

In-line performance

We maintain BUY on GAIL following a performance in-line with our PAT estimates in 3QFY20. Our target price is Rs 190/sh (6.0x Dec-21E EV/e for the stable Gas and LPG transmission business, 5.0x EV/e for the volatile gas marketing business, 6.5x EV/e for the cyclical petchem and LPG/LHC business, Rs 42 for investments and Rs 11 for CWIP) versus the consensus TP of Rs 168.

HIGHLIGHTS OF THE QUARTER

- NG transmission:** Revenue was up 7.7% YoY to Rs 15.86bn owing to a 2.4% increase in transmission volume to 110.3mmcmd and 5.7% jump in transmission tariff to Rs 1,567/tscm. Transmission volume will increase in ensuing quarters as (1) Utilisation of PLNG's recently added capacity ramps-up, (2) Kochi-Mangalore pipeline commissions in Mar-20. Moreover, completion of JHBDPL will boost volumes post 2HFY22. We expect NG transmission volumes to be 110/126/134mmcmd in FY20/21/22E from 108 mmcmd in 1HFY20.
- Petchem:** Sales were up +22/-2.8% YoY/QoQ to 211kt. Distress prices of polymers (HDPE, LLDPE) has resulted in 24/5.8% YoY/QoQ fall in realization to Rs 70/kg. Per

unit opex was down to Rs 3.8/kg (Rs 15.6/kg in 3QFY19). Hence, the segment reported EBITDA of Rs 1.05bn vs loss of Rs 0.32bn in 2Q. We expect GAIL to capitalise on the low LNG prices to protect margins in a falling petchem price scenario.

- NG marketing:** Sequentially, NG marketing EBITDA improved by 106.3% to Rs 5.24bn as GAIL had to sell LNG cargoes in distress in 2Q. Trading margins stood at Rs 593/tscm vs Rs 292 in 2QFY20. We expect trading margins of Rs 573/680 tscm in FY21/22. GAIL will garner healthy margins from the benign spot LNG prices and strong demand for RLNG from industrial customers.

STANCE

We remain constructive on GAIL as the risk/reward is favorable. India will derive higher benefit from the low LNG prices as the domestic natural gas ecosystem (CGD network, RLNG terminals, pipelines, revamp of fertiliser plants) develops. New US liquefaction terminals will boost RLNG exports and also keep Henry Hub (HH) prices subdued, enabling GAIL to swap cargoes. Thus, US LNG is not a concern. Maintain BUY.

Financial Summary (Standalone)

Year Ending March (Rs bn)	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)	FY19	FY20E	FY21E	FY22E
Revenues	177.67	197.89	(10.2)	180.40	(1.5)	751.26	710.10	791.09	849.57
EBITDA	20.72	26.73	(22.5)	15.63	32.6	95.55	76.31	87.43	111.17
APAT	12.51	16.81	(25.6)	10.64	17.5	62.46	45.09	49.04	63.82
AEPS (Rs)	2.77	3.73	(25.6)	2.36	17.5	13.8	10.0	10.9	14.2
P/E (x)						8.8	12.2	11.2	8.6
EV/EBITDA (x)						4.7	6.6	5.8	4.6
RoE (%)						14.8	9.9	10.1	12.2

Source: Company, HDFC sec Inst Research

INDUSTRY	OIL & GAS
CMP (as on 10 Feb 2020)	Rs 122
Target Price	Rs 190
Nifty	12,032
Sensex	40,980
KEY STOCK DATA	
Bloomberg	GAIL IN
No. of Shares (mn)	4,510
MCap (Rs bn) / (\$ mn)	549/7,699
6m avg traded value (Rs mn)	1,370
STOCK PERFORMANCE (%)	
52 Week high / low	Rs 183/110
	3M 6M 12M
Absolute (%)	(4.1) (1.7) (27.6)
Relative (%)	(5.8) (10.7) (39.7)
SHAREHOLDING PATTERN (%)	
	Sep-19 Dec-19
Promoters	52.66 52.13
FIs & Local MFs	16.27 17.25
FPIs	18.83 17.79
Public & Others	12.24 12.83
Pledged Shares	0.00 0.00
Source : BSE	

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Petchem sales were up +22/-2.8% YoY/QoQ to 211kt. Distress prices of polymers (HDPE, LLDPE) has resulted in 24/5.8% YoY/QoQ fall in realization to Rs 70/kg. Per unit opex was down to Rs 3.8/kg (Rs 15.6/kg in 3QFY19). Hence, the segment reported EBITDA of Rs 1.05bn

The company is still in the process of evaluation whether it should shift to the lower tax rate of 25.2%

Quarterly Financials Snapshot

(Rs. bn)	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Net Sales	177.67	197.89	(10.2)	180.40	(1.5)	358.07	370.88	(3.5)
Raw material and Traded Goods	140.44	156.02	(10.0)	149.34	(6.0)	289.78	291.20	(0.5)
Employee Expenses	3.47	3.92	(11.4)	4.27	(18.7)	7.74	7.71	0.3
Other Operating Expenses	13.04	11.22	16.2	11.16	16.8	24.20	22.79	6.2
EBITDA	20.72	26.73	(22.5)	15.63	32.6	36.35	49.17	(26.1)
Depreciation	4.89	3.63	34.5	4.40	11.2	9.29	7.42	25.1
EBIT	15.83	23.10	(31.5)	11.23	41.0	27.06	41.75	(35.2)
Other Income	3.12	2.20	42.0	4.40	(29.0)	7.52	3.40	121.5
Interest	0.24	0.23	6.7	0.28	(12.1)	0.52	0.67	(22.6)
PBT	18.72	25.07	(25.4)	15.36	21.9	34.07	44.48	(23.4)
Provision for tax	6.21	8.26	(24.8)	4.71	31.8	10.92	15.07	(27.5)
RPAT	12.51	16.81	(25.6)	10.64	17.5	23.15	29.40	(21.3)
APAT	12.51	16.81	(25.6)	10.64	17.5	23.15	29.40	(21.3)
REPS (Rs)	2.77	3.73	(25.6)	2.36	17.5	5.13	6.52	(21.3)
Adjusted EPS (Rs)	2.77	3.73	(25.6)	2.36	17.5	5.13	6.52	(21.3)

Margin Analysis

	3QFY20	3QFY19	YoY (bps)	2QFY20	QoQ (bps)	9MFY20	9MFY19	YoY (bps)
Raw material as % of Net Sales	79.0	78.8	20	82.8	(374)	80.9	78.5	241
Employee Expenses as % of Net Sales	2.0	2.0	(3)	2.4	(41)	2.2	2.1	8
Other Operating Expenses as % of Net Sales	7.3	5.7	167	6.2	115	6.8	6.1	61
EBITDA Margin (%)	11.7	13.5	(185)	8.7	300	10.2	13.3	(311)
Net Profit Margin (%)	7.0	8.5	(146)	5.9	114	6.5	7.9	(146)
Tax Rate (%)	33.2	33.0	23	30.7	249	32.1	33.9	(183)

Source: Company, HDFC sec Inst Research

NG revenue was up 7.7% YoY to Rs 15.86bn owing to a 2.4% increase in transmission volume to 110.3mmscmd and 5.7% jump in transmission tariff to Rs 1,567/tscm

Quarterly Operational Performance

	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
NG transmission								
Volumes (mmscmd)	110.30	107.70	2.4	108.70	1.5	108.14	106.88	1.2
Tariff (Rs/000 scm)	1,567	1,482	5.7	1,411	11.0	1,507	1,466	2.8
LPG transmission								
Volumes (000 MT)	1,043	1,036	0.7	999	4.4	2,869	2,952	(2.8)
Tariff (Rs/kg)	2	1	8.9	2	0.3	2	2	6.7
NG marketing								
Volumes (mmscmd)	96.00	96.00	-	94.70	1.4	95.75	96.45	(0.7)
Trading margin (Rs/000 scm)	593	764	(22.4)	292	103.5	622	856	(27.4)
Petchem								
Sales volumes (000 tonnes)	211	173	22.0	217	(2.8)	564	522	8.0
Utilisation (%)	97	81	20.0	102	(5.3)	87	82	5.7
Realisation (Rs/kg)	70	92	(24.0)	75	(5.8)	76	95	(20.9)
LPG & LHC								
Sales volumes (000 tonnes)	337	342	(1.5)	329	2.4	962	994	(3.2)
Realisation (Rs/kg)	29	44	(34.7)	29	(1.0)	32	40	(18.7)
Realisation (USD/MT)	406	613	(33.9)	415	(2.3)	461	568	(19.0)

Source: Company, HDFC sec Inst Research

Segmental Financial Performance

	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
NG transmission								
Revenue (Rs bn)	15.86	14.72	7.7	14.15	12.1	44.80	43.14	3.8
EBITDA (Rs bn)	12.20	10.72	13.8	10.20	19.6	33.08	30.61	8.1
EBIT (Rs bn)	9.86	8.84	11.5	8.03	22.8	26.48	24.81	6.7
EBITDA margin (%)	76.95	72.82		72.09		73.84	70.95	
EBIT margin (%)	62.16	60.03		56.73		59.10	57.50	
LPG transmission								
Revenue (Rs bn)	1.69	1.54	9.6	1.61	4.7	4.65	4.47	3.8
EBITDA (Rs bn)	1.08	0.91	18.7	0.96	12.5	2.80	2.50	12.0
EBIT (Rs bn)	0.93	0.77	21.9	0.81	14.9	2.36	2.07	14.0
EBITDA margin (%)	63.99	59.11		59.56		60.27	55.89	
EBIT margin (%)	55.38	49.79		50.48		50.89	46.35	

Source: Company, HDFC sec Inst Research

Sequentially NG marketing EBITDA improved by 106.3% to Rs 5.24bn as GAIL had to sell LNG cargoes in distress in 2Q

The Kochi-Mangalore pipeline commissioning is expected to be completed by end of 3QFY20 (earlier target, 2QFY20)

Segmental Financial Performance Continued..

	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
NG marketing								
Revenue (Rs bn)	146.63	161.97	(9.5)	150.86	(2.8)	452.10	457.51	(1.2)
EBITDA (Rs bn)	5.24	6.75	(22.4)	2.54	106.3	16.39	22.71	(27.8)
EBIT (Rs bn)	4.67	6.75	(30.9)	2.37	97.2	15.54	22.72	(31.6)
EBITDA margin (%)	3.57	4.17		1.68		3.63	4.96	
EBIT margin (%)	3.18	4.17		1.57		3.44	4.97	
Petchem								
Revenue (Rs bn)	14.83	15.99	(7.3)	16.19	(8.4)	42.15	49.85	(15.5)
EBITDA (Rs bn)	1.05	1.38	(23.9)	0.32	228.1	0.20	7.26	(97.2)
EBIT (Rs bn)	(0.09)	0.30	(128.6)	(0.82)	(89.7)	(3.18)	4.05	(178.5)
EBITDA margin (%)	7.08	8.63		1.98		0.47	14.56	
EBIT margin (%)	(0.57)	1.86		(5.08)		(7.54)	8.12	
LPG & LHC								
Revenue (Rs bn)	9.74	15.12	(35.6)	9.61	1.4	30.80	39.61	(22.3)
EBITDA (Rs bn)	3.18	8.49	(62.5)	2.73	16.5	11.19	21.78	(48.6)
EBIT (Rs bn)	2.96	8.33	(64.4)	2.45	20.8	10.52	21.30	(50.6)
EBITDA margin (%)	32.66	56.15		28.42		36.33	54.98	
EBIT margin (%)	30.4	55.1		25.5		34.2	53.8	

Source: Company, HDFC sec Inst Research

Assumptions

	FY17	FY18	FY19	FY20	FY21	FY22
No of days	365	365	365	366	365	365
Exchange rate (Rs/USD)	67	64	70	70	68	68
Regasification charges at Dahej (Rs/mmbtu)	43	45	48	50	52	55
Gas - Transmission (mmscmd)	100	105	107	109	131	139
Gas - Trading (mmscmd)	81	85	97	96	111	118
Third Party Volumes (mmscmd)	20	20	11	13	20	21
LPG Transmission (MT)	33,63,000	37,21,000	39,75,000	38,97,115	41,13,581	41,34,148
Petchem Sales (MT)	5,78,000	6,73,000	7,35,000	7,86,500	8,90,000	8,90,000
LPG Sales (MT)	8,58,000	9,89,000	9,46,000	9,27,872	9,32,511	9,37,174
Other Liquid HC (MT)	2,37,000	2,87,000	3,83,000	3,71,808	3,92,060	3,94,020
LPG + Liquid HC (MT) - R	10,95,000	12,76,000	13,29,000	12,99,680	13,24,571	13,31,194
Petchem Production (MT)	6,00,000	6,66,000	7,51,000	8,01,500	8,90,000	8,90,000
Inventory change	22,000	(7,000)	16,000	15,000	-	-
Crude oil price (USD/bbl)	50	57	70	65	65	65

Source: Company, HDFC sec Inst Research

We change our PAT estimate to factor in a higher tax rate of 33% vs 25.17% as estimated earlier

Given GAIL's dominant position in India's gas pipeline network and the high share of volume in the upcoming eastern corridor gas pipeline, its gas transmission business is likely to be in a sweet spot

Change In Estimates

Rs bn	FY20E			FY21E			FY22E		
	Old	New	%Ch	Old	New	%Ch	Old	New	%Ch
Net Revenue	714.19	710.10	(0.6)	821.53	791.09	(3.7)	877.87	849.57	(3.2)
EBITDA	77.58	76.31	(1.6)	100.02	87.43	(12.6)	114.01	111.17	(2.5)
APAT	47.99	45.09	(6.0)	65.16	49.04	(24.7)	74.68	63.82	(14.5)
AEPS (Rs/share)	10.64	10.00	(6.0)	14.45	10.87	(24.7)	16.56	14.15	(14.5)

Source: Company, HDFC sec Inst Research

SOTP Valuation (Based on Dec-21E)

Particulars	(Rs bn)	Multiple	EV (Rs bn)	Value/sh	Basis
Gas Transmission	60.37	6.0	362.22	80.3	x Dec-21EV/ EBITDA
LPG Transmission	4.51	6.0	27.07	6.0	x Dec-21EV/ EBITDA
Gas Marketing	27.86	5.0	139.28	30.9	x Dec-21EV/ EBITDA
Petrochemicals	0.16	6.5	1.03	0.2	x Dec-21EV/ EBITDA
LPG & Other Hydrocarbons	20.73	6.5	134.78	29.9	x Dec-21EV/ EBITDA
Standalone wt avg		6.3			
Less : Net Debt	(44.86)		(44.86)	(9.9)	As on Dec-20
Standalone Value				137	
Investments					
ONGC	32.38	0.70	22.67	5.0	30% disc. to CMP
Petronet LNG	50.44	0.70	35.31	7.8	30% disc. to CMP
IGL	78.91	0.70	55.24	12.2	30% disc. to CMP
MGL	38.49	0.70	26.94	6.0	30% disc. to CMP
Gujarat Industries Power Co.Ltd	0.04	0.70	0.03	0.0	30% disc. to CMP
China Gas Holding Company	37.97	0.70	26.58	5.9	30% disc. to CMP
Other investments	43.44	0.50	21.72	4.8	50% disc. to BV
Value of Investments	281.67		188.48	42	
Value of CWIP	100.87	0.50	50.44	11.2	50% disc. to BV
Value per share				190	

Source: Bloomberg, HDFC Sec Inst Research

Peer Set Comparison

	MCap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	Upside %	EPS (Rs/sh)				P/E (x)				P/BV (x)				ROE (%)			
						FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E
Reliance Industries	9,109	1,437	NEU	1,562	8.7	55.5	54.1	60.9	65.8	25.9	26.6	23.6	21.9	2.2	2.1	1.9	1.8	9.8	8.2	8.6	8.6
ONGC	1,334	106	BUY	181	71.1	21.2	18.7	21.1	21.0	5.0	5.7	5.0	5.0	0.7	0.6	0.6	0.6	13.5	11.3	12.2	11.5
Indian Oil Corp	1,065	116	BUY	181	55.8	18.4	14.5	19.4	22.1	6.3	8.0	6.0	5.2	1.0	0.9	0.9	0.8	15.4	11.9	14.8	15.6
BPCL	956	457	NEU	452	(1.1)	36.3	37.5	39.5	39.0	12.6	12.2	11.6	11.7	2.6	2.3	2.1	1.9	20.1	19.0	18.1	16.3
GAIL	550	122	BUY	190	56.0	13.8	10.0	10.9	14.2	8.8	12.2	11.2	8.6	1.2	1.2	1.1	1.0	14.8	9.9	10.1	12.2
Petronet LNG	405	270	BUY	397	47.0	14.4	18.0	22.0	23.8	18.8	15.0	12.3	11.3	4.0	3.9	3.7	3.5	21.8	26.2	30.5	31.8
HPCL	364	239	BUY	315	31.6	39.9	25.0	29.0	30.9	6.0	9.6	8.2	7.7	1.3	1.2	1.1	1.0	23.3	13.0	13.8	13.4
Indraprastha Gas	359	513	BUY	545	6.3	11.2	15.8	18.5	20.9	45.6	32.4	27.8	24.6	8.7	7.3	6.3	5.4	20.6	24.6	24.5	23.6
Gujarat Gas	207	300	NEU	273	(9.1)	6.3	12.4	12.3	14.1	47.5	24.2	24.5	21.3	9.4	6.5	5.3	4.3	21.3	31.7	23.9	22.5
Oil India	145	134	BUY	229	71.0	33.4	30.8	31.7	32.7	4.0	4.3	4.2	4.1	0.5	0.5	0.4	0.4	13.0	11.4	10.5	9.8
GSPL	138	244	BUY	256	5.0	14.1	16.6	20.2	21.4	17.3	14.7	12.1	11.4	2.4	2.1	1.9	1.7	14.7	15.3	16.4	15.5
Mahanagar Gas	118	1193	BUY	1,475	23.6	55.3	75.7	76.5	78.0	21.6	15.8	15.6	15.3	4.9	4.0	3.4	2.9	24.3	27.9	23.5	20.5

Source: Company, HDFC sec Inst Research

Standalone Income Statement

(Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	536.62	751.26	710.10	791.09	849.57
Growth %	11.5	40.0	(5.5)	11.4	7.4
Raw Material	36.78	42.02	46.05	54.14	54.35
Gas Trading	367.59	546.62	527.85	595.71	630.45
Employee Cost	13.01	17.78	16.09	16.73	17.40
Other Expenses	42.89	49.29	43.80	37.08	36.20
Operating Profits	76.34	95.55	76.31	87.43	111.17
Operating Profit Margin (%)	14.2	12.7	10.7	11.1	13.1
EBITDA	76.34	95.55	76.31	87.43	111.17
EBITDA Margin (%)	14.2	12.7	10.7	11.1	13.1
EBITDA Growth (%)	19.9	25.2	(20.1)	14.6	27.2
Depreciation	14.15	15.50	17.98	19.43	20.38
EBIT	62.19	80.05	58.33	67.99	90.78
Other Income (Including EO Items)	10.15	12.18	11.20	11.65	12.11
Interest Cost	2.75	1.39	1.86	5.00	5.75
PBT	69.58	90.85	67.68	74.64	97.15
Taxes	23.40	30.59	22.59	25.60	33.32
RPAT	46.18	60.26	45.09	49.04	63.82
EO (Loss) / Profit (Net Of Tax)	0.19	(2.20)	-	-	-
APAT	46.00	62.46	45.09	49.04	63.82
APAT Growth %	14.1	35.8	(27.8)	8.8	30.2
AEPS	10.2	13.8	10.0	10.9	14.2
EPS Growth %	14.1	35.8	(27.8)	8.8	30.2

Source: Company, HDFC sec Inst Research

Standalone Balance Sheet

(Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital	22.55	22.55	22.55	22.55	22.55
Reserves And Surplus	380.73	418.38	447.21	478.57	519.38
Net Worth	403.28	440.93	469.76	501.12	541.94
Long-term Debt	9.76	8.71	58.71	66.71	76.71
Short-term Debt	-	-	-	-	-
Total Debt	9.76	8.71	58.71	66.71	76.71
Net Deferred Taxes	46.31	59.48	60.67	66.73	68.07
Long-term Provisions & Others	22.45	41.33	41.70	43.55	44.92
Total liabilities	481.81	550.44	630.83	678.11	731.63
APPLICATION OF FUNDS					
Net Block	287.90	310.86	388.50	428.71	468.20
CWIP	55.14	92.02	96.46	98.77	101.57
Investments	99.53	95.28	102.61	107.11	112.11
LT Loans And Advances	5.58	6.68	6.88	7.08	7.30
Other Non-current assets	25.43	25.72	26.50	27.29	28.11
Total Non-current Assets	473.58	530.57	620.94	668.96	717.29
Inventory	19.20	23.22	21.95	24.45	26.26
Debtors	40.52	50.74	47.96	53.43	57.38
Cash And Cash Equivalent	25.29	12.15	4.97	3.12	5.54
Loans And Advances	6.92	8.28	8.92	8.38	8.77
Other Current Assets	15.32	18.82	19.14	19.62	20.35
Total Current Assets	107.24	113.22	102.94	109.01	118.30
Creditors	38.82	39.61	38.62	43.73	46.08
Other Current Liabilities & Provns	60.20	53.73	54.43	56.13	57.88
Total Current Liabilities	99.02	93.34	93.05	99.86	103.96
Net Current Assets	8.23	19.87	9.89	9.15	14.34
Total Assets	481.81	550.44	630.83	678.11	731.63

Source: Company, HDFC sec Inst Research

Standalone Cash Flow

(Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Reported PBT	69.58	90.85	67.68	74.64	97.15
Non-operating & EO Items	(9.87)	(15.45)	(11.20)	(11.65)	(12.11)
Interest Expenses	2.75	1.39	1.86	5.00	5.75
Depreciation	14.15	15.50	17.98	19.43	20.38
Working Capital Change	20.54	(24.75)	1.95	(1.06)	(2.72)
Tax Paid	(14.32)	(17.42)	(21.40)	(19.53)	(31.99)
OPERATING CASH FLOW (a)	82.84	50.12	56.86	66.83	76.46
Capex	(34.09)	(75.35)	(100.05)	(61.95)	(62.68)
Free Cash Flow (FCF)	48.74	(25.23)	(43.19)	4.87	13.78
Investments	(5.76)	4.25	(7.33)	(4.50)	(5.00)
Non-operating Income	9.87	15.45	11.20	11.65	12.11
Others	2.53	(0.29)	(0.77)	(0.79)	(0.82)
INVESTING CASH FLOW (b)	(27.45)	(55.95)	(96.95)	(55.60)	(56.38)
Debt Issuance/(Repaid)	(20.28)	(1.06)	50.00	8.00	11.11
Interest Expenses	(2.75)	(1.39)	(1.86)	(5.00)	(5.75)
FCFE	(50.49)	(58.39)	(48.81)	(52.60)	(51.03)
Share Capital Issuance	5.64	-	-	-	-
Dividend	(31.10)	(43.47)	(16.26)	(17.68)	(23.01)
Others	4.99	38.59	1.03	1.60	0.00
FINANCING CASH FLOW (c)	(43.51)	(7.32)	32.92	(13.08)	(17.65)
NET CASH FLOW (a+b+c)	11.88	(13.15)	(7.17)	(1.85)	2.42
EO Items, Others	-	-	-	-	-
Closing Cash & Equivalents	25.29	12.15	4.97	3.12	5.54

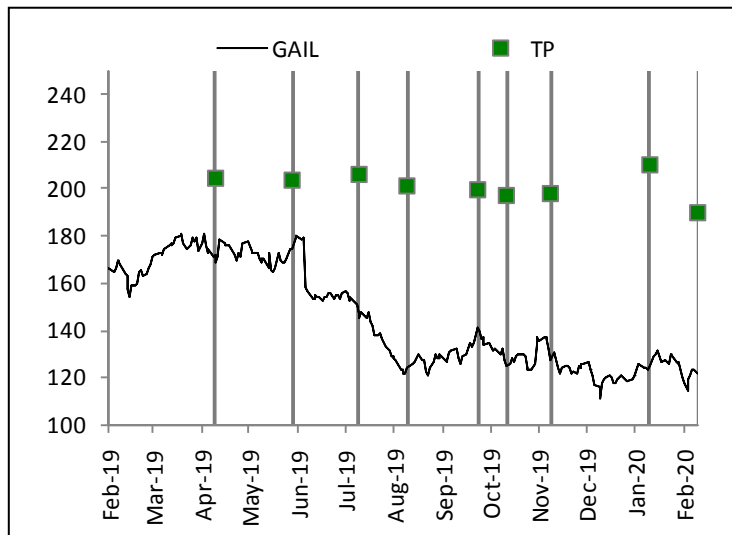
Source: Company, HDFC sec Inst Research

Standalone Key Ratios

	FY18	FY19	FY20E	FY21E	FY22E
PROFITABILITY %					
EBITDA Margin	14.2	12.7	10.7	11.1	13.1
EBIT Margin	11.6	10.7	8.2	8.6	10.7
APAT Margin	8.6	8.3	6.3	6.2	7.5
RoE	11.7	14.8	9.9	10.1	12.2
Core RoCE	13.4	16.6	10.2	10.1	12.3
RoCE	10.1	12.3	7.8	8.0	9.6
EFFICIENCY					
Tax Rate %	33.6	33.7	33.4	34.3	34.3
Asset Turnover (x)	1.1	1.5	1.2	1.2	1.2
Inventory (days)	13	11	11	11	11
Debtor (days)	28	25	25	25	25
Other Current Assets (days)	10	9	10	9	9
Payables (days)	31	22	22	23	23
Other Current Liab & Provns (days)	41	26	28	26	25
Cash Conversion Cycle (days)	(21)	(3)	(4)	(4)	(3)
Net Debt/EBITDA (x)	(1.5)	(1.0)	(0.6)	(0.5)	(0.4)
Net D/E	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)
Interest Coverage	22.6	57.8	31.4	13.6	15.8
PER SHARE DATA					
EPS (Rs)	10.2	13.8	10.0	10.9	14.2
CEPS (Rs)	13.34	17.29	13.98	15.18	18.67
DPS (Rs)	5.7	8.0	3.0	3.3	5.1
BV (Rs)	89.4	97.8	104.2	111.1	120.2
VALUATION					
P/E (x)	12.0	8.8	12.2	11.2	8.6
P/Cash EPS (x)	9.1	7.1	8.7	8.0	6.5
P/BV (x)	1.4	1.2	1.2	1.1	1.0
EV/EBITDA (x)	5.7	4.7	6.6	5.8	4.6
EV/Revenue (x)	0.8	0.6	0.7	0.6	0.6
OCF/EV (%)	19.0	11.1	11.3	13.2	15.0
FCFF /EV (%)	11.2	(5.6)	(8.6)	1.0	2.7
FCFE/M CAP (%)	(9.2)	(10.6)	(8.9)	(9.6)	(9.3)
Dividend Yield (%)	4.7	6.6	2.5	2.7	4.2

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
9-Apr-19	172	BUY	205
29-May-19	175	BUY	204
9-Jul-19	147	BUY	206
11-Aug-19	124	BUY	201
22-Sep-19	126	BUY	200
11-Oct-19	127	BUY	197
11-Nov-19	127	BUY	198
10-Jan-20	124	BUY	210
11-Feb-20	122	BUY	190

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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