August 16, 2018

Rating matrix		
Rating	:	Hold
Target	:	₹ 450
Target Period	:	12 months
Potential Upside	:	-3%

What's changed?	
Target	Changed from ₹ 540 to ₹ 450
EPS FY19E	Changed from ₹ 14.6 to ₹ 13.5
EPS FY20E	Changed from ₹ 27 to ₹ 22.6
Rating	Unchanged

Quarterly performance

₹ Crore	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)
Revenue	139.9	157.9	-11.4	152.8	-8.4
EBITDA	32.6	37.3	(12.7)	39.0	(16.4)
EBITDA (%)	23.3	23.6	-33 bps	25.5	-223 bps
PAT	2.9	4.0	(28.2)	17.1	(83.3)

Key financials

₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	586	592	693	840
EBITDA	117	135	158	201
Net Profit	7.4	17.1	37.9	63.2
EPS (₹)	2.7	6.1	13.5	22.6

Valuation summary

	FY17	FY18	FY19E	FY20E
P/E (x)	174.8	75.8	34.3	20.6
Target P/E (x)	255.4	110.7	50.1	30.1
EV/EBITDA (x)	16.5	14.0	12.7	10.8
P / BV (x)	0.9	0.8	0.8	0.8
RONW (%)	0.5	1.1	2.4	3.8
ROCE (%)	5.1	6.1	6.8	8.1

Stock data

Particular	Amount
Market Capitalization (₹ Crore)	1,299.2
Total Debt (FY17) (₹ Crore)	700.2
Cash (FY17) (₹ Crore)	195.1
EV (₹ Crore)	1,804.3
52 week H/L	922/456.95
Equity Capital (₹ Crore)	28.0
Face Value (₹)	10.0

Peer Group

	1M	3M	6M	1Y
Dredging Corp	-11.5	-21.1	-35.4	-18.2
Mercator Ltd	2.4	-14.7	-42.1	-45.2
Adani Ports And	1.1	-8.7	-9.4	-5.5

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Dredging Corporation (DRECOR) ₹ 464

Stake sale overhang remains on valuation...

- Revenues de-grew 11% YoY to ₹ 140 crore (I-direct estimate: ₹ 150 crore). Revenue growth appears to have contracted after growing 17% YoY in Q4FY18, due to lower utilisation of fleet
- EBITDA margin declined 33 bps to 23.3% (I-direct estimate: 22%), mainly due to higher other expenses to sales ratio (58.7% in Q1FY19 vs 58.5% in Q1FY18). Absolute EBITDA de-grew 13% to ₹ 33 crore (I-direct estimate: ₹ 33 crore)
- Subsequently, PAT de-grew 28% to ₹ 3 crore and was higher than I-direct estimate of ₹ 2 crore

FY19 begins with subdued operational performance

FY19 began on a subdued note on an operational basis with Q1FY19 revenues, EBITDA declining YoY. For FY18, DCI's revenues were flattish with growth of 1% to ₹ 592 crore vs. ₹ 586 crore in FY17. However, the EBITDA margin improved 280 bps YoY to 22.8% in FY18. The EBITDA margin improvement was owing to fuel expense as a percentage of sales declining 200 bps from 36% in FY17 to 34% in FY18. EBITDA for the same period grew 15% YoY to ₹ 135 crore vs. ₹ 117 crore in FY17. We have not factored in margin expansion in FY19 owing to benefits of better fleet utilisation likely to be negated by fuel inflation. Given the government focus on Sagarmala and internal targets around the same, competition in the Indian dredging market over the past few years has firmed up. The Indian dredging market is tender based. Hence, focus is on low cost dredging. With intensifying competition, realisations have been under pressure but the management expects a recovery in realisation from the current level. Also, improved fleet utilisation is expected to provide impetus to revenue growth from FY19 onwards.

Long term opportunity in the segment remains intact

The dredging opportunity in India appears to be very large driven by a slew of inland and coastal shipping initiatives that were announced over two years. These include a mandate to increase the port draft to a minimum of 18 metre, announcement of 106 additional national waterways (NW) and operationalising the same for inland shipping. Moreover, projects like Jal Marg Vikas, Clean Ganga were about to offer very large opportunities for the dredging market. Sagar Mala, which envisaged 150 projects entailing an investment of ₹ 100000 crore can result in an approximate dredging opportunity of ₹ 20000 crore.

Fundamental improvement key to watch

The Government of India is keen on stake sale (~73%) of Dredging Corp to three major ports (Visakhapatnam Port Trust, Paradip Port Trust and New Mangalore Port Trust) with the help of surplus funds parked with the ports. Such a stake sale may provide the required trigger to capture the huge growth opportunity presented by the above-mentioned projects and also inherit the ongoing dredging projects in the mentioned ports. It could also lead to deftness in decision making and upgrading/investing in modernisation of existing fleet and acquisition of new fleet/equipment to cater to requirement of various projects. At the current market price, DCI is trading at ~21x FY20E EPS of ₹ 23 and 0.8x FY20E P/BV (book value). The stock has corrected ~ 50-60% in the last six months. Near term concerns related to execution of ongoing projects have led us to revise our target price to ₹ 450 (20x FY20E EPS) with a **HOLD** rating on the stock.

Variance analysis

	Q1FY19	Q1FY19E	Q1FY18	YoY (%)	Q4FY18	QoQ (%)	Comments
Revenue	139.9	150.0	157.9	-11.4	152.8	-8.4	Lower fleet utilisaton levels led to weak performance in Q1FY19
Employee benefit expenses	25.2	27.0	28.2	-10.7	19.8	27.4	
Other cost	82.1	90.0	92.4	-11.2	94.0	-12.7	
Total Expense	107.3	117.0	120.6	-11.1	113.8	-5.7	
EBITDA	32.6	33.0	37.3	-12.7	39.0	-16.4	
EBITDA Margin (%)	23.3	22.0	23.6	-33 bps	25.5	-223 bps	
Depreciation	26.5	27.8	28.4	-6.6	29.2	-9.2	
Interest	4.2	5.2	5.2	-18.4	5.2	-18.5	
Other Income	1.5	1.6	0.3	338.2	15.4	-90.3	
Exceptional Gain/Loss	0.0	0.0	0.0	NA	0.0	NA	
PBT	3.4	1.6	4.1	-18.2	20.1	-83.2	
Total Tax	0.5	0.2	0.2	231.3	3.0	-82.2	
PAT	2.9	1.5	4.0	-28.2	17.1	-83.3	

Source: Company, ICICI Direct Research

Change in estimates

			FY19E			FY20E			
(₹ Crore)	FY17	FY18	Old	New	% Change	Old	New	% Change	
Revenue	585.9	591.9	693.3	693.3	0.0	839.6	839.6	0.0	Estimates maintained
EBITDA	117.0	134.9	158.3	158.3	0.0	200.9	200.9	0.0	
EBITDA Margin (%)	20.0	22.8	22.8	22.8	3 bps	23.9	23.9	2 bps	
PAT	12.3	21.8	45.5	42.1	-7.4	84.0	70.2	-16.5	PAT impacted due to increased depreciation estimates
EPS (₹)	2.7	6.1	14.6	13.5	-7.3	27.0	22.6	-16.5	

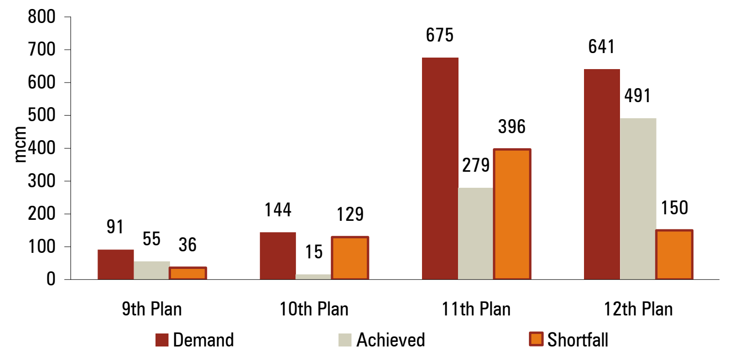
Source: Company, ICICI Direct Research

Company Analysis

Indian dredging market at nascent stage

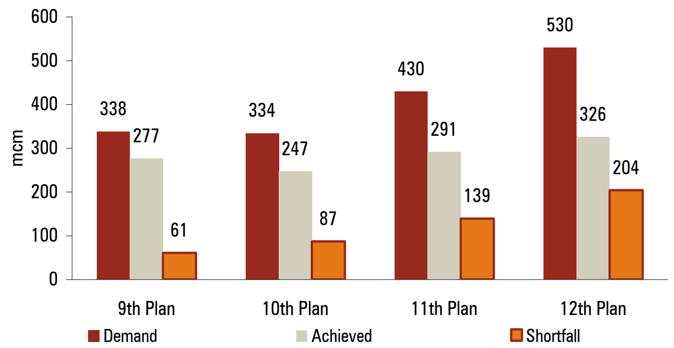
Dredging demand is estimated by individual ports and sent as proposals to the Planning Commission. New port establishment proposals can be taken up by central or state governments. The Planning Commission analyses these inputs and allocates funds in phases during each financial year. Following this, the Twelfth Planning Commission envisaged a capital dredging demand of 641 mcm and maintenance dredging demand of about 530 mcm in 2012-17.

Exhibit 1: Actual vs. expected capital dredging



Source: Company, ICICI Direct Research

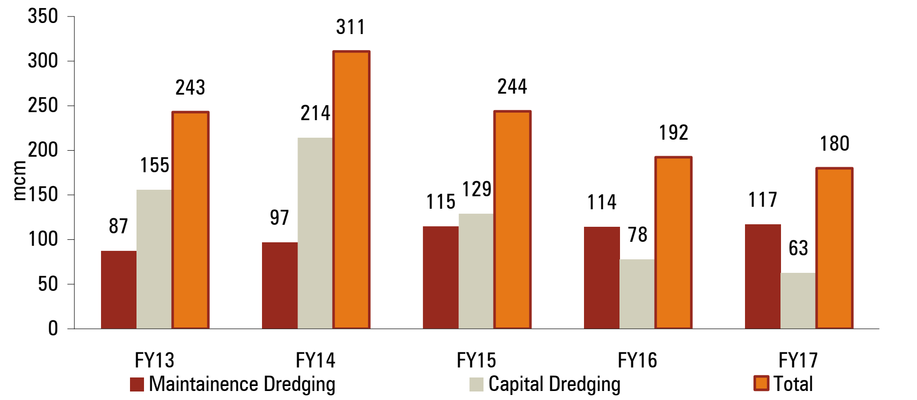
Exhibit 2: Actual vs. expected maintenance dredging



Source: Company, ICICI Direct Research

During the Eleventh Five Year Plan, a quantum increase of ~100% was planned of which majority was allocated to capital dredging. Total 675 mcm and 430 mcm had been planned for capital and maintenance dredging, respectively, for all ports in India. This quantity includes dredging to be done for fishing harbours also besides major and non major ports. Against this targeted plan, only 279 mcm and 292 mcm had been achieved under capital and maintenance dredging, respectively. This constitutes 41.31% and 67.82%, respectively vs. targeted quantity.

Exhibit 3: Dredging estimates across Twelfth Five Year Plan…



Source: Company, ICICI Direct Research

During the Twelfth Five Year Plan, the total dredging requirement was ~1.2 billion cubic metre compared to 1.1 billion cubic metre. Majority of the emphasis was on FY14, which was the highest execution year for the plan. Post this, though capital dredging requirements were declining, the maintenance dredging requirement continued to inch up, post creation of newer capacity.

Exhibit 4: Available drafts at channels & berth of major ports

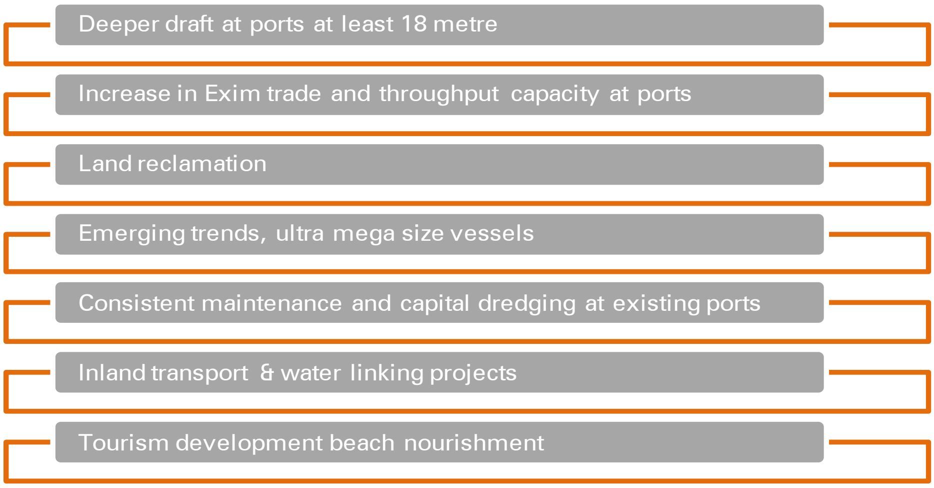
Port	Draft at Channel (in mtrs)	Available drafts at Berths (in mtrs)
Kolkata	7.9	7.1 to 13.7
Haldia	6.7	Vary with tidal variations
Paradip	12.8	11 to 13.5
Vishakhapatnam	10.7 (IH), 20 (OH)	9.75 to 17
Chennai	18.6 (IH), 19.2 (OH)	8.5 to 17.4
Tuticorin	10.4	8.6 to 10.9
Cochin	12.8	9.14 to 12.5
New Manglore	15.4	7 to 14
Mormugao	14.4	12 to 14.1
Mumbai	10.9	6.1 to 14.3
JNPT	11	12 to 13.5
Kandla	11.6, 23.5 (OOT)	9.1 to 12.5

Source: Company, ICICI Direct Research; IH - Inner Harbour; OH - Outer Harbour; OOT - Offshore Oil terminal

Indian port & trade requirements; crying need for dredging

Following recent announcements regarding opening up the Indian economy and positioning it as a manufacturing hub with "Make in India" project, new opportunities have been created for the dredging industry. Demand forecasts for dredging are encouraging given the foreign trade policy targets for 2015-20. Merchandise trade is set to leap following the encouragement provided to small and medium scale enterprises (SMEs). Initial estimates for exports of manufactured goods and services from India are quite encouraging. Indian ports are now waking up to the reality as they rush to attract more cargo and attempt to increase revenues. Accommodating bigger ships and achieving economies of scale would form the backbone to optimise the asset. Basic infrastructure is required to manage wider, deeper channels and increase berth drafts, which would accommodate higher ships. Following this, the government had decided to create a minimum depth of 18 metre at all 12 ports it owns, where depths currently range from 9-12 metre. The current upgrade is still lower than the global average, which is in the range of 23 metre, enabling berthing of latest built up ultra-size container, tanker and dry bulk vessels.

Exhibit 5: Demand drivers for dredging to be ₹ 20000 crore market!



Source: Company, ICICI Direct Research

Apart from ordinary ports, construction of various greenfield ports in India has also increased the necessity of dredging in India. Dredging is also important for local shipbuilding, which enables the same to act as an infrastructure empowerment programme in the maritime sector. Hence, numerous tax concessions by granting infrastructure status to navigational channels under Section 80-IA of Income-tax Act would benefit ports. Subsequently, a number of channel/port deepening projects are currently being undertaken by various ports. In India, many ports are incapable of berthing fully-laden large vessels. Large vessels can be berthed only by dredging, which offers significant potential for higher dredging activity in the Indian market.

According to the Ministry of Shipping (MoS), in the next five years, 12 major ports have proposed increasing their capacity, which would entail a ₹ 20000 crore dredging market. Furthermore, setting up additional berths at majority of private ports, coupled with announcement of new major ports has pegged the size of the dredging market by volume at over 1 billion cubic metre in the next five years. Given the prospects of development and maintenance of existing major ports, building new ports, onshore resources exploration, demand from navy and, more interestingly, projects envisaged for national waterways, the scope for dredging is potentially vast.

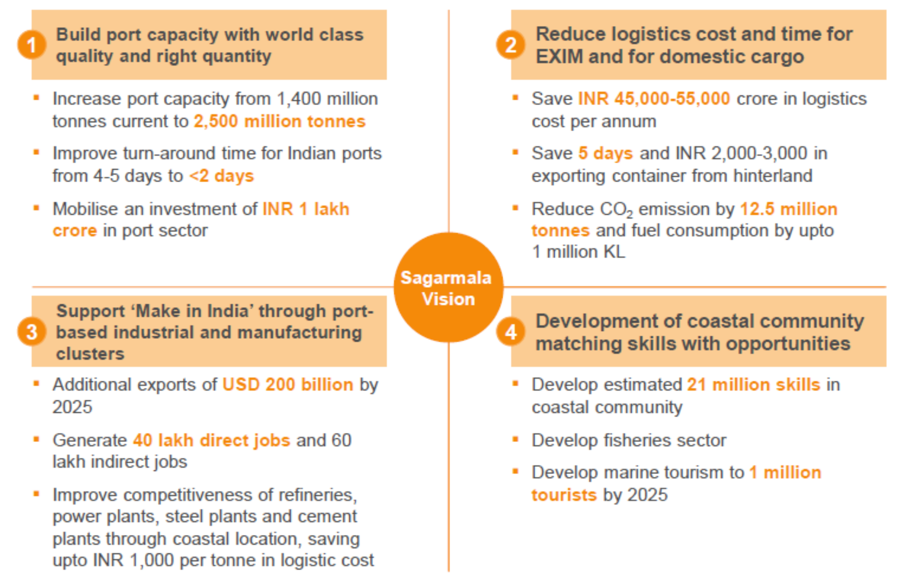
To enhance the current capacity, three new ports have been planned. The approximate cost for the same is ₹ 100000 crore; of which ~20% could be for dredging

Government push for promoting coastal activities

Sagarmala Programme:

The Government of India has envisioned the Sagarmala Programme, which aims to exploit India's 7500 km coastline and 14500 km of potentially navigable waterways. It promotes port-led development in the country by harnessing strategic locations on key international maritime trade routes. A National Perspective Plan has been developed under this programme, paving the way for 150 projects with investments of ~₹ 400000 crore in the next 10 years. These projects have been identified across areas of port modernisation & new port development, port connectivity enhancement, port-led industrial development and coastal community development.

Exhibit 6: Sagarmala vision on coastal development…



Source: Sagarmala concept note; ICICI Direct Research

Approximately 50 projects have been identified under the port modernisation & new port development activity, which would increase the port capacity from 1400 MMTPA to 2500 MMTPA by 2025. Majority of the activity would be related to capital dredging. Approximately ₹ 100000 crore has been allocated to increase the capacity at existing ports with the development of five to six new ports also including a trans-shipment hub. The new development would also focus on improvement of the port and hinterland connectivity to provide seamless transportation from production to consumption centres. This includes construction of 10000 km of last mile port-connectivity infrastructure, 12 new freight expressways and heavy haul rail corridor to transport coal. New pipelines for transporting crude and petroleum products and development of multi-modal logistics hubs were also being considered. With 65 proposed projects, ~₹ 200000 crore of investment is expected.

Additional infrastructure would include development of coastal economic zones (CEZs) covering all maritime states and union territories. The CEZs would be segregated on the basis of manufacturing clusters and basic input industries. The manufacturing cluster would include labour intensive sectors of electronics, apparel, leather products, furniture and food-processing. However, basic input industries would include clusters for power, refineries & petrochemicals, steel and downstream industries and cement. Setting up infrastructure for these clusters will require an investment of ₹ 100000 crore and is expected to attract an additional ₹ 700000 crore of industrial investment.

Dredging Corporation of India – Important, most favoured player

DCI is one of the oldest players in the dredging industry in India. It undertakes dredging requirements of majority of ports and understands topographies of each port. It has been the port of choice via nomination at Haldia/Kolkata Port wherein it continues to carry out maintenance dredging since 2005. In addition, the company also caters to maintenance dredging requirements of the India Navy. It also undertakes capital dredging assignments depending on availability of vessels and other logistic requirements. As per the dredging policy guidelines issued by the Ministry of Shipping, all major ports invite an open competitive bidding for dredging works. However, the Government of India reserves the right to assign in public interest any contract for dredging work in any of the major ports on a nomination basis. In addition to the nomination facility, any Indian company, which owns an Indian flag dredger, would have the right of first refusal if the rate is within 10% of the lowest valid offer.

DCI along with other Indian dredging companies participates in open competitive bids for dredging issued by major ports. This would apply to both maintenance and capital dredging works. Earlier, the sole exception for maintenance dredging requirement of Kolkata Port was on a nomination basis, undertaken by DCI. However, post 2015, Kolkata Port also resorted to the bidding process. However, as the sole bidder, the contract was secured by DCI. The company proposes to have strategic alliances with major ports on terms similar to the Kolkata Port at present. The company envisages assured business with these alliances wherein ports can plan in advance the deployment of dredgers at pre-negotiated rates. Further, DCI is also in discussions with some ports to part finance the proposed new acquisitions.

Exhibit 7: Competitors in Indian dredging market….

Company	No. Of Dredgers (as of 2014)				
	TSHDs	CSDs	BackHoes	Others	Total
Dredging Corporation of India	12	3	1	2	18
Adani Ports and SEZ Ltd.	1	12	-	3	16
Boskalis Dredging India Pvt. Ltd. *	23	18	15	9	65
Chellaram Shipping Pvt. Ltd., Mumbai	2	-	-	-	2
Dharti Dredging and Infrastructure Ltd.	-	10	2	4	16
International Seaports Dredging Pvt. Ltd.*	25	20	7	8+	60+
Jan De Nul Dredging India Pvt. Ltd.*	28	15	6	35+	84+
Mercator Limited, Mumbai	5	1	-	-	6
Van Oord India Pvt Ltd *	21	23	5	42	91

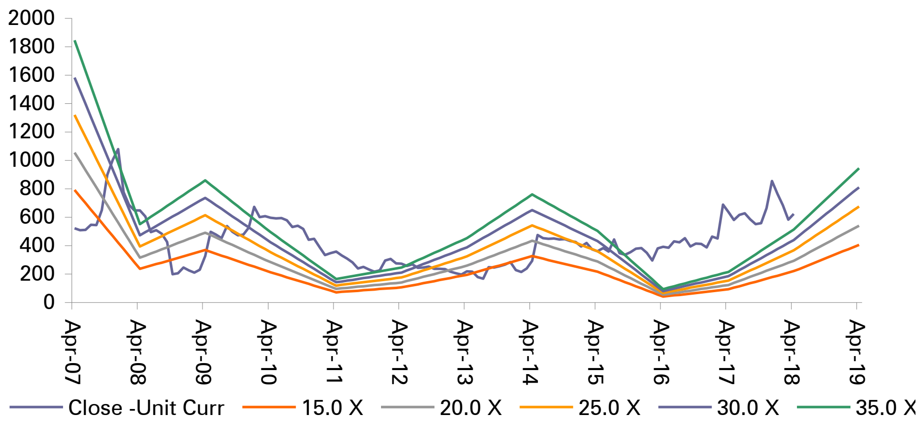
*Source: Company, ICICI Direct Research, * Foreign fleet details of Indian arms of foreign companies*

With 12 trailer suction hopper dredgers (TSHDs), DCI has carried out maintenance dredging contracts for a number of major ports including Kolkata Port, Haldia, Kandla, Cochin Port Trust, Ernakulam, RGPPL-Dabhol. With three cutter suction dredgers (CSDs), capital dredging contracts were executed at Kandla Port, Kamarajar Port and Vishakhapatnam Port.

Valuation

The dredging opportunity in India appears to be very large driven by a slew of inland and coastal shipping initiatives that were announced over two years. These include mandate to increase the port draft to a minimum of 18 metre, announcement of 106 additional national waterways (NW) and operationalising the same for inland shipping. Moreover, projects like Jal Marg Vikas, Clean Ganga were about to offer very large opportunities for the dredging market. Sagar Mala, which envisaged 150 projects entailing an investment of ₹ 100000 crore, can result in an approximate dredging opportunity of ₹ 20000 crore.

Exhibit 8: Forward P/E



Source: Company, ICICI Direct Research

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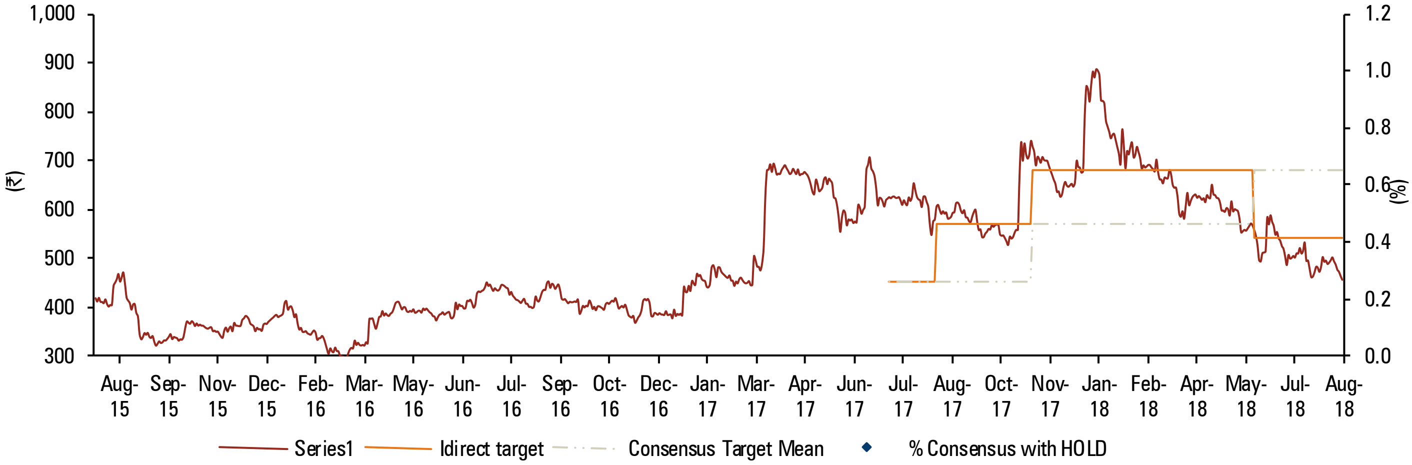
Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Jan-00	Conferred with "Mini Ratna - Category - I public sector enterprise" status by GoI
Jan-04	Listing of the equity shares on NSE, Additional disinvestment of 20% shareholding by GoI
Apr-10	Approval by the Cabinet Committee on Infrastructure to procure 3 new Trailer Suction Hopper Dredgers of 5500 Cu.M capacity each
Apr-10	Award of contract for 2 TSHD of 5500 cubic meter hopper capacity to IHC Dredgers BV, Holland
Feb-11	Award of contract for 3rd TSHD of 5500 cubic meter hopper capacity to IHC Dredgers BV, Holland
Dec-12	DCI DRXIX a 5500 Cum capacity Trailer suction dredger joined the fleet
Jun-13	DCI DRXXI a 5500 Cum capacity Trailer suction dredger joined the fleet
Mar-14	DCI DRXXI a 5500 Cum capacity Trailer suction dredger joined the fleet
Aug-15	GoI disinvests another 5% shareholding in DCI
May-16	Reports Q4FY16 results. Revenues growth remained subdued. Margins stood at 305. PAT at ₹ 37.7 crore
Sep-16	Reports dismal set of Q1FY17 numbers. Revenues impacted by lower dredging in Kolkata
Dec-16	Reports dismal set of Q2FY17 numbers. Revenues impacted by dry docking. Revenue stood at ₹ 161 crore with a loss of ₹ 14.3 crore
Feb-17	Revenues for Q3FY17 remain subdued at ₹ 152 crore impacted by lower dredging in Kolkata. Receives order of ₹ 120 crore from Bangladesh. Revenue visibility improving, execution to remain key
May-17	Revenues continue to decline for a fourth consecutive quarter. Quarterly revenues lowest since FY13 levels

Source: Company, ICICI Direct Research

Top 10 Shareholders

No	Investor Name	Latest Filing Date	% O/S	Position	Change(m)
1	Government of India	30-Jun-18	73.5	20.6	0.0
2	Life Insurance Corporation of India	30-Jun-18	4.4	1.2	0.0
3	General Insurance Corporation of India	30-Jun-18	1.8	0.5	0.0
4	LIC Mutual Fund Asset Management Company Ltd.	30-Jun-18	1.3	0.4	0.0
5	Dimensional Fund Advisors, L.P.	30-Jun-18	0.6	0.2	0.0
6	Van Eck Associates Corporation	30-Jun-18	0.2	0.1	0.0
7	Sundaram Asset Management Company Limited	31-Dec-16	0.1	0.0	0.0
8	Sophus Capital	30-Nov-17	0.0	0.0	0.0

Shareholding Pattern

(in %)	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Promoter	73.5	74.4	73.5	73.5	73.5
FII	1.1	0.3	0.8	0.9	0.8
DII	11.5	10.9	9.0	6.7	6.7
Others	13.9	14.5	16.7	19.0	19.0

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
			Van Eck Associates Corporation	-0.03	0.00

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY 17	FY 18	FY 19E	FY 20E
Revenue	585.9	591.9	693.3	839.6
Growth (%)	(12.0)	1.0	17.1	21.1
Employee Expense	94.8	96.6	117.5	146.5
Operating Expenses	18.6	20.0	23.8	28.3
Administrative expenses	52.5	54.4	62.6	75.1
Repairs & Maintainence (Ves	46.9	38.5	45.1	54.6
Fuel & Lubricants	209.2	202.2	244.5	279.7
Spares & Stores	35.2	33.4	27.7	37.8
Insurance	11.7	11.8	13.9	16.8
EBITDA	117.0	134.9	158.3	200.9
Growth (%)	(9.7)	15.3	17.3	26.9
Depreciation	99.6	113.2	116.3	130.3
EBIT	17.4	21.8	42.0	70.6
Interest	18.9	20.2	22.4	25.8
Other Income	13.8	20.3	22.6	25.4
PBT	12.3	21.8	42.1	70.2
Growth (%)	(63.8)	77.0	93.5	66.6
Tax	4.9	4.6	4.2	7.0
Reported PAT	7.4	17.1	37.9	63.2
Exceptional Items	-	-	-	-
Reported PAT (adjusted MI)	7.4	17.1	37.9	63.2
Growth (%)	(75.9)	130.7	121.1	66.6
EPS	2.7	6.1	13.5	22.6

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(Year-end March)	FY 17	FY 18	FY 19E	FY 20E
Profit after Tax	7.4	17.1	37.9	63.2
Less: Dividend Paid	9.8	9.8	9.8	9.8
Add: Depreciation	99.6	113.2	116.3	130.3
Cash Profit	97.2	120.5	144.4	183.6
Increase/(Decrease) in CL	4.5	(18.8)	95.8	90.2
(Increase)/Decrease in CA	(1.1)	4.5	56.8	16.0
CF from Operating Activities	129.4	136.2	329.2	325.4
(Add) / Dec in Fixed Assets	32.9	(138.3)	(457.2)	(450.0)
Goodwill	-	-	-	-
(Inc)/Dec in Investments	-	-	-	-
CF from Investing Activities	32.9	(138.3)	(457.2)	(450.0)
Inc/(Dec) in Loan Funds	(183.5)	(27.8)	100.6	115.7
Inc/(Dec) in Sh. Cap.	-	-	-	-
Change in Reserves & other	1.5	(3.5)	28.8	(23.9)
Others	(23.0)	60.7	9.8	9.8
Interest Paid	(18.9)	(20.2)	(22.4)	(25.8)
CF from financing activities	(223.9)	9.1	116.8	75.8
Change in cash Eq.	(61.6)	7.0	(11.1)	(48.8)
Op. Cash and cash Eq.	131.7	70.1	77.1	66.0
Cl. Cash and cash Eq.	70.1	77.2	66.0	17.2

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(Year-end March)	FY 17	FY 18	FY 19E	FY 20E
Source of Funds				
Equity Capital	28.0	28.0	28.0	28.0
Reserves & Surplus	1,492.6	1,516.1	1,592.7	1,641.8
Shareholder's Fund	1,520.6	1,544.1	1,620.7	1,669.8
Secured Loan	700.2	672.4	773.3	889.2
Unsecured Loan	-	-	-	-
Total Loan Funds	700.2	672.4	773.3	889.2
Deferred Tax Liability	1.9	3.7	3.7	3.7
Source of Funds	2,224.3	2,222.7	2,400.1	2,565.2
Application of Funds				
Gross Block	3,180.3	3,302.6	3,752.6	4,202.6
Less: Acc. Depreciation	1,372.8	1,485.9	1,602.3	1,732.6
Net Block	1,807.5	1,816.6	2,150.3	2,470.0
Capital WIP	26.0	42.8	50.0	50.0
Total Fixed Assets	1,833.5	1,859.5	2,200.3	2,520.0
Goodwill	-	-	-	-
Investments & other financia	9.1	9.2	9.5	9.8
Inventories	194.3	192.7	133.0	161.0
Debtors	284.2	238.1	284.9	276.0
Cash	70.1	77.1	66.0	17.2
Loan & Advance, Other CA	176.5	219.7	175.8	140.6
Total Current assets	725.1	727.6	659.7	594.9
Creditors	211.4	180.1	177.1	180.7
Other Current Liabilities	221.4	228.2	319.5	399.3
Provisions	9.2	15.0	22.4	29.2
Total CL and Provisions	442.0	423.2	519.0	609.1
Net Working Capital	283.1	304.4	140.7	(14.2)
Deferred Tax Assets	98.6	49.6	49.6	49.6
Application of Funds	2,224.3	2,222.7	2,400.1	2,565.2

Source: Company, ICICI Direct Research

Key ratios				
(Year-end March)	FY 17	FY 18	FY 19E	FY 20E
Per share data (₹)				
Book Value	543.1	551.5	578.8	596.4
EPS	2.7	6.1	13.5	22.6
Cash EPS	38.2	46.5	55.1	69.1
DPS	3.0	3.0	3.0	3.0
Profitability & Operating Ratios				
EBITDA Margin (%)	20.0	22.8	22.8	23.9
PAT Margin (%)	1.3	2.9	5.5	7.5
Fixed Asset Turnover (x)	0.3	0.3	0.3	0.3
Inventory Turnover (Days)	102.0	119.3	70.0	70.0
Debtor (Days)	195.1	161.0	150.0	120.0
Current Liabilities (Days)	536.5	739.6	550.0	450.0
Return Ratios (%)				
RoE	0.5	1.1	2.4	3.8
RoCE	5.1	6.1	6.9	8.1
RoIC	(0.5)	(0.1)	0.6	1.5
Valuation Ratios (x)				
PE	174.8	75.8	34.3	20.6
Price to Book Value	0.9	0.8	0.8	0.8
EV/EBITDA	16.5	14.0	12.7	10.8
EV/Sales	3.3	3.2	2.9	2.6
Leverage & Solvency Ratios				
Debt to equity (x)	0.5	0.4	0.5	0.5
Interest Coverage (x)	0.9	1.1	1.9	2.7
Debt to EBITDA (x)	6.0	5.0	4.9	4.4
Current Ratio	1.6	1.7	1.3	1.0
Quick ratio	1.2	1.3	1.0	0.7

Source: Company, ICICI Direct Research

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