

# ITD Cementation

**BUY**

## Tailwinds in place

ITD's 3Q/9MFY20 order inflows have been robust at Rs 26/56bn ex Rs 3.5bn L1. Kolkata HC has given green signal to stuck Kolkata metro and ITD maintains no write offs in this project. We maintain BUY on ITD with TP of Rs 80/sh (12x Mar-21E EPS).

### COMPANY UPDATE:

- 3QFY20 weak operating performance:** ITD delivered Rev/EBIDTA/APAT miss of 2/11/49%. Subsidiaries reported Rev/EBIDTA/PBT loss of Rs 1.9bn/87mn/45mn. Muted execution was on account of Rs 60bn of new order wins still in initial stages of mobilization. Fixed costs absorption on weak revenue base impacted profitability.
- Robust order wins/backlog sets base for strong execution:** ITD has won new orders worth Rs 56bn (9MFY20) taking total order book to Rs 126bn. Bid pipeline is strong at Rs 120bn with 50%+ marine projects up for grabs. ITD expects Rs 60bn of new wins to move into execution over next 6months, with revenue run rate hitting Rs 10bn/qtr from 2QFY21. ITD indicated that execution pick may result in Rs 40bn+ FY20 rev. EBIDTA margins may remain 10%+. This shall augur well for re-rating.

### Financial Summary (Consolidated)

Y/ E March (Rs mn)	3QFY20	3QFY19	YoY (%)	2QFY20	QoQ (%)	CY17	FY19	FY20E	FY21E
Net Sales	7,073	6,405	10.4	7,091	(0.3)	20,605	25,037	29,720	34,211
EBITDA	640	852	(24.8)	729	(12.1)	2,714	2,492	2,938	3,429
APAT	106	343	(69.1)	202	(47.4)	947	554	727	1,140
Diluted EPS (Rs)	0.6	2.0	(69.1)	1.2	(47.4)	5.5	3.2	4.2	6.6
P/E (x)						10.2	19.2	14.7	9.3
EV / EBITDA (x)						4.9	6.0	5.1	4.4
RoE (%)						16.2	6.8	6.9	10.0

Source: Company, HDFC sec Inst Research

- Net debt reduces Rs 200mn QoQ, NWC days increase to 115:** ITD's consolidated net debt decreased Rs 200mn QoQ to Rs 4.4bn. About Rs 2.3bn of the debt is related to the Bengaluru elevated metro project. This project is expected to be completed by Jul/Dec-20E and WC debt will gradually unwind. Increase in urban Infra share in order book has resulted in NWC days increasing to 115 vs. historical average of 45-50. Consolidated net D/E stands at 0.5x.

### STANCE:

ITD 3QFY20 performance was subpar as new projects worth Rs 60bn are in initial stages of mobilization. ITD is likely to deliver strong execution from 2QFY21. Debt is expected to stabilize at current levels of Rs 4.5bn. Bid pipeline is strong and dominated by high margin marine projects. ITD has bid for Rs 35bn JNPT marine project, final outcome expected by Mar-20. Stressed projects like Bengaluru Metro are nearing completion. We believe multiple tailwinds are in place. We maintain BUY. Key risks (1) High competitive intensity in marine segment with competition from L&T, (2) Sustained cost overruns in projects, and (3) BS and NWC deterioration.

INDUSTRY	INFRASTRUCTURE
<b>CMP (as on 12 Feb 2020)</b>	<b>Rs 62</b>
<b>Target Price</b>	<b>Rs 80</b>
Nifty	12,201
Sensex	41,566
<b>KEY STOCK DATA</b>	
Bloomberg	ITCE IN
No. of Shares (mn)	172
MCap (Rs bn) / (\$ mn)	11/150
6m avg traded value (Rs mn)	27
<b>STOCK PERFORMANCE (%)</b>	
<b>52 Week high / low</b>	<b>Rs 144/35</b>
	3M 6M 12M
Absolute (%)	10.6 (14.5) (43.1)
Relative (%)	7.6 (25.1) (58.1)
<b>SHAREHOLDING PATTERN (%)</b>	
	Sep-19 Dec-19
Promoters	46.64 46.64
FIs & Local MFs	28.16 26.39
FPIs	5.20 7.26
Public & Others	20.00 19.71
Pledged Shares	- -

Source : BSE

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**Revenues: Rs 7.1bn (1.8% miss). About Rs 60bn of recent new order wins are yet to contribute meaningfully to the execution**

**EBITDA: Rs 640mn (11% miss). New projects yet to reach EBIDTA recognition threshold**

**Interest cost: Rs 328mn (23% YoY, 4% QoQ)**

**Associate profits stood at Rs 68mn, largely pertaining to Mumbai Underground Metro project**

**APAT: Rs 106mn was 49% miss owing to EBIDTA miss and high tax rate**

**Adjusting consolidated financials with standalone results, the subsidiaries posted EBITDA margin of 4.6%. The subsidiaries reported a PBT loss of Rs 45mn in 3QYF20 largely on account of high interest cost**

### Consolidated Quarterly Financial

Particulars (Rs mn)	3QFY20	2QFY19	YoY (%)	2QFY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
<b>Net Sales</b>	<b>7,073</b>	<b>6,405</b>	<b>10.4</b>	<b>7,091</b>	<b>(0.3)</b>	<b>21,211</b>	<b>19,138</b>	<b>10.8</b>
Material Expenses	(4,329)	(3,565)	21.4	(4,331)	(0.0)	(13,036)	(10,878)	19.8
Employee Expenses	(918)	(832)	10.4	(947)	(3.0)	(2,693)	(2,431)	10.8
Other Operating Expenses	(1,186)	(1,156)	2.6	(1,085)	9.3	(3,367)	(3,333)	1.0
<b>EBITDA</b>	<b>640</b>	<b>852</b>	<b>(24.8)</b>	<b>729</b>	<b>(12.1)</b>	<b>2,115</b>	<b>2,495</b>	<b>42.5</b>
Depreciation	(243)	(146)	66.2	(237)	2.4	(712)	(490)	45.3
<b>EBIT</b>	<b>398</b>	<b>706</b>	<b>(43.6)</b>	<b>492</b>	<b>(19.1)</b>	<b>1,403</b>	<b>2,005</b>	<b>(30.0)</b>
Other Income (incl. EO)	10	32	(69.0)	11	(10.9)	38	150	(75.0)
Interest Cost	(328)	(267)	22.7	(315)	3.9	(952)	(734)	29.7
<b>PBT</b>	<b>80</b>	<b>471</b>	<b>(83.0)</b>	<b>188</b>	<b>(57.3)</b>	<b>489</b>	<b>1,422</b>	<b>(65.6)</b>
Share of Profit/(Loss) from JV	68	21		51	33.0	180	(29)	(717.6)
Tax	(42)	(155)	(72.8)	(22)	89.5	(176)	(499)	(64.8)
<b>RPAT</b>	<b>106</b>	<b>343</b>	<b>(69.1)</b>	<b>217</b>	<b>(51.1)</b>	<b>493</b>	<b>894</b>	<b>(44.9)</b>
EO Items	-	-	-	(15)	-	-	-	-
<b>APAT</b>	<b>106</b>	<b>343</b>	<b>(69.1)</b>	<b>202</b>	<b>(47.4)</b>	<b>493</b>	<b>894</b>	<b>(44.9)</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

MARGIN ANALYSIS	3QFY20	2QFY19	YoY (bps)	2QFY20	QoQ (bps)	9MFY20	9MFY19	YoY (bps)
Material Expenses % Net Sales	61.2	55.7	554	61.1	13	61.5	56.8	462
Employee Exp % Net Sales	13.0	13.0	(1)	13.4	(37)	12.7	12.7	(1)
Other Ope Exp % Net Sales	16.8	18.0	(128)	15.3	147	15.9	17.4	(155)
<b>EBITDA Margin (%)</b>	<b>9.1</b>	<b>13.3</b>	<b>(425)</b>	<b>10.3</b>	<b>(122)</b>	<b>10.0</b>	<b>13.0</b>	<b>(307)</b>
Tax Rate (%)	52.7	32.9	1,975	11.9	4,080	35.9	35.1	86
<b>APAT Margin (%)</b>	<b>1.5</b>	<b>5.4</b>	<b>(386)</b>	<b>2.8</b>	<b>(135)</b>	<b>2.3</b>	<b>4.7</b>	<b>(235)</b>

Source: Company, HDFC sec Inst Research

**Urban infra is highest share in order book at 35.7%. ITD is facing margin challenges in this segment pertaining to Bengaluru Elevated metro project (pending order backlog of Rs 5.8bn)**

**Marine contribution is 27.6%. During 3QFY20 ITD won Rs 5.6bn of Myanmar container terminal order from Adani**

**Building is 8% of order book. ITD is looking to add more Govt hospital /educational institutes orders in this segment**

**Total order backlog excluding associate order book viz. Mumbai underground metro and Kolkata metro is Rs 115bn**

**ITD has won new orders worth Rs 26/56bn during 3Q/9MFY20 ex Rs 3.5bn L1. ITD has guided for Rs 70-80bn inflow for FY20/21E**

### Order Book Position: 3QFY20

Consolidated (Rs mn)	Rs mn	%
Hydro / Dams / Tunnels / Irrigation	24,842	19.6
Marine	34,949	27.6
Specialist Works	1,006	0.8
Highways/Bridges/Flyovers	52	0.1
Water & Waste Water	2,553	2
Urban Infrastructure / MRTS	45,242	35.7
Airport	7,902	6.3
Buildings	10,055	7.9
<b>TOTAL</b>	<b>126,601*</b>	<b>100.0</b>
<b>Order book JV/Associate Share</b>	<b>11,500</b>	<b>9.1</b>
<b>Net Order Book (for Revenue Recognition)</b>	<b>115,101</b>	<b>90.9</b>

Source: Company, HDFC sec Inst Research, \* excludes Rs 3.5bn of L1

*JV orders are being accounted under 'IND-AS - Associate accounting' from CY17. Net order book is the right matrix to evaluate execution*

*We have modeled for a 16.9% Rev CAGR FY19-21E*

*With JV order book being accounted as a single line item; consolidated interest cost to mirror standalone financials from FY21E, once Rs 2.3bn of Bengaluru Elevated projects gets repaid*

*We have modeled for a 37.8% APAT CAGR FY19-21E*

*This is driven by lower tax rate*

### Key Assumptions And Estimates

Consolidated (Rs mn)	FY20E	FY21E	Comments
<b>Net order book</b>	<b>128,141</b>	<b>148,269</b>	Net order book (excluding associates)
Associate order book	10,684	7,811	<b>Includes Mumbai Metro line 3, Kolkata Metro etc. Associate order book will be accounted under IND-AS. Only profit/loss as a single line item will figure in consolidation</b>
Closing order book	138,825	156,080	Expect 25% CAGR FY19-FY21E
Order book growth (%)	38.9	12.4	
New order booking	68,621	51,465	Already won Rs 56bn and L1 in Rs 3.5bn orders
Book to bill ratio	4.7	4.6	Book-to-bill ratio to remain healthy
<b>Total Revenue</b>	<b>29,720</b>	<b>34,211</b>	<b>We have modeled for a 16.9% CAGR FY19-21E</b>
Growth (%)	18.7	15.1	
EBIDTA	2,938	3,429	<b>We have modeled for a 15.2% CAGR FY19-21E</b>
EBIDTA margin (%)	9.9	10.0	EBIDTA margins to remain stable
Depreciation	956	991	
Financial Charges	1,292	1,336	Factor of fund based and non fund based charges
PBT	738	1,136	
PBT margin (%)	2.5	3.3	
Tax	258.3	295.3	
Tax rate (%)	35.0	26.0	ITD has adopted lower tax rate from FY20E
Reported PAT	480	840	<b>We have modeled for a 20% CAGR FY19-21E</b>
Extraordinary	-	-	
Share of Profits/(loss) from associates	247	300	Share of profits from Mumbai Underground Metro project
Adjusted PAT	727	1,140	<b>We have modeled for a 37.8% CAGR FY19-21E</b>
Net margin (%)	2.4	3.3	
Debtor days	56	55	
CFO - a	1,844	2,185	
CFI - b	(681)	(972)	
FCF - a+b	1,162	1,213	
CFF - c	(1,152)	(1,236)	
Total change in cash - a+b+c	10	(23)	

Source: HDFC sec Inst Research

**We value ITD at 12x Mar-21E EPS**

**Further wins in marine will be key to further re-rating**

**We maintain BUY with TP of Rs 80/sh**

**We have recalibrated our EBIDTA margins and tax rate assumptions. This has resulted in FY20/21E EPS cut of 11.4/4.3% respectively**

## Outlook And Valuation

### Maintain BUY With Target Price Of Rs 80/sh

- Valuation methodology:** We have valued ITD at 1-yr-forward 12x FY21E EPS. We believe that the ITD valuation multiple should re-rate; once order inflows pick up pace in marine segment and better clarity emerges on Kolkata metro liabilities.
- Other fundamental basis for lower 12x multiple include (1) Higher share of NWC intensive infra segment, (2) Limited visibility on debt reduction, and (3) Weak RoE/RoCE.
- ITD stands to benefit from the strong upcoming order pipeline in Roads, Marine and Urban infrastructure projects, where ITD has strong credentials.
- Government-led spends in the infrastructure sector will continue to drive stock performance. ITD, with its strong credentials, is likely to benefit from the pick-up in orders' activity. The company, over many years, has built a strong pre-qualification in segments such as marine, MRTS, etc. Next phase of JNPT is expected to be finalized by Mar-20 and ITD has put in Rs 35bn worth of bids.
- We have recalibrated our EBIDTA margins and tax rate assumptions. This has resulted in FY20/21E EPS cut of 11.4/4.3% respectively. We have maintained 12x FY21E P/E but FY21E EPS cut has lead to decrease in TP to Rs 80/sh vs. Rs 83/sh earlier. We maintain BUY.**

### Valuation

Particulars	Segments	Value(Rs mn)	Value per share(Rs)	Rationale
ITD Cementation	Core construction business	13,680	80	At 12x Mar-21E EPS
<b>Total</b>		<b>13,680</b>	<b>80</b>	

Source: HDFC sec Inst Research

### Change In Estimates - Consolidated

Rs mn	FY20E			FY21E		
	New	Old	% change/ bps	New	Old	% change/ bps
Revenue	29,720	29,720	-	34,211	34,211	-
EBITDA	2,938	3,018	(2.7)	3,429	3,498	(2.0)
EBIDTA Margins (%)	9.9	10.2	(27.1)	10.0	10.2	(20.3)
PBT	738	819	(9.8)	1,136	1,205	(5.8)
Tax	258	246	5.2	295	313	(5.8)
Tax rate(%)	35.0	30.0	500.0	26.0	26.0	-
Profit from Associates	247	247	-	300	300	-
APAT	727	820	(11.4)	1,140	1,191	(4.3)

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 (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Dilip Buildcon	52.1	381	BUY	681	55.6	35.3	45.0	4.3	6.8	5.3	4.3	3.9	3.5	26.9	14.0	15.4
PNC Infratech	50.9	199	BUY	339	9.1	13.2	16.0	15.9	11.0	9.1	8.7	5.3	5.0	11.9	15.3	15.4
KNR Constructions	39.1	278	BUY	378	12.3	14.1	17.7	17.7	15.5	12.3	7.8	6.9	5.7	13.5	13.0	13.7
Ashoka Buildcon	29.8	106	BUY	200	9.7	9.9	10.7	3.5	3.5	3.2	2.3	1.4	1.1	18.3	28.5	28.5
NCC	28.2	47	BUY	106	10.4	5.1	6.5	3.8	7.6	6.0	2.8	3.7	2.8	13.8	6.2	7.4
Ahluwalia Contracts	21.2	317	BUY	388	17.5	18.3	25.0	17.4	16.7	12.2	8.7	8.4	6.1	17.3	15.4	18.0
Sadbhav Engineering	18.5	108	BUY	241	10.9	11.0	13.2	5.9	5.9	4.9	6.2	4.1	3.8	9.2	8.6	9.4
PSP Projects	18.4	510	BUY	607	25.1	35.4	40.5	20.4	14.4	12.6	12.4	10.2	8.7	26.8	30.1	27.2
HG Infra	16.7	256	BUY	441	19.0	26.4	33.2	11.3	8.1	6.4	5.8	4.7	3.8	20.6	22.8	22.7
JMC Projects	15.0	89	BUY	162	8.5	9.4	10.0	7.6	6.8	6.4	5.2	4.3	3.7	16.6	15.8	14.7
Capacite Infraprojects	12.5	184	BUY	360	14.1	15.1	27.1	17.3	11.3	6.3	5.0	4.0	2.9	12.0	11.4	17.8
<b>ITD Cementation</b>	<b>10.7</b>	<b>62</b>	<b>BUY</b>	<b>80</b>	<b>3.2</b>	<b>3.2</b>	<b>4.2</b>	<b>19.2</b>	<b>19.2</b>	<b>14.7</b>	<b>6.0</b>	<b>6.0</b>	<b>5.1</b>	<b>6.8</b>	<b>6.8</b>	<b>6.9</b>
JKIL	10.1	149	BUY	269	23.4	28.0	33.6	6.4	5.3	4.4	3.7	3.2	2.7	11.1	12.0	13.0
<b>Average - Infra (Standalone)</b>					<b>16.8</b>	<b>17.8</b>	<b>22.2</b>	<b>10.8</b>	<b>9.5</b>	<b>7.5</b>	<b>5.8</b>	<b>4.8</b>	<b>4.0</b>	<b>15.8</b>	<b>15.4</b>	<b>16.2</b>

Source: Company, HDFC sec Inst Research \*ITD Cementation FY19E should be read as 15MFY19, S - Standalone

**Income Statement(Consolidated)**

Year ending March (Rs mn)	CY16	CY17	FY19*	FY20E	FY21E
<b>Net Revenues</b>	<b>29,377</b>	<b>20,605</b>	<b>25,037</b>	<b>29,720</b>	<b>34,211</b>
<b>Growth (%)</b>	<b>(4.3)</b>	<b>(29.9)</b>	<b>21.5</b>	<b>18.7</b>	<b>15.1</b>
Material Expenses	19,548	10,858	14,826	17,816	20,639
Employee Expenses	2,219	2,574	3,189	3,617	3,763
Other Operating Expenses	4,967	4,459	4,531	5,350	6,380
<b>EBIDTA</b>	<b>2,643</b>	<b>2,714</b>	<b>2,492</b>	<b>2,938</b>	<b>3,429</b>
<b>EBIDTA (%)</b>	<b>9.0</b>	<b>13.2</b>	<b>10.0</b>	<b>9.9</b>	<b>10.0</b>
<b>EBIDTA Growth (%)</b>	<b>38.0</b>	<b>2.7</b>	<b>(8.2)</b>	<b>17.9</b>	<b>16.7</b>
Depreciation	463	577	676	956	991
<b>EBIT</b>	<b>2,180</b>	<b>2,137</b>	<b>1,815</b>	<b>1,981</b>	<b>2,438</b>
Other Income (incl. EO Items)	272	135	224	49	34
Interest	891	876	1,013	1,292	1,336
<b>PBT</b>	<b>1,561</b>	<b>1,396</b>	<b>1,027</b>	<b>738</b>	<b>1,136</b>
Tax	479	528	469	258	295
Profits from Associates	(570)	(138)	(10)	247	300
<b>RPAT</b>	<b>512</b>	<b>729</b>	<b>547</b>	<b>727</b>	<b>1,140</b>
Minority Interest	-	-	(6)	-	-
EO items (net of tax)	-	218	-	-	-
<b>APAT</b>	<b>512</b>	<b>947</b>	<b>554</b>	<b>727</b>	<b>1,140</b>
<b>APAT Growth (%)</b>	<b>6.0</b>	<b>85.0</b>	<b>(41.6)</b>	<b>31.2</b>	<b>56.9</b>
Adj. EPS	3.3	6.1	3.2	4.2	6.6
<b>EPS Growth (%)</b>	<b>6.0</b>	<b>85.0</b>	<b>(47.2)</b>	<b>31.2</b>	<b>56.9</b>

Source: Company, HDFC sec Inst Research \*recasted from 15MFY19

**Balance Sheet (Consolidated)**

As at March	CY16	CY17	FY19	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital	155	155	172	172	172
Reserves	5,373	6,018	10,037	10,703	11,843
<b>Total Shareholders Funds</b>	<b>5,528</b>	<b>6,173</b>	<b>10,209</b>	<b>10,875</b>	<b>12,015</b>
<b>Minority Interest</b>	-	-	-	-	-
Long Term Debt	627	662	279	329	329
Short Term Debt	2,935	4,224	5,044	5,194	5,294
<b>Total Debt</b>	<b>3,562</b>	<b>4,886</b>	<b>5,323</b>	<b>5,523</b>	<b>5,623</b>
Deferred Taxes	(20)	(17)	-	(52)	(52)
<b>TOTAL SOURCES OF FUNDS</b>	<b>9,160</b>	<b>11,153</b>	<b>15,635</b>	<b>16,501</b>	<b>17,741</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	3,853	4,617	5,293	5,061	5,070
CWIP	56	385	73	79	86
Investments	6	6	6	6	6
Other Non Current Assets (Net)	3,063	2,165	1,382	1,382	1,382
<b>Total Non-current Assets</b>	<b>6,973</b>	<b>7,167</b>	<b>6,749</b>	<b>6,522</b>	<b>6,538</b>
Inventories	1,106	1,574	2,461	2,850	3,281
Debtors	2,433	2,429	4,396	4,560	5,155
Cash & Equivalents	1,653	1,158	1,087	1,097	1,074
ST Loans & Advances, Others	6,617	11,607	11,198	12,621	14,341
<b>Total Current Assets</b>	<b>11,809</b>	<b>16,768</b>	<b>19,142</b>	<b>21,128</b>	<b>23,850</b>
Trade Payables	6,140	6,217	5,592	6,107	7,030
Other Liabilities	3,488	6,572	4,670	5,048	5,624
<b>Total Current Liabilities</b>	<b>9,627</b>	<b>12,789</b>	<b>10,262</b>	<b>11,155</b>	<b>12,653</b>
<b>Net Current Assets</b>	<b>2,181</b>	<b>3,979</b>	<b>8,880</b>	<b>9,972</b>	<b>11,197</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>9,160</b>	<b>11,153</b>	<b>15,635</b>	<b>16,501</b>	<b>17,741</b>

Source: Company, HDFC sec Inst Research



**Cash Flow (Consolidated)**

Year ending March	CY16	CY17	FY19	FY20E	FY21E
PBT	991	1,257	1,347	738	1,136
Non-operating & EO items/JV profits	558	201	(30)	198	266
Interest expenses	891	876	1,243	1,292	1,336
Depreciation	463	577	824	956	991
Working Capital Change	683	(2,271)	(4,169)	(1,082)	(1,247)
Tax paid	(327)	42	(557)	(258)	(295)
<b>OPERATING CASH FLOW ( a )</b>	<b>3,260</b>	<b>682</b>	<b>(1,342)</b>	<b>1,844</b>	<b>2,185</b>
Capex	(950)	(1,707)	(1,249)	(730)	(1,006)
Free cash flow (FCF)	2,309	(1,025)	(2,591)	1,114	1,179
Investments	747	2	85	49	34
<b>INVESTING CASH FLOW ( b )</b>	<b>(203)</b>	<b>(1,705)</b>	<b>(1,164)</b>	<b>(681)</b>	<b>(972)</b>
Share capital Issuance	-	-	3,312	-	-
Debt Issuance	(1,321)	1,324	437	200	100
Interest expenses	(902)	(872)	(1,231)	(1,292)	(1,336)
FCFE	87	(573)	(3,385)	22	(57)
Dividend	-	(56)	(83)	(61)	-
<b>FINANCING CASH FLOW ( c )</b>	<b>(2,223)</b>	<b>396</b>	<b>2,435</b>	<b>(1,152)</b>	<b>(1,236)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>834</b>	<b>(627)</b>	<b>(71)</b>	<b>10</b>	<b>(23)</b>
Closing Cash & Equivalents	1,653	1,158	1,087	1,097	1,074

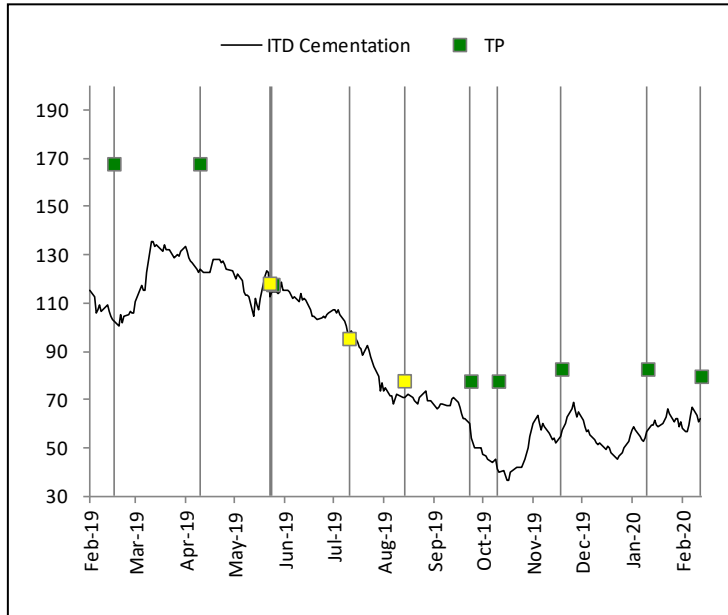
Source: Company, HDFC sec Inst Research

**Key Ratios (Consolidated)**

	CY16	CY17	FY19	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	33.5	47.3	40.8	40.1	39.7
EBITDA Margin	9.0	13.2	10.0	9.9	10.0
APAT Margin	1.7	4.6	2.2	2.4	3.3
RoE	9.7	16.2	6.8	6.9	10.0
Core RoCE	20.1	13.3	6.8	8.4	11.8
RoCE	12.3	13.4	7.1	9.5	12.0
<b>EFFICIENCY</b>					
Tax Rate (%)	30.7	37.8	45.7	35.0	26.0
Asset Turnover (x)	7.0	3.7	3.6	3.8	3.9
<i>Inventory (days)</i>	14	28	36	35	35
<i>Debtors (days)</i>	30	43	64	56	55
<i>Other Current Assets (days)</i>	82	206	163	155	153
<i>Payables (days)</i>	76	110	82	75	75
<i>Other Current liabilities (days)</i>	43	116	68	62	60
<i>NWC (days)</i>	7	50	114	109	108
Debt/EBITDA (x)	1.3	1.8	2.1	1.9	1.6
Net D/E	0.345	0.60	0.4	0.4	0.4
Interest Coverage	2.4	2.4	1.8	1.5	1.8
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	3.3	6.1	3.2	4.2	6.6
CEPS (Rs/sh)	6.3	8.4	7.1	9.8	12.4
DPS (Rs/sh)	0.0	0.3	0.3	0.3	1.0
BV (Rs/sh)	35.6	39.8	59.4	63.3	69.9
<b>VALUATION</b>					
P/E	18.8	10.2	13.0	19.2	14.7
P/BV	1.7	1.6	1.0	1.0	1.0
EV/EBITDA	4.4	4.9	4.7	6.0	5.1
EV/Revenues	0.4	0.6	0.5	0.6	0.5
OCF/EV (%)	28.3	5.1	(9.0)	(7.2)	12.2
FCF/EV (%)	20.0	(7.7)	(17.4)	(13.9)	7.4
FCFE/Market Cap (%)	0.9	(6.0)	(31.8)	(25.4)	0.2
Dividend Yield (%)	0.0	0.5	0.5	0.5	0.5

Source: Company, HDFC sec Inst Research



**RECOMMENDATION HISTORY**


Date	CMP	Reco	Target
17-Feb-19	103	BUY	168
9-Apr-19	123	BUY	168
23-May-19	123	NEU	118
25-May-19	115	NEU	118
11-Jul-19	98	NEU	95
14-Aug-19	71	NEU	78
22-Sep-19	62	BUY	78
10-Oct-19	42	BUY	78
18-Nov-19	55	BUY	83
10-Jan-20	57	BUY	83
12-Feb-20	62	BUY	80

**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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