Dredging Corporation (DRECOR)

₹ 393

Operationally better performance...

- Revenues grew 38% YoY at ₹ 165 crore (I-direct estimate: ₹ 132 crore), mainly due to better fleet utilisation & low base. The base quarter was impacted by employee strikes against privatisation of the company
- The EBITDA margin increased 290 bps to 23.4%, leading to an absolute EBITDA of ₹ 39 crore vs. ₹ 7.2 crore in Q3FY18 (I-direct estimate: loss of ₹ 1 crore)
- Subsequently, adjusted PAT came in at ₹ 10 crore against a loss of ₹ 23 crore in Q3FY18 (I-direct estimate: loss of ₹ 28 crore)

Gathering momentum on better fleet utilisation

FY19 has been an overall good year for the company adjusting for the one-off expense of ₹ 84 crore in Q2FY18, with 9MFY19 revenues and EBITDA increasing (6% and 28%, respectively) on a YoY basis. Dredging Corp gets highest revenue from a maintenance dredging contract at Kolkata Port Trust (~₹ 1120 crore for five years), followed by maintenance dredging contract at Cochin Shipyard (₹ 110 crore for five years) and a capital dredging contract (₹ 103 crore for 15 months). Overall, the company has commitments tied to over nine clients totalling to over ₹ 1680 crore to be executed in a few months to years. 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 and, hence, focus is on low cost dredging. With intensifying competition, realisations have been under pressure but the management expects a recovery in realisations from the current level. Also, improved fleet utilisation is expected to provide impetus to revenue growth from FY20 onwards.

Dredging to benefit from government's continued focus on waterways

The dredging opportunity in India appears to be very large driven by a slew of inland and coastal shipping initiatives announced over two years. These include the 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.

Maintaining high fleet utilisation – key monitorable; recommend HOLD

As per media sources, the Union Cabinet has approved strategic sale of its stake in the company to the consortium of four ports (Visakhapatnam Port Trust, Paradip Port Trust, JNPT and Kandla Port Trust). The stake sale may provide the required trigger to capture the huge growth opportunity presented by the planned projects and could also lead to nimbler decision making and upgrading/investing in existing fleet and acquisition of new fleet/equipment to cater to requirement of various projects. At the current market price, DCI is trading at ~17x FY21E EPS of ₹ 23.2 and 0.7x FY21E P/BV (book value). However, as concerns remain on execution of ongoing projects and scaling up of the operations of the company by the consortium of ports, we maintain our **HOLD** recommendation on the stock, valuing it at ₹ 370 (16x FY21E EPS).

Rating matrix

Rating	:	Hold
Target	:	₹ 370
Target Period	:	12 months
Potential Upside	:	-6%

What's changed?

Target	Changed from ₹ 350 to ₹ 370
EPS FY19E	Changed from -₹ 13.4 to -₹ 21
EPS FY20E	Changed from ₹ 17.3 to ₹ 15.5
EPS FY21E	Introduced at ₹ 23.2
Rating	Unchanged

Quarterly performance

₹ Crore	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)
Revenue	165.0	119.9	37.6	148.4	11.2
EBITDA	38.6	7.2	437.0	38.2	NA
EBITDA (%)	23.4	6.0	NA	25.7	NA
PAT	9.8	(22.5)	4.6	5.0	NA

Key financials

₹ Crore	FY18	FY19E	FY20E	FY21E
Net Sales	592	611	677	750
EBITDA	135	141	166	195
Net Profit	17.1	(58.8)	43.4	64.8
EPS (₹)	6.1	-21.0	15.5	23.2

Valuation summary

	FY18	FY19E	FY20E	FY21E
P/E (x)	64.2	(18.7)	25.4	17.0
Target P/E (x)	76.1	(22.2)	30.1	20.1
EV/EBITDA (x)	12.6	11.6	9.4	7.6
P / BV (x)	0.7	0.7	0.7	0.7
RONW (%)	1.1	(3.8)	2.8	4.1
ROCE (%)	6.1	6.5	7.9	9.4

Stock data

Particular	Amount
Market Capitalization (₹ Crore)	1,095.4
Total Debt (FY18) (₹ Crore)	672.4
Cash (FY18) (₹ Crore)	161.0
EV (₹ Crore)	1,606.7
52 week H/L	789.95/286
Equity Capital (₹ Crore)	28.0
Face Value (₹)	10.0

Peer Group

	1M	3M	6M	1Y
Dredging Corp	-11.1	17.0	-21.0	-45.9
Mercator Ltd	-23.3	-39.7	-60.0	-76.0
Adani Ports And	-12.2	1.8	-16.1	-17.4

Research Analyst

Bharat Chhoda
bharat.chhoda@icicisecurities.com

Harshal Mehta
harshal.mehta@icicisecurities.com

Variance analysis

	Q3FY19	Q3FY19E	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	Comments
Revenue	165.0	131.9	119.9	37.6	148.4	11.2	Revenues higher than estimates due to better fleet utilisation
Employee benefit expenses	23.8	27.7	22.8	4.2	25.2	-5.6	
Other cost	102.7	105.1	89.9	14.2	85.0	20.8	
Total Expense	126.5	132.8	112.7	12.2	110.2	14.8	
EBITDA	38.6	-0.9	7.2	437.0	38.2	NA	
EBITDA Margin (%)	23.4	-0.7	6.0	290.2	25.7	NA	Margins improved due to higher operating leverage
Depreciation	27.8	28.2	26.6	4.6	29.9	-7.1	
Interest	3.8	4.1	5.1	-26.6	3.9	-3.6	
Other Income	4.3	1.9	3.0	44.3	1.1	301.9	
Exceptional Gain/Loss	0.0	0.0	0.0	NA	0.0	NA	
PBT	11.3	-31.3	-21.5	NA	5.4	NA	
Total Tax	1.5	-3.1	1.0	51.5	0.4	257.1	
PAT	9.8	-28.2	-22.5	NA	5.0	NA	

Source: Company, ICICI Direct Research

Change in estimates

			FY19E			FY20E			FY21E	
(₹ Crore)	FY17	FY18	Old	New	% Change	Old	New	% Change	Introduced	
Revenue	585.9	591.9	643.8	611.1	-5.1	702.4	676.7	-3.7	749.7	Estimates revised as 9MFY19 revenues stay subdued
EBITDA	117.0	134.9	167.4	140.6	-16.0	168.6	165.8	-1.7	194.9	
EBITDA Margin (%)	20.0	22.8	26.0	23.0	-300 bps	24.0	24.5	50 bps	26.0	
PAT	12.3	21.8	-37.6	-58.8	NA	48.5	43.4	-10.6	64.8	
EPS (₹)	2.7	6.1	-13.4	-21.0	NA	17.3	15.5	-10.4	23.2	

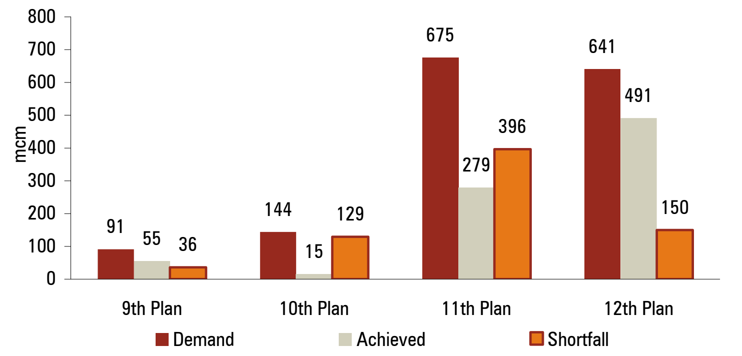
Source: Company, ICICI Direct Research

Company Analysis

Indian dredging market at nascent stage

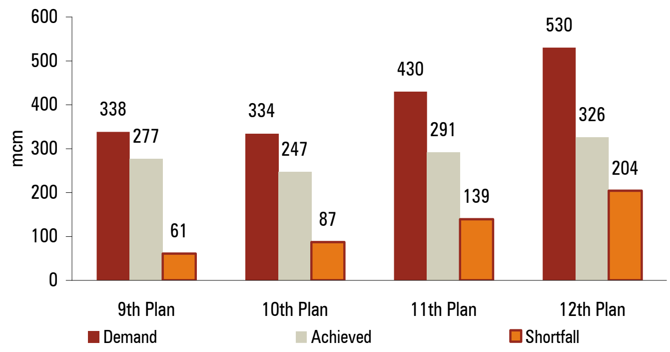
Dredging demand is estimated by individual ports and sent as proposals to the Planning Commission. New port establishment proposals can be taken up by central or state governments. The Planning Commission analyses these inputs and allocates funds in phases during each financial year. Following this, 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

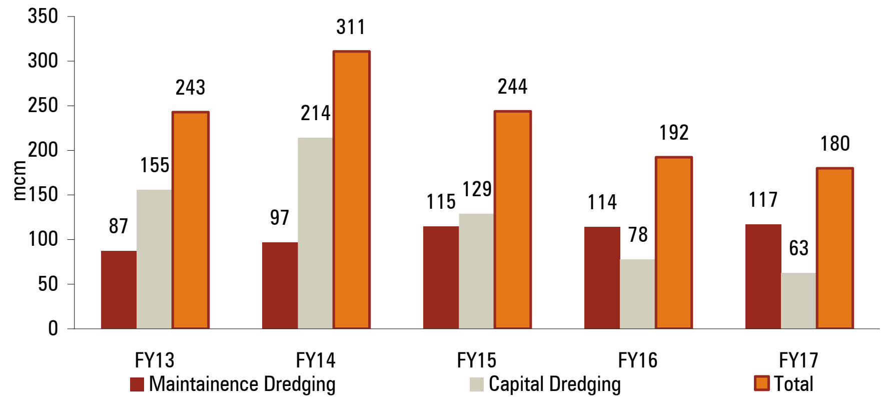
Exhibit 2: Actual vs. expected maintenance dredging



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 the 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!

- Deeper draft at ports at least 18 metre
- Increase in Exim trade and throughput capacity at ports
- Land reclamation
- Emerging trends, ultra mega size vessels
- Consistent maintenance and capital dredging at existing ports
- Inland transport & water linking projects
- Tourism development beach nourishment

Source: Company, ICICI Direct Research

Apart from ordinary ports, construction of various greenfield ports in India have 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 to increase 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 metres 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.

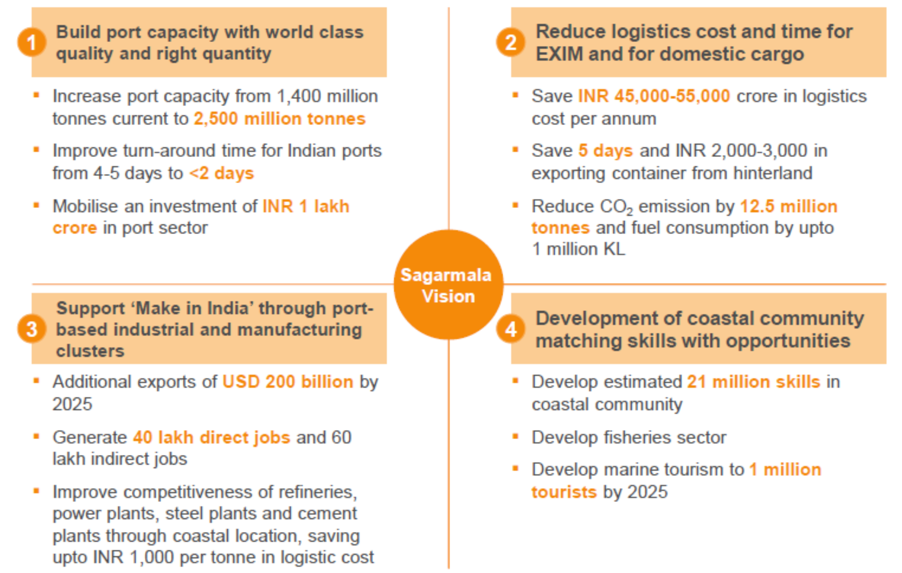
To enhance the current capacity, three new ports have been planned. The approximate cost for the same is ₹ 100000 crore; of which ~20% could be for dredging

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 a 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. DCI 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

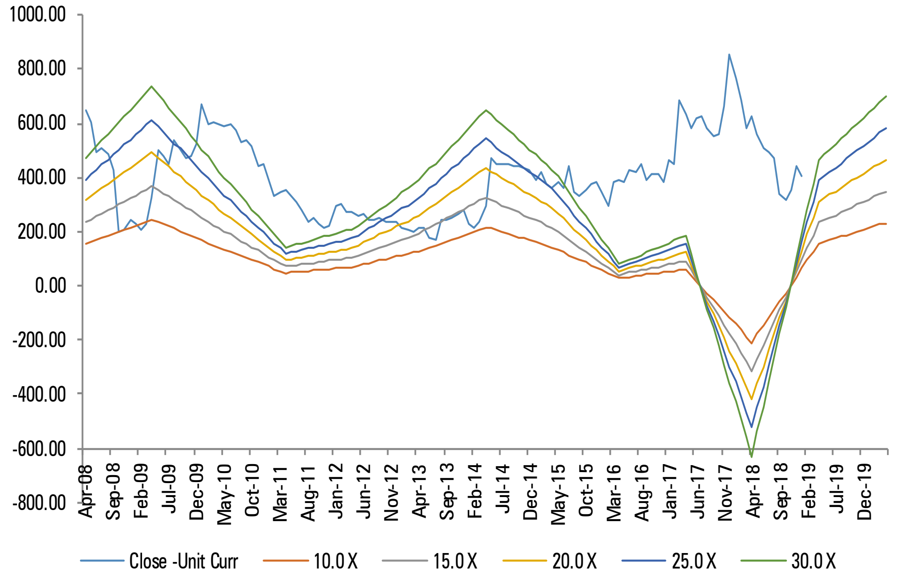
*Source: Company, ICICI Direct Research, * Foreign fleet details of Indian arms of foreign companies*

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 the 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 dredging market. Sagar Mala, which envisaged 150 projects entailing an investment of ₹ 100000 crore can result in an approximate dredging opportunity of ₹ 20000 crore.

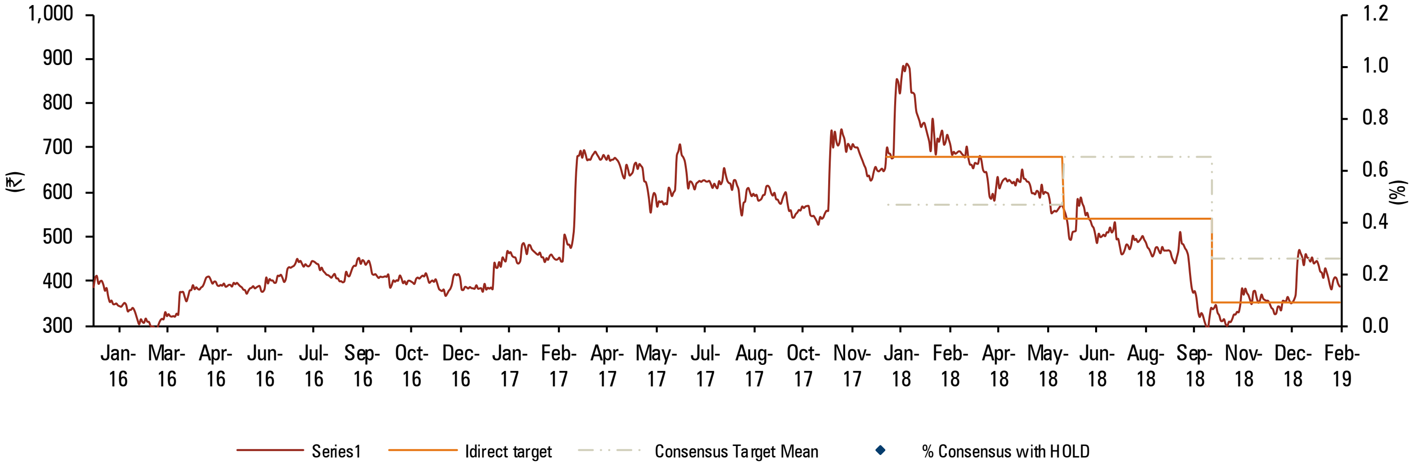
Exhibit 8: Forward P/E



Source: Company, ICICI Direct Research

As per media sources, the Union Cabinet has approved the strategic sale of its stake in the company to the consortium of four ports (Visakhapatnam Port Trust, Paradip Port Trust, JNPT and Kandla Port Trust). The stake sale may provide the required trigger to capture the huge growth opportunity presented by the planned projects and could also lead to nimbler decision making and upgrading/investing in existing fleet and acquisition of new fleet/equipment to cater to requirement of various projects. At the current market price, DCI is trading at ~17x FY21E EPS of ₹ 23.2 and 0.7x FY21E P/BV (book value). However, as concerns remain related to execution of ongoing projects and scaling up of the operations of the company by the consortium of the ports, we maintain **HOLD** rating on the stock, valuing it at ₹ 370 (16x FY21E EPS).

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	31-Dec-18	73.5	20.6	0.0
2	Life Insurance Corporation of India	31-Dec-18	4.4	1.2	0.0
3	General Insurance Corporation of India	31-Dec-18	1.8	0.5	0.0
4	LIC Mutual Fund Asset Management Company Ltd.	31-Dec-18	1.3	0.4	0.0
5	Dimensional Fund Advisors, L.P.	31-Dec-18	0.2	0.1	0.0
6	Van Eck Associates Corporation	31-Dec-18	0.2	0.1	0.0
7	Sophus Capital	30-Nov-17	0.0	0.0	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Promoter	73.5	73.5	73.5	73.5	73.5
FII	0.8	0.9	0.8	0.8	0.2
DII	9.0	6.7	6.7	6.7	6.7
Others	16.7	19.0	19.0	19.1	19.6

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
			Van Eck Associates Corporation	0.01	0.00

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY18	FY19E	FY20E	FY21E
Revenue	591.9	611.1	676.7	749.7
Growth (%)	1.0	3.3	10.7	10.8
Employee Expense	96.6	97.8	104.9	112.5
Other Expenses	360.3	372.8	406.0	442.3
EBITDA	134.9	140.6	165.8	194.9
Growth (%)	15.3	4.2	18.0	17.6
Depreciation	113.2	114.5	121.1	127.7
EBIT	21.8	26.1	44.7	67.2
Interest	20.2	16.6	15.1	13.7
Other Income	20.3	22.6	25.4	28.5
PBT	21.8	32.0	54.9	82.1
Growth (%)	77.1	47.1	71.4	49.5
Tax	4.6	6.7	11.5	17.2
PAT before exceptional item	17.1	25.3	43.4	64.8
Exceptional Items	-	(84.1)	-	-
PAT after exceptional items	17.1	(58.8)	43.4	64.8
Growth (%)	131.0	NA	NA	NA
EPS	6.1	(21.0)	15.5	23.2

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(Year-end March)	FY18	FY19E	FY20E	FY21E
Profit after Tax	17.1	(58.8)	43.4	64.8
Less: Dividend Paid	9.8	9.8	9.8	9.8
Add: Depreciation	113.2	114.5	121.1	127.7
Cash Profit	120.5	45.8	154.6	182.7
Increase/(Decrease) in CL	(18.8)	66.0	68.6	117.9
(Increase)/Decrease in CA	4.5	106.4	51.3	(9.9)
CF from Operating Activities	136.2	244.6	299.4	314.2
(Add) / Dec in Fixed Assets	(138.3)	(207.2)	(200.0)	(200.0)
Goodwill	-	-	-	-
(Inc)/Dec in Investments	-	-	-	-
CF from Investing Activities	(138.3)	(207.2)	(200.0)	(200.0)
Inc/(Dec) in Loan Funds	(27.8)	(100.3)	(50.3)	(50.3)
Inc/(Dec) in Sh. Cap.	-	-	-	-
Change in Reserves & other	(3.5)	28.8	(23.9)	(23.8)
Others	60.7	9.8	9.8	9.8
Interest Paid	(20.2)	(16.6)	(15.1)	(13.7)
CF from financing activities	9.1	(78.2)	(79.5)	(78.0)
Change in cash Eq.	7.0	(40.8)	19.9	36.3
Op. Cash and cash Eq.	70.1	77.1	36.4	56.3
Cl. Cash and cash Eq.	77.1	36.4	56.3	92.5

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(Year-end March)	FY18	FY19E	FY20E	FY21E
Source of Funds				
Equity Capital	28.0	28.0	28.0	28.0
Reserves & Surplus	1,516.1	1,495.9	1,525.3	1,576.1
Shareholder's Fund	1,544.1	1,523.9	1,553.3	1,604.1
Secured Loan	672.4	572.4	522.4	472.4
Unsecured Loan	-	-	-	-
Total Loan Funds	672.4	572.4	522.4	472.4
Deferred Tax Liability	3.7	3.7	3.7	3.7
Source of Funds	2,222.7	2,102.5	2,081.8	2,082.7
Application of Funds				
Gross Block	3,269.2	3,469.2	3,669.2	3,869.2
Less: Acc. Depreciation	(1,452.6)	(1,567.1)	(1,688.2)	(1,815.8)
Net Block	1,816.6	1,902.1	1,981.1	2,053.4
Capital WIP	42.8	50.0	50.0	50.0
Total Fixed Assets	1,859.5	1,952.1	2,031.1	2,103.4
Goodwill	-	-	-	-
Investments & other financial a	9.2	9.5	9.8	10.2
Inventories	192.7	117.2	129.8	143.8
Debtors	238.1	251.1	222.5	246.5
Cash	77.1	36.4	56.3	92.5
Loan & Advance, Other CA	219.7	175.8	140.6	112.5
Total Current assets	727.6	580.5	549.2	595.3
Creditors	180.1	147.3	129.3	138.6
Other Current Liabilities	228.2	319.5	399.3	499.2
Provisions	15.0	22.4	29.2	37.9
Total CL and Provisions	423.2	489.2	557.8	675.7
Net Working Capital	304.4	91.3	(8.6)	(80.4)
Deferred Tax Assets	49.6	49.6	49.6	49.6
Application of Funds	2,222.7	2,102.5	2,081.8	2,082.7

Source: Company, ICICI Direct Research

Key ratios				
(Year-end March)	FY18	FY19E	FY20E	FY21E
Per share data (₹)				
Book Value	551.5	544.3	554.7	572.9
EPS	6.1	(21.0)	15.5	23.2
Cash EPS	46.5	19.9	58.7	68.8
DPS	3.0	3.0	3.0	3.0
Profitability & Operating Ratios				
EBITDA Margin (%)	22.8	23.0	24.5	26.0
PAT Margin (%)	2.9	(9.6)	6.4	8.6
Fixed Asset Turnover (x)	0.2	0.2	0.2	0.2
Inventory Turnover (Days)	118.8	70.0	70.0	70.0
Debtor (Days)	146.8	150.0	120.0	120.0
Creditor (Days)	111.0	88.0	69.8	67.5
Return Ratios (%)				
RoE	1.1	(3.9)	2.8	4.0
RoCE	1.5	1.8	2.7	3.9
RoIC	1.1	1.3	2.3	3.6
Valuation Ratios (x)				
PE	64.2	(18.7)	25.4	17.0
Price to Book Value	0.7	0.7	0.7	0.7
EV/EBITDA	12.6	11.6	9.4	7.6
EV/Sales	2.9	2.7	2.3	2.0
Leverage & Solvency Ratios				
Debt to equity (x)	0.4	0.4	0.3	0.3
Cash to Total Assets (x)	3.6	1.8	2.8	4.6
Debt to EBITDA (x)	5.0	4.1	3.2	2.4
Current Ratio	1.5	1.1	0.9	0.7
Quick ratio	1.1	0.9	0.7	0.5

Source: Company, ICICI Direct Research

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Pankaj Pandey **Head – Research** **pankaj.pandey@icicisecurities.com**

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No. 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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