

INDUSTRY	MEDIA		
<b>CMP (as on 28 Nov 2017)</b>	<b>Rs 84</b>		
<b>Target Price</b>	<b>Rs 105</b>		
Nifty	10,370		
Sensex	33,619		
KEY STOCK DATA			
Bloomberg	DITV IN		
No. of Shares (mn)	1,066		
MCap (Rs bn)/(US\$ mn)	90/1,390		
6m avg traded value (Rs mn)	320		
STOCK PERFORMANCE (%)			
<b>52 Week high / low</b>	<b>Rs 111/68</b>		
	<b>3M</b>	<b>6M</b>	<b>12M</b>
Absolute (%)	7.3	(3.6)	(5.7)
Relative (%)	1.5	(11.9)	(33.3)
SHAREHOLDING PATTERN (%)			
Promoters	64.43		
FIs & Local MFs	7.84		
FPIs	18.83		
Public & Others	8.90		
Source : BSE			

## Looking good

Videocon D2H (VD2H), listed on Nasdaq, reported strong 2QFY18 numbers. After a subdued performance in recent quarters, VD2H registered healthy revenue growth of 8% QoQ, and EBITDA at an all-time high of Rs 2.8bn (+13% QoQ). ARPU growth of 7% QoQ from Rs 198 in 1QFY18 to Rs 212 in 2QFY18 is the key positive. (Note: Dish TV and VD2H would amalgamate their business effective 1-Oct-2017, post MIB approval.)

Our positive view on DITV despite a weak performance in FY17 is derived from its inexpensive valuations (8.3/7.2x FY19/20E EV/E), synergies from the merger with VD2H and DAS IV digitisation. Additional benefits can accrue from a reduction of license fees. BUY with a TP of Rs 105. Our TP is based on pro-forma financials of the merged operations, and factors in Rs 2bn p.a. of synergy benefits (mgt target is Rs 5bn).

### Key investment arguments

- **Financial highlights:** VD2H registered a healthy recovery in ARPU (+7% QoQ) and subscription revenue (+8.6% QoQ). EBITDA grew by 13% QoQ to Rs 2.8bn, led by strong revenue growth.
- **Operational KPIs:** VD2H growth in ARPU from Rs 198 in 1QFY18 to Rs 212 in 2QFY18 has been driven by the elimination of entertainment tax and the benefit of an increase in pack prices in Apr-17, which generally kicks in with a lag effect. Pre-GST, the DTH

industry has been paying service tax @ 15% and entertainment tax @ 6-7% of revenues vs. GST of 18%. Surprisingly, Airtel DTH ARPU increased by only 1.9% QoQ.

- Gross subscriber addition though was muted at 450k, net additions were healthy at 210k (vs. 130k in 1QFY18). Airtel DTH reported healthy gross additions at 750k, but net adds were modest at 207k. VD2H churn was relatively lower at 0.62% p.m. vs. 1.4% for Airtel DTH.
- **Near-term outlook:** Post a weak 2HFY17 owing to demonetisation, DITV finally witnessed a recovery in ARPU/subscription revenue (+5% QoQ) in 1QFY18 and VD2H in 2QFY18. Sustained subscriber and consistent revenue growth, and achieving synergy benefits post the merger with VD2H is key for DITV re-rating.

### Financial Summary (DISH TV Consol, Ex-Videocon D2H Merger)

(Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Net Sales	30,599	30,144	31,053	34,566	37,617
EBITDA	10,249	9,786	9,365	11,272	12,612
APAT	6,924	1,093	185	857	1,287
Diluted EPS (Rs)	6.5	1.0	0.2	0.8	1.2
P/E (x)	12.9	81.9	484.5	104.5	69.6
EV / EBITDA (x)	9.4	9.9	10.3	8.3	7.2
RoIC	NM	21.3	16.0	17.2	23.1

Source: Company, HDFC sec Inst Research

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## Videocon D2H: 2QFY18 Financials Snapshot

### Quarterly Financials Snapshot

Rs Mn	2QFY17	1QFY18	2QFY18	% chg YoY	% chg QoQ	1HFY17	1HFY18	% chg YoY
<b>Revenue</b>	<b>7,762</b>	<b>7,726</b>	<b>8,346</b>	<b>7.5</b>	<b>8.0</b>	<b>15,395</b>	<b>16,071</b>	<b>4.4</b>
- subscription & activation	7,107	7,091	7,701	8.4	8.6	14,077	14,792	5.1
- other operating revenue	655	635	645	(1.6)	1.6	1,318	1,279	(2.9)
Content costs	3,004	3,245	3,313	10.3	2.1	5,958	6,558	10.1
Other opex*	1,048	897	1,078	2.8	20.2	2,089	1,975	(5.5)
Employee costs	315	277	240	(23.8)	(13.3)	638	517	(18.9)
Administration	183	208	276	51.3	32.5	361	484	34.3
S&D	607	614	633	4.2	3.1	1,247	1,246	(0.1)
<b>Total Opex</b>	<b>5,157</b>	<b>5,241</b>	<b>5,540</b>	<b>7.4</b>	<b>5.7</b>	<b>10,292</b>	<b>10,781</b>	<b>4.7</b>
<b>EBITDA</b>	<b>2,605</b>	<b>2,485</b>	<b>2,805</b>	<b>7.7</b>	<b>12.9</b>	<b>5,102</b>	<b>5,290</b>	<b>3.7</b>
D&A	1,685	1,793	1,816	7.8	1.3	3,396	3,609	6.3
Finance costs	717	678	763	6.3	12.6	1,476	1,440	(2.4)
Other Income	9	3	17	74.6	475.3	19	19	3.1
<b>PBT</b>	<b>211</b>	<b>17</b>	<b>243</b>	<b>15.0</b>	<b>1,288.1</b>	<b>249</b>	<b>260</b>	<b>4.4</b>
Tax	63	5	75	18.6	1,286.5	75	80	7.7
<b>PAT</b>	<b>148</b>	<b>12</b>	<b>168</b>	<b>13.4</b>	<b>1,288.7</b>	<b>175</b>	<b>180</b>	<b>3.0</b>

Source: Company, HDFC Sec Inst Research

\* Other opex comprises of license fee, transponder costs, IT and installation costs etc

### Margin Analysis (As % Of Revenue)

	2QFY17	1QFY18	2QFY18	chg YoY bps	chg QoQ bps	1HFY17	1HFY18	chg YoY bps
Content costs	38.7	42.0	39.7	100	(230)	38.7	40.8	211
Other opex*	13.5	11.6	12.9	(59)	131	13.6	12.3	(128)
Employee costs	4.1	3.6	2.9	(118)	(71)	4.1	3.2	(92)
Administration	2.4	2.7	3.3	96	61	2.3	3.0	67
S&D	7.8	7.9	7.6	(24)	(36)	8.1	7.8	(35)
Total Opex	66.4	67.8	66.4	(6)	(145)	66.9	67.1	23
<b>EBITDA</b>	<b>33.6</b>	<b>32.2</b>	<b>33.6</b>	<b>6</b>	<b>145</b>	<b>33.1</b>	<b>32.9</b>	<b>(23)</b>
PBT	2.7	0.2	2.9	19	268	1.6	1.6	0
PAT	1.9	0.2	2.0	10	185	1.1	1.1	(1)
Tax as % of PBT	29.9	30.9	30.9	96	(3)	30.0	30.9	95

Source: Company, HDFC Sec Inst Research

*Increase in revenue QoQ was partly offset by higher other operating costs (+20% QoQ) and administration costs owing to pre-merger expenses*

**Gross subscriber additions were modest, but lower churn boosted net adds QoQ (at par with Airtel DTH)**

**Post a steep decline in ARPU for three consecutive quarters led by demonetisation, delay in recharges, down-trading of customers and higher churn, VD2H finally reported a recovery in ARPU. Abolition of entertainment tax, which was net-off from revenue led to a boost in ARPU**

### Operating KPIs

	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	YoY (%)	QoQ (%)
Net Subscribers (Mn)	12.3	12.5	12.8	12.9	13.0	13.3	5.8	1.6
<b>Incremental additions (000s)</b>								
Gross Adds (000s)	600	590	580	470	630	450	(23.7)	(28.6)
Churn (000s)	170	360	330	330	500	240	(33.3)	(52.0)
Net Adds (000s)	430	230	250	140	130	210	(8.7)	61.5
Monthly Churn (%)	0.49%	0.95%	0.87%	0.87%	1.27%	0.62%	(34.7)	(51.2)
<b>ARPU (Rs)</b>	<b>211</b>	<b>209</b>	<b>205</b>	<b>196</b>	<b>198</b>	<b>212</b>	<b>1.4</b>	<b>7.1</b>
SAC (Rs)	1,872	1,869	1,924	1,923	1,865	1,747	(6.5)	(6.3)
Capex (Rs Mn)	1,632	1,718	1,515	1,383	1,239	1,631	(5.1)	31.6
<b>FCF [EBITDA - Capex] (Rs Mn)</b>	<b>866</b>	<b>887</b>	<b>1,136</b>	<b>918</b>	<b>1,246</b>	<b>1,174</b>	<b>32.5</b>	<b>(5.8)</b>

Source: Company, HDFC Sec Inst Research

**Performance of both DITV and VD2H slipped in 2HFY17, post the merger announcement in Nov-16**

**Both DITV (1QFY18) and VD2H (2QFY18) have shown ARPU recovery in the recent past**

**Revival of subscriber and revenue growth and its sustenance is key for re-rating**

*\* Note: ARPU & revenue before Jun'16 is not comparable due to accounting change. Dish TV and Videocon d2h started netting-off certain commissions paid to its trade partners from its revenues and costs from 1QFY16 and e-tax from 1QFY17.*

### Operating Performance Of DTH Players

Key Metrics	1QFY16	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18
<b>Net Subs (Mn)</b>										
Dish TV	13.3	13.6	13.9	14.5	14.9	15.1	15.3	15.5	15.7	
Videocon D2H	10.7	10.9	11.3	11.9	12.3	12.5	12.8	12.9	13.0	13.3
Airtel Digital TV	10.4	10.6	11.1	11.7	12.2	12.4	12.6	12.8	13.3	13.5
<b>Net Adds (000s)</b>										
Dish TV	390	338	317	508	402	259	204	165	186	
Videocon D2H	460	200	430	590	430	230	250	130	130	210
Airtel Digital TV	339	164	530	619	424	256	183	228	487	207
<b>Monthly Churn (%)</b>										
Dish TV	0.7	0.8	0.7	0.7	0.7	0.8	0.8	0.9	1.0	
Videocon D2H	0.5	1.2	0.7	0.6	0.5	1.0	0.9	0.9	1.3	0.6
Airtel Digital TV	0.8	1.3	0.7	0.8	0.8	1.2	1.3	1.2	0.9	1.4
<b>ARPU (Rs)*</b>										
Dish TV	174	171	172	174	165	162	151	141	148	
Videocon D2H	205	205	211	214	211	209	205	196	198	212
Airtel Digital TV	222	224	229	229	233	232	232	228	228	233
<b>SAC (Rs)</b>										
Dish TV	1,750	1,725	1,750	1,450	1,451	1,590	1,725	1,680	1,800	
Videocon D2H	1,793	1,775	1,726	1,776	1,872	1,869	1,924	1,923	1,865	1,747
<b>Key P&amp;L items</b>										
<b>Revenue (Rs Mn)</b>										
Dish TV	7,367	7,112	7,302	7,994	7,786	7,793	7,480	7,086	7,389	
Videocon D2H	6,628	6,901	7,315	7,715	7,633	7,762	7,774	7,549	7,726	8,346
Airtel Digital TV	6,848	7,068	7,422	7,840	8,369	8,545	8,735	8,657	8,974	9,369
<b>Revenue growth YoY (%)</b>										
Dish TV	19.2	9.4	2.3	9.5	5.7	9.6	2.4	(11.4)	(5.1)	
Videocon D2H	23.3	20.4	21.6	23.4	15.2	12.5	6.3	(2.1)	1.2	7.5
Airtel Digital TV	15.8	12.9	19.1	23.5	22.2	20.9	17.7	10.4	7.2	9.6
<b>EBITDA (Rs Mn)</b>										
Dish TV	2,358	2,550	2,654	2,608	2,647	2,642	2,495	1,906	2,012	
Videocon D2H	1,874	1,883	1,977	2,162	2,498	2,605	2,651	2,319	2,485	2,805
Airtel Digital TV	2,408	2,343	2,474	2,750	3,011	3,030	3,026	3,153	3,300	3,517
<b>EBITDA Margin %</b>										
Dish TV	32.0	35.9	36.3	32.6	34.0	33.9	33.4	26.9	27.2	
Videocon D2H	28.3	27.3	27.0	28.0	32.7	33.6	34.1	30.7	32.2	33.6
Airtel Digital TV	35.2	33.1	33.3	35.1	36.0	35.5	34.6	36.4	36.8	37.5

**Key assumptions: Dish TV + Videocon**

	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
<b>Subscribers (Mn)</b>	<b>19.8</b>	<b>23.1</b>	<b>26.3</b>	<b>28.4</b>	<b>30.1</b>	<b>32.3</b>	<b>34.5</b>
- DITV	11.4	12.9	14.5	15.5	16.4	17.6	18.8
- VD2H	8.4	10.2	11.9	12.9	13.7	14.7	15.7
<b>ARPU (Rs)*</b>	<b>186</b>	<b>195</b>	<b>200</b>	<b>185</b>	<b>184</b>	<b>190</b>	<b>194</b>
- DITV	182	184	186	168	162	169	172
- VD2H	191	209	216	207	210	215	220
<b>Revenue</b>	<b>41,740</b>	<b>50,256</b>	<b>59,158</b>	<b>60,861</b>	<b>64,599</b>	<b>71,237</b>	<b>77,761</b>
- DITV	24,096	26,879	30,599	30,144	31,053	34,566	37,617
- VD2H	17,644	23,377	28,559	30,717	33,546	36,671	40,144
<b>EBITDA</b>	<b>9,266</b>	<b>13,287</b>	<b>18,144</b>	<b>19,859</b>	<b>20,447</b>	<b>23,587</b>	<b>26,334</b>
- DITV	5,345	7,331	10,249	9,786	9,365	11,272	12,612
- VD2H	3,920	5,956	7,895	10,073	11,082	12,315	13,722
<b>EBITDA Margin %</b>	<b>22.2</b>	<b>26.4</b>	<b>30.7</b>	<b>32.6</b>	<b>31.7</b>	<b>33.1</b>	<b>33.9</b>
- DITV	22.2	27.3	33.5	32.5	30.2	32.6	33.5
- VD2H	22.2	25.5	27.6	32.8	33.0	33.6	34.2
<b>Net Debt (incl regulatory dues)</b>	<b>49,649</b>	<b>36,327</b>	<b>40,444</b>	<b>43,807</b>	<b>46,214</b>	<b>44,202</b>	<b>40,685</b>
- DITV	17,024	19,057	18,528	20,836	22,658	21,565	20,192
- VD2H	32,625	17,270	21,916	22,971	23,557	22,638	20,494
<b>Net Debt (excl regulatory dues)</b>	<b>39,293</b>	<b>22,323</b>	<b>23,517</b>	<b>23,333</b>	<b>22,490</b>	<b>17,228</b>	<b>10,461</b>
- DITV	8,669	8,553	6,601	6,862	6,934	4,091	968
- VD2H	30,625	13,770	16,916	16,471	15,557	13,138	9,494

Source : Company, HDFC Sec Inst Research

\*ARPU & revenue from FY17 is not comparable to previous periods due to accounting change. Dish TV and Videocon d2h started netting-off certain commissions paid to its trade partners from its revenues and costs from 1QFY16 and e-tax from 1QFY17.

***Favourable ruling from the court would entail DITV to reverse the license fee provision (difference between license fee accrued in P&L and that paid to the government) and reduce the liability***

***This would increase our TP by Rs 15/share***

### Valuation Snapshot: Dish TV + Videocon

Description	Unit	DITV	VD2H	Upside from synergy*	DITV + VD2H
<b>Sep-19 EBITDA</b>	<b>Rs Mn</b>	<b>11,942</b>	<b>13,019</b>	<b>1,960</b>	<b>26,921</b>
EV/EBITDA multiple	X	9.0	9.0	9.0	9.0
<b>Enterprise Value</b>	<b>Rs Mn</b>	<b>107,476</b>	<b>117,169</b>	<b>17,644</b>	<b>242,289</b>
(-) Net debt	Rs Mn	2,529	11,316		13,845
(-) LF provision	Rs Mn	18,349	10,250		28,599
<b>Total debt</b>	<b>Rs Mn</b>	<b>20,878</b>	<b>21,566</b>		<b>42,444</b>
<b>Equity Value</b>	<b>Rs Mn</b>	<b>86,598</b>	<b>95,603</b>	<b>17,644</b>	<b>199,845</b>
O/s share	Mn	1,066	858	1,924	1,924
<b>Equity Value/share</b>	<b>Rs</b>	<b>81</b>	<b>111</b>	<b>9</b>	<b>105</b>

Source : Company, HDFC Sec Inst Research

We have factored Rs 2bn (50%) of the potential upside from the merger with Videocon D2H owing to merger hiccups, integration issues etc. Full realization of synergy benefits from merger would increase our TP by further Rs 10/share (viz. Rs 2bn additional synergy benefit \* 9x EV/EBITDA multiple divided by 1.9bn merged entity o/s shares)

**Consolidated Income Statement (DISH TV Consol, Ex-VD2H Merger)**

(Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
<b>Net Sales</b>	<b>30,599</b>	<b>30,144</b>	<b>31,053</b>	<b>34,566</b>	<b>37,617</b>
<b>Growth (%)</b>	<b>13.8</b>	<b>(1.5)</b>	<b>3.0</b>	<b>11.3</b>	<b>8.8</b>
Programming and other costs	8,555	9,177	9,669	10,445	11,355
License fee	2,175	2,175	2,236	2,489	2,708
Gross margin (%)	64.9	62.3	61.7	62.6	62.6
Transponder costs	1,618	1,850	1,943	2,040	2,142
SG&A Expenses	2,836	3,108	3,162	3,284	3,386
Employee expenses	1,229	1,440	1,549	1,657	1,773
Other Operating Expenses	3,873	2,546	3,068	3,317	3,579
Expenditure	20,350	20,358	21,688	23,294	25,006
<b>EBITDA</b>	<b>10,249</b>	<b>9,786</b>	<b>9,365</b>	<b>11,272</b>	<b>12,612</b>
<b>EBITDA (%)</b>	<b>33.5</b>	<b>32.5</b>	<b>30.2</b>	<b>32.6</b>	<b>33.5</b>
<b>EBITDA Growth (%)</b>	<b>39.8</b>	<b>(4.5)</b>	<b>(4.3)</b>	<b>20.4</b>	<b>11.9</b>
Depreciation	5,907	6,631	7,314	8,171	9,079
EBIT	4,342	3,155	2,051	3,101	3,533
Other Income	640	418	461	470	471
Interest	2,087	2,239	2,330	2,292	2,083
PBT	2,895	1,334	182	1,279	1,921
Tax	(4,029)	241	(3)	422	634
<b>APAT</b>	<b>6,924</b>	<b>1,093</b>	<b>185</b>	<b>857</b>	<b>1,287</b>
<b>APAT Growth (%)</b>	<b>NM</b>	<b>(84.2)</b>	<b>(83.1)</b>	<b>363.8</b>	<b>50.1</b>
<b>EPS</b>	<b>6.5</b>	<b>1.0</b>	<b>0.2</b>	<b>0.8</b>	<b>1.2</b>
<b>EPS Growth (%)</b>	<b>NM</b>	<b>(84.2)</b>	<b>(83.1)</b>	<b>363.8</b>	<b>50.1</b>

Source: Company, HDFC sec Inst Research

**Consolidated Balance Sheet**

(Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	1,066	1,066	1,066	1,066	1,066
Reserves	2,741	3,840	4,025	4,882	6,169
<b>Total Shareholders' Funds</b>	<b>3,807</b>	<b>4,906</b>	<b>5,091</b>	<b>5,948</b>	<b>7,235</b>
Long term debt	11,535	5,834	4,375	3,282	2,461
Short term debt	777	5,594	5,035	4,531	4,078
<b>Total Debt</b>	<b>12,313</b>	<b>11,428</b>	<b>9,410</b>	<b>7,813</b>	<b>6,539</b>
Other liabilities and provisions	808	1,231	984	1,083	1,191
<b>TOTAL SOURCES OF FUNDS</b>	<b>16,928</b>	<b>17,565</b>	<b>15,486</b>	<b>14,844</b>	<b>14,965</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	18,100	19,203	22,269	23,199	23,611
CWIP	6,100	7,868	6,294	5,035	4,532
LT Loans & Advances	6,101	7,116	7,366	7,616	7,866
<b>Total Non-current Assets</b>	<b>30,302</b>	<b>34,187</b>	<b>35,929</b>	<b>35,851</b>	<b>36,008</b>
Inventories	126	131	144	159	174
Debtors	725	870	913	959	1,007
Cash & Equivalents	5,712	4,567	2,477	3,722	5,572
Other Current Assets	2,529	2,855	3,141	3,455	3,800
<b>Total Current Assets</b>	<b>9,092</b>	<b>8,423</b>	<b>6,675</b>	<b>8,295</b>	<b>10,553</b>
Creditors	10,314	10,807	11,131	11,465	11,809
Other CL & Provn*s	12,151	14,237	15,987	17,837	19,787
<b>Total Current Liabilities</b>	<b>22,465</b>	<b>25,044</b>	<b>27,118</b>	<b>29,302</b>	<b>31,596</b>
<b>Net Current Assets</b>	<b>-13,373</b>	<b>-16,622</b>	<b>-20,444</b>	<b>-21,008</b>	<b>-21,043</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>16,929</b>	<b>17,565</b>	<b>15,485</b>	<b>14,843</b>	<b>14,965</b>

Source: Company, HDFC sec Inst Research \* primarily towards regulatory dues considered as part of debt

**Cash Flow Statement**

(Rs mn)	FY16	FY17	FY18E	FY19E	FY20E
Reported PAT	6,924	1,093	185	857	1,287
Net interest expense	2,087	2,239	2,330	2,292	2,083
Depreciation	5,907	6,631	7,314	8,171	9,079
Working Capital Change & others	4,235	2,103	1,732	1,810	1,885
<b>OPERATING CASH FLOW ( a )</b>	<b>19,153</b>	<b>12,066</b>	<b>11,561</b>	<b>13,130</b>	<b>14,334</b>
Capex	(10,597)	(9,501)	(8,806)	(7,843)	(8,987)
Free cash flow (FCF)	8,556	2,565	2,755	5,287	5,347
Investments	(4,536)	(592)	(496)	(152)	(142)
<b>INVESTING CASH FLOW ( b )</b>	<b>(15,133)</b>	<b>(10,093)</b>	<b>(9,302)</b>	<b>(7,994)</b>	<b>(9,128)</b>
Debt Issuance	(2,526)	(885)	(2,018)	(1,597)	(1,274)
Interest expenses	(2,087)	(2,239)	(2,330)	(2,292)	(2,083)
<b>FCFE</b>	<b>(593)</b>	<b>(1,151)</b>	<b>(2,089)</b>	<b>1,246</b>	<b>1,849</b>
Share capital Issuance	17	6	-	-	-
Dividends	-	-	-	-	-
<b>FINANCING CASH FLOW ( c )</b>	<b>(4,597)</b>	<b>(3,117)</b>	<b>(4,348)</b>	<b>(3,889)</b>	<b>(3,357)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(577)</b>	<b>(1,145)</b>	<b>(2,089)</b>	<b>1,246</b>	<b>1,849</b>
Closing Cash & Equivalents	5,711	4,567	2,477	3,723	5,572

Source: Company, HDFC sec Inst Research

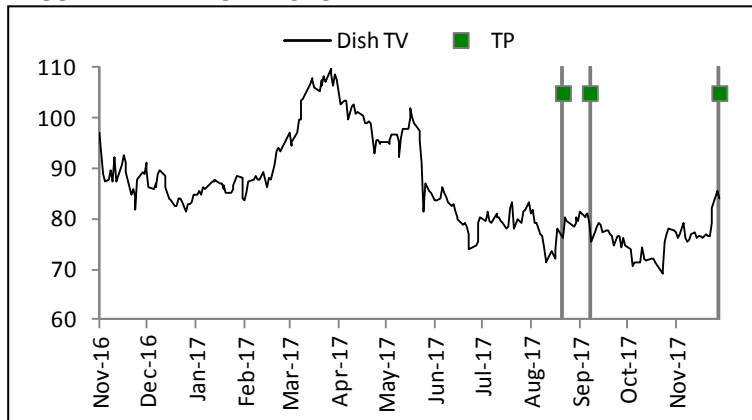
**Key Ratios**

	FY16	FY17	FY18E	FY19E	FY20E
<b>PROFITABILITY (%)</b>					
GPM	64.9	62.3	61.7	62.6	62.6
EBITDA Margin	33.5	32.5	30.2	32.6	33.5
EBIT Margin	14.2	10.5	6.6	9.0	9.4
APAT Margin	NM	3.6	0.6	2.5	3.4
RoE	NM	25.1	3.7	15.5	19.5
RoIC (or Core RoCE)	NM	21.3	16.0	17.2	23.1
RoCE	NM	15.0	12.6	13.7	15.9
<b>EFFICIENCY</b>					
Tax Rate (%)	(139.2)	18.1	(1.4)	33.0	33.0
Fixed Asset Turnover (x)	1.9	1.6	1.5	1.5	1.6
Inventory (days)	2	2	2	2	2
Debtors (days)	9	11	11	10	10
Other Current Assets (days)	30	35	37	36	37
Payables (days)	123	131	131	121	115
Other Current Liab & Provns (days)	145	172	188	188	192
Cash Conversion Cycle (days)	(228)	(257)	(269)	(261)	(258)
Net D/E (x)	1.7	1.4	1.4	0.7	0.1
Interest Coverage (x)	2.1	1.4	0.9	1.4	1.7
<b>PER SHARE DATA (Rs)</b>					
EPS	6.5	1.0	0.2	0.8	1.2
CEPS	12.0	7.2	7.0	8.5	9.7
Dividend	-	-	-	-	-
Book Value	3.6	4.6	4.8	5.6	6.8
<b>VALUATION</b>					
P/E (x)	12.9	81.9	484.5	104.5	69.6
P/BV (x)	23.5	18.3	17.6	15.1	12.4
EV/EBITDA (x)	10.6	11.3	12.0	9.9	8.7
EV/Revenues (x)	3.5	3.7	3.6	3.2	2.9
OCF/EV (%)	17.7	10.9	10.3	11.8	13.0
FCF/EV (%)	7.9	2.3	2.4	4.7	4.8
FCFE/Mkt Cap (%)	(0.7)	(1.3)	(2.3)	1.4	2.1
Dividend Yield (%)	-	-	-	-	-

Source: Company, HDFC sec Inst Research



**RECOMMENDATION HISTORY**



Date	CMP	Reco	Target
21-Aug-17	76	BUY	105
8-Sep-17	79	BUY	105
29-Nov-17	84	BUY	105

**Rating Definitions**

- BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period
- NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
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## INSTITUTIONAL RESEARCH

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