

# KNR Constructions

**BUY**

## Inline performance

**We maintain BUY on KNR with an increased SOTP-based TP of Rs 375/sh (valuing core EPC business 18x FY21EPS at Rs 315/sh, Subsidiaries Rs 60/sh) vs. Rs 363/sh earlier. KNR delivered Revenue/EBIDTA/APAT beat of 11/(2)/5%.**

### HIGHLIGHTS OF THE QUARTER

- Inline performance:** KNR delivered 11/(2)/5% Rev/EBIDTA/APAT beat versus our estimates. Whilst revenue is down 17% YoY its largely attributable to more than expected delay in receiving Appointed Date of NHAI HAM projects. Revenue was lower by Rs 500mn on account of HAM work done but not billed.
- Order book robust at Rs 65.2bn (3x FY19 rev):** KNR has won new irrigation order worth Rs 8.5bn as back to back subcontract from Navayuga Engineering. KNR may target one HAM project worth Rs 10-15bn during FY20E. New order inflow guidance is pegged at Rs 25bn of which KNR has already won Rs 8.5bn (another Rs 8.5bn irrigation order expected during 2QFY20).
- About 29% order book awaiting Appointed Date, yet to move into execution:** KNR has not included Rs 19bn of HAM orders in the backlog. Appointed Date (AD) is awaited for KNR Chidambaram, KSHIP and Palani HAM

projects. KSHIP financial closure document has been submitted to authorities and Palani HAM is under financial closure process currently.

- Balance sheet is strong, net D/E 0.23x, NWC days at 42:** KNR balance sheet is robust with NWC days at 42. Gross debt is Rs 3.4bn of which promoter debt is Rs 2.1bn. Net d/e is 0.2x (ex promoter is 0.1x).

### STANCE

**KNR delivered inline financial performance though execution could have been better. Delay in ADs impacted the same (Rs 500mn of work could not be billed). While we have cut our FY20E Revenue estimate by 7.1% to factor in back ended ADs, new wins in irrigation segment of Rs 8.5bn will drive EBIDTA margins higher. This has resulted in 1.3% cut to your FY20E EPS and 3.5% increase to our FY21E EPS. Kerala/Muzaffarpur BOT collection per day stood at Rs 1.9/2.7mn vs. Rs 1.8/2.4mn QoQ. KNR for its total Rs 2bn investment in 4HAM projects expects to receive Rs 3.6bn from Cube Highways. We maintain BUY. Key risks (1) Slowdown in government ordering (2) Higher crude and cement prices (3) Increase in interest rates and (4) Tightening liquidity in the financial sector.**

### Financial Summary (Standalone)

YE March (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY18	FY19	FY20E	FY21E
Net Sales	4,646	5,564	(16.5)	7,157	(35.1)	19,317	21,373	25,534	30,909
EBITDA	900	1,099	(18.1)	1,440	(37.5)	3,862	4,270	4,325	5,163
APAT	477	630	(24.3)	946	(49.5)	1,622	1,733	1,987	2,462
Diluted EPS (Rs)	3.4	4.5	(24.3)	6.7	(49.5)	11.5	12.3	14.1	17.5
P/E (x)						20.2	18.9	16.5	13.3
EV / EBITDA (x)						8.9	8.3	8.2	6.4
RoE (%)						15.8	13.5	13.0	13.7

Source: Company, HDFC sec Inst Research

INDUSTRY	INFRASTRUCTURE
<b>CMP (as on 16 Aug 2019)</b>	<b>Rs 233</b>
<b>Target Price</b>	<b>Rs 375</b>

Nifty	11,048
Sensex	37,350

### KEY STOCK DATA

Bloomberg	KNRC IN
No. of Shares (mn)	141
MCap (Rs bn) / (\$ mn)	33/459
6m avg traded value (Rs mn)	29

### STOCK PERFORMANCE (%)

52 Week high / low	Rs 303/163		
	3M	6M	12M
Absolute (%)	1.0	14.4	1.6
Relative (%)	1.3	11.0	3.0

### SHAREHOLDING PATTERN (%)

	Mar-19	Jun-19
Promoters	55.17	55.17
FIs & Local MFs	29.66	30.17
FPIs	3.04	3.15
Public & Others	12.13	11.51
Pledged Shares	-	-

Source : BSE

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**Revenue: Rs 4.6bn (11% beat)**

**EBITDA: Rs 0.9bn (2% miss)**

**EBITDA margins: 19.4% (-37bps YoY, -74bps QoQ).**

**APAT was Rs 477mn (5% beat)**

**Delay in receiving Ham projects Appointed Dates impacted execution**

**We have revised our FY20/21E Revenue estimate to factor in delays in Appointed Date of projects. APAT estimate has increased in FY21E because of higher EBIDTA margins**

### Standalone Quarterly Financial

Particulars (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
<b>Net Sales</b>	<b>4,646</b>	<b>5,564</b>	<b>(16.5)</b>	<b>7,157</b>	<b>(35.1)</b>
Material Expenses	(3,053)	(3,585)	(14.8)	(4,863)	(37.2)
Employee Expenses	(271)	(196)	38.5	(248)	9.4
Other Operating Expenses	(421)	(684)	(38.4)	(606)	(30.5)
<b>EBITDA</b>	<b>900</b>	<b>1,099</b>	<b>(18.1)</b>	<b>1,440</b>	<b>(37.5)</b>
Interest Cost	(90)	(72)	25.5	(75)	20.4
Depreciation	(389)	(360)	8.0	(478)	(18.7)
Other Income (Incl. EO Items)	168	178	(5.6)	126	33.1
<b>PBT</b>	<b>589</b>	<b>844</b>	<b>(30.3)</b>	<b>1,013</b>	<b>(41.9)</b>
Tax	(112)	(104)	7.1	(92)	21.4
<b>RPAT</b>	<b>477</b>	<b>740</b>	<b>(35.5)</b>	<b>921</b>	<b>(48.2)</b>
E/o (adj for tax)	-	(110)	(100.0)	25	(100.0)
<b>APAT (adj. for full tax rate)</b>	<b>477</b>	<b>630</b>	<b>(24.3)</b>	<b>946</b>	<b>(49.5)</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

MARGIN ANALYSIS	1QFY20	1QFY19	YoY (bps)	4QFY19	QoQ (bps)
Material Expenses % Net Sales	65.7	64.4	128	67.9	(223)
Employee Expenses % Net Sales	5.8	3.5	232	3.5	238
Other Operating Expenses % Net Sales	9.1	12.3	(322)	8.5	60
<b>EBITDA Margin (%)</b>	<b>19.4</b>	<b>19.7</b>	<b>(37)</b>	<b>20.1</b>	<b>(74)</b>
Tax Rate (%)	19.0	12.4	661	9.1	988
<b>APAT Margin (%)</b>	<b>10.3</b>	<b>11.3</b>	<b>(105)</b>	<b>13.2</b>	<b>(294)</b>

Source: Company, HDFC sec Inst Research

### Change in Estimates

	FY20E New	FY20E Old	% Change	FY21E New	FY21E Old	% Change
<b>Revenues (Rs mn)</b>	25,534	27,474	(7.1)	30,909	31,506	(1.9)
<b>EBITDA (Rs mn)</b>	4,325	4,374	(1.1)	5,163	5,041	2.4
<b>EBIDTA Margins (%)</b>	16.9	15.9	101.7bps	16.7	16.0	70.4bps
<b>APAT (Rs mn)</b>	1,987	2,014	(1.3)	2,462	2,378	3.5

Source: Company, HDFC sec Inst Research

*We expect steady inflows to keep the order book at comfortable levels*

*FY19-21E Revenue CAGR of 20.3%*

*Tax rate to increase as projects with tax exemption achieve completion*

*The reported PAT includes impact of MAT credit. We have adjusted this to full marginal tax rate to arrive at normalized PAT*

*KNR to generate strong FCF over FY20-21E*

### Key Assumptions And Estimates

STANDALONE (Rs mn)	FY19P	FY20E	FY21E	Comments
Closing order book	59,006	63,472	67,563	We expect steady inflows to keep the order book at comfortable levels
Order book growth (%)	(6.4)	7.6	6.4	
New order booking	17,306	30,000	35,000	KNR has guided for conservative Rs 25bn inflows for FY20E. Has already announced Rs 8.5bn of irrigation project in 1QFY20
Book to bill ratio	2.8	2.5	2.2	
<b>Total Revenue</b>	<b>21,373</b>	<b>25,534</b>	<b>30,909</b>	<b>FY19-21E Revenue CAGR of 20.3%</b>
Growth (%)	10.6	19.5	21.0	
<b>EBIDTA</b>	<b>4,270</b>	<b>4,325</b>	<b>5,163</b>	<b>EBIDTA FY19-21E CAGR of 10% as EBIDTA margins contract</b>
EBIDTA margin (%)	20.0	16.9	16.7	Margins to decline from FY20E onwards as KNRC had written back some excess provision in projects nearing completion. Also the high margin irrigation segment accounted for 30% of the revenue share which shall reduce in FY20E
Depreciation	1,681	1,576	1,747	Expected to remain stable
Financial Charges	291	429	401	Borrowing cost to remain at comfortable levels as debt may peak at current levels of Rs 2.5bn +- Rs 1bn
PBT	2,906	2,966	3,675	
PBT margin (%)	13.6	11.6	11.9	
Tax	273.3	445.0	734.9	
Tax rate (%)	9.4	15.0	20.0	Tax rate to increase as projects with tax exemption achieve completion
RPAT	2,633	2,521	2,940	
Net margin (%)	12.3	9.9	9.5	
Extraordinary	(899.5)	(534.0)	(477.7)	We have adjusted for full tax of 33%
Adjusted PAT	1,733	1,987	2,462	
Gross Block Turnover	2.3	2.2	2.4	Improvement on account of new orders inflow
Debtor days	40	45	48	
<b>CFO - a</b>	<b>2,013</b>	<b>2,774</b>	<b>3,017</b>	<b>Higher revenue growth, robust client advance to result in higher positive cash flow from operations</b>
CFI - b	(2,297)	(2,322)	(441)	Investments in Gross block and HAM projects
FCF - a+b	(284)	452	2,576	KNR to generate strong FCF over FY20-21E
CFF - c	(24)	(51)	(1,036)	
<b>Total change in cash - a+b+c</b>	<b>(308)</b>	<b>401</b>	<b>1,541</b>	

Source: HDFC sec Inst Research

**We value standalone EPC business at Rs 315/sh (18x Mar 21E EPS)**

**Kerala BOT at Rs 28/share (at 1x P/BV of equity invested)**

**Muzaffarpur Barauni BOT at Rs 5/share (at 1x P/BV of equity invested)**

**Real estate at Rs 5/share (at 1x P/BV of amount invested)**

**HAM Projects investment at 21/share**

**Our SOTP target price is Rs 375/share**

## Outlook And Valuation

### Maintain BUY with an increased Target Price Of Rs 375/sh (vs. Rs 363/sh earlier)

#### Valuation methodology

- We have valued KNR's EPC business at 18x Mar-21E EPS. Our rationale behind this is (1) Strong Jun-19 order backlog of ~Rs 65.2bn (3x FY19 revenue), (2) Robust balance sheet net D/E of (0.0x) by FY21E-end in addition to BOT monetization plans, (3) Superior earnings quality vs. similar-sized peers makes a case for valuation premium and (4) Reduced Equity commitment post deal with Cube Highways.
- KNR's promoter's share of debt is Rs 2,050mn of the standalone debt of Rs 3,430mn. Adjusted for promoters' loans standalone net D/E is 0.1x. This gives us comfort on gearing. Apart from that, improvement in the working capital cycle (driven by 10% mobilisation advances on NHA road EPC orders) will keep debt under check.
- Investments in the road sector will continue to drive stock performance. KNR, with its strong execution skills, is likely to benefit from the pick-up in order activity.
- We value the (1) Standalone EPC business at Rs 315/share (18x Mar-21 EPS), (2) Kerala BOT at Rs 28/share (at 1x P/BV of equity invested), (3) Muzaffarpur Barauni BOT at Rs 5/share (at 1x P/BV of equity invested), (4) Real estate at Rs 5/share (at 1x P/BV of amount invested) and (5) HAM Projects investment at 21/share (Mar-20E NPV of expected receipts from Cube Highways and 1x P/BV(x) for equity in KSHIP HAM). We arrive at SOTP of Rs 375/sh vs. Rs 363/sh earlier. Price increase driven by 3.5% FY21E EPS upgrade.

#### SOTP Valuation

Particulars	Segments	Value (Rs mn)	Value per share (Rs)	Rationale
KNR Standalone	Core construction business	44,316	315	At 18x Mar-21E EPS
Kerala BOT	Roads toll	3,974	28	At 1x P/BV(x) of invested equity
Muzaffarpur Barauni BOT	Roads toll	694	5	At 1x P/BV(x) of invested equity
Real Estate	Land on Book	718	5	At book value in balance sheet
HAM Projects investment	Roads BOT	3,000	21	Mar-20E NPV of expected receipts from Cube Highways and 1x P/BV(x) for equity in KSHIP HAM
<b>Total</b>		<b>50,995</b>	<b>375</b>	

Source: HDFC sec Inst Research

*We summarize the valuations of the core EPC operations of our coverage universe and excluding the value of the asset portfolio, land and any other investment*

### Peer Set Comparison: Core EPC

COMPANY	MCap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	Adj. EPS (Rs/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Dilip Buildcon	54.0	395	BUY	720	55.6	50.0	50.5	5.1	5.6	5.6	4.5	4.0	3.8	26.9	19.3	16.4
NCC	37.2	62	BUY	154	10.4	7.6	9.7	5.2	7.1	5.6	3.5	3.4	3.1	13.8	9.2	10.7
PNC Infratech	52.1	203	BUY	339	9.1	13.6	15.8	16.4	10.9	9.4	9.0	6.4	5.4	11.9	15.3	15.4
Sadbhav Engineering	21.4	125	BUY	340	10.9	10.5	14.1	6.2	6.4	4.8	6.0	4.3	3.9	9.2	8.2	10.1
<b>KNR Constructions</b>	<b>32.8</b>	<b>233</b>	<b>BUY</b>	<b>375</b>	<b>12.3</b>	<b>14.1</b>	<b>17.5</b>	<b>14.1</b>	<b>12.3</b>	<b>9.9</b>	<b>6.3</b>	<b>6.2</b>	<b>4.8</b>	<b>13.5</b>	<b>13.0</b>	<b>13.7</b>
Ashoka Buildcon	33.1	118	BUY	257	11.5	10.9	12.7	4.5	4.8	4.1	4.2	3.8	3.3	15.5	13.0	13.5
Ahluwalia Contracts	18.9	282	BUY	402	17.5	20.2	24.3	15.4	13.3	11.1	7.6	6.2	4.9	17.3	16.9	17.3
ITD Cementation *	12.4	72	NEU	78	4.8	5.9	6.5	15.1	12.3	11.1	5.2	4.9	4.4	8.0	9.4	9.5
JMC Projects	19.6	117	BUY	176	8.5	8.6	9.3	10.9	10.7	9.9	6.6	5.8	5.0	16.6	14.5	13.7
HG Infra	14.6	224	BUY	462	19.0	25.7	29.6	10.0	7.4	6.4	5.2	3.8	3.3	20.6	22.6	21.0
Capacite Infra	14.9	219	BUY	351	14.1	16.7	22.6	15.0	12.4	9.1	5.9	5.0	4.0	12.0	12.7	15.1
PSP Projects	18.7	520	BUY	579	25.1	31.1	36.2	20.8	16.7	14.4	11.2	9.1	7.6	26.8	26.8	25.2
J. Kumar Infraprojects	9.3	136	BUY	258	23.4	27.5	32.2	5.8	4.9	4.2	3.5	3.1	2.7	11.1	12.1	13.0
<b>Average</b>								<b>10.3</b>	<b>8.9</b>	<b>7.5</b>	<b>5.8</b>	<b>4.8</b>	<b>4.1</b>	<b>15.0</b>	<b>14.3</b>	<b>13.9</b>

Source: Company, HDFC sec Inst Research \*ITD Cementation FY19E/FY20E should be read as 15MFY19E/FY20E

**Income Statement(Standalone)**

Year ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>Net Revenues (post JV partner share)</b>	<b>15,411</b>	<b>19,317</b>	<b>21,373</b>	<b>25,534</b>	<b>30,909</b>
<b>Growth (%)</b>	<b>70.7</b>	<b>25.3</b>	<b>10.6</b>	<b>19.5</b>	<b>21.0</b>
Material Expenses	12,281	14,353	13,881	17,236	20,956
Employee Expenses	552	721	929	1,098	1,205
Other Operating Expenses	281	381	2,293	2,936	3,647
<b>EBIDTA</b>	<b>2,296</b>	<b>3,862</b>	<b>4,270</b>	<b>4,325</b>	<b>5,163</b>
<b>EBIDTA (%)</b>	<b>14.9</b>	<b>20.0</b>	<b>20.0</b>	<b>16.9</b>	<b>16.7</b>
<b>EBIDTA Growth (%)</b>	<b>50.1</b>	<b>68.2</b>	<b>10.6</b>	<b>1.3</b>	<b>19.4</b>
Depreciation	639	1,341	1,681	1,576	1,747
<b>EBIT</b>	<b>1,657</b>	<b>2,521</b>	<b>2,589</b>	<b>2,749</b>	<b>3,417</b>
Other Income (Incl. EO Items)	194	393	608	647	659
Interest	219	231	291	429	401
<b>PBT</b>	<b>1,632</b>	<b>2,683</b>	<b>2,906</b>	<b>2,966</b>	<b>3,675</b>
Tax	60	(38)	273	445	735
<b>RPAT</b>	<b>1,573</b>	<b>2,721</b>	<b>2,633</b>	<b>2,521</b>	<b>2,940</b>
EO items (net of tax)	(194)	(1,099)	(899)	(534)	(478)
<b>APAT</b>	<b>1,378</b>	<b>1,622</b>	<b>1,733</b>	<b>1,987</b>	<b>2,462</b>
<b>APAT Growth (%)</b>	<b>(4.6)</b>	<b>17.7</b>	<b>6.9</b>	<b>14.7</b>	<b>23.9</b>
<b>EPS</b>	<b>9.8</b>	<b>11.5</b>	<b>12.3</b>	<b>14.1</b>	<b>17.5</b>
<b>EPS Growth (%)</b>	<b>(4.6)</b>	<b>17.7</b>	<b>6.9</b>	<b>14.7</b>	<b>23.9</b>

Source: Company, HDFC sec Inst Research

**Balance Sheet (Standalone)**

As at March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital	281	281	281	281	281
Reserves	8,674	11,298	13,862	16,283	19,139
<b>Total Shareholders Funds</b>	<b>8,955</b>	<b>11,579</b>	<b>14,143</b>	<b>16,565</b>	<b>19,420</b>
Long Term Debt	1,441	2,203	2,301	3,018	2,468
Short Term Debt	-	-	340	-	-
<b>Total Debt</b>	<b>1,441</b>	<b>2,203</b>	<b>2,641</b>	<b>3,018</b>	<b>2,468</b>
Deferred Taxes	(815)	(1,408)	(1,739)	(1,739)	(1,739)
Other Non Current Liabilities	314	284	181	181	181
<b>TOTAL SOURCES OF FUNDS</b>	<b>9,894</b>	<b>12,658</b>	<b>15,226</b>	<b>18,024</b>	<b>20,330</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	2,576	3,315	3,710	4,132	3,386
CWIP	15	-	-	-	-
Investments, LT Loans & Advances	5,297	5,619	6,448	7,419	7,519
Other Non Current Assets	1,466	1,563	2,003	2,140	2,505
<b>Total Non-current Assets</b>	<b>9,354</b>	<b>10,496</b>	<b>12,161</b>	<b>13,691</b>	<b>13,410</b>
Inventories	574	712	951	1,039	1,268
Debtors	1,640	2,320	2,344	3,156	4,073
Cash & Equivalents	649	438	130	531	2,072
ST Loans & Advances, Others	3,147	4,282	5,378	6,639	8,347
<b>Total Current Assets</b>	<b>6,009</b>	<b>7,752</b>	<b>8,804</b>	<b>11,365</b>	<b>15,760</b>
Creditors	1,344	2,102	2,236	2,449	3,218
Other Current Liabilities & Provns	4,125	3,488	3,605	4,584	5,623
<b>Total Current Liabilities</b>	<b>5,469</b>	<b>5,590</b>	<b>5,841</b>	<b>7,032</b>	<b>8,841</b>
<b>Net Current Assets</b>	<b>540</b>	<b>2,162</b>	<b>2,963</b>	<b>4,332</b>	<b>6,919</b>
Misc Expenses & Others	-	-	102	1	1
<b>TOTAL APPLICATION OF FUNDS</b>	<b>9,894</b>	<b>12,658</b>	<b>15,226</b>	<b>18,024</b>	<b>20,330</b>

Source: Company, HDFC sec Inst Research

**Cash Flow (Standalone)**

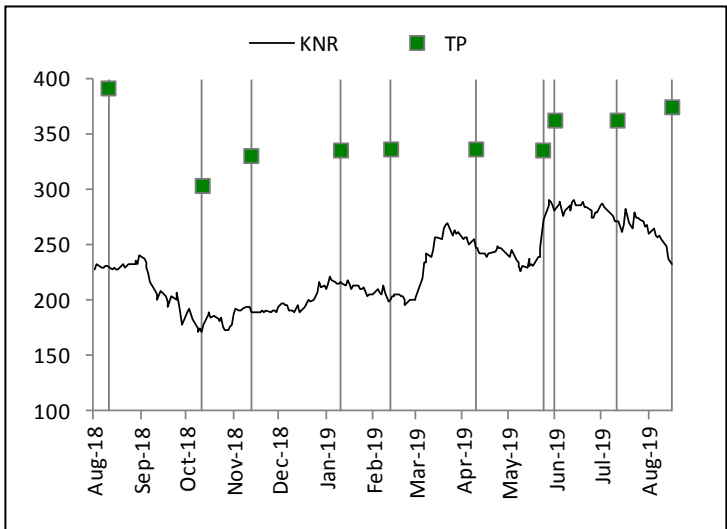
Year ending March (Rs mn)	FY17	FY18	FY19P	FY20E	FY21E
PBT	1,632	2,682	2,906	2,966	3,675
Non-operating & EO items	20	(119)	(608)	(647)	(659)
Interest expenses	219	231	291	429	401
Depreciation	639	1,341	1,681	1,576	1,747
Working Capital Change	730	(2,330)	(1,984)	(1,106)	(1,411)
Tax paid	(75)	(237)	(273)	(445)	(735)
<b>OPERATING CASH FLOW ( a )</b>	<b>3,165</b>	<b>1,567</b>	<b>2,013</b>	<b>2,774</b>	<b>3,017</b>
Capex	(1,383)	(2,009)	(2,077)	(1,998)	(1,000)
Free cash flow (FCF)	1,782	(442)	(64)	777	2,017
Investments	(1,836)	(259)	(829)	(971)	(100)
Other non operating income	-	-	608	647	659
<b>INVESTING CASH FLOW ( b )</b>	<b>(3,219)</b>	<b>(2,268)</b>	<b>(2,297)</b>	<b>(2,322)</b>	<b>(441)</b>
Share capital Issuance	-	-	-	-	-
Debt Issuance	273	763	438	377	(550)
Interest expenses	(220)	(189)	(291)	(429)	(401)
Dividend	-	(85)	(84)	(84)	(84)
Others	-	-	(86)	86	-
<b>FINANCING CASH FLOW ( c )</b>	<b>53</b>	<b>489</b>	<b>(24)</b>	<b>(51)</b>	<b>(1,036)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(1)</b>	<b>(212)</b>	<b>(308)</b>	<b>401</b>	<b>1,541</b>
Opening cash balance	650	649	438	130	531
Closing Cash & Equivalents	649	438	130	531	2,072

Source: Company, HDFC sec Inst Research

**Key Ratios (Standalone)**

	FY17	FY18	FY19P	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	20.3	25.7	35.1	32.5	32.2
EBITDA Margin	14.9	20.0	20.0	16.9	16.7
EBIT Margin	10.8	13.0	12.1	10.8	11.1
APAT Margin	8.9	8.4	8.1	7.8	8.0
RoE	16.9	15.8	13.5	13.0	13.7
Core RoCE	40.4	38.7	27.1	23.8	26.1
RoCE	16.1	14.7	13.1	13.1	13.7
<b>EFFICIENCY</b>					
Tax Rate (%)	3.7	(1.4)	9.4	15.0	20.0
Asset Turnover (x)	2.4	2.4	2.0	2.1	2.3
Inventory (days)	14	13	16	15	15
Debtors (days)	39	44	40	45	48
Payables (days)	32	40	38	35	38
Cash Conversion Cycle (days)	21	18	18	25	25
Other Current Assets (days)	75	81	92	95	99
Other Current Liab (days)	98	66	62	66	66
<b>Net Working Capital Cycle (Days)</b>	<b>(3)</b>	<b>33</b>	<b>48</b>	<b>54</b>	<b>57</b>
Debt/EBITDA (x)	0.6	0.6	0.6	0.7	0.5
Net D/E	0.09	0.2	0.2	0.2	0.0
Interest Coverage	7.6	10.9	8.9	6.4	8.5
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	9.8	11.5	12.3	14.1	17.5
CEPS (Rs/sh)	14.3	21.1	24.3	25.3	29.9
DPS (Rs/sh)	0.0	0.5	0.5	0.5	0.5
BV (Rs/sh)	64	82	101	118	138
<b>VALUATION</b>					
P/E	23.8	20.2	18.9	16.5	13.3
P/BV	3.7	2.8	2.3	2.0	1.7
EV/EBITDA	14.6	8.9	8.3	8.2	6.4
OCF/EV (%)	0.1	0.0	0.1	0.1	0.1
FCF/EV (%)	5.3	(1.3)	(0.2)	2.2	6.1
FCFE/Market Cap (%)	5.6	0.4	0.3	2.2	3.3
Dividend Yield (%)	0.0	0.2	0.2	0.2	0.2

Source: Company, HDFC sec Inst Research

**RECOMMENDATION HISTORY**


Date	CMP	Reco	Target
12-Aug-18	231	BUY	392
11-Oct-18	174	BUY	304
12-Nov-18	194	BUY	331
10-Jan-19	217	BUY	336
13-Feb-19	200	BUY	337
9-Apr-19	247	BUY	337
23-May-19	247	BUY	336
1-Jun-19	280	BUY	363
11-Jul-19	271	BUY	363
17-Aug-19	233	BUY	375

**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  
**SELL** : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period



## INSTITUTIONAL RESEARCH

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