FY17	FY18E	FY19E	FY20E
P/E (x)	92.7	30.7	29.2	20.5
Target P/E (x)	107.1	21.0	33.8	23.7
EV/EBITDA (x)	13.5	19.0	11.8	8.9
P / BV (x)	1.5	1.7	1.6	1.5
RONW (%)	1.6	5.8	5.7	7.6
ROCE (%)	8.2	6.5	10.4	13.1

Stock data

Particular	Amount
Market Capitalization (₹ Crore)	1,056.4
Total Debt (FY17) (₹ Crore)	493.0
Cash (FY17) (₹ Crore)	62.8
EV (₹ Crore)	1,486.7
52 week H/L	154\84
Equity Capital (₹ Crore)*	21.7
Face Value (₹)	2.0

** Adjusted for conversion of FCCB's*

Peer Comparison

	1M	3M	6M	1Y
Blue Dart Expres	-6.7	-19.7	-16.3	-21.9
Gati Ltd	-19.7	-13.1	-30.4	-21.1
Vrl Logistics	-11.8	-8.1	-9.1	17.8
Transport Corp	-2.3	4.2	-5.2	-2.8

Research Analyst

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Variance analysis

₹ Crore	Q4FY18	Q4FY18E	Q4FY17	YoY (%)	Q3FY18	QoQ (%)	Comments
Revenue	454.6	425.8	414.9	9.6	448.5	1.4	
Cost of Sales	81.7	74.5	73.4	11.2	77.3	5.6	
Operating Expenses	264.2	244.8	239.7	10.2	260.1	1.5	
Employee Benefit Expenses	48.8	46.8	41.3	18.0	49.2	-0.8	
Other Expenditure	44.5	36.2	39.2	13.6	37.9	17.7	
Total Expense	439.1	402.4	393.6	11.6	424.4	3.5	
EBITDA	15.5	23.4	21.4	-27.6	24.1	-35.8	
EBITDA Margin (%)	3.4	5.5	5.1	-174 bps	5.4	-197 bps	
Depreciation	7.4	7.5	1.1	604.8	7.3	0.8	
Interest	12.4	11.2	9.9	25.8	11.8	5.1	
Other Income	21.1	3.3	3.4	514.9	2.0	981.5	
PBT	16.7	8.0	13.9	20.7	6.9	143.7	
Total Tax	-2.1	2.0	3.2	-164.5	2.1	-201.0	
Extra-ordinary gain/(loss)	-23.6	0.0	0.0	NA	0.0	NA	Loss due to invocation of corporate guarantee in favour of financial institution which has been challenged by the company
Adj PAT (excl. Minority Int)	-4.8	6.0	9.3	-151.3	4.8	-199.4	

Source: Company, ICICI Direct Research

Change in estimates

			FY19E			FY20E		
(₹ Crore)	FY17	FY18E	Old	New	% Change	Old	New	% Change
Revenue	1,691.0	1,735.8	1,959.4	1,969.0	0.5	2,275.1	2,286.5	0.5
EBITDA	95.8	77.1	121.3	124.9	3.0	157.2	161.5	2.7
EBITDA Margin (%)	5.7	4.4	6.2	6.3	16 bps	6.9	7.1	15 bps
PAT	9.3	34.3	36.3	36.1	-0.6	45.8	51.4	12.0
EPS (₹)	1.1	3.2	3.4	3.3	-0.6	4.2	4.7	12.0

Source: Company, ICICI Direct Research

Assumptions

	Current		Earlier		
	Phase 1	Phase 2	Phase 1	Phase 2	Comments
Revenue Growth (%)	10.4	14.1	11.1	13.8	Lower base impact of FY18 to result in higher growth rates for Phase 1
Present Value FCFE	572.2	271.7	589.0	311.0	FCFE value Phase 1 (FY15-20) & Phase 2 (FY20-25)
Cost of Equity	15.0	13.2	14.6	13.2	

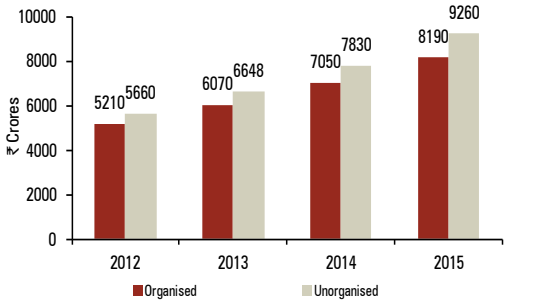
Source: Company, ICICI Direct Research

Company Analysis

GST to trigger unorganised to organised shift in express industry…

For FY15, more than 50% of the ₹ 17500 crore express market is comprised by the unorganised market, which makes it favourable for organised and recognised players like Gati, to increase its penetration in the same. The industry is highly fragmented with ~2500 players but very few integrated players. In the organised segment, the postal department, together with large players, constitutes the organised portion of the market. While the Indian postal department holds a lion's share in the document segment, other organised players distinctively command a significant market share in the non-document market. Major domestic players in the organised segment like Gati, BlueDart, DTDC, First Flight, coupled with global majors like DHL, FedEx, TNT and UPS constitute the organised express industry in India.

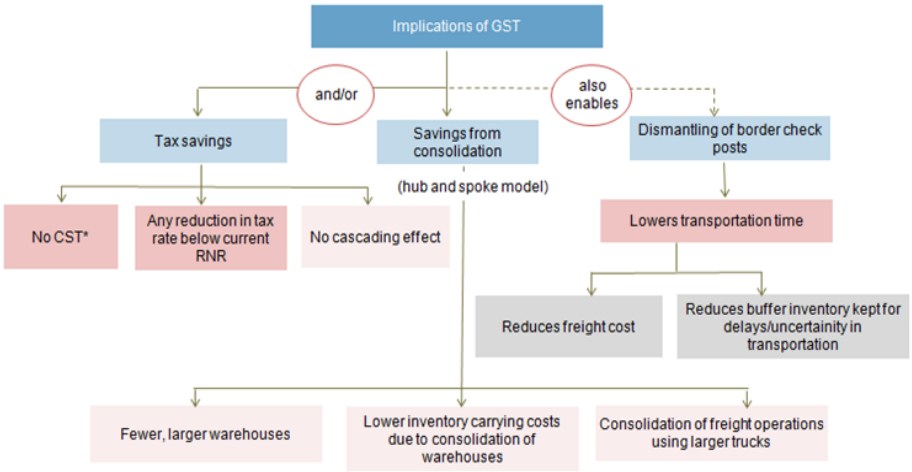
Exhibit 1: Unorganised market forms major portion



Source: CII survey, ICICI Direct Research

The recently introduced GST reform will lead to a simplified tax structure with a majority of taxes pooled under one uniform rate, thereby bringing more efficient tax administration and reduction in tax seepages. Due to multiple taxation, firms had resorted to setting up multiple warehouses in different states. This was adding up to costs of firms as they were unable to take advantage of economies of scale from using larger but fewer warehouses. Implementation of GST will overhaul and compress the entire transportation set-up. It is estimated that under the GST system, tax will be levied on stock transfers and full credit will be given on inter-state transactions. The outcome of the same will enable manufacturers to plan the warehousing and decisions on the basis of operational and logistics efficiency. The current supply chain arrangements would be realigned making certain proximity to manufacturing locale or consumption markets, resulting in a diverse hub and spoke models.

Exhibit 2: GST to favour organised logistics players like Gati…



Source: Crisil Research, ICICI Direct Research

Gati with its widespread reach and warehousing capabilities is well positioned to seize these opportunities. Implementation of GST will lead to consolidation of widely spread warehouses. In contrast, free movement of goods and services would necessitate tightened logistics networks. Gati provides integrated and seamless transportation and routing of goods through its reach of ~19000 pin codes and warehousing capacity of 3 million square feet msf. The pan India coverage makes the company the preferred logistics partners of majority players.

FCCB issue resolved – Decline in debt, broadening equity base, dilution of 7.3% in promoter holdings...

Gati had raised $22.18 million on December 12, 2011 by issuing zero coupon unsecured foreign currency convertible bonds (FCCB) (FV: $1000) redeemed by December 13, 2016. The issue in prejudice has been resolved. Two-third of these FCCBs have been converted into equity shares while the remaining one-third has been repaid. Post this, the equity base increased to 10.8 crore shares of face value ₹ 2/- resulting in equity capital of ₹ 21.6 crore vs. earlier 8.8 crore shares (FV: ₹ 2/-) resulting an equity capital of ₹ 17.6 crore. The remaining portion was paid by cash. Outstanding debt, to the extent of FCCB (₹ 145 crore), was reduced leading overall outstanding debt to reduce from ₹ 493 crore to ₹ 390 crore.

The resolution of this issue would now enable Gati to bring in a strategic investor in its key businesses. Moreover, it can also de-merge its growing business into separate units enabling the management to adopt a focused approach. We believe that any development in this direction would re-rate the stock.

Gati – Preferred logistics partner due to market leadership

Gati continues to maintain its market leadership in the express distribution industry. The express distribution market is currently valued at ₹ 17,50,000 crore, which can be further broadly distributed to documents and non-documents segments. Gati remains the market leader in the non documents market with ~19% market share. It creates a moat around its business model by providing one-stop solutions for all logistic requirements from warehousing, freight forwarding, supply chain solutions, temperature controlled solutions, B2C couriers and fulfilment centres. Having coverage of over 21000 pin codes and 653 districts, the company claims a reach of 99.3% of the Indian geography. Express distribution derives ~79% of revenues from surface movement. For the sector per se, the former parent's (TCI) association with a majority of auto OEMs resulted in majority of revenues for the company. However, over a period of time, with higher market penetration, this dependence was de-risked followed by a diversified current customer profile.

Gati caters to logistics requirements for eight of the top 10 auto companies (Ford, Tata, Hero, Suzuki, etc.), top seven of electronic companies (Samsung, Canon, Ricoh, etc.), five of the top seven pharmaceutical companies (Cipla, Novartis, Torrent, etc) and three of the top five FMCG companies (HUL, Dabur, Godrej, etc). Through surface logistics, the company also carries out transportation of temperature controlled products. With the company catering to the needs of diversified industries, the company's growth rate can be associated with the performance of these industries, which further extrapolates to the GDP growth rate. Gati derives 75% of its business from institutional clients and the remaining 25% from the retail segment. It provides a credit period of ~60 days to institution clients. These agreements include "diesel surcharge" clause. The clause benchmarks "diesel price hike index" wherein billing is adjusted with a variation in the same. Thus, customers pay the additional cost calculated by the specified "diesel price hike index". As the majority of the business flows from institutions with whom Gati has formal agreements, it provides enhanced revenue visibility and lower tonnage volatility.

Exhibit 3: Multi modal & multi-service offerings of Gati

Source: Industry, ICICI Direct Research

A widespread network managed by multi-modal capabilities, leadership in surface and incremental revenues from ramp up of volumes in the GST-era would resume growth in its KWE revenues.

The near term revenue estimates are kept at an expected growth of 15% over FY18-20E. However, we continue to maintain our second phase growth assumption of 14% CAGR over FY20E-25E.

Valuation

The logistics industry in India grew at a CAGR of ~17% over 2009-14. The growth is further pegged at 1.2x of the GDP growth rate. Gati with its leading market share and widespread reach across Indian geographies provides one-stop logistics service. With support from parent (KWE) support, Gati is further expected to expand its market share from the high unorganised market in the industry. The theme around e-tailing, cold chain and implementation of GST would play out in a phased manner and may result in a multiplier effect on the sector's fundamentals, thereby providing a multiple re-rating. As advantages will accrue in a phased manner, we employ the two phase free cash flow to the firm (FCFF) model over FY16-25E for our discounted cash flow methodology.

We believe Gati will undergo these two phases of transformation, which will transform the company to a mature player in the supply chain mechanism.

The first phase will be the high growth phase over FY18-20E, where revenues will grow at a CAGR of 15% mainly due to lower base on account of softer FY17 and FY18 due to deceleration in e-tailing segment and slower-than-expected revenues generated from fulfilment services. However, as the economy stabilises and the recent efforts start paying off there would be a sharp up-tick in the growth rates which would be captured in the second growth phase. We build in stable growth rates for period (FY20E-25E), wherein we believe the company will achieve a growth rate of ~14% CAGR. Thereafter, it will grow at a terminal growth rate of ~4%. Higher utilisation levels and better infrastructure management will bring in an improvement in return ratios, thereby improving the cash flow generation. We revise our target price to ₹ 120 and continue to maintain **BUY** recommendation.

Exhibit 4: DCF valuation

Valuation	₹ Cr
PV of High growth period	39.3
PV of Stable growth period	266.99
PV of Terminal value	1104.7
Less: Debt	(493.04)
Add: Cash & Investment	125.62
Targeted Market Capitalization	1,043.52
No. of shares	8.73
Target Price (₹)	120

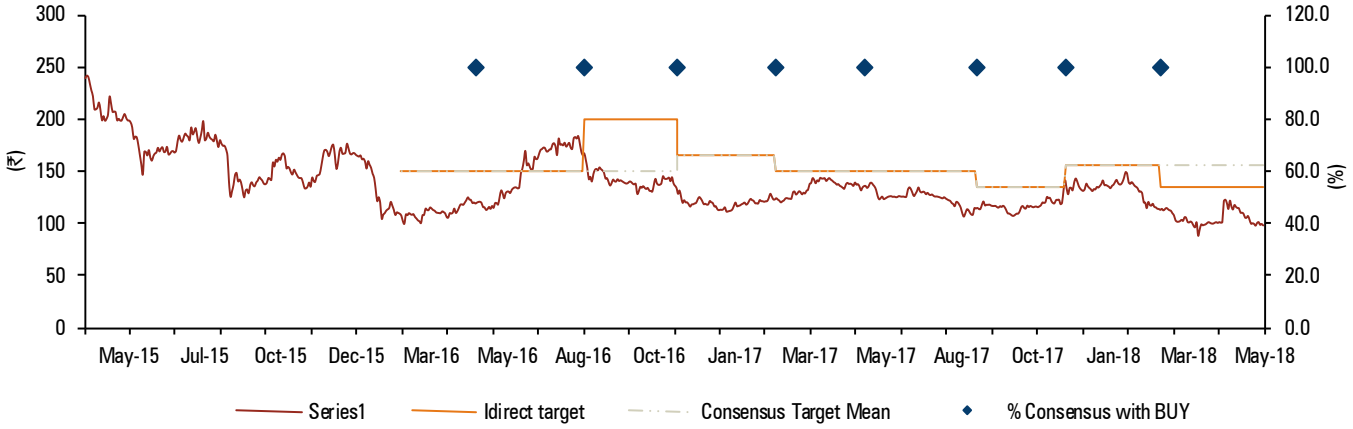
Source: Company, ICICI Direct Research

Exhibit 5: Sensitivity to DCF valuation

		WACC				
		9.0%	10.0%	11.0%	12.0%	13.0%
Terminal Growth Rate	2%	95.2	93.1	91.2	89.3	87.6
	3%	108.6	106.5	104.5	102.7	101.0
	4%	125.9	123.8	**121.8**	120.0	118.3
	5%	149.1	147.0	145.0	143.2	141.5
	6%	181.8	179.7	177.7	175.9	174.2

Source: Company, ICICI Direct Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Dec-11	Issues FCCBs for proceeds amount of $22.18 million
Feb-12	Kintetsu World Express (KWE) acquires Gati's EDSC Business
Feb-12	Sells partial stake in Gati Ship to Bernhard Schulte GmbH & Co KG
May-13	Sells complete stake in Gati Ship to Riba Constructions Pvt Ltd
Sep-13	Starts reporting e-commerce revenues with ₹ 4 crore quarterly run rate
Oct-14	Sale of minority stake in Gati Kausar to Mandala Capital; stock hits 52-week high
Dec-14	E-commerce revenues grow 79% QoQ to ₹42 crore
Jul-15	Repots Q1FY16 results with 5% growth in revenues & E-commerce revenues at ₹ 45 crore
Oct-15	Reports Q2FY16 results lower than estimates. Standalone grows 16% YoY
Jan-16	Reports Q3FY16 results with 1% de-growth in revenues, E-commerce revenues at ₹ 53 crore. Margins at 8.1%
Apr-16	Reports Q4FY16 results higher than estimates. FY16 revenue grows 1%; Standalone grows 12% YoY
Jun-16	Reports Q1FY17 results. Revenue grow 2%; standalone grows 9%. E-commerce grows 29%
Nov-16	Reports Q2FY17 results. Revenues grow 5%. E-com revenues grow 3% YoY. Announced strategic investments in Browntape with investments to the extent of ₹ 18.5 crore
May-17	Reports Q4FY17 results. Revenues de-grow 3% YoY. E-com revenues de-grow 21% YoY. Browntape revenues to start contributing from Q1FY18

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Bay Capital Partners, Ltd.	31-Dec-17	0.09	9.9	0.0
2	Goldman Sachs Asset Management (India) Private Ltd.	31-Dec-17	0.08	9.1	0.0
3	Neera & Childrens Trust	31-Dec-17	0.05	5.6	0.0
4	New Horizon Managers Limited	31-Dec-17	0.05	5.0	0.0
5	TCI Finance Ltd	21-Mar-18	0.04	4.7	0.0
6	Kintetsu World Express Inc	31-Dec-17	0.04	4.3	0.0
7	Agarwal (Manish)	27-Sep-17	0.04	4.0	4.0
8	Agarwal (Mahendra Kumar) HUF	31-Dec-17	0.04	4.0	0.0
9	Agarwal (Mahendra Kumar)	31-Dec-17	0.04	3.8	0.0
10	Mahendra Investment Advisors Pvt. Ltd.	31-Dec-17	0.03	3.1	-0.6

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Jun-17	Sep-17	Dec-17	Mar-18
Promoter	32.9	29.8	26.2	24.9
Public	67.1	70.2	73.8	75.1

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Alagh (Sunil Kumar)	0.22	0.12	Manish Agarwal Benefit Trust	-3.67	-1.73
Columbia Threadneedle Investments (US)	0.00	0.00	Dhruv Agarwal Benefit Trust	-1.44	-0.68
			Mahendra Investment Advisors Pvt. Ltd.	-1.37	-0.64
			Parikh (Amal Niranjan)	-0.69	-0.33
			Van Eck Associates Corporation	-0.08	-0.05

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Total operating Income	1,691.0	1,735.8	1,969.0	2,286.5
Growth (%)	1.4	2.6	13.4	16.1
Cost of Sales	264.6	304.9	285.5	343.0
Employee Costs	184.2	191.2	246.0	290.3
Operating Expenses	983.4	1,006.5	1,128.0	1,283.0
Op. Expenditure	162.9	156.0	184.6	208.8
EBITDA	95.8	77.1	124.9	161.5
Growth (%)	(26.8)	(19.5)	62.0	29.3
Depreciation	29.8	30.0	35.1	37.1
EBIT	66.0	47.1	89.8	124.4
Interest	50.0	47.0	36.9	35.6
Other Income	10.4	77.9	8.5	9.0
PBT	26.4	78.0	61.3	97.8
Growth (%)	(59.2)	195.1	(21.4)	59.5
Tax	9.4	15.3	18.4	29.3
Reported PAT	17.0	62.7	42.9	68.5
Exceptional Items	-	(23.6)	-	-
Minority Interest	(7.8)	(4.8)	(6.9)	(17.1)
Adjusted PAT	9.3	34.3	36.1	51.4
Growth (%)	(74.8)	270.1	5.1	42.4
EPS	1.1	3.2	3.3	4.7

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Profit after Tax	17.0	39.1	42.9	68.5
Less: Dividend Paid	-	-	-	-
Add: Depreciation	29.8	30.0	35.1	37.1
Add: Others	-	-	-	-
Cash Profit	46.8	69.1	78.1	105.6
Increase/(Decrease) in CL	(31.8)	40.7	20.1	37.6
(Increase)/Decrease in CA	36.2	6.5	(65.2)	(55.6)
CF from Operating Activities	43.5	111.5	26.1	70.5
(Add) / Dec in Fixed Assets	(48.5)	(91.5)	(30.0)	(30.0)
Goodwill	-	-	-	-
(Inc)/Dec in Investments	28.6	(3.5)	(3.7)	(3.9)
CF from Investing Activities	(19.9)	(95.0)	(33.7)	(33.9)
Inc/(Dec) in Loan Funds	(24.0)	(16.0)	(15.6)	(16.7)
Inc/(Dec) in Sh. Cap. & Res.	0.1	4.0	-	-
Others	2.2	1.8	1.8	1.8
CF from financing activities	(21.7)	(10.2)	(13.8)	(14.9)
Change in cash Eq.	1.9	6.2	(21.4)	21.8
Op. Cash and cash Eq.	60.9	62.8	69.0	47.6
Cl. Cash and cash Eq.	62.8	69.0	47.6	69.4

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Source of Funds				
Equity Capital	17.6	21.6	21.6	21.6
Reserves & Surplus	556.3	590.6	626.6	678.0
Shareholder's Fund	573.9	612.2	648.3	699.6
Secured Loan	326.4	293.8	279.1	265.1
Unsecured Loan	166.6	183.3	182.4	179.6
Total Loan Funds	493.0	477.1	461.5	444.8
Deferred Tax Liability	11.2	11.2	11.2	11.2
Minority Interest	88.4	90.1	91.9	93.8
Source of Funds	1,166.5	1,190.6	1,212.8	1,249.4
Application of Funds				
Gross Block	448.2	498.2	528.2	558.2
Less: Acc. Depreciation	125.6	155.6	190.7	227.8
Net Block	322.6	342.6	337.5	330.4
Capital WIP	8.5	50.0	50.0	50.0
Total Fixed Assets	331.1	392.6	387.5	380.4
Goodwill	446.9	446.9	446.9	446.9
Investments	70.4	73.9	77.6	81.5
Inventories	6.6	4.8	5.4	6.3
Debtors	268.6	261.6	323.7	375.9
Cash	62.8	69.0	47.6	69.4
Loan & Advance, Other CA	244.9	247.3	249.8	252.3
Total Current assets	582.9	582.7	626.5	703.8
Creditors	66.8	87.7	86.0	103.4
Other Current Liabilities	60.9	67.0	73.7	77.4
Provisions	137.0	150.7	165.8	182.4
Total CL and Provisions	264.8	305.5	325.6	363.2
Net Working Capital	318.1	277.2	300.9	340.6
Miscellaneous expense	-	-	-	-
Application of Funds	1,166.5	1,190.6	1,212.8	1,249.4

Source: Company, ICICI Direct Research

Key ratios				
(Year-end March)	FY17	FY18E	FY19E	FY20E
Per share data (₹)				
Book Value	65.1	56.6	59.9	64.7
EPS	1.1	3.2	3.3	4.7
Cash EPS	4.4	5.9	6.6	8.2
DPS	-	-	-	-
Profitability & Operating Ratios				
EBITDA Margin (%)	5.7	4.4	6.3	7.1
PAT Margin (%)	0.5	2.0	1.8	2.2
Fixed Asset Turnover (x)	1.4	1.5	1.6	1.8
Inventory Turnover (Days)	1.3	1.0	1.0	1.0
Debtor (Days)	60.4	55.0	60.0	60.0
Current Liabilities (Days)	104.7	105.0	110.0	110.0
Return Ratios (%)				
RoE	1.6	5.8	5.7	7.6
RoCE	8.2	6.5	10.4	13.1
RoIC	6.3	10.1	7.2	9.1
Valuation Ratios (x)				
P/E	92.7	30.7	29.2	20.5
Price to Book Value	1.5	1.7	1.6	1.5
EV/EBITDA	13.5	19.0	11.8	8.9
EV/Sales	0.8	0.8	0.7	0.6
Leverage & Solvency Ratios				
Debt to equity (x)	0.9	0.8	0.7	0.6
Interest Coverage (x)	2.5	2.3	4.3	5.6
Debt to EBITDA (x)	5.1	6.2	3.7	2.8
Current Ratio	2.2	1.9	1.9	1.9
Quick ratio	2.2	1.9	1.9	1.9

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (Logistics)

Sector / Company	CMP (₹)	TP(₹)	Rating	M Cap (₹ Cr)	EPS (₹)				P/E (x)				EV/EBITDA (x)				RoCE (%)			
					FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E
Container Corporation	1,372	1,560	BUY	33,436	35.0	43.6	49.9	62.2	38.0	30.5	26.7	21.4	19.5	16.0	14.0	11.3	9.8	11.4	12.6	14.6
Transport Corp. of India	286	350	BUY	2,189	10.7	16.1	20.4	26.3	26.7	17.8	14.0	10.9	15.1	11.6	9.5	7.9	10.7	13.4	14.4	16.1
BlueDart	3,440	4,200	BUY	8,162	58.9	60.9	77.6	91.9	59.7	57.7	45.3	38.2	24.6	23.5	19.6	17.1	32.2	31.0	35.3	37.7
Gati Ltd.	98	120	BUY	1,057	1.1	3.2	3.3	4.7	92.7	30.7	29.2	20.5	13.5	19.0	11.8	8.9	8.2	6.5	10.4	13.1
Gujarat Pipavav	116	135	HOLD	5,584	5.1	4.1	6.3	6.8	25.1	31.2	20.2	19.0	13.9	15.4	11.1	9.6	14.0	12.1	15.0	16.0
TCI Express	541	660	BUY	2,070	9.8	15.3	17.4	22.0	55.2	35.3	31.0	24.5	33.8	23.2	19.0	14.8	31.9	38.3	35.4	35.3

Source: Company, ICICI Direct Research

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Sell: -10% or more;

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