

# IRB Infrastructure Developers

**BUY**

## INDUSTRY INFRASTRUCTURE

**CMP (as on 2 Jun 2017)** Rs 232

**Target Price** Rs 288

Nifty 9,654

Sensex 31,273

### KEY STOCK DATA

Bloomberg IRB IN

No. of Shares (mn) 351

MCap (Rs bn) / (\$ mn) 81/1,268

6m avg traded value (Rs mn) 594

### STOCK PERFORMANCE (%)

**52 Week high / low** Rs 273/177

3M 6M 12M

Absolute (%) 1.7 23.5 8.4

Relative (%) (6.8) 4.8 (8.1)

### SHAREHOLDING PATTERN (%)

Promoters 57.37

FIs &amp; Local MFs 7.31

FPIs 27.92

Public &amp; Others 7.40

Source : BSE

## On the road to re-rating

IRB's 4QFY17 Revenue, EBIDTA and PAT were 5.5/2.1/7.6% ahead of our estimates on account of execution pickup in EPC segment (8.6% YoY) and savings in depreciation, interest and tax. EBITDA margins expanded ~243bps YoY to 50.5% led by 445/99bps YoY increase in EPC/BOT margins.

IRB's FY17 order backlog of Rs 99.6bn (2.8x FY17 EPC revenue) provides strong growth visibility on EPC front with EPC revenue expected to grow 10% in FY18E. Consolidated Net D/E is comfortable at 2.6x. Toll collection got impacted in Surat Dahisar and Bharuch Surat on account of Versova/Narmada bridge repairs (now reopened) and expected to normalize in FY18E with 5-7% toll revenue growth.

With successful InvIT listing, IRB has developed an equity monetization platform. BOT project pipeline remains strong. We rate IRB as **BUY with SOTP-based TP of Rs 288/sh.**

### Financial Summary (Consolidated)

Year Ending March (Rs mn)	4QFY17	4QFY16	YoY (%)	3QFY17	QoQ (%)	FY16	FY17E	FY18E	FY19E
Net Sales	16,271	15,368	5.9	14,109	15.3	51,279	58,459	56,510	62,450
EBITDA	8,218	7,389	11.2	7,435	10.5	26,603	30,483	26,328	30,913
APAT	2,062	1,563	32.0	1,841	12.0	6,395	7,144	8,359	9,492
Diluted EPS (Rs)	5.9	4.4	32.0	5.2	12.0	18.2	20.3	23.8	27.0
P/E (x)						12.8	11.4	9.8	8.6
EV / EBITDA (x)						8.1	6.5	7.8	7.0
RoE (%)						13.9	13.6	13.9	14.2

Source: Company, HDFC sec Inst Research

### Highlights of the Quarter

- **EPC revenue led the show, toll muted:** IRB reported 8.6/0.2% YoY EPC/BOT revenue growth during 4QFY17. The management guided that demonetization seems to be largely behind with 5-7% toll revenue growth expected in FY18E. With the transfer of 6 BOT's to InvIT, FY18E revenue is expected to be muted YoY. Interest expense saving may yield higher PAT growth.
- **Balance sheet deleveraging post InvIT to lead to credit rating upgrade:** IRB has received Rs 16.8bn cash and Rs 8.9bn of InvIT units as consideration for stake sale in 6 projects to InvIT fund. Aggregate bank debt pertaining to these 6 projects stood at Rs 34.2bn (Mar-17 end) and has been transferred to InvIT and repaid with IPO proceeds. Net D/E will reduce from 2.7x to 1.8x by 1QFY18E. This may lead to credit rating upgrade.
- **Near-term outlook:** (1) Demonetization risk seems to be overpriced in toll collection, (2) Competitive intensity in BOTs segment remains low, and (3) Balance sheet improvement will lead to further re-rating.

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**During 4QFY17 IRB Revenue/EBIDTA/PAT grew 5.9/11.2/32% YoY**

**EBITDA margins expanded ~243bps YoY to 50.5% on back of 445bps improvement in EPC EBITDA margins and 99bps in toll**

**Interest/Depreciation grew 1.8/0.4% leading to PBT growth of 30.1% YoY**

**Saving in interest, lower depreciation and taxes resulted in APAT growth of 32% YoY**

**IRB's FY17 order backlog is Rs 99.6bn (2.8x FY17 EPC revenue). Adjusted for O&M, EPC order book of Rs 92.6bn is 2.6x FY17 EPC revenue**

**Consolidated gross/net debt in FY17 was Rs 151.5/138.4bn. Consolidated Net D/E at 2.6x is very comfortable**

### Consolidated Quarterly Financial

Particulars (Rs mn)	4QFY17	4QFY16	YoY (%)	3QFY17	QoQ (%)	FY17	FY16	YoY (%)
<b>Net Sales</b>	<b>16,271</b>	<b>15,368</b>	<b>5.9</b>	<b>14,109</b>	<b>15.3</b>	<b>58,459</b>	<b>51,279</b>	<b>14.0</b>
Material Expenses	6,648	6,499	2.3	5,318	25.0	22,867	20,538	11.3
Employee Expenses	814	822	(0.9)	670	21.6	2,726	2,465	10.6
Other Operating Expenses	591	658	(10.3)	686	(13.9)	2,384	1,673	42.4
<b>EBITDA</b>	<b>8,218</b>	<b>7,389</b>	<b>11.2</b>	<b>7,435</b>	<b>10.5</b>	<b>30,483</b>	<b>26,603</b>	<b>14.6</b>
Depreciation	2,264	2,224	1.8	1,803	25.6	8,548	8,533	0.2
<b>EBIT</b>	<b>5,954</b>	<b>5,165</b>	<b>15.3</b>	<b>5,632</b>	<b>5.7</b>	<b>21,935</b>	<b>18,069</b>	<b>21.4</b>
Other Income	289	373	(22.4)	298	(3.0)	1,232	1,272	(3.1)
Interest Cost	3,260	3,246	0.4	3,389	(3.8)	13,327	10,639	25.3
<b>PBT</b>	<b>2,983</b>	<b>2,292</b>	<b>30.1</b>	<b>2,541</b>	<b>17.4</b>	<b>9,839</b>	<b>8,702</b>	<b>13.1</b>
Tax	911	717	27.1	699	30.3	2,685	2,306	16.4
<b>RPAT</b>	<b>2,072</b>	<b>1,575</b>	<b>31.5</b>	<b>1,842</b>	<b>12.5</b>	<b>7,154</b>	<b>6,395</b>	<b>11.9</b>
OCI/Exceptional	10	13	(22.9)	1		10	1	1,284.3
<b>APAT</b>	<b>2,062</b>	<b>1,563</b>	<b>32.0</b>	<b>1,841</b>	<b>12.0</b>	<b>7,144</b>	<b>6,395</b>	<b>11.7</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

	4QFY17	4QFY16	YoY (bps)	3QFY17	QoQ (bps)	FY17	FY16	YoY (bps)
Material Expenses % Net Sales	40.9	42.3	(143)	37.7	316	39.1	40.1	(94)
Employee Expenses % Net Sales	5.0	5.3	(34)	4.7	26	4.7	4.8	(14)
Other Ope Expenses % Net Sales	3.6	4.3	(65)	4.9	(123)	4.1	3.3	81
<b>EBITDA Margin (%)</b>	<b>50.5</b>	<b>48.1</b>	<b>243</b>	<b>52.7</b>	<b>(219)</b>	<b>52.1</b>	<b>51.9</b>	<b>27</b>
Tax Rate (%)	30.5	31.3	(74)	27.5	303	27.3	26.5	79
<b>APAT Margin (%)</b>	<b>12.7</b>	<b>10.2</b>	<b>251</b>	<b>13.0</b>	<b>(37)</b>	<b>12.2</b>	<b>12.5</b>	<b>(25)</b>

Source: Company, HDFC sec Inst Research

**IRB 4QFY17/FY17 EPC revenue grew 8.6/14.7% YoY led by strong execution in 5 under construction projects**

**4QFY17 BOT YoY revenue growth remained muted at 0.2%. IRB toll revenue got impacted by demonetization and shift to e-tolling**

**EBITDA margins expanded by 445/99bps YoY in the construction/BOT segment respectively**

**Toll collection grew 5.9% YoY on account of commencement of tolling in Agra-Etawah project**

**Adjusted for new project, like to like toll growth stood at 1% YoY**

**Mumbai – Pune toll collection grew 11% YoY due to shifting of traffic from under construction Mumbai -Goa project**

**Ahmedabad –Vadodara toll collection grew 7.1% YoY which is encouraging**

## Segmental Performance

Particulars (Rs mn)	4QFY17	4QFY16	YoY (%)	3QFY17	QoQ (%)	FY17	FY16	YoY (%)
<b>Revenue</b>	<b>16,561</b>	<b>15,712</b>	<b>5.4</b>	<b>14,407</b>	<b>14.9</b>	<b>59,691</b>	<b>52,551</b>	<b>13.6</b>
Construction	10,619	9,780	8.6	8,343	27.3	35,912	31,321	14.7
BOT	5,942	5,932	0.2	6,064	(2.0)	23,779	21,230	12.0
<b>EBITDA ( incl OI )</b>	<b>8,507</b>	<b>7,741</b>	<b>9.9</b>	<b>7,733</b>	<b>10.0</b>	<b>31,715</b>	<b>27,874</b>	<b>13.8</b>
Construction	3,353	2,653	26.4	2,648	26.6	11,366	9,626	18.1
BOT	5,154	5,087	1.3	5,086	1.3	20,348	18,248	11.5
<b>EBITDA Margin (%)</b>	<b>51.4</b>	<b>49.3</b>	<b>210.6</b>	<b>53.7</b>	<b>(230.6)</b>	<b>53.1</b>	<b>53.0</b>	<b>8.9</b>
Construction (%)	31.6	27.1	444.5	31.7	(15.8)	31.7	30.7	91.6
BOT (%)	86.8	85.8	99.5	83.9	288.3	85.6	86.0	(37.8)
<b>EBIT</b>	<b>6,244</b>	<b>5,517</b>	<b>13.2</b>	<b>5,931</b>	<b>5.3</b>	<b>23,167</b>	<b>19,341</b>	<b>19.8</b>
Construction	3,194	2,472	29.2	2,471	29.3	10,747	8,982	19.7
BOT	3,050	3,044	0.2	3,460	(11.8)	12,420	10,359	19.9
<b>EBIT Margins (%)</b>	<b>37.7</b>	<b>35.1</b>	<b>259.0</b>	<b>41.2</b>	<b>(346.2)</b>	<b>38.8</b>	<b>36.8</b>	<b>200.7</b>
Construction (%)	30.1	25.3	479.3	29.6	46.1	29.9	28.7	124.8
BOT (%)	51.3	51.3	1.4	57.1	(572.1)	52.2	48.8	343.8

Source: Company, HDFC sec Inst Research

## Project Wise BOT Revenue Trend

Particulars (Rs mn)	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Mumbai - Pune	1598	1464	1621	1649	1880	1735	1372	1832
Surat - Dahisar BOT Project	1506	1446	1563	1619	1609	1484	1114	1475
Tumkur Chitradurga	505	488	512	514	529	497	399	543
Bharuch Surat Project	487	454	492	502	494	470	372	500
TBB - 4 (Mumbra)	196	189	201	209	202	188	152	202
Thane - Ghodbunder	99	74	77	79	90	83	52	82
Pune - Nashik	65	67	67	69	70	77	59	76
Pune - Solapur	60	54	59	60	63	55	45	61
Namakkal - Ommalur	186	184	166	213	204	192	149	193
<b>Ahmedabad - Vadodara</b>	<b>435</b>	<b>368</b>	<b>527</b>	<b>856</b>	<b>875</b>	<b>826</b>	<b>690</b>	<b>917</b>
Talegoan Amravati	121	102	120	129	127	117	102	148
Jaipur Deoli	329	263	295	319	321	267	224	312
Amritsar Pathankot	225	217	272	272	294	279	238	271
Agra Etawah	-	-	-	-	-	167	208	261
<b>Total (Rs mn)</b>	<b>5872.9</b>	<b>5381.0</b>	<b>5972.1</b>	<b>6490.0</b>	<b>6756.9</b>	<b>6437.8</b>	<b>5176.4</b>	<b>6873.0</b>

Source: Company, HDFC sec Inst Research

*We value IRB's BOT portfolio at Rs 128/share*

*We value standalone EPC business at 4x FY19E EV/EBIDTA and reduce net debt as of FY18E to arrive at EPC value of Rs 125/share*

*We value the 15% stake in InvIT at BV value of units held at Rs 25/sh*

*Real Estate land holding at Rs 10/share*

*We rate IRB as BUY with SOTP-based target price of Rs 288/sh*

## Outlook And Valuation

### Target Price of Rs 288/sh implies 27.8% upside

- We have value BOT projects on DCF basis with 12.5-14% WACC. We arrive at Rs 128/sh valuation for the IRB's BOT portfolio.
- We have valued EPC standalone at 4x FY19E EV/EBIDTA. This is 50% discount to peers as IRB largely executes captive BOT orders and in an event of

slowdown in BOT project awards, IRB may get negatively impacted.

- We rate IRB as BUY with TP of Rs 288/share. We peg (1) BOT projects at Rs 128/share, (2) EPC business at Rs 125/share (4x FY19E EV/EBIDTA), (3) InvIT stake at Rs 25/sh and (4) Real estate at Rs 10/sh.

### SOTP Valuation

SPV	Asset Operated	Holding	Valuation Measure	Disc rate	Value (Rs mn)	Value /Share
<b>BOT</b>						
Mhaiskar Infrastructure	Mumbai Pune Expressway	100%	FCFE	12.5%	18,032	51.3
IRB Infrastructure	Kharpada-Patalganga Bridge	100%	FCFE	13.0%	263	0.7
Ahmedabad Vadodara	Ahmedabad Vadodara	100%	FCFE	14.0%	(8,069)	(23.0)
ATR Infrastructure	Pune Nashik	100%	FCFE	13.0%	315	0.9
Aryan Toll Road	Pune Sholapur	100%	FCFE	13.0%	1,297	3.7
Agra Etawah	Agra Etawah	100%	FCFE	13.5%	(481)	(1.4)
Amritsar Pathankot	Amritsar Pathankot	100%	FCFE	13.0%	4,017	11.4
Kaithal Rajasthan	Kaithal Rajasthan	100%	FCFE	13.5%	5,642	16.1
Goa - Kundapur	Goa - Kundapur	100%	FCFE	13.5%	7,522	21.4
Thane Ghodbunder Toll Road	Thane Ghodbunder	100%	FCFE	13.0%	689	2.0
Yadeshi Aurangabad	Yadeshi Aurangabad	100%	FCFE	13.5%	9,209	26.2
Solapur yadeshi	Solapur yadeshi	100%	FCFE	13.5%	3,988	11.3
NKT Road & Toll	Ahmednagar Tembhurni Road	100%	FCFE	13.0%	(24)	(0.1)
<b>BOT FCFE</b>	<b>Gross value of BOT - (I)</b>				<b>44,980</b>	<b>128</b>
<b>EPC</b>						
Modern Road Makers	EPC Business	100%	EV/EBIDTA(x)	4	42,018	119.6
PV of O&M Contracts	PV of O&M Contracts	100%	NPV	13.0%	3,363	9.6
Net debt				Standalone	(1,532)	(4.4)
<b>Value of EPC segment</b>	<b>(II)</b>				<b>43,849</b>	<b>125</b>
<b>Add : INVIT investment value</b>	<b>Gross value of Units at BV - (III)</b>		<b>Unit Value</b>	<b>15% stake</b>	<b>8,890</b>	<b>25</b>
<b>Add : Real Estate</b>	<b>Gross value of Real Estate - (IV)</b>				<b>3,500</b>	<b>10.0</b>
<b>Total</b>	<b>Total Value - (I)+(II)+(III)+(IV)</b>				<b>1,01,219</b>	<b>288</b>

Source: HDFC sec Inst Research

## Income Statement (Consolidated)

Year ending March (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
<b>Net Revenues</b>	<b>38,475</b>	<b>51,279</b>	<b>58,459</b>	<b>56,510</b>	<b>62,450</b>
<b>Growth (%)</b>	<b>3.1</b>	<b>33.3</b>	<b>14.0</b>	<b>(3.3)</b>	<b>10.5</b>
Material Expenses	13,060	20,538	22,867	25,220	26,058
Employee Expenses	1,898	2,465	2,726	2,469	2,713
Other Operating Expenses	1,400	1,673	2,384	2,493	2,767
<b>EBIDTA</b>	<b>22,117</b>	<b>26,603</b>	<b>30,483</b>	<b>26,328</b>	<b>30,913</b>
<b>EBIDTA Margin (%)</b>	<b>57.5</b>	<b>51.9</b>	<b>52.1</b>	<b>46.6</b>	<b>49.5</b>
<b>EBIDTA Growth (%)</b>	<b>26.1</b>	<b>20.3</b>	<b>14.6</b>	<b>(13.6)</b>	<b>17.4</b>
Depreciation	7,071	8,533	8,548	5,231	5,754
<b>EBIT</b>	<b>15,046</b>	<b>18,069</b>	<b>21,935</b>	<b>21,097</b>	<b>25,159</b>
Other Income (Incl EO items)	1,130	1,272	1,232	1,541	1,726
Interest	9,312	10,639	13,327	11,595	13,334
<b>PBT</b>	<b>6,864</b>	<b>8,702</b>	<b>9,839</b>	<b>11,043</b>	<b>13,551</b>
Tax	1,441	2,306	2,685	2,761	4,065
<b>RPAT</b>	<b>5,423</b>	<b>6,395</b>	<b>7,154</b>	<b>8,282</b>	<b>9,486</b>
OCI/Min Int./Share of associates	(6)	1	10	(77)	(6)
<b>APAT</b>	<b>5,429</b>	<b>6,395</b>	<b>7,144</b>	<b>8,359</b>	<b>9,492</b>
<b>APAT Growth (%)</b>	<b>18.2</b>	<b>17.8</b>	<b>11.7</b>	<b>17.0</b>	<b>13.5</b>
<b>Adjusted EPS (Rs/sh)</b>	<b>15.4</b>	<b>18.2</b>	<b>20.3</b>	<b>23.8</b>	<b>27.0</b>
<b>EPS Growth (%)</b>	<b>18.2</b>	<b>17.8</b>	<b>11.7</b>	<b>17.0</b>	<b>13.5</b>

Source: Company, HDFC sec Inst Research

## Balance Sheet (Consolidated)

Year ending March (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
<b>SOURCES OF FUNDS</b>					
Share Capital	3,515	3,515	3,515	3,515	3,515
Reserves	40,094	44,785	53,214	59,634	66,924
<b>Total Shareholders Funds</b>	<b>43,609</b>	<b>48,299</b>	<b>56,729</b>	<b>63,149</b>	<b>70,438</b>
Minority Interest	351	355	365	289	283
Long Term Debt	119,747	138,063	120,897	132,930	145,575
Short Term Debt	6,315	11,887	9,308	9,431	9,431
<b>Total Debt</b>	<b>126,062</b>	<b>149,950</b>	<b>130,205</b>	<b>142,361</b>	<b>155,006</b>
Net Deferred Taxes	170	148	148	148	148
<b>TOTAL SOURCES OF FUNDS</b>	<b>170,191</b>	<b>198,753</b>	<b>187,447</b>	<b>205,947</b>	<b>225,876</b>
<b>APPLICATION OF FUNDS</b>					
Net Block (Inc CWIP)	365,991	391,687	311,549	311,321	310,567
Investments	88	68	68	68	68
<b>Total Non-current Assets</b>	<b>366,078</b>	<b>391,754</b>	<b>311,617</b>	<b>311,389</b>	<b>310,634</b>
Inventories	2,598	3,088	2,494	2,521	2,738
Debtors	49	1,037	863	721	742
Cash & Equivalents	16,322	15,610	13,077	18,859	20,895
Other Current Assets	8,845	10,337	10,337	10,337	10,337
<b>Total Current Assets</b>	<b>27,814</b>	<b>30,072</b>	<b>26,771</b>	<b>32,438</b>	<b>34,713</b>
Current liabilities	221,525	221,390	149,340	135,673	117,452
Provisions	2,189	1,687	1,687	2,030	2,030
<b>Total Current Liabilities</b>	<b>223,714</b>	<b>223,077</b>	<b>151,027</b>	<b>137,703</b>	<b>119,482</b>
<b>Net Current Assets</b>	<b>(195,900)</b>	<b>(193,005)</b>	<b>(124,256)</b>	<b>(105,265)</b>	<b>(84,769)</b>
Misc Expenses & Others	13	4	87	(177)	10
<b>TOTAL APPLICATION OF FUNDS</b>	<b>170,191</b>	<b>198,753</b>	<b>187,447</b>	<b>205,947</b>	<b>225,876</b>

Source: Company, HDFC sec Inst Research

**Cash Flow (Consolidated)**

Year ending March (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
Reported PBT	6,864	8,702	9,839	11,043	13,551
Non-operating & EO items	(1,130)	(1,272)	(1,232)	(1,541)	(1,726)
Interest expenses	9,312	10,639	13,327	11,595	13,334
Depreciation	7,071	8,533	8,548	5,231	5,754
Working Capital Change	205,938	(3,607)	(71,283)	(13,208)	(18,460)
Tax Paid	(1,441)	(2,306)	(2,685)	(2,761)	(4,065)
<b>OPERATING CASH FLOW ( a )</b>	<b>226,615</b>	<b>20,690</b>	<b>(43,485)</b>	<b>10,359</b>	<b>8,388</b>
Capex	(239,217)	(34,310)	74,533	(4,823)	(5,187)
<i>Free cash flow (FCF)</i>	<i>(12,602)</i>	<i>(13,620)</i>	<i>31,048</i>	<i>5,536</i>	<i>3,201</i>
Investments	1,187	1,292	1,232	1,541	1,726
<b>INVESTING CASH FLOW ( b )</b>	<b>(238,029)</b>	<b>(33,018)</b>	<b>75,765</b>	<b>(3,282)</b>	<b>(3,461)</b>
Share capital Issuance	191	-	-	-	-
Debt Issuance	23,117	23,888	(19,745)	12,156	12,645
Interest expenses	(9,312)	(10,639)	(13,327)	(11,595)	(13,334)
Dividend	(1,260)	(1,632)	(1,657)	(1,939)	(2,202)
<b>FINANCING CASH FLOW ( c )</b>	<b>12,737</b>	<b>11,617</b>	<b>(34,730)</b>	<b>(1,378)</b>	<b>(2,891)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>1,322</b>	<b>(712)</b>	<b>(2,450)</b>	<b>5,699</b>	<b>2,036</b>
EO Items, Others	-	-	(83)	83	-
Closing Cash & Equivalents	16,322	15,610	13,077	18,859	20,895

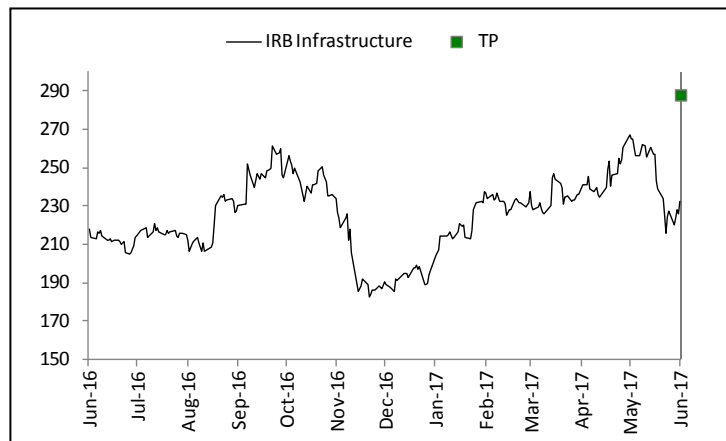
Source: Company, HDFC sec Inst Research

**Key Ratios (Consolidated)**

	FY15	FY16	FY17E	FY18E	FY19E
<b>PROFITABILITY (%)</b>					
GPM	66.1	59.9	60.9	55.4	58.3
EBITDA Margin	57.5	51.9	52.1	46.6	49.5
EBIT Margin	39.1	35.2	37.5	37.3	40.3
APAT Margin	14.1	12.5	12.2	14.8	15.2
RoE	13.7	13.9	13.6	13.9	14.2
RoIC	8.6	7.9	8.9	8.8	9.0
RoCE	8.3	7.7	8.7	8.7	8.7
<b>EFFICIENCY</b>					
Tax Rate (%)	21.0	26.5	27.3	25.0	30.0
Fixed Asset Turnover (x)	0.1	0.1	0.2	0.2	0.2
<i>Inventory (days)</i>	<i>24.7</i>	<i>22.0</i>	<i>15.6</i>	<i>16.3</i>	<i>16.0</i>
<i>Debtors (days)</i>	<i>0.5</i>	<i>7.4</i>	<i>5.4</i>	<i>4.7</i>	<i>4.3</i>
<i>Other Current Assets (days)</i>	<i>83.9</i>	<i>73.6</i>	<i>64.5</i>	<i>66.8</i>	<i>60.4</i>
<i>Current Liab (days)</i>	<i>2,101.6</i>	<i>1,575.8</i>	<i>932.4</i>	<i>876.3</i>	<i>686.5</i>
<i>Provision (days)</i>	<i>20.8</i>	<i>12.0</i>	<i>10.5</i>	<i>13.1</i>	<i>11.9</i>
<i>Cash Conversion Cycle (days)</i>	<i>(2,013.3)</i>	<i>(1,484.9)</i>	<i>(857.5)</i>	<i>(801.7)</i>	<i>(617.6)</i>
Debt/EBITDA (x)	5.7	5.6	4.3	5.4	5.0
Net D/E	2.5	2.8	2.1	2.0	1.9
Interest Coverage	1.6	1.7	1.6	1.8	1.9
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	15.4	18.2	20.3	23.8	27.0
CEPS (Rs/sh)	35.6	42.5	44.6	38.7	43.4
DPS (Rs/sh)	3.1	4.0	4.1	4.8	5.4
BV (Rs/sh)	124.1	137.4	161.4	179.7	200.4
<b>VALUATION</b>					
P/E	15.0	12.8	11.4	9.8	8.6
P/BV	1.9	1.7	1.4	1.3	1.2
EV/EBITDA	8.6	8.1	6.5	7.8	7.0
EV/Revenues	5.0	4.2	3.4	3.6	3.5
OCF/EV (%)	1.2	0.1	(0.2)	0.1	0.0
FCF/EV (%)	(6.6)	(6.3)	15.6	2.7	1.5
FCFE/Market Cap (%)	1.5	(0.5)	(2.5)	7.5	3.1
Dividend Yield (%)	1.3	1.7	1.8	2.1	2.3

Source: Company, HDFC sec Inst Research

## RECOMMENDATION HISTORY



Date	CMP	Reco	Target
5-Jun-17	232	BUY	288

### 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



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